DRAFT RED HERRING PROSPECTUS
Dated:November 1, 2018
(The Draft Red Herring Prospectus will be updated upon filing with the RoC)
(Please read Section 32 of the Companies Act, 2013)
100% Book Built Offer

Penna

PENNA CEMENT INDUSTRIES LIMITED

Our Company was incorporated as Penna Cement Industries Limited on October 24, 1991 at Hyderabad, Telangana, India as a public limited company under the Companies Act, 1956 and received the certificate of commencement of business from the Registrar of Companies on November 8, 1991. The name of our Company was thereafter changed to Penna Cement Industriies Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 28, 2010. The name of our Company was subsequently changed to Penna Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on July 26, 2012. For details of change in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 171.

Registered Office: H.No. 8-2-268/A/1/S & S1, Plot No. 705, Road No. 3, Banjara Hills, Hyderabad 500 034, Telangana, India
Contact Person: Raj Kumar Singh, Company Secretary and Compliance Officer; **Tel**: +91 40 4456 5100; **Fax**: +91 40 4456 5222 / +91 40 4456 5310
E-mail: cs@pennacement.com; **Website**: www.pennacement.com
Corporate Identification Number: U26942AP1991PLC013359

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

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

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

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days after such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate and by intimation to Self-Certified Syndicate Banks ("**SCSBs**") and other Designated Intermediaries, as applicable. .

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**"). The Offer is being made in accordance with Regulation 26(1) of the SEBI ICDR Regulation**s and** through the Book Building Process wherein not more than 50% of the Offer shall be allocated on a proportionate basis to Qualified Institutional Buyers ("**QIBs**"), provided that our Company in consultation with the Selling Shareholder and BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Offer Price, in accordance with the SEBI ICDR Regulations. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential investors, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective bank accounts which will be blocked by the Self Certified Syndicate Banks ("**SCSBs**"). For details, see "*Offer Procedure*" on page 411.

RISK IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹10 and the Floor Price is [●] times the face value and the Cap Price is [●] times the face value. The Offer Price (decided by our Company in consultation with the Selling Shareholder and the BRLMs as stated under "*Basis for Offer Price*" on page 111) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to "*Risk Factors*" on page 14.

ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received an 'in-principle' approval from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the Registrar of Companies, Telangana and Andhra Pradesh at Hyderabad in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts which were made available for inspection from the date of the Red Herring Prospectus up to Bid/Offer Closing Date, see "*Material Contracts and Documents for Inspection*" on page 500.

BOOK RUNNING LEAD MANAGERS				**REGISTRAR TO THE OFFER**
Edelweiss Ideas create, values protect	IIFL	JM FINANCIAL	YES SECURITIES	KARVY Computershare
Edelweiss Financial Services Limited 14th Floor, Edelweiss House Off CST Road, Kalina Mumbai 400 098 Maharashtra, India Tel: +91 22 4009 4400 Fax: +91 22 4086 3610 E-mail: pcil.ipo@edelweissfin.com Investor Grievance e-mail: customerservice.mb@edelweissfin.com Website: www.edelweissfin.com Contact Person: Nishita John/ Mohit Kapoor SEBI Registration No.: INM0000010650	**IIFL Holdings Limited** 10th Floor, IIFL Centre, Kamala City Senapati Bapat Marg, Lower Parel (West) Mumbai 400 013 Maharashtra, India Tel: +91 22 4646 4600 Fax: +91 22 2493 1073 E-mail: penna.ipo@iiflcap.com Investor grievance e-mail: ig.ib@iiflcap.com Website: www.iiflcap.com Contact Person: Devendra Maydeo / Anant Gupta SEBI Registration No.: INM000010940	**JM Financial Limited** 7th Floor Cnergy Appasaheb Marathe Marg Prabhadevi Mumbai 400 025 Maharashtra, India Tel: +91 22 6630 3030 Fax: +91 22 6630 3330 E-mail: penna.ipo@jmfl.com Investor grievance e-mail: grievance.ibd@jmfl.com Website: www.jmfl.com Contact Person: Prachee Dhuri SEBI Registration No.: INM000010361	**YES Securities (India) Limited** IFC, Tower 1&2, Unit No. 602 A 6th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai 400 013 Maharashtra, India Tel: +91 22 3012 6776 Fax: +91 22 2421 4508 E-mail: penna.ipo@yessecuritiesltd.in Investor grievance e-mail: igc@yessecuritiesltd.in Website: www.yesinvest.in Contact Person: Nikhil Bhiwapurkar/ Ronak Shah SEBI Registration No.: MB/INM000012227	**Karvy Computershare Private Limited** Karvy Selenium, Tower – B Plot 31 and 32, Gachibowli Financial District, Nanakramguda Hyderabad 500 032 Telangana, India Tel: +91 40 6716 2222 Fax: +91 40 2343 1551 E-mail: pcil.ipo@karvy.com Investor grievance e-mail: einward.ris@karvy.com Website: www.karisma.karvy.com Contact Person: Murali Krishna M SEBI Registration No.: INR000000221

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

(1) Our Company may, in consultation with the Selling Shareholder and the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date

(2) Our Company may, in consultation with the Selling Shareholder and the BRLMs, consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, shall have the meaning as provided below. References to any legislation, act or regulation shall be to such legislation, act or regulation, as amended from time to time.

General Terms

Term	Description
"our Company", "the Company", "the Issuer"	Penna Cement Industries Limited, a company incorporated under the Companies Act, 1956 and having its Registered Office at H.No. 8-2-268/A/1/S & S1, Plot No. 705, Road No. 3, Banjara Hills, Hyderabad 500 034, Telangana, India
"we", "us" or "our"	Our Company, our Subsidiaries and Associate Company

Company Related Terms

Term	Description
Articles of Association	Articles of Association of our Company, as amended
Associate Company	Parasakti Cement Industries Limited
Auditors/Statutory Auditors	C. Ramachandram & Co., Chartered Accountants
Board/Board of Directors	Board of directors of our Company or a duly constituted committee thereof as disclosed in "*Our Management*" on page 178
Director(s)	Director(s) of our Company as disclosed in "*Our Management*" on page 178
Equity Shares	Equity shares of our Company of face value of ₹10 each
Executive Directors	Executive Directors of our Company as disclosed in "*Our Management*" on page 178
Group Companies	Our Group Companies namely: 1. Anrak Aluminium Limited 2. Pioneer Builderrs Limited 3. Pioneer Genco Limited 4. Pioneer Holiday Resorts Limited 5. Krishna Hydro Energy Limited 6. Lakshmi Jalavidyut (Krishna) Limited 7. Parasakti Cement Industries Limited 8. Pioneer Power Corporation Limited 9. P R Enerrgy Holding Limited For details, see "*Our Group Companies*" on page 200
Key Management Personnel	Key management personnel of our Company in terms of Regulation 2(1)(s) of the SEBI ICDR Regulations, the Companies Act, 2013 and disclosed in "*Our Management*" on page 178
Chairman and Managing Director	Chairman and Managing Director of our Company namely, P. Prathap Reddy
MCL	Marwar Cement Limited
Memorandum of Association	Memorandum of Association of our Company, as amended
NCD	350 redeemable listed non convertible debentures of ₹1,000,000 each of our Company
Non-Executive Directors	Non-Executive Directors of our Company as disclosed in "*Our Management*" on page 178
Non-Executive Independent Directors	Non-Executive Independent Directors of our Company as disclosed in "*Our Management*" on page 178
Offered Shares	[•] Equity Shares aggregating up to ₹ 2,500 million offered by P R Cement Holdiings Limited in the Offer For Sale
Parasakti	Parasakti Cement Industries Limited
PCIL	Pioneer Cement Industries Limited
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations For details, see "*Our Promoters and Promoter Group*" on page 195
Promoters	Promoters of our Company namely, P. Prathap Reddy, Pioneer Builders and P R Cement Holdiings Limited For details, see "*Our Promoters and Promoter Group*" on page 195
PRCHL	P R Cement Holdiings Limited
Registered Office	Registered office of our Company located at H.No. 8-2-268/A/1/S & S1, Plot No. 705, Road No. 3, Banjara Hills, Hyderabad 500 034, Telangana, India
Registrar of Companies/RoC	Registrar of Companies, Telangana and Andhra Pradesh, situated at Hyderabad, India
Restated Consolidated Financial Statements	The restated consolidated financial statements of our Company, along with our subsidiaries and associates for the Financial Years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 and the three months period ended June 30, 2018 presented in

Term	Description
	accordance with Ind AS, and comprises the restated consolidated balance sheet, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of changes in equity and the restated consolidated statement of cash flow together with the annexures and the notes thereto, which have been prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations
Restated Financial Statements	Collectively, the Restated Consolidated Financial Statements and the Restated Standalone Financial Statements
Restated Standalone Financial Statements	The restated standalone financial statements of our Company for the Financial Years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 and March 31, 2014 and the three months period ended June 30, 2018 presented in accordance with Ind AS which comprises the restated standalone balance sheet, the restated standalone statement of profit and loss (including other comprehensive income), the restated standalone statement of changes in equity and the restated standalone statement of cash flow together with the annexures and the notes thereto, which have been prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations
Shareholders	Shareholders of our Company from time to time
Subsidiaries or individually known as Subsidiary	Subsidiaries of our Company, namely, 1. Pioneer Cement Industries Limited 2. Marwar Cement Limited For details, see "*History and Certain Corporate Matters*" on page 171

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by the Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form
Allot/Allotment/Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholder pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the SEBI ICDR Regulations
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated to Anchor Investors at the end of the Anchor Investor Bid/Offer Period
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Anchor Investor Bid/Offer Period	The day, one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed
Anchor Investor Offer Price	Final price at which the Equity Shares will be Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price The Anchor Investor Offer Price will be decided by our Company in consultation with the Selling Shareholder and the BRLMs
Anchor Investor Pay-in Date	In case of Anchor Investor Offer Price being higher than Anchor Investor Allocation Price, no later than two days after the Bid/Offer Closing Date
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company in consultation with the Selling Shareholder and the BRLMs 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 domestic Mutual Funds at or above the Anchor Investor Allocation Price
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorizing an SCSB to block the Bid Amount in the ASBA Account
ASBA Account	A bank account maintained with an SCSB and specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the ASBA Form
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
Banker(s) to the Offer/Escrow Collection Bank(s)	Banks which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Account will be opened, in this case being [●]
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer and which is described in "*Offer Procedure*" on page 411

Term	Description
Bid	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by an Anchor Investor pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations The term "Bidding" shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and, in the case of Retail Individual Bidders Bidding at the Cut Off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application Form, and payable by the Bidder or blocked in the ASBA Account of the Bidder, as the case may be, upon submission of the Bid in the Offer
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	[●]
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, which shall be notified in two national daily newspapers, one each in English and Hindi, and in one Telugu daily newspaper, each with wide circulation (Telgu being the regional language of Telangana, the place where the Registered Office of our Company is situated), and in case of any revision, the extended Bid Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations. Our Company may, in consultation with the Selling Shareholder and the BRLMs, consider closing the Bid/Offer Period for the QIB Category one Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, which shall be notified in two national daily newspapers, one each in English and Hindi, and in one Telugu daily newspaper, each with wide circulation
Bid/Offer Period	Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an ASBA Bidder and an Anchor Investor
Bidding Centers	Centers at which at the Designated Intermediaries shall accept the ASBA Forms, i.e, Designated Branches for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which the Offer is being made
BRLMs or Book Running Lead Managers or Managers	The book running lead managers to the Offer namely, Edelweiss, IIFL, JM Financial and YES Securities
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares to be sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Offer Period
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted
Cash Escrow Agreement	The agreement to be entered into by our Company, the Selling Shareholder, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank(s), the Public Issue Account Bank, Syndicate Members and the Refund Bank(s) for, inter alia, collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Issue Account and where applicable, refunds of the amounts collected from the Anchor Investors, on the terms and conditions thereof
Client ID	Client identification number maintained with one of the Depositories in relation to the demat account
Collecting Depository Participant or CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI, as per the list available on the websites of the BSE and the NSE
Cut-off Price	Offer Price, decided by our Company in consultation with the Selling Shareholder and the BRLMs Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. No other category of Bidders is entitled to Bid at the Cut-off Price
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation and bank account details

Term	Description
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated Date	The date on which funds are transferred from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after filing of the Prospectus with the RoC
Designated Intermediaries	Syndicate, sub-syndicate members/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders, in relation to the Offer
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com), as updated from time to time
Designated SCSB Branches	Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	This Draft Red Herring Prospectus dated November 1, 2018, issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars, including of the price at which the Equity Shares will be Allotted and the size of the Offer
Edelweiss	Edelweiss Financial Services Limited
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe for or purchase the Equity Shares
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors will transfer money through direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid
Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement, namely, [●]
First Bidder	Bidder whose name appears first in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted
Fresh Issue	The fresh issue of up to [●] Equity Shares aggregating up to ₹13,000 million by our Company
General Information Document/GID	The General Information Document prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015 and (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 and notified by SEBI, suitably modified and included in "*Offer Procedure*" on page 411
Gross Proceeds	The Offer Proceeds less the amount to be raised pursuant to the Offer for Sale by the Selling Shareholder
IIFL	IIFL Holdings Limited
JM Financial	JM Financial Limited
Mutual Fund Portion	5% of the QIB Portion (excluding the Anchor Investor Portion), or [●] Equity Shares which shall be available for allocation to Mutual Funds only
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
Net Proceeds	Gross Proceeds less our Company's share of the Offer expenses For further information about use of the Offer Proceeds and the Offer expenses, see "*Objects of the Offer*" on page 104
Non-Institutional Bidders/NIBs	All Bidders including Category III Foreign Portfolio Investors that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer consisting of [●] Equity Shares which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price
Non-Resident	A person resident outside India, as defined under FEMA and includes a non resident Indian, FPIs and FVCIs
Offer	The initial public offering of up to [●] Equity Shares of face value of ₹10 each for cash at a price of ₹[●] each, aggregating to ₹15,500 million comprising the Fresh Issue and the Offer for Sale
Offer Agreement	The agreement dated November 1, 2018 between our Company, the Selling Shareholder and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer

Term	Description
Offer for Sale	The offer for sale of up to [•] Equity Shares by the Selling Shareholder at the Offer Price aggregating up to ₹2,500 million in terms of the Red Herring Prospectus
Offer Price	The final price at which Equity Shares will be Allotted to Bidders other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus The Offer Price will be decided by our Company in consultation with the Selling Shareholder and the BRLMs on the Pricing Date
Offer Proceeds	The proceeds of this Offer that will be available to our Company and the Selling Shareholder
Price Band	Price band of the Floor Price and the Cap Price including any revisions thereof The Price Band and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholder in consultation with the BRLMs and will be advertised, at least five Working Days prior to the Bid/Offer Opening Date, in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●], and [●] edition of the Telugu (Telugu being the regional language of Telangana, where our Registered Office is located) newspaper [●], each with wide circulation. It shall also be made available to the Stock Exchanges for the purpose of uploading on their websites
Pricing Date	The date on which our Company, in consultation with the Selling Shareholder and BRLMs, will finalise the Offer Price
Prospectus	The Prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013 and the SEBI ICDR Regulations, containing, *inter-alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information including any addenda or corrigenda thereto
Public Issue Account Bank	The bank with which the Public Issue Account(s) shall be maintained, in this case being [●]
Public Issue Account(s)	Bank account opened under Section 40(3) of the Companies Act, 2013 to receive monies from the Escrow Account and ASBA Accounts on the Designated Date
QIB Category/QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer consisting of [•] Equity Shares which shall be allocated to QIBs (including Anchor Investors)
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Red Herring Prospectus or RHP	The Red Herring Prospectus to be issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer including any addenda or corrigenda thereto The Red Herring Prospectus will be registered with the RoC at least three days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date
Refund Account(s)	The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to the Anchor Investors shall be made
Refund Bank(s)	The Bankers to the Offer with whom the Refund Account(s) will be opened, in this case being [●]
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/CFD/14/2012 dated October 4, 2012 issued by SEBI
Registrar and Share Transfer Agents or RTAs	Registrars 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
Registrar to the Offer or Registrar	Karvy Computershare Private Limited
Retail Individual Bidder(s)/RIB(s)	Individual Bidders who have Bid for the Equity Shares for an amount of not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs)
Retail Portion	The portion of the Offer being not less than 35% of the Offer consisting of [•] Equity Shares which shall be available for allocation to Retail Individual Bidder(s) in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s) QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date
Self Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, offering services in relation to ASBA, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Selling Shareholder	P R Cement Holdiings Limited
Share Escrow Agreement	The agreement to be entered into among the Selling Shareholder, our Company, the BRLMs and

Term	Description
	the Escrow Agent in connection with the transfer of Equity Shares under the Offer for Sale by the Selling Shareholder and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding Centres where the Syndicate shall accept Bid cum Application Form
Syndicate	The BRLMs and the Syndicate Members
Syndicate Agreement	Agreement to be entered into among the BRLMs, the Syndicate Members, our Company and the Selling Shareholder in relation to collection of Bid cum Application Forms by the Syndicate
Syndicate Members	Intermediaries registered with SEBI who are permitted to carry out activities as an underwriter, namely, [●]
Underwriters	[●]
Underwriting Agreement	The agreement among the Underwriters, our Company and the Selling Shareholder to be entered into on or after the Pricing Date
Working Day	"Working Day" means 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/Offer Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays or a public holiday, on which commercial banks in Mumbai are open for business; and with reference to the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016
YES Securities	YES Securities (India) Limited

Technical/Industry Related Terms/Abbreviations

Term	Description
AMRUT	Atal Mission for Rejuvenation and Urban Transformation mission
BIS	Bureau of Indian Standards
Contribution per tonne	Contribution per tonne represents revenue from operations (less: excise duty, cost of raw materials, power and fuel, freight and forwarding expense) divided by total cement sales volume
CPP	Captive Power Plant
EBITDA margin	EBITDA margin represents EBITDA (revenue from operations less excise duty, raw materials costs, freight charges/ logistics costs, power and fuel expenses, employee benefit expenses/ labour expenses and other expenses) divided by revenue from operations (less excise duty)
EBITDA per tonne	EBITDA per tonne represents EBITDA (revenue from operations less excise duty, raw materials costs, freight charges/ logistics costs, power and fuel expenses, employee benefit expenses/ labour expenses and other expenses) divided by total cement sales volume
F&S Report	"Report on the Indian Cement Industry" dated August 2018 prepared and issued by Frost & Sullivan India Private Limited
ISO	International Organization for Standardization
OHSAS	Occupational Health and Safety Assessment Series
Kg	Kilogram
KWh	kilowatt hour
Kcal	Kilocalorie
Logistics cost per tonne	Logistics cost per tonne represents total freight and forwarding expenses divided by total cement sales volume.
MT	Metric tonne or tonne
MMTPA	Million Metric tonne per annum
MW	Mega watts
OPC	Ordinary Portland Cement
PPC	Portland Pozzolana Cement
PSC	Portland Slag Cement
Pet coke	Petroleum coke
Power and fuel cost per tonne	Power and fuel cost per tonne represents total power and fuel expense divided by total cement sales volume.
Return on Equity	Return on Equity represents net income divided by average shareholders' equity.
Return on Capital Employed (pre-tax)	Return on Capital Employed (pre-tax) represents profit before tax and interest divided by average capital employed (debt plus shareholders equity.
SLSI	Sri Lanka Standards Institution
SCCL	The Singareni Colliery Company Limited
WHR	Waste heat recovery

Conventional and General Terms or Abbreviations

Term	Description
AGM	Annual General Meeting
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations
Air Act	Air (Prevention and Control of Pollution) Act, 1981
AS/Accounting Standards	Accounting Standards issued by the ICAI
BIS	Bureau of Indian Standard
BSE	BSE Limited
BMW Rules	Bio-Medical Waste Management Rules, 2016
Boilers Act	Indian Boilers Act, 1923
CAGR	Compounded Annual Growth Rate
CBI	Central Bureau of Investigation
CCI	Competition Commission of India
Category I Foreign Portfolio Investors	FPIs who are registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations
Category II Foreign Portfolio Investors	FPIs who are registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations
Category III Foreign Portfolio Investors	FPIs who are registered as "Category III foreign portfolio investors" under the SEBI FPI Regulations which shall include investors who are not eligible under Category I and II foreign portfolio investors such as endowments, charitable societies, charitable trusts, foundations, corporate bodies, trusts, individuals and family offices
CEIG	Chief Electrical Inspector of Government
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CESTAT	Customs, Excise and Service Tax Appellate Tribunal
CIN	Corporate Identity Number
CLRA	Contract Labour (Regulation & Abolition) Act, 1970
Companies Act	Companies Act, 1956 and/or the Companies Act, 2013, as applicable
Companies Act, 1956	Companies Act, 1956, and the rules thereunder (without reference to the provisions thereof that have ceased to have effect upon the notification of the Notified Sections)
Companies Act, 2013	The Companies Act, 2013, and the rules and clarifications issued thereunder to the extent in force pursuant to the notification of the Notified Sections
Depositories	NSDL and CDSL
Depositories Act	Depositories Act, 1996
DGMS	Directorate General of Mines Safety
DMG	Department of Mines and Geology
DIN	Director Identification Number
DP ID	Depository Participant's Identification
DP/ Depository Participant	A depository participant as defined under the Depositories Act
DTCP	Director of Town and Country Planning
EBITDA	EBITDA represents revenue from operations less excise duty, raw materials costs, freight charges/ logistics costs, power and fuel expenses, employee benefit expenses/ labour expenses and other expenses.
ED	Directorate of Enforcement, Government of India
EGM	Extraordinary General Meeting
Electricity Act	Electricity Act, 2003
EPA	Environment Protection Act, 1986
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings Per Share
Factories Act	Factories Act, 1948
FCNR	Foreign Currency Non-Resident
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, and the rules and regulations thereunder
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017
FPI(s)	Foreign portfolio investors as defined under the SEBI FPI Regulations
Financial Year/Fiscal/FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year
FVCI	Foreign venture capital investors as defined and registered under the SEBI FVCI Regulations
GDP	Gross Domestic Product
GIR	General Index Register
GoI	Government of India
GST	Goods and Services Tax
Hazardous Waste Rules	Hazardous and Other Wastes (Management and Handling) Rules, 2016
HUF	Hindu Undivided Family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards as adopted by the International Accounting

Term	Description
	Standards Board
Income Tax Act, IT Act	The Income-tax Act, 1961
India	Republic of India
Ind AS	Indian Accounting Standards referred to in the Companies (Indian Accounting Standards) Rules, 2015
Indian GAAP	Generally Accepted Accounting Principles in India
IPO	Initial public offering
IRDAI	Insurance Regulatory and Development Authority of India
IST	Indian Standard Time
Legal Metrology Act	Legal Metrology Act, 2009
LIBOR	London Interbank Offered Rate
Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
MICR	Magnetic Ink Character Recognition
Mineral Rules	Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016
MMDR Act	Mines and Minerals (Development and Regulation) Act, 1957
MoEF	Ministry of Environment and Forests
MTPA	Million Tonnes Per Annum
Mutual Fund(s)	Mutual funds registered under the SEBI (Mutual Funds) Regulations, 1996
MW	MegaWatt
N.A./ NA	Not Applicable
NAV	Net Asset Value
NCLT	National Company Law Tribunal
NECS	National Electronic Clearing Services
NEFT	National Electronic Fund Transfer
Non-Resident	A person resident outside India, as defined under FEMA and includes a Non Resident Indian and FPIs
Notified Sections	The sections of the Companies Act, 2013 that have been notified by the Ministry of Corporate Affairs, Government of India, and are currently in effect
NR	Non-resident
NRE Account	Non Resident External Account
NRI	An individual resident outside India who is a citizen of India or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer
OCI	Other Comprehensive Income
p.a.	Per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PCB	Pollution Control Board
PESO	Petroleum and Explosives Safety Organisation
PMLA	Prevention of Money Laundering Act, 2002
Previous GAAP	Financial statements in accordance with Companies (Accounting Standards) Rules, 2006, notified under Section 133 of the Companies Act, 2013 and other relevant provisions of the Companies Act, 2013
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RoNW	Return on Net Worth
Rule 144A	Rule 144A under the U.S. Securities Act
₹/Rs./Rupees/INR	Indian Rupees
RTGS	Real Time Gross Settlement
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI ESOP Regulations	Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements)

Term	Description
	Regulations, 2009
SEBI VCF Regulations	The erstwhile Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996
SHWW Act	Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013
SIA	Secretariat for Industrial Assistance, Ministry of Commerce and Industry, Government of India
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
STT	Securities Transaction Tax
State Government	The government of a state in India
State PCB	State Pollution Control Board
Stock Exchanges	The BSE and the NSE
Systemically Important NBFCs	Systemically important non-banking financial company registered with the RBI and having a net worth of more than ₹5,000 million as per the last audited financial statements
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
TPH	Tonnes Per Hour
Trade Marks Act	Trade Marks Act, 1999
U.S./USA/United States	United States of America
US GAAP	Generally Accepted Accounting Principles in the United States of America
USD/US$	United States Dollars
US QIBs	As defined in Rule 144A under the U.S. Securities Act and referred to in this Draft Red Herring Prospectus as "U.S. QIBs". For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as - QIBs
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VAT	Value Added Tax
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations or the SEBI AIF Regulations, as the case may be
Water Act	Water (Prevention and Control of Pollution) Act, 1974
Water Cess Act	Water (Prevention & Control of Pollution) Cess Act, 1977
Water Cess Rules	Water (Prevention & Control of Pollution) Cess Rules, 1978

The words and expressions used but not defined herein shall have the same meaning as is assigned 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, terms in "*Statement of Tax Benefits*", "*Financial Statements*" and "*Main Provisions of Articles of Association*" on pages 114, 210 and 453, respectively, shall have the meaning given to such terms in such sections. Page numbers refer to page number of this Draft Red Herring Prospectus, unless otherwise specified.

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, all references to the "US", "USA" or "United States" are to the United States of America.

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

Financial Data

Unless stated otherwise, the financial information in this Draft Red Herring Prospectus is derived from the Restated Standalone Financial Statements or the Restated Consolidated Financial Statements prepared in accordance with the Companies Act, 2013, Ind AS and restated in accordance with the SEBI ICDR Regulations. Certain other financial information pertaining to our Group Companies is derived from their respective financial statements. The Restated Financial Statements have been included in "*Financial Statements*" beginning on page 210.

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

Our Restated Financial Statements have been prepared in accordance with Ind AS as applicable. 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.

For details in connection with risks involving differences between Ind AS, US GAAP and IFRS see "*Risk Factors – "Significant differences exist between Ind AS and other accounting principles, such as Indian GAAP, IFRS and U.S. GAAP, which may be material to investors' assessment of our financial condition*" on page 31. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditional and Results of Operations*" on pages 14, 143 and 333 respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the Restated Financial Statements prepared in accordance with Ind AS and the Companies Act and restated in accordance with the SEBI ICDR Regulations. Certain figures contained in this Draft Red Herring Prospectus, including financial information, have been subject to rounding adjustments. Any discrepancies in any table between the total and the sum of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points. However, certain figures in percentage and certain figures not derived from our Restated Financial Statements (including in "*Summary of Industry*", "*Industry Overview*", "*Summary of Business*" and "*Our Business*") have been rounded off to one decimal point. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given, and (ii) the sum of the figures in a column or row in certain tables may not conform exactly to the total figure given for that column or row. However, figures sourced from third-party industry sources may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Currency and Units of Presentation

All references to:

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

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

Exchange Rates

This Draft Red Herring Prospectus contains conversions 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 the respective foreign currencies:

Currency	**As on June 30, 2018* (₹)**	**As on March 31, 2018* (₹)**	**As on March 31, 2017* (₹)**	**As on March 31, 2016* (₹)**	**As on March 31, 2015* (₹)**	**As on March 31, 2014* (₹)**
1 USD	68.56	65.04	64.84	66.33	62.59	60.10

Sources: RBI reference rate
** In case March 31 of any of the respective years, or June 30, 2018 was a public holiday, the previous calendar day not being a public holiday has been considered*

Land and Units of Presentation

Our Company has presented units of land in this Draft Red Herring Prospectus in 'acres'.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from the report titled "Report on The Indian Cement Industry" dated August 2018 by Frost & Sullivan India Private Limited ("**F&S Report**") and publicly available information as well as other industry publications and sources. The F&S Report has been prepared at the request of our Company. For risks in relation to commissioned reports, see "Risk Factors – *Industry information included in this Draft Red Herring Prospectus has been derived from an industry report commissioned by us for such purpose. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate*".

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe the industry and market data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified by us, the respective Selling Shareholder, the BRLMs or any of their affiliates or advisors. The data used in these sources may have been reclassified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors*" on page 14. Accordingly, investment decisions should not be based solely on such information.

Certain information in "*Summary of Industry*", "*Summary of our Business*", "*Industry Overview*" and "*Our Business*" on pages 44, 51, 116 and 143, respectively of this Draft Red Herring Prospectus has been obtained from the Report on the Indian Cement Industry dated August 2018 prepared and issued by Frost & Sullivan India Private Limited.

In accordance with the SEBI ICDR Regulations, "*Basis for the Offer Price*" on page 111 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information.

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

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of similar import. Similarly, statements that describe our Company’s strategies, objectives, plans or goals are also forward-looking statements. All forward-looking statements are based on our current plans, estimates, presumptions and expectations and are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Actual results may differ materially from those suggested by the forward-looking statements due to risks or uncertainties or assumptions associated with the expectations with respect to, but not limited to, regulatory changes pertaining to the industry in which our Company has businesses and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in its industry. Important factors that could cause actual results to differ materially from our Company’s expectations include, but are not limited to, the following:

- The ongoing proceedings filed by the Central Bureau of Investigation, and the Directorate of Enforcement against our Company, our Promoter and others, relating to alleged corruption in the allotment of certain land parcels, mining leases and a prospecting license being determined against us;
- An inability to effectively manage our growth and expansion;
- Our existing operations and revenues being majorly concentrated in the southern region of India and our inability to retain and grow our business in this region;
- Our proposed capacity expansion plans relating to our facilities are subject to the risk of unanticipated delays and cost overruns;
- Our reliance on the demand for cement from various industries such as housing, infrastructure, and commercial real estate and any downturn in such industries;
- The highly competitive environment in which we operate;
- The capital intensive nature of the cement industry and our need to seek additional financing in the future to support our growth strategies;
- Our dependence on our ability to mine/ procure sufficient limestone for our operations. Any inability to mine/ procure sufficient limestone or our rights being revoked or not being renewed, or significant restrictions on the usage of the rights being imposed or us being required to pay substantially more royalties;
- Our dependence upon the pricing and continued supply of coal and raw materials, the costs and supply of which can be subject to significant variation due to factors outside our control; and
- Adverse outcomes in respect of outstanding legal proceedings against our Company, Subsidiaries, Directors, Promoters and Group Companies, including investigations by the CBI against our Promoters.

For further discussion of factors that could cause the actual results to differ from the expectations, see “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 14, 143 and 333, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

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

Forward-looking statements reflect the current views of our Company as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. Neither our Company, our Directors, the Selling Shareholder, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company and the Selling Shareholder shall severally ensure that investors in India are informed of material developments from the date of the Draft Red Herring Prospectus in relation to the statements and undertakings made by it in this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer. Further, in accordance with Regulation 51A of the SEBI ICDR Regulations, our Company may be required to undertake an annual updation of the disclosures made in the Draft Red Herring Prospectus and make it publicly available in the manner specified by SEBI.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. Investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, "Our Business", "Industry Overview", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Financial Statements" before making an investment in our Equity Shares. The risks described below are not the only ones relevant to us or our Equity Shares or to industry in which we operate or to India. Additional risks and uncertainties, not currently known to us or that we currently do not deem material may also adversely affect our business, results of operations, cash flows and financial condition. If any of the following or a combination of risks, or other risks that are not currently known or are not currently deemed material, actually occur, our business, results of operations, cash flows and financial condition could be adversely affected, the price of our Equity Shares could decline, and investors may lose all or part of their investment. In order to obtain a complete understanding of our Company and our business, prospective investors should read this section in conjunction with "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 143 and 333, respectively, as well as the other financial information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and our business and the terms of the Offer including the merits and risks involved. Potential investors should consult their tax, financial and legal advisors about the particular consequences of investing in the Offer. Unless specified or quantified in the relevant risk factors below, we are unable to quantify the financial or other impact of any of the risks described in this section.

Prospective investors should pay particular attention to the fact that our Company, our Associate and our Subsidiaries are incorporated under the laws of India and are subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. This Draft Red Herring Prospectus also contains certain forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. See "Forward-Looking Statements" on page 13.

Our fiscal year ends on March 31 of each year, and references to a particular fiscal are to the twelve months ended March 31 of that year. Unless otherwise indicated, the financial information included herein is based on our Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus. For further information, see "Financial Statements" on page 210.

Unless otherwise indicated or the context otherwise requires, in this section, references to "we", "us", or "our" refers to Penna Cement Industries Limited on a consolidated basis and references to "the Company" or "our Company" refers to Penna Cement Industries Limited on a standalone basis.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the report "Report on the Indian Cement Industry" dated August 2018 (the "**F&S Report**") prepared and issued by Frost & Sullivan India Private Limited commissioned by us. Unless otherwise indicated, all financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

Risks relating to our Business

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

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

i. Our Company was allotted land to an extent of 231.09 acres at Yadiki Mandal of Anantapur District, in the year 2008 ("**Anantapur Land**");

ii. Prospecting license for limestone over an extent of 304.74 hectares in Kurnool District, was granted for a period of three years, in the year 2008 (the "**Prospecting License**");
iii. Penna Tandur Cement Company Limited, which was subsequently amalgamated with our Company, was granted a mining lease for limestone for 822.13 acres in Ranga Reddy District in the year 2009 for a period of 20 years (the "**Mining Lease**"); and
iv. Benefits given to Blitz Hotels Private Limited in favour of Pioneer Holiday Resorts Limited.

The Government of Andhra Pradesh, *vide* its order dated March 15, 2013, cancelled the Mining Lease. Subsequently, the Joint Director, Directorate of Enforcement, Government of India ("**ED**"), pursuant to an order passed under Section 8 of the Prevention of Money Laundering Act, 2002 ("**PMLA**"), attached the Anantapur Land. Our Company filed an appeal before the Appellate Tribunal under the PMLA to grant stay on this order, which was granted by the said authority. Further, P. Prathap Reddy, our Promoter filed a criminal petition before the High Court praying for quashing of the charge sheet filed by the CBI ("**Quash Petition**") and the High Court granted interim stay in the matter and ordered the CBI court not to frame charges against the Accused till final hearing and disposal of Quash Petition. For details of these matters, see "*Outstanding Litigation and Material Developments – Litigation involving our Company*" on page 365.

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

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

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

We have experienced significant growth over the past five years and we have significantly expanded our operations. Our EBITDA and restated profit for the period/year have grown at a CAGR of 22.20% and 47.34%, respectively, from Fiscal 2014 to Fiscal 2018 and were ₹ 674.87 million and ₹ 120.97 million, respectively, in the three months ended June 30, 2018. Our cement sales have grown at a CAGR of 3.08% from 3.75 million MT in Fiscal 2014 to 4.24 million MT in Fiscal 2018 and was 1.14 million MT in the three months ended June 30, 2018. We cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to expand further, or at the same rate.

The success of our business will depend greatly on our ability to effectively implement our business and growth strategy. Our growth depends, amongst other factors, on increasing/ expanding presence across India, focusing on port based logistics infrastructure and distribution, establishing new facilities, increasing manufacturing capacity, optimizing capacity utilization levels, increasing sales of blended cement and improving operational efficiency. For further information, see "*Our Business – Strategies*" on page 150. Our ability to achieve growth will be subject to a range of factors, including, ability to identify trends and demands in the industry; competing with existing companies in our markets; continuing to exercise effective quality control; recognition of our brand in the new regions; hiring and training qualified personnel; and ability to transport our finished products efficiently. Many of these factors are beyond our control and there is no assurance that we will succeed in implementing our strategy. Our future growth also depends on expanding our sales and distribution network to enter new markets, through different sales and distribution channels. We face increased risks when we enter new markets in India. We may find it more difficult to hire, train and retain qualified employees. In addition, we may have difficulty in finding reliable suppliers with adequate supplies of raw materials meeting our quality standards and distributors with efficient distribution networks. As a result, the products we introduce in new markets may be more expensive to produce and/or distribute and may take longer to reach expected sales and profit levels than in our existing markets, which could affect the viability of these operations or our overall profitability.

Our expansion plans and business growth could strain our managerial, operational and financial resources. For further information on our expansion plans, see "*Our Business - Expansion Plans*" on page 160. Our ability to manage future growth will depend on our ability to continue to implement and improve operational, financial and management information systems on a timely basis and to expand, train, motivate and manage our workforce. We cannot assure you that our personnel, systems, procedures and controls will be adequate to support our future growth. Failure to effectively manage our expansion may lead to increased costs and reduced profitability and may adversely affect our growth prospects. Our inability to manage our business and implement our growth strategy could have a material adverse effect on our business, financial condition and profitability.

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

Although through our phased expansion plans, we believe we will be able to establish presence across all the regions of India and become a pan-India player, our present operations and revenues are concentrated in the southern region of India, particularly in the states of Andhra Pradesh, Karnataka, Goa, Tamil Nadu, Pondicherry, Telangana and Kerala. For further information on our proposed expansion plans, see "*Our Business – Strategies*" and "*Our Business - Expansion Plans*" on pages 150 and 160, respectively.

In Fiscal 2018, gross cement revenue from Andhra Pradesh, Karnataka and Goa, Tamil Nadu and Pondicherry, Telangana, and Kerala accounted for 22.53%, 22.14%, 22.07%, 16.87%, and 5.96%, respectively, of our total gross cement revenue, while in the three months ended June 30, 2018, gross cement revenue from Andhra Pradesh, Karnataka and Goa, Tamil Nadu and Pondicherry, Telangana, and Kerala accounted for 21.26%, 20.87%, 20.73%, 17.97%, and 7.06%, respectively, of our total gross cement revenue. Any materially adverse social, political or economic development, natural calamities, civil disruptions, or changes in the policies of the state or local governments in this region could adversely affect manufacturing activities at our facilities, and require a modification of our business strategy, or require us to incur significant capital expenditure. Any such adverse development affecting continuing operations at our facilities could result in significant loss from inability to meet customer contracts and production schedules and could materially affect our business reputation within the industry. We cannot assure you that there will not be any significant disruptions in our operations in the future. In addition, the concentration of number of cement manufacturing companies in South India reduces the amount of revenues we can generate from the sale of our cement products. The occurrence of, or our inability to effectively respond to, any such events or effectively manage the competition in the region, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects.

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

We have made and intend to continue making investments to expand the capacity of our existing facilities and establish additional manufacturing facilities, grinding units and packing terminals. For further information, see "*Our Business - Our Strategies*" and "*Our Business - Expansion Plans*" on pages 150 and 160, respectively. Although we have implemented capacity addition plans in the past, our expansion plans remain subject to the potential problems and uncertainties that construction projects face. Problems that could adversely affect our expansion plans include delays in completion, cost overruns, labour shortages, increased costs of equipment or manpower, delays in procurement of equipment and machinery, inadequate performance of the equipment and machinery installed in our facilities, defects in design or construction and the possibility of unanticipated future regulatory restrictions. We cannot assure you that the proposed capacity additions and process improvements will be completed as planned or as scheduled. Further, we are yet to place orders for majority of the plant and machinery for our proposed facilities in north India. In addition, capacity expansion plans may even result in our capacity utilization rates not increasing at the desired rate. If our actual capital expenditures significantly exceed our budgets, which may due to various factors beyond our control, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations and prospects.

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

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

Demand for cement industries is principally dependent on sustained economic development in the regions in which we operate. While cement consuming industries such as infrastructure, housing and commercial real estate are expected to drive the demand for cement, there can be no assurance that these expectations will be met. In addition, cement manufacturing companies rely on the Government of India's infrastructure projects including 'Smart Cities', metro projects, airports and the Atal Mission for Rejuvenation and Urban Transformation mission. However, there can be no assurance that the Government of India or the state governments will continue to place emphasis on the infrastructure projects. In the event of any adverse change in budgetary allocations for infrastructure development or a downturn in available work in the infrastructure sector or resulting from any change in government policies or priorities, our business prospects and our financial performance, may be adversely affected as a significant portion of our business is dependent on public infrastructure spending. Accordingly, a slowdown, downturn or reduction of capital investment in the cement consuming industries including infrastructure, housing and commercial real estate could have adverse impact on cement demand and, consequently, on our business, growth and results from operations.

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

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

The cement industry in India continues to be highly fragmented as compared to other cement producing countries. We operate and sell our products in highly competitive markets. Competition occurs principally on the basis of price, quality and brand name. As a result, to remain competitive in our markets, we must continuously strive to reduce our costs of production, transportation and distribution and improve our operating efficiencies. We face competition from regional players including The India Cements Limited, Ramco Cements Limited, Orient Cement Limited, My Home Industries Private Limited and Sagar Cement Limited. In addition, we also face competition from national players such as UltraTech Limited, Heidelberg Cement India Limited, Ambuja Cement Limited, ACC Limited and Dalmia Bharat Cement Limited. (*Source: F&S Report*)

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

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

The cement industry is capital intensive. We require a substantial amount of capital to build our facilities, purchase equipment and develop and implement new technologies in our new and existing facilities. As of March 31 2016, 2017 and 2018 and as of June 30, 2018, our capital expenditures, were ₹ 1,462.90 million, ₹ 1,280.38 million, ₹ 7,403.40 million and ₹ 1,531.71 million, respectively, representing 7.70%, 6.81%, 40.24% and 33.55% of our revenue from operations, in such periods, respectively. If our internally generated capital resources and available credit facilities are insufficient to finance our capital expenditure and growth plans, we may, in the future, have to seek additional financing from third parties, including banks, venture capital funds, joint-venture partners and other strategic investors. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to obtain such financing in a timely manner, at a reasonable cost and on acceptable terms, we may be forced to delay our expansion plans, downsize or abandon such plans, which may materially and adversely affect our business, financial condition and results of operations, as well as our future prospects.

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

Limestone is the principle raw material for cement manufacturing process which we directly source from our mines situated at Andhra Pradesh and Telangana. We have mining leases of six limestone mines in Andhra Pradesh, two limestone mines in Telangana and three limestone mines in Rajasthan. We are required to obtain a lease from the relevant state government in order to mine the limestone deposits and have, accordingly, obtained long-term leases to mine limestone from these mines. The lease period for our mines are typically 50 years in accordance with the current provisions of the Mines and Minerals (Regulation and Development) Act, 1957, as amended, and the Mineral (Other than Atomic and Hydro Carbon Energy Minerals) Concession Rules, 1960. The lease granted after 2015 shall be of 50 years and leases granted before 2015 shall be deemed to be granted for 50 years and shall be put on auction after expiry of lease period with right of first refusal granted to the holder of the mining lease granted for captive purposes. In addition, we have also obtained the letter of intent for the two limestone mines in Andhra Pradesh and one limestone mine in Rajasthan. For further details of our mining leases, see "*Our Business – Raw Materials – Limestone*" on page 161.

Mining rights are subject to compliance with certain terms and conditions and are also governed by the relevant state authorities and accordingly, any change in state policy would impact the operations of the relevant mine. Further, the GoI has the power to take action with respect to mining rights, including imposing fines or restrictions, revoking the mining rights or changing the amount of royalties payable for mining the mines. Such royalties have been reviewed by the GoI periodically and increased from time to time. In case of increase of rate of royalty for mining of lime stone, our cost of production will also increase to that extent. There can be no assurance that we will be able to retain such leasehold rights on acceptable terms, or, if obtained, such rights may not be obtained in a timely manner or may involve requirements which restrict our ability to conduct our operations or to do so profitably. Moreover, entering into new license or mining lease contracts or extending existing license or mining lease contracts is time-consuming and requires the review and approval of several government authorities. In addition, we have also received the letter of intent for the Gudipadu limestone mine – III (auction block), Kowlapalli limestone mine, and Ghoarawat and Borunda limestone mine. For further details, see "*Our Business – Raw Materials – Limestone*" on page 161. However, until we obtain the mining leases, there can be no assurance that we will in fact be granted these limestone mines. There can also be no assurance that if we were to be granted these limestone mines, that such limestone mines will not be subject to other conditions that may not be acceptable to us, or that we will be able to meet such conditions specified by the mining leases, within time, or at all.

Although we believe that our mining rights are sufficient to meet our current and anticipated levels of production, in case such rights are revoked or our mining leases have expired and have been not renewed upon expiration or renewed via auction at a higher price, or significant restrictions on the usage of the rights are imposed or applicable environmental standards are substantially increased or royalties are increased to significant levels, our ability to operate our plants situated in close proximity to the affected limestone mining sites could be disrupted until alternative limestone sources are located, which could materially and adversely affect our business, financial condition and results of operations.

Further, our licenses or mining lease contracts contain various obligations and restrictions, including the requirement for commencing operations within a specified period from the date of execution of the lease and seeking a prior government approval for an assignment or any other form of transfer of the lease. If we breach these obligations, we may suffer adverse consequences, such as penalties and/ or termination of our license or mining lease contracts. Our mining lease has been cancelled in the past due to our failure to comply with the conditions stipulated by the Director of Mines and Geology Department, Andhra Pradesh. We have filed a writ petition challenging the said cancellation, which is currently pending before the High Court. In addition, changing circumstances may require us to amend these licenses or mining lease contracts. For further details, see "*Outstanding Litigation and Other Material Developments – Litigation by our Company – Civil Litigation*" on page 365. There can be no assurance that the relevant Indian regulatory authorities will agree to future amendments of our obligations. The loss of our license or mining lease contracts would have a material adverse effect on our business, financial condition, results of operations and profits.

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

Our competitiveness, costs and profitability depend, in part, on our ability to source and maintain a stable and sufficient supply of raw materials and coal at acceptable prices. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, the cost of materials consumed (including power and fuel expense) accounted for 33.26%, 32.69%, 36.26% and 44.40%, respectively, of our revenue from operations. Further, the cost of coal accounted for 52.39%, 49.21%, 57.18% and 60.16%, respectively, of our total cost of materials consumed (including power and fuel expenses) in similar periods. Raw materials are subject to price volatility caused by external factors beyond our control, such as climatic and environmental conditions, commodity price fluctuations, market demand, production and transportation cost, and changes in government policies including duties and taxes and trade restrictions. In addition, competition in the industry may result in increase in prices of raw materials, which we may not be able to match, thereby affecting our procurement. Further, the supply of raw coal and raw material could be disrupted for reasons beyond our control, including extreme weather conditions, fire, natural catastrophes or raw material supply disruptions, including by way of changes in governmental policy and judicial intervention. For instance, on October 24, 2017, the Supreme Court of India banned the use of pet coke in the states of Uttar Pradesh, Haryana and Rajasthan with effect from November 1, 2017. While the restriction was subsequently relaxed for use of pet coke in the cement industry. Subsequently, the Supreme Court vide its order dated July 26, 2018 has imposed limited import of pet coke and has clarified that import of pet coke should be permitted only in those industries where pet coke is used as a feedstock or in the manufacturing process, and not as a fuel. Such industries being cement, lime kiln, calcium carbide and gasification. We, therefore, cannot predict whether such a ban on pet coke may be implemented in the future. In the event the supply of pet coke is interrupted, we would be required to rely on more expensive alternatives, including fuel oil. Any such ban on import or use of pet coke may therefore affect our production volumes, as well as profitability. In addition, in the past, several states such as Uttar Pradesh, Bihar and Rajasthan have imposed a ban on sand mining resulting in decrease in the demand and price for cement.

Increases in the global prices for coal, have in the past resulted in increases in our cost of power and fuel expenses. For example, our average cost of coal increased from ₹ 5,434.61 per tonne in Fiscal 2016 to ₹ 6,511.69 per tonne in Fiscal 2018 and was ₹ 7,206.64 per tonne in the three months ended June 30, 2018. The pricing of coal under our supply arrangements is directly linked to market prices and accordingly we bear the risk of coal price fluctuations. We cannot predict future price trends for coal, or the degree of any volatility. We are subject to fluctuations in the quantity and quality of the lignite mined. In the past, there have been instances where the lignite made available was insufficient, while we were able to supplement our requirements with imported coal, we cannot assure you that such disruptions in supply of our raw materials or fuels, as the case may be, will not take place or that we will be able to anticipate shortfalls in time to compensate with other sources in every instance. Further, as majority of our annual coal requirement is sourced from coal mines located outside of India, we are exposed to the risk of increases in freight rates. There can be no assurance that any future increases in our cost of power and fuel will be able to be passed on to our customers.

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

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

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

The summary of outstanding matters set out below includes details of criminal proceedings, material civil litigations tax proceedings, statutory and regulatory actions (as defined in the section "*Outstanding Litigation and Other Material Developments*" on page 365) involving our Company, Subsidiaries, Directors, Promoters and Group Companies.

Litigation involving our Company

Type of proceeding	**Number of cases**	**Amount, to the extent quantifiable *(₹ million)***
Material civil litigations	14	84.81
Criminal litigations	160	137.83
Regulatory/ statutory action	5	*Nil*
Tax	56	858.51

**Out of the 161 criminal cases involving the Company, 151 matters are cases filed by the Company under Section 138 of the Negotiable Instruments Act, 1881*

Litigation involving our Directors

Type of proceeding	**Number of cases**	**Amount, to the extent quantifiable *(₹ million)***
Material civil litigations	1	*Non-quantifiable*
Criminal litigations	5	*Non-quantifiable*
Regulatory/ statutory action	2	*Non-quantifiable*
Tax proceedings	1	1.37

Litigation involving our Promoter

Type of proceeding	**Number of cases**	**Amount, to the extent quantifiable *(₹ million)***
Material civil litigations	*Nil*	*Nil*
Criminal litigations	3	*Non-quantifiable*
Regulatory/ statutory action	2	*Non-quantifiable*
Tax proceedings	1	1.37

Litigation involving our Group Companies

Type of proceeding	**Number of cases**	**Amount, to the extent quantifiable *(₹ million)***
Material civil litigations	13	206.34
Criminal litigations	8	*Non-quantifiable*
Regulatory/ statutory action	*Nil*	*Nil*
Tax	45	1,211.14

Litigation involving our Subsidiaries

Type of proceeding	Number of cases	Amount, to the extent quantifiable *(₹ million)*
Material civil litigations	1	*Non-quantifiable*
Criminal litigations	*Nil*	*Nil*
Regulatory/ statutory action	*Nil*	*Nil*
Tax	*Nil*	*Nil*

For further details, see "*Outstanding Litigation and Other Material Developments*" beginning on page 365.

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

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

In order to meet the growing market demand for cement across south, east, west and north India markets and expand our presence geographically across India, we plan to further expand our manufacturing capabilities through construction of new facilities, including integrated manufacturing facilities and grinding units in Rajasthan, National Capital Region and Punjab, and packing terminals across east and south India. For further information on our proposed expansion plans, see "*Our Business – Strategies*" and "*Our Business - Expansion Plans*" on pages 150 and 160, respectively. Historically, our sales have been made almost entirely in south India (comprising Andhra Pradesh, Karnataka, Tamil Nadu, Pondicherry, Telangana, and Kerala) and Maharashtra and Goa. Accordingly, we do not possess the same level of familiarity with the economic condition, consumer base, commercial operations and state specific legal regulations in these new markets such as north and east India and therefore, we will be initially exposed to a degree of risk in realisation and volume of sales.

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

12. ***We have recently entered into port based logistics and accordingly, have limited experience. Further, our port based logistics infrastructure and distribution system will be subject to the risk of accidents and rough weather on the high seas which could adversely affect our business.***

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

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

Logistics costs in the cement industry are relatively higher than the logistics costs of other manufacturing industries. Historically, road and rail transportation have been preferred in the cement industry, however, in recent times, sea transportation is becoming more attractive due to its low cost advantages while catering to coastal markets. In addition, sea based transportation helps in protection from any kind of pilfering and weathering damage, which typically occurs in transportation through road and rail. (*Source: F&S Report*) However, transportation of cement by sea also exposes us to factors that are beyond our control such as cyclonic weather, where we are forced to reduce loads to compensate for rough seas which in turn could result in an unanticipated increase in the cost of delivery. We cannot guarantee that any damage to ships operated by us will be repaired in time or at all thus adversely affecting our ability to deliver in bulk and put us at risk of breaching delivery guarantees. Accordingly, the occurrence of any of these events could have an adverse effect our ability to deliver in our products bulk, on our volume of sales and related costs and as a result, on our business, financial condition and results of operations.

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

We have incurred significant indebtedness of ₹ 19,383.14 million as of September 30, 2018. We have entered into agreements with certain banks and financial institutions for short-term and long-term borrowings, which contain restrictive covenants, including, but not limited to, requirements that we obtain consent from the lenders prior to undertaking certain matters including altering our capital structure, further issuance of any shares, effecting any scheme of amalgamation or reconstitution, restructuring or changing the management, dilution of Promoters' shareholding, making corporate investments and change in constitution of the Board of Directors. Some of our lenders are also entitled to a right of first refusal in case of any further equity or debt raising mandates. Further, in terms of security, we are required to create a charge on all our fixed and current assets, mortgage over our immovable properties and hypothecation of our movable properties. Further, our Promoters are required to provide guarantees and create security over their shareholding in our Company. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow our business. Further, as of September 30, 2018, outstanding indebtedness amounting to ₹ 17,151.04 million was on floating rate of interest. Any fluctuations in the interest rates may directly impact the interest costs of such loans and could adversely affect our financial condition. Our ability to make payments on and refinance our indebtedness will depend on our ability to generate cash from our future operations. We may not be able to generate enough cash flow from operations or obtain enough capital to service our debt. In addition, lenders under our credit facility could foreclose on and sell our assets if we default under our credit facilities. For further information, see "*Financial Indebtedness*" on page 362.

Any failure to comply with the conditions and covenants in our financing agreements that is not waived by our lenders or guarantors or otherwise cured could lead to a termination of our credit facilities, acceleration of all amounts due under such facilities or trigger cross-default provisions under certain of our other financing agreements, any of which could adversely affect our financial condition and our ability to conduct and implement our business plans.

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

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

In addition, our results of operations are subject to seasonal fluctuations. We generally record lower sales volume during the monsoon season when construction activities are generally slow. We generally record higher sales volumes in other periods when construction activities remain at a relatively stable level. As a result of these seasonal fluctuations, our sales volume and revenue tend to fluctuate. Such fluctuations in our sales volumes and accordingly, our revenues, profitability and EBITDA may also cause our share price to fluctuate significantly, and the price of our Equity Shares may decline.

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

Currently, we sell our cement primarily in south India particularly in Andhra Pradesh, Karnataka, Tamil Nadu, Pondicherry, Telangana and Kerala as well as Maharashtra and Goa. In the trade segment (which typically incudes retail customers and wholesale customers including dealers and distributors), we distribute our products through our dealer network, which comprised 3,492 dealers and distributors, as of September 30, 2018. In addition, our agents and distributors also engage a number of stockists, other distributors and sub-distributors who distribute our products to a number of retail outlets. Further, we have devised phased expansion plans in south, east, west and north India markets. For further information on our proposed expansion plans, see "*Our Business – Strategies*" and "*Our Business - Expansion Plans*" on pages 150 and 160, respectively.

Our future growth also depends on expanding our sales and distribution network to enter new markets, through different sales and distribution channels. As a result, we rely and will continue to rely to a significant extent on the relationships we have with our dealers and agents. Further, as our authorized dealers have day-to-day contact with customers, we are exposed to the risk of our dealers failing to adhere to the standards set for them in respect of sales and after-sales service, which in turn could affect our customers' perception of our brand and products. If our competitors provide better commissions or incentives to our dealers and agents, it could result in them favoring the products of other cement manufacturers including our direct competitors.

The production of cement is dependent on a steady supply of various raw materials and delivery of cement as the finished product. Our suppliers either deliver our raw materials and coal directly to us or we are required to collect the coal from our suppliers, depending on the contract terms, at our own costs. Our raw materials are primarily transported to our facilities by ship, road and rail transport and cement is transported to our customers by land (through trucks and wagons) and rail transport. Transport of our raw materials and finished products is subject to various factors beyond our control, including poor infrastructure, accidents, adverse weather conditions, strikes and civil unrest, which may adversely affect our business and results of operations. In addition, cement is a perishable product as its quality deteriorates upon contact with moisture or humidity over a period of time. Therefore, prolonged storage or exposure to moisture during transport may result in cement stocks being written-off. Similarly, our cement is sold in bags, which may be subject to wear and tear during transport, resulting in stocks being written-off. Although we have not encountered any significant disruption to the supply and transportation of raw materials and finished products in the past, there can be no assurance that any such disruption will not occur in the future as a result of these factors and that such disruptions will not be material. Transportation strikes have had in the past, and could have in the future, an adverse effect on our Company's receipt of supplies and its ability to deliver its products. In addition, transportation costs have been steadily increasing. Any significant disruption in the distribution network could have a significant impact on our business and results of operations.

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

The limestone reserve data given in this Draft Red Herring Prospectus are based on various estimates of our management that have been taken into account by K. Dhanapathi Rao, an independent chartered engineer. The independent chartered engineer has verified and certified the limestone reserve data and reserve life based on the information, representations and explanations provided by the Company, the review of the various documents related to the limestone mines provided by the Company and reserve details approved by the Indian Bureau of Mines, Ministry of Mines, Government of India ("**IBM**"). The limestone residual reserves as of March 31, 2018 has been computed by the independent chartered engineer by taking into account the reserves as per the last IBM approved mining plan and subtracting the annual consumption of limestone by the Company which has been calculated based on *inter alia* the royalties paid by the Company to the Department of Mines and Geology of the relevant state Government.

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

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

We distribute and sell our cement products either directly to the non-trade segment (which typically includes government and private infrastructure projects, real estate companies, and ready-mixed concrete stations) and the trade segment (which typically incudes retail customers and wholesale customers including dealers and distributors). In Fiscal 2018, sales to the trade segment and non-trade segment were 50.88% and 49.12%, respectively, of our total gross revenue from cement sales in such period, while in three months ended June 30, 2018, sales to the trade segment and non-trade segment were 58.36% and 41.64%, respectively, of our total gross revenue from cement sales in such period. Though we have had repeat orders from customers and have developed long term relationships with certain customers, we do not typically enter into long term contracts with our customers. In the absence of long term contracts, we cannot assure you that our existing customers will continue to purchase our products and that we will be able to continue to enter into contracts with customers which would have a material adverse effect on our business, results of operations and financial condition. We are also exposed to risks of lower volume or lower price realization on such volumes depending on prevailing market conditions. The orders placed by our customers are dependent on factors such as customer satisfaction in terms of consistency of supply, quality and our standing in price comparisons, timely delivery of product, the demand for quality of product and price comparisons with other brands, amongst others. Although, we have a strong emphasis on quality, timely delivery of our products and personal interaction with the customers, any change in the buying pattern of customers can adversely affect our business and financial condition.

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

All of our existing facilities are located in Andhra Pradesh, Telangana, Kerala and Maharashtra. The success of any capacity expansion and expected return on investment on capital expenditure is subject to, among other factors, the ability to procure requisite regulatory approvals in a timely manner; recruit and ensure satisfactory performance of personnel to further grow our business; and the ability to absorb additional infrastructure costs and develop new expertise. Our capacity utilization is also affected by the product requirements of, and procurement practice followed by, our customers. In recent times, we have made significant investments for the expansion of our manufacturing capacities and are continuing to undertake additional investments to increase our existing capacity. In case of oversupply in the industry or lack of demand we may not be able to utilise our expanded capacity efficiently. Further, in Fiscal 2018, our capacity utilization was higher in comparison with the regional (south India) average capacity utilization, however, our capacity utilization was lower than the average capacity utilization for the Indian cement industry in the same period. (*Source: F&S Report*) Our capacity utilization for cement was 51%, 56%, 61% and 67% in Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, respectively, and our capacity utilization for clinker was 55%, 60%, 65% and 81%, respectively, in the same periods. For further information, see "*Our Business - Capacity and Capacity Utilization*" on page 136. Under-utilization of our manufacturing capacities over extended periods, or significant under-utilization in the short term, or an inability to fully realize the benefits of our recently implemented capacity expansion, could materially and adversely impact our business, growth prospects and future financial performance.

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

We currently rely on limited suppliers to provide certain raw materials, including gypsum, fly ash and slag, and coal and pet coke. In Fiscal 2016, 2017 and 2018, we sourced 93.22%, 79.14% and 89.88%, respectively, of our coal and pet coke requirements from not more than three suppliers. The loss of one or more of our significant suppliers or a reduction in the amount of raw materials or coal or pet coke we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows. Our reliance on a select group of suppliers may also constrain our ability to negotiate our arrangements, which may have an impact on our profit margins and financial performance. The deterioration of the financial condition or business prospects of these suppliers could reduce their ability meet our requirements and accordingly result in a significant decrease in our revenues. Further, there can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials, coal and pet coke. If we experience a significant or prolonged shortage of raw materials or coal or pet coke from any of our suppliers, and we cannot procure the raw materials or coal or pet coke from other sources, we will be unable to meet our production schedules and to ship such products to our customers on time, which will adversely affect our sales and customer relations. In the absence of long-term supply contracts, we cannot assure you that a particular supplier will continue to supply our products in the future. Any change in the supplying pattern of our raw materials, coal and pet coke can adversely affect our business and profits.

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

We are subject to laws and government regulations, including in relation to safety, health and environmental protection. These safety, health and environmental protection laws and regulations impose controls on air and water release or discharge, noise levels, storage handling, the management, use, generation, treatment, processing, handling, storage, transport or disposal of hazardous materials, including the management of certain hazardous waste used as a fuel substitute at our cement kiln along with other aspects of our manufacturing operations. Environmental laws and regulations in India are becoming more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management and other expenditure to comply with environmental standards. Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings being commenced against us, third party claims or the levy of regulatory fines. Further, any violation of the environmental laws and regulations may result in fines, criminal sanctions, revocation of operating permits, or shutdown of our facilities. For further information, see "*Regulations and Policies*" on page 168.

Mining operations are also subject to the provisions of the Mines and Minerals (Regulation and Development) Act, 1957 ("**MMDR Act**"), the Mines and Minerals (Development and Regulation) Amendment Act, 2015, MMDR (Amendment) Act, 2016 and the rules issued thereunder such as the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016. The GoI is not only empowered under these legislations to review and revise royalty payments for a particular mineral but is also empowered to introduce new levies. In case of increase of rate of royalty for mining of limestone or the introduction of additional levies, the cost of production will also increase to that extent. For instance, by a 2015 amendment to the MMDR Act and the issuance of the Mines and Minerals (Contribution to District Mineral Foundation) Rules, 2015, the GoI established District Mineral Foundation and required a percentage contribution of royalty in respect of mining leases to be contributed towards it, which was either 10% or 30% of royalty depending upon whether the mining lease was granted after or prior to January 2015 (it being 30% in our case).

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

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

Adequate and cost effective supply of electrical power and water is critical to our operations. We have four integrated manufacturing facilities, two grinding units and one packing terminal in four states in India. Although, we have commissioned a captive coal based power plant and waste heat recovery units, we still rely on the various State electricity boards through a power grid for the supply of electricity. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, the power and fuel expenses (including coal consumed for power generation) accounted for 29.68%, 26.03%, 28.04% and 33.22%, respectively, of our total expenses. For further details, see "*Our Business – Facilities*" on page 156. There may be power cuts in the supply provided by the relevant state electricity boards from time to time and so we have stand-by diesel generator sets for our operations to ensure that there is no stoppage in our production. Power costs represent a significant portion of our operating costs. If the per unit cost of electricity is increased by the state electricity boards our power costs will increase. Also, if fuel costs or the costs of operating our power generation plants go up, our cost of internal generation of electricity will rise. It may not be possible to pass on any increase in our power costs to our customers, which may adversely affect our profit margins. An interruption in or limited supply of electricity may result in suspension of our manufacturing operations. A prolonged suspension in production could materially and adversely affect our business, financial condition or results of operations. Further, we currently sell our excess power generated from our captive power plant to the Telangana state grid and through an energy exchange, however, in recent times, sale of power has significantly decreased due to various factors including the state grids obtaining power from other sources and an increase in our captive consumption, adversely affecting our revenue and financial condition. There can be no assurance that state grids will continue to purchase power from us or that the amount of power sold to third parties will not reduce in the future.

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

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

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

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

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

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

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

While no legal proceedings or regulatory action has been initiated against our Company in relation to the aforementioned matters as of the date of this Draft Red Herring Prospectus, we cannot assure you that such proceedings or regulatory actions will not be initiated against our Company in the future in relation to the missing corporate records or delays in filing statutory returns. We have received show cause notices from the RoC and the MCA in respect of alleged violations and irregularities in secretarial record keeping including *inter alia*, failure to include all relevant details in AGM notice to members, failure to disclose in the board report, the activities relating to exports and compliance with corporate social responsibility requirements of the Company. For details, see "*Outstanding Litigation and Material Developments*" on page 365. We cannot assure you that any such proceedings will not have a material adverse effect on our financial condition or reputation.

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

We do not have documentary evidence for certain details in relation to the educational qualifications of P. Prathap Reddy, Puttamreddy Venugopal Reddy and Lakshmi Kantham Dabbara included in "*Our Management*" on page 178. The details included in this section are based on the details provided by the Directors. Such details are supported by certificates provided by the Directors certifying the authenticity of the information provided. While P. Prathap Reddy, Puttamreddy Venugopal Reddy and Lakshmi Kantham Dabbara, vide letters dated August 22, 2018, August 23, 2018 and August 21, 2018, respectively, have written to the relevant educational institutions requesting for copies of the degree certificates, they have not received copies of such certificates. We cannot assure you that all the details in relation to our Directors included in this section are complete, true and accurate.

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

The global cement industry is highly fragmented with the presence of small, medium and large manufacturers. Similarly, the Indian cement industry is extremely fragmented with approximately 85 national and regional players operating in the Indian cement market, as of March 31, 2018. Though the market share of cement production of the top eight cement manufacturers was approximately 59% in Fiscal 2018, the remaining market share (approximately 41%) was spread among approximately 77 cement manufacturers. (*Source: F&S Report*) Accordingly, small, regional and local manufacturers have in the past tried to gain market share by discounting their prices, putting pressure on us and other leading cement companies to lower prices as well, so as to maintain their respective market shares.

Further, the Indian cement industry has seen increased consolidation among the top cement manufacturers who are following the inorganic route (through acquiring assets/ increasing shareholding in peer companies) for expansion with an aim for geographical diversification, higher asset utilization, better economies of scale and scope. (*Source: F&S Report*) Consolidation in the Indian cement industry and an increase in the number of larger competitors may also adversely affect our results of operations. The large number of smaller manufactures in the market are likely targets for acquisition as the sector further consolidates. As cement manufacturers consolidate and become larger, and as they gain greater access to debt and equity financing, we expect that we will face greater competition, which may lead to lower margins and adversely affect our results of operations.

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

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

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

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

As of June 30, 2018, our contingent liabilities that have not been provided for were as follows:

Particulars	**Amount (₹ million)**
Contingent liabilities (to the extent not provided for)	
Bank guarantees	346.37
Letter of credits	585.81
Indirect taxes	501.30
Income tax	136.74
Other	45.60
Total	**1,615.82**

For further information on our contingent liabilities, see "*Note 34 – Contingent Labilities and Commitments – Restated Consolidated Financial Information*" on page 262.

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

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

In our sales through dealers, we strive to operate on immediate and at times with partial advance payment terms, but we cannot guarantee that our dealers will not default on their payments. Although, as of June 30, 2018, none of our accounts receivable were outstanding for a period of more than six months, our inability to collect receivables from our dealers in a timely manner or at all in future, could adversely affect our working capital cycle, and cash flow. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, our trade receivables were ₹ 1,107.27 million, ₹ 850.97 million, ₹ 902.38 million and ₹ 1,606.39 million, respectively.

Our institutional customers include large organizations to whom we extend credit periods ranging from four to six weeks and we cannot guarantee that our clients will not default on their payments which might adversely affect our profits margins and cash flows. Our receivable turnover day was 28.60 days, 21.66 days, 18.02 days and 32.02 days in Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, respectively, and any increase in our receivable turnover days will negatively affect our business.

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

Our facilities are subject to various operating risks, such as the breakdown or failure of equipment, power supply, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes and lock-outs, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. Further, our results of operations are also dependent on the successful operation of our facilities. Long periods of business disruption could result in a loss of customers. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at facilities, including due to any of the factors mentioned above.

In addition, we depend on our key suppliers, vendors and other partners to provide the necessary equipment and services that we will need for our continuing operations. We cannot assure you that we will be able to continue to obtain equipment on commercially acceptable terms, or at all, or that our vendors will continue to enter into or honour the contracts for their services. Our inability to continue to obtain equipment and enter into contracts with our vendors in a timely manner, or at all, could adversely affect our business and results of operations.

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

We require numerous statutory and regulatory permits, licenses and approvals to operate our business. This includes renewing (and for any future greenfield units, obtaining) consents from the state pollution control boards, environmental clearances from the Ministry of Environments and Forests, importer-exporter code, registration and licenses issued under the Factories Act, fire safety licenses from municipal fire safety authorities, no objection certificates for maintenance of fire protection system, licenses to purchase, transport and use explosives in our mining operations, licenses to dispose hazardous biomedical waste, licenses for boilers, licenses for possession and transport of explosive substances, registration certificates issued under various labour laws, including contract labour registration certificates and licenses as well as various taxation related registrations, such as registrations for payment of income taxes, GST. Our licenses, permits and approvals impose certain terms and conditions that require us to incur costs and *inter alia*, providing for limits on the maximum quantity that can be manufactured as well as limits and manner of effluent discharge. We have obtained, or are in the process of obtaining or renewing, all environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. For further information including pending material approval and licenses, see "*Government Approvals*" on page 381. Further, we have implemented a monitoring mechanism which enables us to track compliance, including renewals and claims, for all statutory and regulatory permits, licenses and approvals.

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

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

Our Promoter, P. Prathap Reddy, has guaranteed certain term loans and cash credit facilities availed by us, amounting to ₹ 12,700.00 million. As of September 30, 2018, outstanding amounts from credit facilities personally guaranteed by our Promoter, P. Prathap Reddy, amounted to ₹ 11,935.04 million, which constituted 61.57% of our indebtedness as on such date.

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

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

As on the date of this Draft Red Herring Prospectus, 68,238,000 Equity Shares, which represents 51% of the issued and paid up Equity Share capital of our Company, which is held by P. Prathap Reddy in his capacity as the Managing Partner of Pioneer Builders have been encumbered pursuant to a non-disposal undertaking by P. Prathap Reddy in his capacity as Managing Partner of Pioneer Builders in favour of IDBI Trusteeship Services Limited in relation to a loan availed by our Company from Yes Bank Limited. Further, 12,042,000 Equity Shares constituting 9.00% of the pre-Offer capital of our Company, held by our Promoter, P Prathap Reddy has been pledged in favour of IDBI Trusteeship Services Limited in respect of a loan availed by our Group Companies, namely Pioneer Genco Limited, Krishna Hydro Energy Limited, Pioneer Power Corporation Limited, Lakshmi Jalavidyut (Krishna) Limited and a Promoter Group entity, Pioneer Power Limited from Yes Bank Limited.

Additionally, Prathap Reddy, in his capacity as Managing Partner of Pioneer Builders has entered into an agreement to pledge with IDBI Trusteeship Services Limited pursuant to which it has agreed to pledge such number of Equity Shares aggregating 30% of the issued and paid up capital of our Company in relation to loans availed by our Company from Yes Bank Limited, L&T Finance Limited, L&T Infrastructure Finance Company Limited and Hero Fincorp Limited ("**Lenders**"). The pledge will only become effective upon the occurrence of an event of default as prescribed under the terms of the loan agreement entered into with the Lenders. Any default by the Company, under the respective borrowing arrangements pursuant to which these Equity Shares have been pledged, will entitle the lender to enforce such pledge. In case the lender chooses to invoke the pledge, the aggregate shareholding of our Promoters in our Company will be reduced and may also result in the price of the Equity Shares being adversely affected. For details in respect of encumbrances created on the Promoters' shareholding, see "*Capital Structure*" on page 76.

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

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

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

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

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

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

Our operations are subject to various risks inherent in the manufacturing industry including defects, malfunctions and failures of manufacturing equipment, fire, riots, strikes, explosions, loss-in-transit for our products, accidents and natural disasters. Our insurance may not be adequate to completely cover any or all of our risks and liabilities. Further, there is no assurance that the insurance premiums payable by us will be commercially viable or justifiable. While we have made certain insurance claims in the past, we cannot assure you that, in the future, any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. Our insurance cover for property, plant and equipment as of June 30, 2018 was ₹ 38,801.38 million, while our gross block of property, plant and equipment was ₹ 19,987.54 million as of June 30, 2018 and gross block of property, plant and equipment (including capital work in progress and excluding freehold land) was ₹ 22,803.01 million, as of June 30, 2018. Consequently, our insurance cover as a percentage of gross block of property, plant and equipment (including capital work in progress and excluding freehold land) as of June 30, 2018 was 170.16%. Our inability to maintain adequate insurance cover in connection with our business could adversely affect our operations and profitability. To the extent that we suffer loss or damage as a result of events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial performance and cash flows could be adversely affected. For further information on our insurance arrangements, see "*Our Business – Insurance*" on page 167.

36. Some of our facilities and offices are located on leased premises. There can be no assurance that these lease agreements will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms.

Some of our facilities and offices, including our registered and corporate office, are located on leased premises. For further details, see "*Our Business – Properties*" on page 167. These lease agreements may be terminated in accordance with their respective terms, and any termination or non-renewal of such leases could adversely affect our operations. In addition, these leases generally have annual escalation clauses for rent payments. There can be no assurance that we will be able to retain or renew such leases on same or similar terms, or that we will find alternate locations for the existing offices on terms favorable to us, or at all. Failure to identify suitable premises for relocation of existing properties, if required, or in relation to new or proposed properties we may purchase, in time or at all, may have an adverse effect on our production and supply chain, the pace of our projected growth as well as our business and results of operations.

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

The success of our operations depends on availability of labour and maintaining a good relationship with our workforce. Our success also depends on our ability to attract, hire, train and retain skilled workers who are experienced in cement manufacturing operations. As of September 30, 2018, we employed 1,215 full time personnel across our various facilities. Our employees are not unionised into any labour or workers' unions. Although we have not experienced any major interruption to our operations as a result of labour disputes in the recent past, there can be no assurance that we will not experience any such disruption in the future as a result of disputes or disagreements with our work force, which may adversely affect our ability to continue our business operations. We may also have to incur additional expense to train and retain skilled labour. Any labour unrest experienced by us could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. In the event of any prolonged delay or disruption our business, results of operations and financial condition could be materially and adversely affected.

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

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

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

We have availed the services of an independent third party research agency, Frost & Sullivan India Private Limited, to prepare an industry report titled "*Report on the Indian Cement Industry*" dated August 2018, 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 this industry report. Although we believe that the data may be considered to be reliable, the accuracy, completeness and underlying assumptions are not guaranteed and dependability cannot be assured. While we have taken reasonable care in the reproduction of the information, the information has not been prepared or independently verified by us, or the BRLMs or any of our or its respective affiliates or advisors and, therefore, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to 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.

40. ***We rely on a limited number of customers for a portion of our revenue from operations. Significant decrease in revenue from any of those customers may adversely affect our business, results of operations and financial condition.***

A portion of our revenues from operations is derived from a limited number of key customers. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, our top five customers contributed 5.51%, 5.35%, 5.12% and 4.94%, respectively, of our gross cement revenue in such periods, while our single largest customer contributed 1.74%, 1.52%, 1.36% and 1.34%, respectively, of our gross cement revenue in such periods. Our customers typically do not enter into any long-term supply agreements with us. We deliver our products to our customers based on purchase orders raised by customers from time to time depending on their requirements. There can be no assurance that our significant customers in the past will continue to place similar orders with us in the future. A significant decrease in business from any such key customer, whether due to circumstances specific to such customer or adverse market conditions affecting the cement industry or the economic environment generally, may materially and adversely affect our business, results of operations and financial condition.

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

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

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

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

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

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

We have information technology systems that support our business processes such as, amongst others, SAP enterprise resource planning solution, salesforce and CARE. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, and similar events, even with our disaster recovery system in place. Effective response to such disruptions will require effort and diligence on the part of our employees to avoid any adverse effect to our information technology systems. For instance, any breakdown of our information technology systems could impair our ability to operate effectively. For example, in the past, our SAP ERP application stopped working due to storage issues and it took us 12 hours to restore our services. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. If such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any of these events could adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.

44. Our statutory auditors have highlighted certain remarks in the Companies (Auditor's) Report Order, 2003 ("CARO") report relating to our historical audited financial statements, which may affect our future financial results.

Our statutory auditors have highlighted certain remarks to the CARO report relating to our historical audited financial statements. For details, see "*Financial Statements – Independent Auditor's Report on Restated Standalone Financial Information*" on page 273.

There can be no assurance that our statutory auditors will not include further remarks or other similar comments in the audit reports and/ or CARO reports to our audited financial statements in the future, or that such remarks will not affect our financial results in future fiscal periods. Investors should consider the remarks in evaluating our financial condition, results of operations and cash flows. Any such remarks in the auditors' report and/ or CARO report on our financial statements in the future may also adversely affect the trading price of the Equity Shares.

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

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

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

Public companies in India, including us, are required to prepare annual and interim financial statements under Ind AS in accordance with the roadmap announced on January 2, 2015 by the Ministry of Corporate Affairs, Government of India (the "**MCA**"). We have adopted Ind AS with effect from April 1, 2016 with the transition date of April 1, 2015. The Restated Financial Statements as of and for the three months ended June 30, 2018 and the financial years ended 2018, 2017, 2016, 2015 and 2014, included in this Draft Red Herring Prospectus have been prepared under Ind AS/ Proforma Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 to the extent applicable and in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 and Guidance note on reports in company prospectuses issued by ICAI, as applicable. See "*Financial Statements*" on page 210. Except as otherwise provided in the Restated Financial Statements with respect to Indian GAAP, no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to any other principles or to base the information on any other standards. Ind AS differs from other accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. There is not yet a significant body of established practice on which to draw informed judgments regarding its implementation and application. Accordingly, the degree to which the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Persons not familiar with Ind AS should limit their reliance on the financial disclosures presented in this Draft Red Herring Prospectus.

The Ministry of Corporate Affairs notified Ind AS 115 '*Revenue from Contracts with Customers*' with effect retrospectively from April 1, 2018. Ind AS 115 supersedes the existing standard Ind AS 18 – "Revenue" and Ind AS 11 – "Construction Contracts" and provides a control based revenue recognition model and a five step application principle for revenue recognition comprising (i) identification of the contracts with the customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of transaction price to the performance obligations in the contract; and recognition of revenue when the company satisfies a performance obligation. We have adopted Ind AS 115 with effect from April 1, 2018 and believe that the adoption of Ind AS 115 did not have a significant impact on our recognition of revenues and the preparation and presentation of information related to our financial performance. Further, the Ministry of Corporate Affairs has also notified Ind AS 21 '*The Effects of Changes in Foreign Exchange Rates*', which clarifies that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of related asset, expense or income, should be the date on which an entity has received or paid an advance consideration in a foreign currency. We have adopted Ind AS 21 with effect from April 1, 2018 and believe that the adoption of Ind AS 21 did not have a significant impact on the preparation and presentation of information related to our financial performance. For further information, see *Management's Discussion and Analysis of Financial Condition and Results of Operations — Presentation of Financial Information – Transition from Indian GAAP to Ind AS Financial Statements*" and "*Restated Financial Information - Notes to Restated Consolidated Financial Information - Recent Accounting Pronouncements*" on pages 335 and 217, respectively.

We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Draft Red Herring Prospectus, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, which are restated as per SEBI ICDR Regulations included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. 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. In addition, our Restated Financial Statements may be subject to change if new or amended Ind AS accounting standards are issued in the future or if we revise our elections or selected exemptions in respect of the relevant regulations for the implementation of Ind AS.

47. A portion of the Net Proceeds may be utilized for repayment or pre-payment of loans taken from YES Bank Limited which is an affiliate of one of our BRLMs.

We propose to repay or pre-pay certain loans obtained from YES Bank Limited from the Net Proceeds as disclosed in "*Objects of the Offer*" on page 104. YES Bank Limited is an affiliate of one of our BRLMs, YES Securities (India) Limited. While the repayment or pre-payment of loans will result in reduction of our total debt, however, such transactions may give rise to current or potential conflicts of interest. For further details, see "*Objects of the Offer*" on page 104. The deployment of the Net Proceeds will be at the discretion of our Board.

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

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

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

Our business requires obtaining and maintaining quality certifications and accreditations from independent certification entities. All of our integrated manufacturing facilities are accredited by international certifying agencies with certifications including ISO 9001:2015 certified for quality, ISO 14001:2015 for environmental management systems and OHSAS 18001:2007 for occupational hazard and safety management systems. In addition, we have applied for the SLSI certification for our Krishnapatnam unit. We also comply with prescribed specifications and standards of quality approved by the Government of India in connection with the products we manufacture. We manufacture products as per Bureau of Indian Standards ("**BIS**") specifications, for instance, our OPC is as per BIS IS: 269-2015 while our PPC and PSC are as per BIS IS: 1489 (Part 1) 2015 and BIS IS: 455 – 2015 standards, respectively. For further information, see "*Our Business – Our Products*" and "*Government Approvals*" on pages 153 and 381, respectively. Such specifications and standards of quality is an important factor in the success and wide acceptability of our products. If we fail to comply with applicable quality standards or if the relevant accreditation institute or agency declines to certify our products, or if we are otherwise unable to obtain such quality accreditations in the future, within time or at all, our business prospects and financial performance will be materially and adversely affected.

In addition, we have been granted an ad-hoc permission for the sale of PPC grade cement for our Cochin packing terminal and have applied for license to use BIS mark for the PSC which we will manufacture at our Krishnapatnam unit. The final accreditation will be granted after quality assurance tests are completed. In case of failure in these tests, we may not receive the final accreditation by the BIS. Our ability to sell the OPC and PPC grade cements may be adversely affected, which may result in financial losses and reputational loss.

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

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

We are dependent on our Promoters, Directors, senior management and other key personnel for setting our strategic business direction and managing our business. Our Managing Director and other senior members of our management team have extensive experience in the cement sector. For further information, see "*Our Management*" on page 178. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and retain experienced, talented and skilled professionals. Due to the current limited pool of skilled personnel, competition for senior management in our industry is intense. The loss of the services of our key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects.

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

The following table sets forth certain information relating to our cash flows on a consolidated basis for the periods indicated. We may in the future experience negative operating cash flows.

Particulars	Three months ended June 30, 2018	Fiscal		
		2018	2017	2016
	(₹ million)			
Net cash generated from/ (used in) operating activities	(801.33)	4,596.73	614.48	2,120.13
Net cash used in investing activities	(1,533.45)	(7,058.90)	(1,414.14)	(1,680.13)
Net cash generated from/ (used in) the financing activities	2,370.89	2,524.34	281.55	(280.57)
Net increase/(decrease) in cash and cash equivalents	36.11	62.17	(518.11)	159.43
Cash and cash equivalents at the end of the period/ year	302.27	266.16	203.99	722.10

Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 333.

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

We have registered our brand name *Penna* together with the logo Penna under classes 19 (cement, cement slabs, cement poles and other building material) and class 39 (electricity distribution) under the Trade Marks Act, 1999. For further information, see "*Government and Other Approvals – Intellectual Property Rights*" on page 383. However, there can be no assurance that third parties will not infringe upon our intellectual property, causing damage to our business prospects, reputation and goodwill. Our efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. We may need to litigate in order to determine the validity of such claims and the scope of the proprietary rights of others. Any such litigation could be time consuming and costly and the outcome cannot be guaranteed. We may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect its intellectual property.

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

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

Group Entity	Fiscal		
	2016	2017	2018
	(₹ million)		
Pioneer Genco Limited	113.39	(4.33)	1.40
Anrak Aluminum Limited	(807.39)	(607.43)	(758.96)
Lakshmi Jalavidyut (Krishna) Limited	(50.04)	9.74	116.41
Krishna Hydro Energy Limited	(138.76)	(15.76)	(8.37)

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

54. We have in the past entered into related party transactions and may continue to do so in the future, which may potentially involve conflicts of interest with the equity shareholders.

We have in the past entered into transactions with our Promoters, relatives of our Promoters, parties having significant influence and associate companies. In particular, we have entered into various transactions with Pioneer Builderrs Limited in relation to, amongst others, the sale of products, investments, advances, freight charges, services received and other payables. While we believe that all such transactions have been conducted on an arm's length basis, we cannot assure you that we might have obtained more favourable terms had such transactions been entered into with unrelated parties. Further, it is likely that we may enter into additional related party transactions in the future. For instance, we have entered into a contract of affreightment with Penna Shipping Limited for four self-discharging cement carrying vessels. For further details, see "*Our Business*" on page 143. Such related party transactions may potentially involve conflicts of interest.

In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, the aggregate amount of such related party transactions was ₹ 800.86 million, ₹ 869.20 million, ₹ 1,324.00 million and ₹ 646.83 million, respectively. The percentage of the aggregate value such related party transactions to our revenue from operations in Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018 was 4.22%, 4.62%, 7.20% and 14.17%, respectively. For further information on our related party transactions, see "*Related Party Transactions*" on page 208. We cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, results of operations, cash flows and financial condition.

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

We have declared dividend in the past. For further information, see "*Dividend Policy*" on page 209. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. As on date, our Company has not adopted any formal dividend policy. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

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

56. Our Associate, Parasakti Cement Industries Limited, is involved in a similar business and may have a conflict of interest.

Our Associate, Parasakti Cement Industries Limited, is also engaged in the manufacture and distribution of cement in similar markets. Further, our Promoter, Chairman and Managing Director, P. Prathap Reddy and P. Venugopal Reddy, are also directors of Parasakti Cement Industries Limited. As a result, there may be conflicts of interest in allocating business opportunities between us and our Associate. There may also be conflicts of interest between our Associate, Directors and us in pursuing new customers. We have not entered into any non-compete agreement with our Associate. There can be no assurance that our Associate will not compete with us in similar markets or our existing business or any future business that we may undertake or that we will be able to suitably resolve such a conflict without an adverse effect on our business. Any such present and future conflicts could have a material adverse effect on our business and financial performance.

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

Certain of our Directors are also directors of companies which are engaged the business of cement manufacturing which may result in conflict of interest. For further details, see "*Our Management*" on page 178. We have not entered into any non-compete agreement with such companies. There can be no assurance that such companies will not compete with us in similar markets or our existing business or any future business that we may undertake or that we will be able to suitably resolve such a conflict without an adverse effect on our business. Any such present and future conflicts may have a material adverse effect on our reputation, business and results of operations.

58. Certain Promoters and Directors hold Equity Shares in our Company and are therefore interested in the Company's performance in addition to their remuneration and reimbursement of expenses.

Certain of our Promoters and Directors are interested in our Company, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding in our Company. We cannot assure you that our Promoters will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoters may take or block actions with respect to our business which may conflict with the best interests of the Company or that of minority shareholders. For further information on the interest of our Promoters and Directors of our Company, other than reimbursement of expenses incurred or normal remuneration or benefits, see "*Our Management*" and "*Our Promoters and Promoter Group*" on pages 178 and 195, respectively.

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

Our Promoters and members of the Promoter Group held 98.04% of the share capital of our Company, for details of their shareholding pre and post Offer, see "*Capital Structure*" on page 76. After the completion of the Offer, our Promoters along with the Promoter Group will continue to collectively hold substantial shareholding in our Company. Our Promoters will continue to exercise significant influence over our business policies and affairs and all matters requiring shareholders' approval, including the composition of our Board, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership also may delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of these stockholders. Further, some of our lenders require that our Promoters, provide personal guarantees or pledge their Equity Shares in order to secure debt availed by us. We cannot assure that our Promoters will be amenable to provide such security in future. The interests of the Promoters as our controlling shareholder could conflict with our interests or the interests of its other shareholders. We cannot assure you that the Promoters will act to resolve any conflicts of interest in our favour and any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

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

We propose to utilise the Net Proceeds for repayment or prepayment of certain borrowings availed by our Company and for general corporate purposes. For further details of the proposed objects of the Offer, see "*Objects of the Offer*" on page 104. 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 utilisation of the Net Proceeds without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such shareholders' approval may adversely affect our business or operations.

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

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

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

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

External Risk Factors

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

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

63. 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 5.13% (provisional) for the month of September 2018 (over September 2017) as compared to 4.53% (provisional) for the previous month and 3.14% during the corresponding month of 2017. (*Source: Index Numbers of Wholesale Price in India, Review for the month of September 2018, published on October 15, 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.

64. Most of our revenue is derived from business in India and a decline in economic growth or political instability or changes in the Government in India could adversely affect our business.

We derive most of our revenue from our operations in India and so the performance and the growth of our business are dependent on the performance of the Indian economy. In the recent past, Indian economy has been affected by global economic uncertainties and liquidity crisis, domestic policy and political environment, volatility in interest rates, currency exchange rates, commodity and electricity prices, adverse conditions affecting agriculture, rising inflation rates and various other factors. Risk management initiatives by banks and lenders in such circumstances could affect the availability of funds in the future or the withdrawal of our existing credit facilities. The Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, especially the United States, have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operation and the trading price of our Equity Shares. Volatility, negativity, or uncertain economic conditions could undermine the business confidence and could have a significant impact on our results of operations. Changing demand patterns from economic volatility and uncertainty could have a significant negative impact on our results of operations.

Further, our performance and the market price and liquidity of the Equity Shares may be affected by changes in exchange rates and controls, interest rates, government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. Our business, the market price and liquidity of the Equity Shares may be affected by changes in GoI policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

65. Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Europe and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. Recently, the currencies of a few Asian countries including India suffered depreciation against the US Dollar owing to amongst other, the announcement by the US government that it may consider reducing its quantitative easing measures. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, future financial performance and the prices of the Equity Shares.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years. Since September 2008, liquidity and credit concerns and volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major US and European financial institutions. These and other related events, such as the European sovereign debt crisis, have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in global credit and financial markets. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilizing effects. In the event that the current difficult conditions in the global credit markets continue or if there is any significant financial disruption, such conditions could have an adverse effect on our business, future financial performance and the trading price of the Equity Shares.

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

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

67. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

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

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

Our Articles and Indian law govern our corporate affairs. Legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a bank or corporate entity in another jurisdiction. Shareholders' rights 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 one of our shareholders than as a shareholder of a bank or corporate entity in another jurisdiction.

69. Our business and activities may be further regulated by the Competition Act and any adverse application or interpretation of the Competition Act could materially and adversely affect our business, financial condition and results of operations.

The Competition Act seeks to prevent business practices that have or are likely to have an appreciable adverse effect on competition in India and has established the Competition Commission of India (the "**CCI**"). Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement among competitors which, directly or indirectly, determines purchase or sale prices, results in bid rigging or collusive bidding, limits or controls the production, supply or distribution of goods and services, or shares the market or source of production or providing of services by way of allocation of geographical area or type of goods or services or number of customers in the relevant market or in any other similar way, is presumed to have an appreciable adverse effect on competition and shall be void. Further, the Competition Act prohibits the abuse of a dominant position by any enterprise. If it is proven that a breach of the Competition Act committed by a company took place with the consent or connivance or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of the breach themselves and may be punished as an individual. If we, or any of our employees, are penalized under the Competition Act, our business may be adversely affected. Further, the Competition Act also regulates combinations and requires approval of the CCI for effecting any acquisition of shares, voting rights, assets or control or mergers or amalgamations above the prescribed asset and turnover based thresholds.

On March 4, 2011, the Government of India notified and brought into force new provisions under the Competition Act in relation to combined entities (the "**Combination Regulation Provisions**"), which came into effect from June 1, 2011. The Combination Regulation Provisions require that any acquisition of shares, voting rights, assets or control or mergers or amalgamations, which cross the prescribed asset and turnover based thresholds, must be notified to and pre-approved by the CCI. In addition, on May 11, 2011, the CCI issued the final Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (which were further amended on March 28, 2014). These regulations, as amended, set out the mechanism for the implementation of the Combination Regulation Provisions under the Competition Act.

It is difficult to predict the impact of the Competition Act on our growth and expansion strategies in the future. If we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act or any enforcement proceedings initiated by the CCI or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may adversely affect our business, financial condition and results of operations. Any actual, pending, contemplated or threatened proceedings, investigations, actions, claims or suits against us, our subsidiaries and directors, whether meritorious or not, could be time consuming and costly, require significant amounts of management time and result in the diversion of significant operational resources.

70. The Indian tax regime is currently undergoing substantial changes which could adversely affect our business.

The goods and service tax ("**GST**") that has been implemented with effect from July 1, 2017 combines taxes and levies by the GoI and state governments into a unified rate structure, and replaces indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, cess and surcharge and excise that were being collected by the GoI and state governments.

As regards the General Anti-Avoidance Rules ("**GAAR**"), the provisions of Chapter X-A (sections 95 to 102) of the Income Tax Act, 1961, are applicable from assessment year 2019 (Fiscal 2018) onwards. The GAAR provisions intend to declare an arrangement as an "impermissible avoidance arrangement", if the main purpose or one of the main purposes of such arrangement is to obtain a tax benefit, and satisfies at least one of the following tests (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, that is not ordinarily engaged for bona fide purposes. If GAAR provisions are invoked, the tax authorities will have wider powers, including denial of tax benefit or a benefit under a tax treaty. In the absence of any precedents on the subject, the application of these provisions is uncertain. As the taxation regime in India is undergoing a significant overhaul, its consequent effects on economy cannot be determined at present and there can be no assurance that such effects would not adversely affect our business, future financial performance and the trading price of the Equity Shares.

71. Investors in Equity Shares may be unable to enforce a judgment of a foreign court against us.

Our Company is a limited liability company incorporated under the laws of India. All of our Directors and our Key Management Personnel are residents of India. Majority of our Company's assets and the assets of our Directors are located in India. Decrees in India whether domestic or foreign have to be enforced under the provisions of the CPC and recognition and enforcement of foreign judgments has been laid down under Section 13 of the CPC. Additionally, upon the production of a certified copy of the foreign judgment, an Indian court presumes that the judgment was pronounced by a competent court of jurisdiction unless contrary proved. India is not a party to any international treaty with respect to enforcement of foreign judgments. Under Section 44A, judgments from courts in reciprocating countries can be enforced directly in India. The CPC only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties and does not include arbitration awards. Thus, in the event of a judgment being passed from a non-reciprocating country against our Company for civil liability, it would not be enforceable in India and it would be required to institute new proceedings in India and obtain a decree from an Indian court. Based on the final judgment obtained from a non-reciprocating country, a fresh suit can be initiated within three years of obtaining such final judgment. The United States for instance has not been declared as a reciprocating territory for the purposes of the CPC and thus a judgement of a court outside India may be enforced in India only by a suit and not by proceedings in execution.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with only a limited number of jurisdictions, which include the United Kingdom, Singapore and Hong Kong. For a judgement from a jurisdiction with reciprocity to be enforceable, it must meet the requirements as laid down in the CPC. If the Indian court believes that the amount of damages awarded was excessive or inconsistent with public policy in India, it is unlikely that an Indian court would award damages on the same basis, or to the same extent, as was awarded in a final judgement rendered by a court in another jurisdiction. In addition, any person seeking to enforce a foreign judgement in India is required to obtain prior approval of the RBI, to repatriate any amount recovered pursuant to the execution of the judgement.

72. Changing laws, rules and regulations and legal uncertainties, including adverse application of corporate and tax laws, may adversely affect our business, prospects, results of operations and, financial condition.

Our business and financial performance could be adversely affected by changes in law or interpretations of existing, or the promulgation of new, laws, rules and regulations in India applicable to us and our business. There can be no assurance that the central or the state governments may not implement new regulations and policies which will require us to obtain approvals and licenses from the governments and other regulatory bodies or impose onerous requirements and conditions on our operations.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future.

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

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

74. 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.

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

As we are not a listed company, we have not been subject to the increased scrutiny by shareholders, regulators and the public as is associated with a listed company. Pursuant to listing, our Company will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the provisions of the SEBI Listing Regulations and the listing agreements to be executed with the stock exchanges, which will require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. In the event of experiencing any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies. In order to ensure the improvement in procedures for internal control over financial reporting and effective disclosure control, attention will be required. As a result, our management's attention may be diverted from other business concerns which would impact our business and operations. Additionally, we cannot ensure that we will be able to fulfil the requirements of a listed company in a timely manner.

76. The Equity Shares have never been publicly traded, and, after the Offer, 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 Offer Price, or at all.

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares is proposed to be determined through a book-building process and may not be indicative of the market price of the Equity Shares at the time of commencement of trading of the Equity Shares or at any time thereafter. 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 the securities markets in India and other jurisdictions, 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.

77. 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.

Pursuant to the provisions of the SEBI ICDR Regulations and other regulations and guidelines prescribed by SEBI, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares Bid for or the price) at any stage after submitting a Bid and are required to pay the Bid Amount at the time of submission of the Bid.

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 operation or financial condition, may arise between the date of submission of the Bid by QIBs and Non - Institutional Investors and Allotment of the Equity Shares. Our Company may choose to complete the Allotment of the Equity Shares pursuant to the Offer despite the occurrence of one or more such events, and QIBs and Non - Institutional Investors would not be able to withdraw or lower their Bids in such or any other situation, once they have submitted their Bid.

78. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under the Income Tax Act, 1961, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India except any gain realised on the sale of shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the STT has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which equity shares are sold. Any gain realised on the sale of shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of shares on a stock exchange held for a period of 12 months or less will be subject to short term capital gains tax. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, will be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India. Further, in accordance with the Finance Act, 2018, which has been notified with effect from April 1, 2018, the exemption on long term capital gains tax has been withdrawn and such tax has become payable in the hands of the investors. Capital gains arising from the sale of shares will be exempt from taxation in India in cases where an exemption is provided under a tax treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdictions on gains arising from a sale of the shares subject to relief available under the applicable tax treaty or under the laws of their own jurisdiction.

79. You will not be able to sell immediately on an Indian stock exchange any of the Equity Shares you purchase in the Offer.

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

80. Any future issuance of Equity Shares, or convertible securities or other equity linked securities by us and any sale of Equity Shares by our Promoters and Promoter Group may adversely affect the trading price of the Equity Shares.

After the completion of the Offer, our Promoters and Promoter Group will own, directly and indirectly, approximately [●]% of our outstanding Equity Shares. Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us may dilute your shareholding in the Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. Further, our Promoters and Promoter Group may dispose of, sell or otherwise transfer a part or whole of their shareholding in our Company. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. No assurance may be given that we will not issue additional Equity Shares or that our shareholders will not dispose of, sell or otherwise transfer Equity Shares held by them.

81. You may be restricted in your ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of your ownership position.

Under the Companies Act, a company incorporated in India must offer its shareholders pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the shares who have voted on the resolution, or unless the company has obtained approval from the Government of India to issue without such special resolution, subject to votes being cast in favour of the proposal exceeding the votes cast against such proposal. However, if the law of the jurisdiction you are in does not permit you to exercise your pre-emptive rights without our Company filing an offering document or a registration statement with the applicable authority in the jurisdiction you are in, you will be unable to exercise your pre-emptive rights unless our Company makes such a filing. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interest in our Company would be reduced.

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

The Offer Price of the Equity Shares will be determined by our Company in consultation with the Book Running Lead Managers and the Selling Shareholder through the Book Building Process. This price will be based on numerous factors, as described under "*Basis for Offer Price*" on page 111 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

83. The market value of the Equity Shares may fluctuate due to the volatility of the Indian securities markets.

Indian securities markets may be more volatile than and not comparable to, the securities markets in certain countries with more developed economies and capital markets than India. Indian stock exchanges have, in the past, experienced substantial fluctuations in the prices of listed securities. Indian stock exchanges (including the BSE and the NSE) have experienced problems which, if such or similar problems were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Equity Shares. These problems have included temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of Indian stock exchanges have, from time to time, imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Further, from time to time, disputes have occurred between listed companies, stock exchanges and other regulatory bodies, which in some cases may have a negative effect on market sentiment.

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

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain restrictions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

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

The U.S. "Foreign Account Tax Compliance Act" (or "**FATCA**") imposes a new reporting regime and, potentially, a 30.00% withholding tax on certain "foreign passthru payments" made by certain non-U.S. financial institutions (including intermediaries).

If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered foreign passthru payments. Withholding on foreign passthru payments would not be required with respect to payments made before January 1, 2019. The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as foreign passthru payments. Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

86. ***U.S. holders should consider the impact of the passive foreign investment company rules in connection with an investment in our Equity Shares.***

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

Our Company believes it was likely not a PFIC for the taxable year ending March 31, 2018, and likely will not be a PFIC for the current year and future years. However, no assurance can be given that our Company will or will not be considered a PFIC in the current or future years. The determination whether or not our Company is a PFIC is a factual determination that is made annually based on the types of income we earn and the value of our assets. Further, our PFIC status may also depend on the market price of the Equity Shares, which may fluctuate considerably. Assuming our Company is considered a PFIC, U.S. holders of Equity Shares would be subject to special rules and a variety of potentially adverse tax consequences under the U.S. Internal Revenue Code of 1986, as amended.

Prominent Notes:

1. Initial public offer of up to [●] Equity Shares of ₹ 10 each, at an Offer Price of ₹ [●] per Equity Share for cash aggregating up to ₹ 15,500 million. The Offer comprises of a Fresh Issue of up to [●] Equity Shares aggregating to ₹ 13,000 million and an Offer for Sale of up to [●] Equity Shares aggregating to ₹ 2,500 million by the Selling Shareholder.

2. The Offer is being made through the Book Building Process, wherein not more than 50% of the Offer shall be available for allocation, on a proportionate basis, to QIBs. Our Company may, in consultation with the BRLMs and the Selling Shareholder, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. 5% of the QIB Portion (excluding Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders, subject to valid Bids being received at or above the Offer Price.

3. Our net worth, including non-controlling interests, as of June 30, 2018 and March 31, 2018 was ₹ 9,451.02 million, and ₹ 9,339.00 million, respectively, as per our Restated Standalone Financial Statements and ₹ 10,320.73 million ₹ 10,194.08 million, respectively, as per our Restated Consolidated Financial Statements. Our net asset value per Equity Share was ₹ 70.64 and ₹ 69.80 as of June 30, 2018 and March 31, 2018, respectively, as per our Restated Standalone Financial Statements and ₹ 77.14 and ₹ 76.19 as of June 30, 2018 and March 31, 2018, respectively, as per our Restated Consolidated Financial Statements. For details, see "*Financial Statements*" on page 210.

4. The average cost of acquisition of Equity Shares by our Promoters, P. Prathap Reddy, Pioneer Builders and P R Cement Holdiings Limited, is ₹ 1.31 per Equity Share, ₹ 1.34 per Equity Share and ₹ 1.06 per Equity Share, respectively. For details, see "*Capital Structure*" on page 76.

5. Except as disclosed in "*Our Group Companies*" and "*Related Party Transactions*" on pages 200 and 208 respectively, none of our Group Companies have business interests or other interests in our Company.

6. For details of related party transactions entered into by our Company with the Group Companies during the last Fiscal, the nature of transactions and the cumulative value of transactions, see "*Financial Statements*" on page 210.

7. Our Company was incorporated as Penna Cement Industries Limited on October 24, 1991 at Hyderabad, Telangana, India as a public limited company under the Companies Act, 1956 and received the certificate of commencement of business from the Registrar of Companies on November 8, 1991. The name of our Company was thereafter changed to Penna Cement Industriies Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 28, 2010. The name of our Company was subsequently changed to Penna Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on July 26, 2012. For details of change in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 171.

8. There has been no financing arrangement whereby our Promoter Group, the directors of P R Cement Holdiings Limited, partners of Pioneer Builders, our Directors or their relatives, have financed the purchase by any other person of securities of our Company other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

9. Investors may contact any of the Book Running Lead Managers as well as the Registrar to the Offer for any complaint pertaining to the Offer. For details of the Book Running Lead Managers and the Registrar to the Offer, see "*General Information*" on page 69.

10. All grievances, in relation to the Bids through ASBA process, may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary with whom the ASBA Form was submitted, quoting the full name of the sole or first Bidder, ASBA Form number, Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, date of submission of ASBA Form, address of Bidder, the name and address of the relevant Designated Intermediary, where the ASBA Form was submitted by the Bidder and ASBA Account number in which the amount equivalent to the Bid Amount was blocked. Further, the Bidder shall enclose the Acknowledgment Slip from the Designated Intermediaries in addition to the documents or information mentioned hereinabove. Further, 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.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

*Unless noted otherwise, the information in this section is obtained or extracted from "Report on the Indian Cement Industry" dated August 2018 (the "**F&S Report**") prepared and issued by Frost & Sullivan India Private Limited on our request. Neither we nor any other person connected with the Offer have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.*

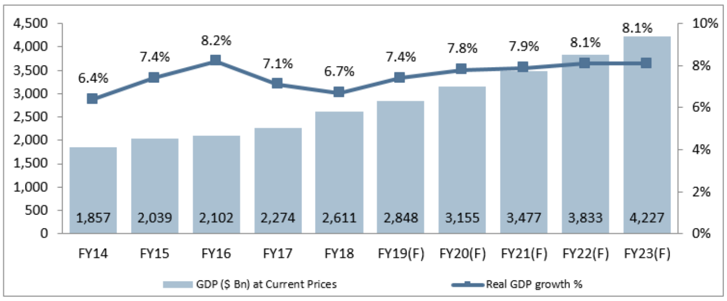
Investors should note that this is only a summary of the industry in which we operate and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Draft Red Herring Prospectus, including the information in the sections "Risk Factors" on page 14. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, please see the section "Risk Factors" on page 14.

Macroeconomic Indicators of India

Gross Domestic Product ("GDP") Growth

India observed a real GDP growth of 6.7% in Fiscal 2018 primarily driven by private consumption. Interest rate reduction, implementation of the pay commission, improved foreign portfolio investment and moderate inflation levels have been the key drivers for private consumption, however, growth has been slightly slower than Fiscal 2017, primarily due to the short-term impact of demonetization prolonged till the first half of Fiscal 2018 and the weak agricultural growth. One of the key initiatives in Fiscal 2018 was the implementation of the Goods and Services Tax ("GST") which is expected to have a positive impact on the economy in the medium term. The growth in Fiscal 2017 has been aided by increase in exports after falling in Fiscal 2016, controlled inflation levels and normal monsoons aiding key rural dependent sectors, however, the growth was slightly slower than Fiscal 2016 due to the liquidity crunch as a result of demonetization. According to the Fiscal 2018 annual Budget, India had a GDP per capita of $ 1,974 in March 2018, an increase of 12.7% compared to $ 1,751 in March 2017. Along with economic restructuring through GST, and initiatives such as "Make in India", increased digitalization and strategic FDI policies, the GDP growth is expected to reach 8.1% in Fiscal 2023.

Real GDP Growth Rate and GDP Value, India, ($ billion), FY14-23F

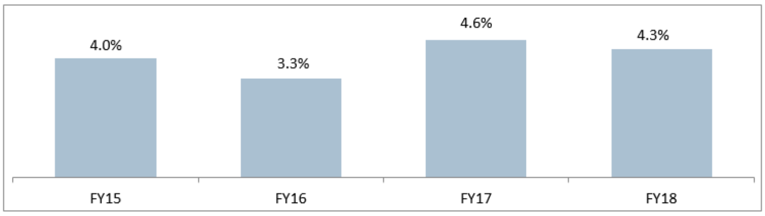


GDP contribution by Sector

The services sector, which contributes significantly to the investment flows and exports, is a major contributor to the Indian economy and contributed 53.9% to India's GDP during Fiscal 2018. The other key industries include financial services, telecommunications, tourism and insurance. The industrial sector accounts for 29.1% of India's GDP. The agriculture sector contributes 17.0% of India's GDP. The core sectors, comprising coal, crude oil, natural gas, refinery products, fertilizer, steel, cement and electricity, contribute approximately 40% of the total industrial production.

According to the Central Statistics Organisation, the Index of Industrial Production ("IIP") increased to 125.2 in Fiscal 2018 from 120.0 in Fiscal 2017. Mining recorded a growth of 2.3% in Fiscal 2018 from 5.3% in Fiscal 2017. Growth in Fiscal 2018 showed a deceleration due to the higher base in Fiscal 2017 and decline in coal mining. Manufacturing output increased by 8.7% in Fiscal 2018, and infrastructure and construction goods output grew by 12.6% over Fiscal 2017. Other sectors such as capital goods, infrastructure and construction goods, consumer non-durables, mining, electricity, primary goods, intermediate goods, and consumer goods also showed positive growth during Fiscal 2018.

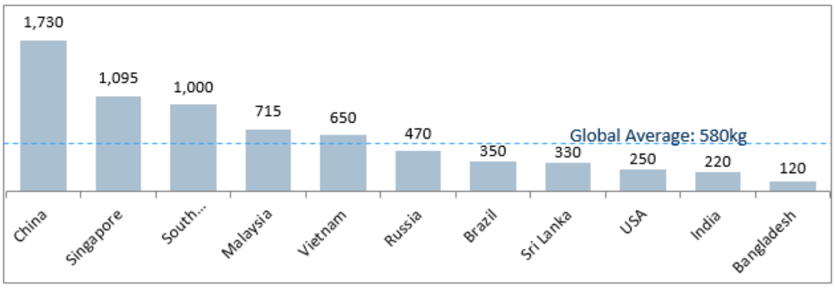
IIP Growth Rate, FY15-FY18



Key Trends and Impact on the Indian Cement Industry

India's Gross Domestic Product ("GDP") is expected to pick up momentum and positively progress during Fiscal 2018 to Fiscal 2023, after a brief slowdown due to short term transitionary impact of fiscal reforms such as demonetisation and implementation of the Goods and Services Tax ("GST"). It is expected that these reforms will favourably impact the economy in the future; urbanization, demand from housing activity and an increase in government expenditure towards infrastructure projects and 'Housing for All' initiative are expected to support the overall cement industry growth. The low base in Fiscal 2017 due to demonetization, the improved market sentiment, and revival of the real estate sector indicate that the industry is expected to experience higher growth momentum in the future.India's current per capita consumption of cement was 220 kilogram ("kg") in 2017 which is below the global average of 580 kg in 2017. This is supplemented by an increasing demand in the building and construction, infrastructural and industrial segments. In view of the growth drivers, cement manufacturers are expected to increase their production capacity by approximately 96 million tonnes during Fiscal 2019 to Fiscal 2023.

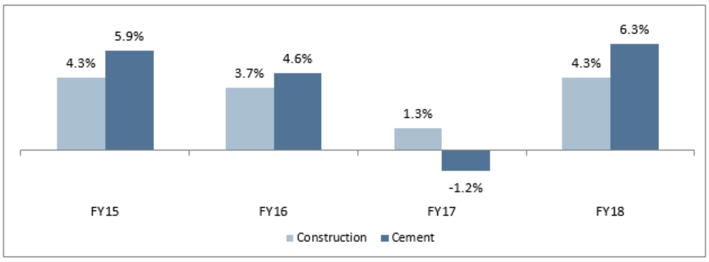
Cement Per Capita Consumption (Kg) of Select Countries and India, 2017



Industry Growth Trends and Drivers

Cement demand experienced de-growth in Fiscal 2017 due to weakness in construction sector, owing to demonetization. Though the first half of Fiscal 2018 had an impact of demonetization, Fiscal 2018 grew overall due to the revival of the housing, construction and infrastructural segment. Implementation of Real Estate (Regulation & Development) Act, 2016 is expected to improve accountability of builders and increase transparency to the homebuyers, leading to higher growth across the real estate value chain during the current and next fiscal year. The real estate sector has started demonstrating growth with policies such as Pradhan Mantri Awas Yojana (for which Government of India has sanctioned funds of ₹ 29,043 crores in Fiscal 2018), as part of which over 5.1 million houses for affordable housing segments in rural and urban regions are under construction as of March 2018. Cement demand will be supported by upcoming infrastructure development planned in Tier II and III cities by the Government's initiative to build 100 smart cities and Atal Mission for Rejuvenation and Urban Transformation ("AMRUT") to improve the quality of urban life. In addition, the increased spending of the Ministry of Road Transport and Highways is expected to increase cement demand during Fiscal 2019 to Fiscal 2023.

Construction and Cement Industry Growth %, Fiscal 2015 to Fiscal 2018



Industry cost structure and trends

Raw Material Cost

Raw material for cement includes limestone, fly ash, gypsum and slag. The large cement companies are backward integrated with secured access to limestone mines. Raw material proportions and costs vary according to the type of cement manufactured which typically includes Ordinary Portland Cement ("OPC"), Portland Pozzolana Cement ("PPC") and Portland Slag Cement ("PSC").

Power and Fuel Cost

Pet coke, a derivative of the oil refining industry, and coal are used as fuels, both in kilns and captive power plants. Oil prices witnessed a steep fall starting in June 2014 and bottomed out in February 2016. West Texas Intermediate crude oil prices per barrel averaged at $49 in 2015 and $43 in 2016, impacting pet coke and coal prices during Fiscal 2016 and Fiscal 2017. The decrease in the price of imported coal reduced the average fuel cost per tonne, improving profitability of cement companies during Fiscal 2016 and Fiscal 2017. Power and fuel costs in cement companies have witnessed an increase due to the relatively high crude oil prices in Fiscal 2018 (with West Texas Intermediate crude oil price averaging at $51 in 2017), resulting in higher coal and pet coke prices and the temporary ban on the use of pet coke in three Indian states by the Supreme Court.

Indian Cement Industry: Average Cost Structure - INR per tonne (Fiscal 2013-2018)

Item	Parameters	FY13	FY14	FY15	FY16	FY17	FY18
A	Sales per tonne^	4,643	4,489	4,700	4,594	4,509	4,708
B	Other Revenue per tonne	54	63	68	88	98	104
C	Raw Material Cost per tonne	709	791	837	865	833	867
D	Power & Fuel per tonne	1,092	1,037	1,065	919	832	991
E	Logistics Per tonne	847	895	929	939	918	1,013
F	Contribution (Realisation) per tonne [A+B-C-D-E]	2,051	1,830	1,937	1,959	2,024	1,942
G	Labour per tonne	260	270	293	308	309	308
H	Other Expenses Per tonne	760	814	846	810	800	759
I	EBITDA Per Tonne [F-G-H]	1,030	745	799	842	915	874

Note: Producers accounting for more than 90% of the market capitalization during FY18 are considered in the above cost structure analysis.

^net of taxes

Logistics Cost

Logistics costs accounted for 24% to 28% of the overall operating cost for key cement companies in Fiscal 2018, which was relatively higher than the logistics costs of other manufacturing industries. Transportation of raw materials and cement is critical and requires using multiple methods to reduce costs on a continuous basis. Splitting the grinding and clinker units allows cement companies to minimise logistics costs significantly, provided other raw material sources (such as fly ash and gypsum) are nearby. Grinding units are closer to end-use markets and employ economic modes of transport such as seaways, allowing cement companies to manage logistics costs effectively.

Labour Cost

Low capacity utilization was recorded during Fiscal 2016 to Fiscal 2017 due to growth in supply (2.6% during Fiscal 2016 to Fiscal 2017) exceeding growth in demand (0.9)%. Increase in employee wages resulted in relatively high labour cost during Fiscal 2014 to Fiscal 2016. Labour cost contribution to the overall cost increased marginally to 7.8% in Fiscal 2018 from 7.1% in Fiscal 2013.

Key Trends

Shift from traditional integrated plants to split grinding units

In a split grinding unit, the clinker grinding, cement storage and dispatch operation are carried out at a suitably selected location, away from the clinkerization unit. Split grinding route enables higher customer reach. For every tonne of cement to be produced, approximately, 0.9 tonnes (for PPC and PSC) and 1.3 tonnes (for OPC) tonnes of raw material (limestone, bauxite, iron ore and gypsum) along with 0.30 tonnes to 0.4 tonnes of flyash/ slag (for PPC and PSC) and 0.2 tonnes of coal is required. Accordingly, the location of the plant location is always a trade-off between the proximity to the raw material source or to the end markets. In such scenario, it is advantageous if the manufacturing unit is located close to the limestone deposits and cement grinding/distribution of end product is done from nearer to the consumption centers. Split grinding strategy involves the manufacturing unit of clinker to be set up close to the limestone reserve and the grinding unit to be set up nearer to the consumption center. The advantage is that transportation of clinker incurs lower cost and is easier compared to cement which has to be bagged or protected (if it is bulk) along with subsequent storage. Once it reaches the grinding unit, it is further ground along with other raw materials such as gypsum, fly-ash or slag (byproducts of thermal power or steel manufacturing respectively), in the case of blended cement. Locating the grinding units closer to these raw material sources or the consumption centers would help in lowering logistics cost. Blended cement due to inherently cheaper raw material costs improves profitability of cement companies as well as benefits the environment. Since producers set up main clinker units in proximity to limestone deposits, transportation is done through rail or road to grinding units that are set up in areas with easier environmental clearance. The land area required and capital expenditure for split grinding unit is relatively lower than setting-up an integrated unit, and it provides faster access to the end-use markets.

Benefits of Split Grinding units

- Setting up split grinding unit near high potential consumption region would help improve market penetration, economies of scale, higher asset utilization and optimize logistics cost through bulk transportation of clinker;
- Split grinding unit in different states/ region will reduce market limitations which are region/ state specific, and become a pan-India or a multi-regional player; and
- Split grinding units require lower capital expenditure and lower installation period compared to integrated units.

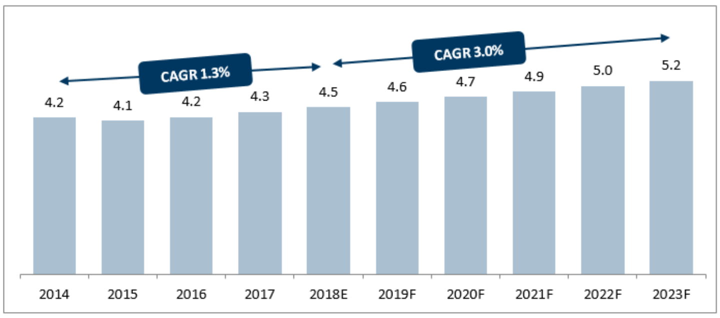
Integrated plants with Captive Power Plant ("CPP") and Waste Heat Recovery ("WHR") systems

Energy is a major component in operating expenses of a cement plant. Generally, cement companies select captive power plant with capacity ranging from 7.5 MW to 100 MW along with power from grid for their needs. Approximately 25% to 35% more energy savings is possible through the installation of CPP, which supplies power locally to the manufacturing plant. The advantage is avoiding energy charges which are higher than total cost of production of power of these facilities. However, higher capital expenditure for installing CPP and identifying market for excess power generated are challenges. Companies which sell the excess power generated have to bear the wheeling charges (for Andhra Pradesh, wheeling charges typically range from ₹ 0.90-0.95 per unit – 11 kilo-volts high-tension category). Despite this, CPP is beneficial due to its cost expected to be approximately 15%-25% lower than the grid supplied cost, depending on the power requirement of the industry and type of fuel used in the CPP. Cement being an energy intensive industry, can save substantial amount with reference to power cost when opting for a CPP. In clinker, it is observed that approximately 55% of the total heat input is only utilized for clinkerisation. Waste gases account for approximately 35% of total heat input. By optimizing the plant operation, and by recovering waste heat from these preheater and cooler gases, this saved energy can be converted into electrical energy, by installing waste heat recovery boilers/ turbine. Along with reducing carbon footprint, it effectively utilizes heat energy dissipated from the plant. A WHR system combined with the plant effectively reduces the cost of generation and provides operating cost benefits. The world average electrical energy consumption is approximately 100-110 kilowatt hour ("kWh") per tonne for cement and similarly average thermal energy consumption is approximately 850-860 kilocalorie ("kcal") per kg clinker, which is fairly high. Indian average electrical energy consumption is approximately 82 kWh per tonne; average thermal energy consumption is approximately 725 kcal per kg clinker. Hence, cost savings through energy efficient mechanisms such as installation of Waste Heat Recovery system is an essential strategy adopted by cement companies.

Tracing the Growth in Global and Indian Cement Industry

Cement is not easily replaceable and is integral for construction, infrastructure and industrial segment. The global cement industry is extremely fragmented with the presence of small, medium and large manufacturers. It is characterized by high entry barriers such as high capital investment, procurement of raw material sources through mining leases, energy intensive nature and requires many environmental clearances. These challenges also exist for the Indian companies and hence it is also fragmented with presence of many players. Global cement production is forecasted to grow from 4.5 billion tonnes in 2018 to 5.2 billion tonnes in 2023. China, India, United States of America, Vietnam, Turkey, Indonesia, Saudi Arabia, South Korea, Egypt and Russia are leading producers of cement in 2018. Global cement production has registered a compound annual growth rate ("CAGR") of 1.3% during Fiscal 2014 to Fiscal 2018. During Fiscal 2018 to Fiscal 2023, production growth is expected to accelerate to 3% CAGR, mainly owing to economic recovery, increasing urbanization, infrastructure projects, and industrialization growth.

Global Cement Production Trend, 2014-2023, billion tonnes



Large global players such as China National Building Material Company Limited, Heidelberg Cement AG, Lafarge Holcim Limited, Anhui Conch Cement Company Limited and Tangshan Jidong Cement Company Limited have established practices such as split grinding unit, captive power plant and waste heat recovery plant to increase utilization rates, improve plant efficiencies and economize logistics cost.

China was the largest cement producer and consumer in the world in 2018. There was a slight decline in Chinese cement demand during 2017 due to a decline in investments of the real estate sector owing to slowdown in the overall economy. The Asia Pacific region, led by Philippines, Vietnam and Indonesia is witnessing a revival in the construction industry and hence cement demand is expected to grow during the years 2018 to 2023.

Global Cement Demand Outlook, 2017-2018

India is the world's second largest cement player, both in production and demand. In volume terms, India's cement demand was around 7% of the global cement demand in 2017. The demand growth in the Indian cement industry is forecasted at CAGR of 8.2% from Fiscal 2018 to Fiscal 2023, making it one of fastest growing markets in the world. Like the global scenario, the Indian cement industry is extremely fragmented with the presence of small, medium and large manufacturers with 85 companies in Fiscal 2018. The installed capacity increased from 198 million tonnes per annum ("MTPA") in Fiscal 2008 to 444 MTPA in Fiscal 2018 at a CAGR of 8.3%.

Indian Cement Industry: Installed Capacity, and Utilization: Fiscal 2008 to Fiscal 2018, million tonnes

	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Installed Capacity (million tonnes)	198	216	276	310	328	363	376	402	417	428	444
Utilization (%)	88%	87%	75%	70%	70%	68%	68%	67%	67%	65%	67%

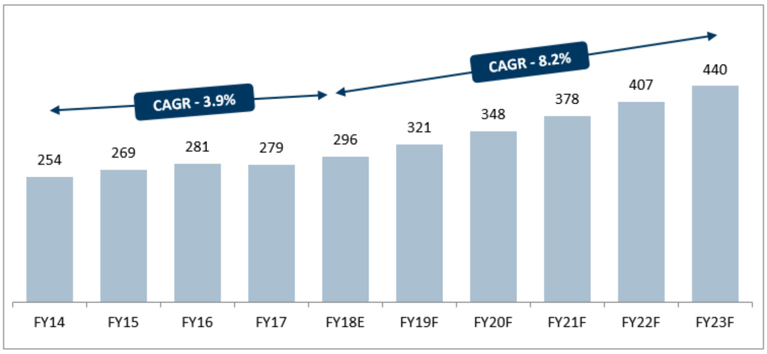
Market Scenario and Future Potential

Market Overview

India continues to be the second largest cement producer and consumer globally and has grown manifold ever since the industry was delicensed in 1991. The various types of cement grades produced in India include PPC, OPC, PSC, white cement, oil well cement, rapid hardening cement, conforming to the Bureau of Indian Standards ("BIS") specifications. Overall installed cement capacity in India is estimated at approximately 444 million tonnes in Fiscal 2018, with majority of the large cement plants located in south India (Andhra Pradesh, Telangana, Tamil Nadu) and north India (Rajasthan).

The cement demand in India registered a CAGR of 3.9% between Fiscal 2014 to Fiscal 2018. After growing at 4.4% in Fiscal 2016, demand slowed down and witnessed a slight de-growth of 0.9% in Fiscal 2017 owing to the temporary impact of demonetisation. Factors such as implementation of Real Estate (Regulation & Development) Act, 2016 ("RERA") and ban on river sand mining in south India also hindered the demand in fiscal 2017. However, in Fiscal 2018, the demand is estimated to have increased to 296 million tonnes, up by 6.2% compared to Fiscal 2017. Some of the key factors that supported the demand growth were rebound in the housing segment, coupled with higher spend by the government in key projects of construction and infrastructure segment such as 'Housing for All' (Pradhan Mantri Awas Yojana), 'Smart Cities Mission', 'Dedicated Freight Corridors', port/ airport development initiatives and high speed rail programs.

Indian Cement Demand Trends & Forecasts, Million Tonnes, Fiscal 2014 –2023



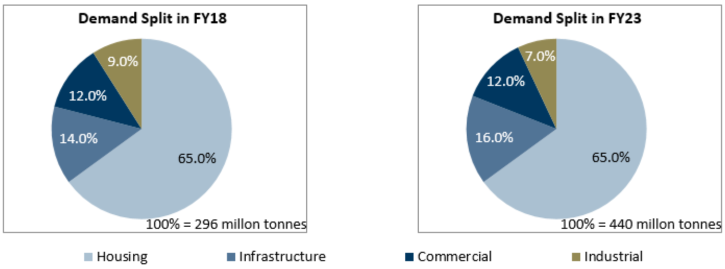
The growth momentum is expected to continue given the ongoing and planned infrastructure projects and the overall cement demand is projected to reach 440 million tonnes by Fiscal 2023. In the Union Budget allocation of Fiscal 2019, the Government of India allocated $92 billion for infrastructure development, which was 21% higher as compared to Fiscal 2018. The demand from construction of concrete roads, that is increasingly being preferred over bituminous roads, will positively impact medium and long-term consumption of cement.

Market Demand Split

Demand Split by End-Use Segments

Housing segment is the key contributor to the cement demand with approximately 65% share. The demand has increased by 8% in Fiscal 2018 compared to Fiscal 2017. In the future, increasing population and rapid urbanization would drive the demand for housing segment. Infrastructure segment is the second largest contributor for the cement sector. With the increase in capital spending, this segment is expected to grow by approximately 10.5%-11.0% CAGR during Fiscal 2018 to Fiscal 2023.

Demand Split by End Use Segment, million tonnes, FY18 – FY23



Housing Segment: Housing segment is expected to register 8.0%-8.5% CAGR during Fiscal 2018 to Fiscal 2023. One of the key drivers of growth is the increased spending by the government in the housing segment. The ongoing Pradhan Mantri Gramin Awas Yojana aims to provide 30 million housing units for the rural poor by 2022, while Pradhan Mantri Awas Yojana (Urban) targets to provide the urban poor with approximately 20 million homes by 2022. Credit Linked Subsidy Scheme ("CLSS"), a component under the Pradhan Mantri Awas Yojana, offers interest subsidy to the economically weaker sections of the society and middle-class families, creating demand for affordable housing units. In addition, the Real Estate (Regulation and Development) Act, 2016 is expected to boost the investments in the real estate sector and the increased transparency which will also attract home-buyers driving the housing demand in the future.

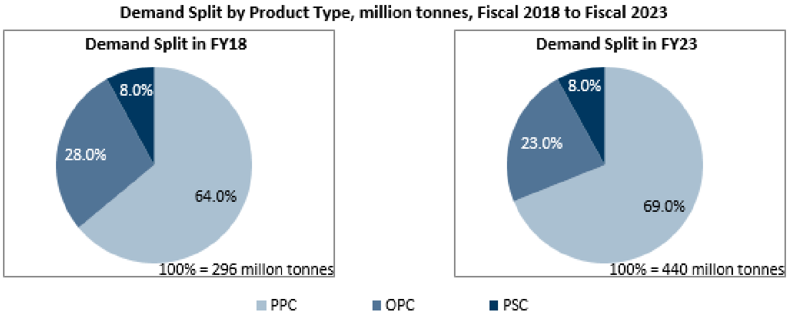
Infrastructure segment: Cement consumption in the infrastructure segment has increased significantly in Fiscal 2018 and is expected to grow relatively faster than other segments at approximately 10.5-11.0% CAGR during Fiscal 2018 to Fiscal 2023, primarily aided by the Government spending on infrastructure development. Central Government has introduced programs to improve infrastructure including the 'Bharatmala Pariyojana' (for road construction), 'Sagar Mala' (for ports development), 'Smart Cities Mission' (for urban development), Dedicated Freight Corridors (for improved transport infrastructure), metro rail projects and the Mumbai–Ahmedabad high-speed rail corridor - signalling continuous growth in demand from the infrastructure space in India. Highway construction in India in Fiscal 2018 has more than doubled since Fiscal 2014, reaching approximately 10,000 kilometer ("km"). In addition, with new project awards reaching a record high of 17,000 km in Fiscal 2018 (to be executed over the next two years) and expected expenditure to reach over ₹ 2,00,000 crore in Fiscal 2019, the growth in highway construction is likely to continue. The allocation for rural road construction has been increased by 12% to ₹ 19,000 crore in the Union Budget 2018, for improving rural and backward area connectivity under Pradhan Mantri Gram Sadak Yojana.

Commercial Segment: This segment comprises, amongst others, office complexes, retail stores and malls. The commercial segment is expected to grow at 7.5%-8.0% CAGR during Fiscal 2018 to Fiscal 2023, in line with the GDP growth.

Industrial Segment: The industrial segment contributed to 9% of cement demand as of Fiscal 2018. The demand from this segment is expected to grow at a CAGR of 3% - 4% during Fiscal 2018 to Fiscal 2023, primarily driven by the ongoing and proposed industrial corridors such as the Delhi – Mumbai Industrial Corridor, Bengaluru – Mumbai Economic Corridor, Chennai – Bengaluru Industrial Corridor, Vizag – Chennai Industrial Corridor and Amritsar – Kolkata Industrial Corridor. For this, the Centre Government for the unified development of all corridors set up the National Industrial Corridor Development and Implementation Trust. Industries that are more allied are expected to be set-up, leading to growth in the industrial segment. In addition, higher emphasis on local manufacturing through the Make in India initiative is expected to boost the demand for cement from this segment.

Demand Split by Product Types

PPC accounted for 64% of the overall cement consumption in Fiscal 2018, and is widely preferred for the housing and infrastructure projects such as underground structures, hydro-power stations and bridges. PPC is expected to grow 9.5% to 10.0% CAGR during Fiscal 2018 to Fiscal 2023 because of its increasing preference in India owing to its better properties in terms of thermal cracking resistance, higher strength and durability. PSC accounted for 8% demand share in Fiscal 2018 and has a very niche market and is mainly used for mass concrete structural applications such as marine onshore and offshore areas, dams, and industrial projects. PSC is expected to grow at a CAGR of 8.0% to 8.5% during Fiscal 2018 to Fiscal 2023 compared to 7.5% during Fiscal 2014 to Fiscal 2018.

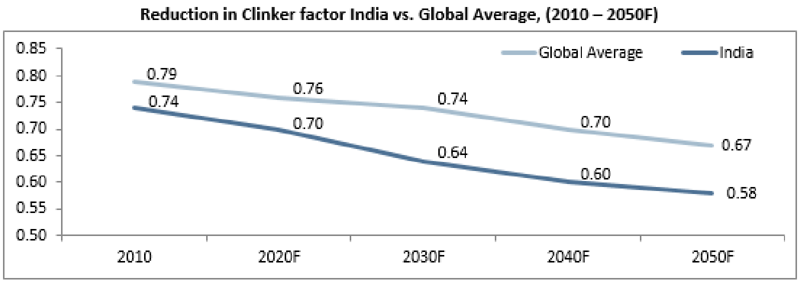


OPC accounted for 28% of the total cement consumption in Fiscal 2018, has approximately 95% of clinker and 5% of gypsum and is mainly preferred in precast concrete products, reinforced buildings, reservoirs and pavements. OPC growth rate has been significantly lower during Fiscal 2014 to Fiscal 2018 registering 1% CAGR compared with PPC (5.2% CAGR) and PSC (7.5% CAGR); future growth is expected to be lower, compared to blended cement growth, at 4% CAGR during Fiscal 2018 to Fiscal 2023.

Latest BIS specification for different types of cement are (i) OPC – IS:269:2015, (ii) PSC – IS:455:2015 and (iii) PPC - IS:1489:2015. BIS specification governs the composition of different raw materials to be used for producing different cement types. BIS specifies acceptable range for calcium oxide by mass as 44% to 52% (OPC), and 40% minimum for blended cement types (PPC and PSC). Similarly, magnesia (MgO) should be a maximum of 6% by mass for OPC, 6% by mass for PPC and 10% by mass for PSC. Sulphuric anhydride (SO_3) is specified to be maximum of 3.5% by mass for all cement types, and loss of ignition should be 5% maximum for all cement types.

Blended Cement Outlook in India

Manufacturers are taking steps towards reducing their operating cost as well as carbon footprint by reducing the usage of clinker in cement. In line with the cement sustainability initiative, the clinker factor is expected to be reduced to 0.70 by the end of 2020 from 0.74 in 2010.



With the shift in consumer behaviour in line with global usage, the blended cement per capita consumption has increased. It is finding increased preference in the coastal markets such as Tamil Nadu, Kerala and other east India states. The cement manufacturers are also creating awareness regarding the usage of blended cement over other product types. OPC has been more popular in and around limestone rich belts of south while the north and west region mainly use PPC due to traditional customer preferences for the product.

SUMMARY OF OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 13 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting our Results of Operations" on pages 14 and 333, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on our Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus. For further information, see "Financial Statements" on page 210.

Unless the context otherwise requires, in this section, references to "we", "us", or "our" refers to Penna Cement Industries Limited on a consolidated basis and references to "the Company" or "our Company" refers to Penna Cement Industries Limited on a standalone basis.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the report "Report on the Indian Cement Industry" dated August 2018 (the "**F&S Report**") prepared and issued by* Frost & Sullivan India Private Limited *commissioned by us. Unless otherwise indicated, all financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

Investors should note that this is only a summary of our business and does not contain all information that should be considered before investing in the Equity Shares. Before deciding to invest in the Equity Shares, prospective investors should read this entire Draft Red Herring Prospectus, including the information in the sections "Risk Factors"and "Financial Statements" on pages 14 and 210, respectively. An investment in the Equity Shares involves a high degree of risk. For a discussion of certain risks in connection with an investment in the Equity Shares, please see the section "Risk Factors" on page 14.

Overview

We are one of the largest privately held cement companies in India in terms of cement production capacity. We are also among the leading cement players in south India, with a strong brand recall and extensive distribution network. (*Source: F&S Report*) Incorporated in 1991, with over two decades of operations, we have been able to leverage our brand, strategically located integrated manufacturing facilities and extensive distribution network to successfully expand our business in west and east India markets, and we intend to further expand into north, central and other east India markets through a phased expansion plan.

We have four integrated manufacturing facilities and two grinding units spread across the states of Andhra Pradesh, Telangana and Maharashtra, with an aggregate cement production capacity of 10.00 million tonne per annum ("**MMTPA**") as of June 30, 2018, and we are in the process of increasing such capacity to 16.50 MMTPA which is expected to be operational by Fiscal 2021. As of March 31, 2018, our cement and clinker production capacity represented 5.81% and 5.02%, respectively, of the total cement production and clinker production capacity, respectively, in south India, comprising the states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala (*Source: F&S Report*). We are also in the process of increasing our aggregate clinker production capacity from 5.30 MMTPA as of June 30, 2018 to 10.80 MMTPA, which is expected to be operational by Fiscal 2021. Our integrated manufacturing facilities and grinding units are strategically located, with road, railway and sea route access to a number of markets, including Hyderabad, Amravati, Bengaluru, Chennai, Pune, Mumbai and Cochin. In Fiscal 2018 and in the three months ended June 30, 2018, we distributed 83.64% and 88.30%, respectively, of our cement products through rail and distributed 16.36% and 11.70%, respectively, of our cement products through road. Our integrated manufacturing facilities are also located in close proximity to captive limestone mines. Our facilities located at Boyareddypalli, Ganeshpahad, Tandur and Patas have dedicated railway sidings which enable transportation of clinker, cement and coal. We have also received an in-principle approval for setting up a dedicated railway siding at our Krishnapatnam unit.We have developed streamlined manufacturing processes and logistics management through designated split-grinding operations for our various facilities.

We have strategically focused on developing port-based logistics infrastructure to ensure efficient, reliable and cost-effective distribution. We have set up one of the largest port based grinding units in Asia at the Krishnapatnam port (*Source: F&S Report*), with an automated ship-loading facility as well as a packing terminal at the Cochin port. We are in the process of setting up three additional port-based packing terminals in India and intend to set up a packing terminal in Sri Lanka. In order to further bolster our port-based distribution strategy, we have acquired a self-discharging cement carrying vessel with a maximum cargo capacity of 25,500 tonnes and also have entered into a long term contract of affreightment with Penna Shipping Limited for four self-discharging cement carrying vessels, each with a maximum cargo capacity of 15,000 tonnes.

The strategic location of our various facilities and our port based logistics infrastructure provides us with several competitive advantages, including (i) providing strategic access to south, west and east India; (ii) enabling us to cost-effectively target markets in east, south and west India, including Kolkata, Bhubaneswar, Cuttack, Cochin, Pune and Mumbai; and (iii) commence export of cement to Sri Lanka and export of clinker to Bangladesh. Our port based logistics infrastructure enables us to manage cost efficiencies in the transportation of our cement products to new markets as well as in the procurement of imported coal through the ports.

We have established stable and cost-effective raw material supplies including limestone, gypsum and fly ash, as well as coal for our integrated manufacturing facilities. Limestone is procured from our captive limestone mines, for which we have entered into long term mining leases. As of March 31, 2018, our Company's captive limestone mines had aggregate residual reserves of 475.10 million MT of limestone. We optimize our coal procurement by sourcing coal and pet coke from the international markets and through coal linkages with The Singareni Colliery Company Limited ("**SCCL**") located in the state of Telangana.

Our integrated manufacturing facilities are supplemented by auxiliary infrastructure, including a 77.00 MW captive power plant at our Ganeshpahad facility primarily used for captive consumption, and waste heat recovery ("**WHR**") units with a current aggregate capacity of 17.00 MW, which we intend to increase to 59.00 MW, expected to be operational by Fiscal 2021. In Fiscal 2018 and in the three months ended June 30, 2018, we met 73.87% and 74.55%, respectively, of our power requirements through our captive sources, thereby enabling us to effectively manage our power cost.

Our integrated manufacturing facilities are ISO 9001:2015 certified for quality, ISO 14001: 2015 certified for environmental management systems and OHSAS 18001:2007 certified for occupational hazard and safety management systems. In addition, we have applied for the Sri Lanka Standard Institution ("**SLSI**") certification for our Krishnapatnam unit. We were also awarded the *National Energy Conservation Award 2016* by the Bureau of Energy Efficiency, Ministry of Power, Government of India for efficient utilization and conservation of energy in the cement sector.

Our cement products include ordinary portland cement ("**OPC**") (including '*Penna Premium OPC 53 Grade Cement*' and '*Penna Premium OPC 43 Grade Cement*'), portland pozzolana cement ("**PPC**") and portland slag cement ("**PSC**"). We market and sell our products under the *Penna* brand, which has, over the last two decades, developed significant market presence in south India.

We have developed a strong distribution network across India comprising 3,492 dealers and distributors, as of September 30, 2018. We have been able to develop long-standing relationships with institutional customers, including large infrastructure and real estate companies, such as Larsen & Toubro Limited, Aparna Enterprises Limited, JMC Projects (India) Limited, Brigade Enterprises Limited, Gannon Dunkerley and Company Limited, Shobha Limited, Visaka Industries Limited and Puravankara Limited.

Our Company has been consistently profitable since commencement of operations, on a standalone basis. Our EBITDA and restated profit for the year have grown at a CAGR of 22.20% and 47.34%, respectively, from Fiscal 2014 to Fiscal 2018. In Fiscal 2018, our revenue from operations, EBITDA and restated profit for the year were ₹ 18,398.30 million, ₹ 3,912.97 million and ₹ 1,566.65 million, respectively while in the three months ended June 30, 2018, our revenue from operations, EBITDA and restated profit for the period were ₹ 4,565.56 million, ₹ 674.87 million and ₹ 120.97 million, respectively. Our cement sales have grown at a CAGR of 3.08% from 3.75 million MT in Fiscal 2014 to 4.24 million MT in Fiscal 2018 and were 1.14 million MT in the three months ended June 30, 2018.

In Fiscal 2018, we were among the leading cement players in India in terms of EBITDA per tonne (*Source: F&S Report*). Our EBITDA per tonne was ₹ 923.51 and ₹ 591.01 in Fiscal 2018 and in the three months ended June 30 2018, respectively. The average EBITDA per tonne in Fiscal 2018 for companies contributing to more than 90% of the market capitalization of the publicly listed companies in the Indian cement industry as of June 15, 2018 (comprising UltraTech Cement Limited, Shree Cement Limited, Ambuja Cement Limited, ACC Limited, Dalmia Bharat Cement Limited, Ramco Cements Limited, JK Cement Limited, The India Cements Limited, JK Lakshmi Cement Limited, Birla Corporation Limited, Orient Cement Limited, Heidelberg Cement India Limited and Mangalam Cement Limited (collectively, the "**F&S Indian Cement Industry**")) was ₹ 874. (*Source: F&S Report*)

The following table provides certain key performance indicators of our business:

S. No.	Key Performance Indicators	Fiscal					Three months ended June 30, 2018
		2014	2015	2016	2017	2018	
1.	Cement Production (in million MT)	3.73	3.59	3.55	3.89	4.28	1.17
2.	Clinker Production (in million MT)	3.25	2.83	2.90	3.17	3.46	1.08
3.	Cement Sales (in million MT)	3.75	3.60	3.54	3.88	4.24	1.14

S. No.	Key Performance Indicators	Fiscal					Three months ended June 30, 2018
		2014	2015	2016	2017	2018	
4.	OPC sales (as % of total cement sales volume)	62.40%	54.29%	56.39%	58.04%	59.08%	61.82%
5.	PPC sales (as % of total cement sales volume)	29.03%	36.67%	32.52%	30.61%	33.30%	37.65%
6.	PSC sales (as % of total cement sales volume)	8.57%	9.04%	11.09%	11.34%	7.62%	0.53%
7.	Power consumption (in million units)(1)	341.97	293.67	296.82	328.88	350.31	101.81
8.	Coal and pet coke consumption (in million MT)	0.79	0.66	0.61	0.56	0.59	0.17
9.	EBITDA per tonne (in ₹)(2)	467.56	934.40	1,321.54	960.19	923.51	591.01
10.	EBITDA margin (%)(3)	12.20%	20.95%	27.96%	22.58%	22.03%	14.78%

(1) One unit represents one KWH.
(2) EBITDA per tonne represents EBITDA (revenue from operations less excise duty, raw materials costs, freight charges/ logistics costs, power and fuel expenses, employee benefit expenses/ labour expenses and other expenses) divided by total cement sales volume.
(3) EBITDA margin represents EBITDA (revenue from operations less excise duty, raw materials costs, freight charges/ logistics costs, power and fuel expenses, employee benefit expenses/ labour expenses and other expenses) divided by revenue from operations (less excise duty).

Competitive Strengths

One of the market leaders in south India with a strong brand recall and extensive distribution network

We are among the leading cement players in south India with a market share of 5% of the total cement sales volume in south India in Fiscal 2018 (*Source: F&S Report*). As of March 31, 2018, our cement and clinker production capacity represented 5.81% and 5.02%, respectively, of the total cement production and clinker production capacity, respectively, in south India, comprising the states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala (*Source: F&S Report).* We offer major variants of cement including OPC, PPC and PSC. We commenced operations in 1994 with our first manufacturing facility in Talaricheruvu, Andhra Pradesh with a cement production capacity of approximately 0.2 MMTPA. We currently operate four integrated manufacturing facilities and two grinding units with an aggregate cement production capacity of 10.00 MMTPA, as of June 30, 2018 which we aim to increase to 16.50 MMTPA which is expected to be operational by Fiscal 2021. We have steadily expanded our operations through organic growth and recently operationalized a port based packing terminal at Cochin with a packing capacity of 240 tonnes per hour, as of June 30, 2018 and an approved capacity of 0.50 MMTPA, along with the grinding units at Krishnapatnam and Patas. We are also in the process of setting up three additional port-based packing terminals in India and intend to set up a packing terminal in Sri Lanka. Further, we intend to set up an integrated manufacturing facility and two grinding units in the north India expected to be operational by third quarter of Fiscal 2021.

The following table provides the existing and the post expansion production capacity of our integrated manufacturing facilities and grinding units:

S. No.	Intergrated Manufacturing Facility/ Grinding Unit	Existing production capacity as of June 30, 2018*		Post proposed expansion production capacity	
		Clinker	Cement	Clinker	Cement
		(in MMTPA)			
Existing					
Integrated Manufacturing Facility					
1.	Talaricheruvu, Andhra Pradesh	1.30	1.80	1.30	1.80
2.	Boyareddypalli, Andhra Pradesh	1.50	2.00	4.00	2.00
3.	Ganeshpahad, Telangana	1.00	1.20	1.00	1.20
4.	Tandur, Telangana	1.50	2.00	1.50	2.00
Grinding Unit					
5.	Krishnapatnam, Andhra Pradesh	-	2.00	-	4.00
6.	Patas, Pune, Maharashtra	-	1.00*	-	1.00
	Total	**5.30**	**10.00**	**7.80**	**12.00**
Proposed					
7.	Jodhpur, Rajasthan	-	-	3.00	2.00
8.	Kathuwas, Neemrana, National Capital Region			-	1.50
9.	Bathinda, Punjab	-	-	-	1.00
	Total	**5.30**	**10.00**	**10.80**	**16.50**

**As certified by K. Dhanapathi Rao, Chartered Engineer, by certificate dated October 26, 2018. For further information, see "- Capacity and Capacity Utilisation" and "-Expansion Plans" on pages 136 and 160, respectively.*
**Approved capacity for Patas is currently for 0.70 MMTPA.*

In addition, brand name and reputation are important for customers in India and we believe that our extensive history, market position, and quality products have led to wide recognition of our *Penna* brand, particularly in south India, which has enabled us to effectively target new customers and customer segments, address new business opportunities and increase the scale of our operations. Further, we have been able to develop long-standing relationships with our institutional customers, including large infrastructure and real estate companies, such as Larsen & Toubro Limited, Aparna Enterprises Limited, JMC Projects (India) Limited, Brigade Enterprises Limited, Gannon Dunkerley and Company Limited, Shobha Limited, Visaka Industries Limited and Puravankara Limited. We have also received various awards in 2018 in relation to our brand, including the *Most Impactful 30 Power Brands* by Daily Indian Media and the *Economic Times Promising Brands* by the Economic Times. For further information on the awards received, see "*History and Certain Corporate Matters – Awards and Accreditations*" on page 173.

Our business operations are supported by an extensive sales and distribution network spread across south, west and east India. Our market share of the total cement sales volume in Andhra Pradesh and Telangana, Karnataka and Goa, and Tamil Nadu, Kerala and Puducherry was 8.0%, 4.5% and 3.0%, respectively, in Fiscal 2018 (*Source: F&S Report*). In addition, we also serve markets in east and west India, including Bhubaneswar, Cuttack, Cochin, Pune and Mumbai. Our cement products are sold to the trade segment (which typically incudes retail customers and wholesale customers including dealers and distributors who then resell our products to retail customers) and the non-trade segment (which typically includes government and private infrastructure projects, real estate companies, and ready-mixed concrete stations). In Fiscal 2018, sales to the trade segment and non-trade segment were 50.88% and 49.12%, respectively, of our total gross revenue from cement sales in such period while in the three months ended June 30, 2018, sales to the trade segment and non-trade segment were 58.36% and 41.64%, respectively, of our total gross revenue from cement sales in such period. We have developed long-term relationships with our dealers and distributors, with our distribution network comprising 3,492 dealers and distributors as of September 30, 2018. We believe we have benefited from the local knowledge of our sales and distribution team along with our existing institutional customers and will be able to leverage their expertise to further penetrate into existing and new markets such as Kerala, Puducherry, Odisha, West Bengal, Rajasthan, National Capital Region and Punjab.

Strategically located integrated manufacturing facilities which provide access to south, west and east India markets

We currently operate four integrated manufacturing facilities with two of our facilities located at Talaricheruvu and Boyareddypalli in Andhra Pradesh and the other two located at Ganeshpahad and Tandur in Telangana. In March 2018, we operationalized two grinding units at Krishnapatnam port in Andhra Pradesh and Patas in Maharashtra. In addition, in March 2018, we supplemented our integrated manufacturing facilities and grinding units by commissioning a packing terminal at Cochin. Our facilities are strategically located to enable access to markets such as Hyderabad, Amravati, Bengaluru, Chennai, Pune and Mumbai, which provides significant logistics management and cost benefits. Each of our facilities are connected to both the national highway and railway network. In addition, our Krishnapatnam grinding unit is located at approximately less than 280 kms, 290 kms and 330 kms from our integrated manufacturing facilities at Talaricheruvu, Boyareddypalli and Ganeshpahad, respectively, while the Patas grinding unit is located at approximately less than 410 kms from our Tandur facility. The following table provides the distance between our facilities and certain key markets:

S. No.	Key Markets	Nearest Manufacturing Facility/ Grinding Unit	Distance (in approximate less than kms)
1.	Hyderabad, Telangana	Tandur, Telangana	130
		Ganeshpahad, Telangana	180
2.	Amravati, Andhra Pradesh	Ganeshpahad, Telangana	120
3.	Chennai, Tamil Nadu	Krishnapatnam, Andhra Pradesh	180
4.	Bengaluru, Karnataka	Talaricheruvu, Andhra Pradesh	290
		Boyareddypalli, Andhra Pradesh	320
5.	Mumbai, Maharashtra	Patas, Pune, Maharashtra	220
6.	Pune, Maharashtra	Patas, Pune, Maharashtra	80

The global cement industry along with the Indian cement industry is characterized by high entry barriers such as high capital investment, procurement of raw material sources through mining leases, energy intensive nature and requires various environmental clearances. Further, sea mode transportation is characterized with difficulty in procurement of land near ports for grinding units and packing units in terms of cost and approvals, proper infrastructure for loading and unloading facilities in ports and high capital expenditure for purchasing vessels. Accordingly, there are relatively few cement manufacturers in India with established port based logistics infrastructure and distribution. (*Source: F&S Report*) With our Krishnapatnam grinding unit, packing terminal at Cochin and proposed packing terminal at Gopalpur, Karaikal and Kolkata ports, we will be one of the few cement manufacturers in India with port based logistics infrastructure and distribution. We believe our strategically located grinding units and packing terminal, together with our port based logistics infrastructure and distribution strategy, would provide us access to the coastal markets and will also enable us to serve markets in east and west India including Kolkata, Bhubaneswar, Cuttack, Cochin, Pune and Mumbai. Grinding units are closer to end-use markets and employ economic modes of transport such as sea transportation, allowing cement companies to manage logistics costs effectively (*Source: F&S Report*). Accordingly, our port based logistics infrastructure enables us to manage cost efficiencies in the transportation of our cement products to new markets.

Our facilities are supported by a 77.00 MW captive power plant at our Ganeshpahad facility, and we have also set up WHR units with an aggregate capacity of 17.00 MW at the Ganeshpahad and Boyareddypalli facilities. In Fiscal 2018 and in the three months ended June 30, 2018, we met 73.87% and 74.55%, respectively, of our power requirements through our captive sources. In addition, our facilities at Boyareddypalli, Ganeshpahad, Tandur and Patas enjoy access to dedicated railway siding which provides for the transportation of clinker, cement and coal. We have also received an in-principle approval for setting up a dedicated railway siding at our Krishnapatnam unit. The Krishnapatnam grinding unit is largely mechanized, with conveyor systems to transport cement and clinker from the grinding unit directly to the jetty silo, as well as an automated ship loading system. All of our integrated manufacturing facilities are ISO 9001:2015 certified for quality, ISO 14001:2015 for environmental management systems and OHSAS 18001:2007 for occupational hazard and safety management systems. In addition, we have applied for the SLSI certification for our Krishnapatnam unit. We continuously endeavour to improve our cost competitiveness by adopting innovative and cost saving measures in our operations and control over the principal components of the manufacturing process. For further information on our facilities, see "– *Facilities*" on page 156.

Access to quality raw materials and coal

Raw material costs are a major component of our operating costs. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, cost of material consumed was ₹ 2,821.53 million, ₹ 2,551.36 million, ₹ 2,954.55 million and ₹ 780.32 million, respectively and represented 14.85%, 13.57%, 16.06% and 17.09%, respectively, of our revenue from operations in such periods. Accordingly, we believe that efficient raw material procurement such as limestone, gypsum and fly ash, and coal, in close proximity to our integrated manufacturing facilities, has a direct result on our cost of production and profitability as well as in reducing procurement costs and ensuring protection against operational risks. Our Company has eight captive long term mining leases for our integrated manufacturing facilities, which are pit head mines having a lead distance of within five kms which provides our integrated manufacturing facilities with a stable and timely supply of limestone in a cost efficient manner. The residual reserves of our mining leases with respect to the mines currently operated are sufficient for our current production capacity for at least 35 years, based on the stipulated amount of annual excavation specified in our mining leases. In addition, the residual reserves of mining leases that are in process of being granted to us coupled with the mines that have been granted to us would meet our current production capacity as well as the requirements of our expanded capacities for at least 35 years as well.

The following table provides details in relation to our Company's captive mining lease and residual reserves for our existing integrated manufacturing facilities, as of March 31, 2018:

S. No.	Name of mine	Integrated Manufacturing Facility	Valid upto#	Residual Reserves as of March 31, 2018 (million tonnes)*
1.	Korumanipalli limestone mine – I	Talaricheruvu, Andhra Pradesh	January 28, 2054	50.46
2.	Korumanipalli limestone mine - II	Talaricheruvu, Andhra Pradesh	April 21, 2035	21.50
3.	Urichintala limestone mine	Talaricheruvu, Andhra Pradesh	March 31, 2030	16.78
4.	Talaricheruvu limestone mine	Talaricheruvu, Andhra Pradesh	March 31, 2030	0.43
5.	Chaanakya limestone mine	Ganeshpahad, Telangana	December 19, 2051	101.28
6.	Gudipadu limestone mine – I	Boyareddypalli, Andhra Pradesh	July 15, 2057	115.75
7.	Gudipadu limestone mine – II	Boyareddypalli, Andhra Pradesh	July 7, 2049	29.56
8.	Ogipur limestone mine	Tandur, Telangana	August 27, 2058	139.34
	Total			**475.10**

*****As certified by K. Dhanapathi Rao, Chartered Engineer, by certificate dated October 26, 2018. For further information, see "- Raw Materials - Limestone" on page 161.*

 # The lease period validity is considered as per the Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Mines and Minerals (Development and Regulation) Amendement Act, 2015.

The following table provides details in relation to the mining leases granted to our Subsidiary, Marwar Cement Limited, and residual reserves as of March 31, 2018:

S. No.	Name of mine	Valid upto#	Residual Reserves as of March 31, 2018 (million tonnes)*
1.	Ghorawat limestone mine -I	August 16, 2045	68.07
2.	Ghorawat limestone mine -II	June 13, 2045	18.02
3.	Pundlu limestone mine	April 18, 2034	10.76
	Total		**96.85**

**As certified by K. Dhanapathi Rao, Chartered Engineer, by certificate dated October 26, 2018.. For further information, see "- Raw Materials - Limestone" on page 161.*

The lease period validity is considered as per the Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Mines and Minerals (Development and Regulation) Amendement Act, 2015.

In addition, the following table provides details in relation to the mining leases which are under the process of being granted to us and the reserves as of March 31, 2018:

S. No.	Name of mine	Reserves (as per the last Indian Bureau of Mines approved mining plan/ prospecting reports) as of March 31, 2018 (million tonnes)*	Current Status
1.	Gudipadu limestone mine – III (auction block)	26.66	Letter of intent has been issued and further clearances are under process
2.	Kowlapalli limestone mine	189.55	Letter of intent has been issued and further clearances are under process
3.	Ghoarawat and Borunda limestone mine	51.34	Letter of intent has been issued and the mining plan and the environment clearance has been approved. Further clearances are under process.
	Total	**267.55**	

**As certified by K. Dhanapathi Rao, Chartered Engineer, by certificate dated October 26, 2018. For further information, see "- Raw Materials - Limestone" on page 161.*

In addition, our Boyareddypalli facility is equipped with belt conveyors from the mines for the transportation of limestone directly to it, which further reduces delivered limestone costs. Further, we optimize our coal procurement by sourcing coal and pet coke from the international markets and through coal linkages with SCCL located in the state of Telangana. The strategic location of our facilities and our port based logistics infrastructure enables us to reduce cost of importing coal, and therefore coal and pet coke requirements for blending are met through import of United States and South Africa origin coal and pet coke through the Krishnapatnam port. In Fiscal 2018 and in the three months ended June 30, 2018, coal and pet coke from SCCL accounted for 33.39% and 34.49%, respectively, of our total consumption of coal and pet coke, while imported coal and pet coke accounted for 66.61% and 65.51%, respectively, of our total consumption of coal and pet coke. In addition to obtaining fly ash from our captive power plant, we procure fly ash from other coal-fired power plants located near our integrated manufacturing facilities. For our Krishnapatnam grinding unit, which was commissioned in March 2018, we believe we will have access to relatively low cost fly ash by virtue of being in close proximity to fly ash sources. Further, we obtain gypsum and slag from nearby fertilizer companies and steel manufacturing plants, respectively.

Well positioned to benefit from the growth in the cement industry

The global cement production is forecasted to grow from 4.5 billion tonnes in 2018 to 5.2 billion tonnes in 2023 at a CAGR of 3.0%. In 2017, the per capita cement consumption in India was much lower at 220 kilograms compared with the global average of 580 kilograms. India was the second largest producer and consumer of cement globally, accounting for 7% of the global cement demand in 2017. Cement demand in India has grown at a CAGR of 3.9% between Fiscal 2014 and Fiscal 2018 and was 296 million tonnes in Fiscal 2018. The demand for cement in India is expected to further grow at CAGR of 8.2% between Fiscal 2018 and Fiscal 2023, resulting in India to become one of the fastest growing markets, primarily driven by infrastructure investment by the Government of India and focus on affordable housing. Further, rapid urbanisation, increased infrastructure spending by the Government of India and initiatives such as 'Pradhan Mantri Awas Yojana', 'Atal Mission for Rejuvenation and Urban Transformation' ("**AMRUT**") mission, 'Bharatmala Pariyojana', 'Sagar Mala' and a number of metro projects across major cities in India are expected to further increase the cement demand in Fiscal 2019. (*Source: F&S Report*) This presents a major opportunity for growth in the cement industry in India and accordingly, we believe we are well positioned to benefit from such initiatives.

We have over two decades of experience in the cement manufacturing industry. As of March 31, 2018, our cement and clinker production capacity represented 5.81% and 5.02%, respectively, of the total cement production and clinker production capacity, respectively, in south India, comprising the states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala, while our market share was 5% of the total cement sales volume in south India in Fiscal 2018 (*Source: F&S Report*). Further, in Fiscal 2018, we operated at a higher capacity utilization than the regional (south India) average capacity utilization. (*Source: F&S Report*) Our quality, reliability and prompt delivery of products have enabled us to procure orders from customers including large institutional customers such as real estate developers and infrastructure companies, the central and State Governments and EPC contractors who in turn are awarded contracts from the central and State Governments and governmental agencies for their infrastructure projects. Accordingly, we believe that we are well positioned to capitalise on the growth in the cement industry based on our long operational history, integrated manufacturing facilities, access to raw materials and stringent quality management. In addition, our strategic focus of identifying markets along the eastern and western coastal region of India, which we believe are deficit cement markets, and on expanding our cement production capacity through the construction of additional facilities, packing terminals and associated infrastructure will allow us to take advantage of this opportunity.

Established track record of operational and financial performance

Our EBITDA and restated profit for the year have grown at a CAGR of 22.20% and 47.34%, respectively, from Fiscal 2014 to Fiscal 2018. In Fiscal 2018, our revenue from operations, EBITDA and restated profit for the year were ₹ 18,398.30 million, ₹ 3,912.97 million and ₹ 1,566.65 million, respectively while in the three months ended June 30, 2018, our revenue from operations, EBITDA and restated profit for the period were ₹ 4,565.56 million, ₹ 674.87 million and ₹ 120.97 million, respectively. Our cement sales have grown at a CAGR of 3.08% from 3.75 million MT in Fiscal 2014 to 4.24 million MT in Fiscal 2018.

In Fiscal 2018, we were among the leading cement players in India in terms of EBITDA per tonne (*Source: F&S Report*). Our EBITDA per tonne was ₹ 923.51 in Fiscal 2018 while the average EBITDA per tonne for the F&S Indian Cement Industry was ₹ 874 in Fiscal 2018 (*Source: F&S Report*). Our EBITDA per tonne was ₹ 591.01 in the three months ended June 30, 2018.

The following table provides certain key performance indicators of our business in comparison with the cement industry (average) in Fiscal 2018:

S. No.	Key Performance Indicators	Penna Cement Industries Limited (consolidated basis)	F&S Indian Cement Industry (average)*
		Fiscal 2018	
1.	EBITDA margin(1)	22.03%	18%
2.	Logistics cost per tonne(2)	₹955.60	₹1,013
3.	Power and fuel cost per tonne(3)	₹877.03	₹991
4.	Contribution per tonne(4)	₹1,643.88	₹1,964
5.	Return on Equity(5)	16.57%	9%
6.	Return on Capital Employed (pre-tax) (6)	15.16%	10%

** Source: F&S Report.*
Note:
(1) EBITDA margin represents EBITDA (revenue from operations less excise duty, raw materials costs, freight charges/ logistics costs, power and fuel expenses, employee benefit expenses/ labour expenses and other expenses) divided by revenue from operations (less excise duty).
(2) Logistics cost per tonne represents total freight charges divided by total cement sales volume.
(3) Power and fuel cost per tonne represents total power and fuel expense divided by total cement sales volume.
(4) Contribution per tonne represents revenue from operations (less: excise duty, cost of raw materials, power and fuel, freight and forwarding expense) divided by total cement sales volume.
(5) Return on Equity represents net income divided by average shareholders' equity.
(6) Return on Capital Employed (pre-tax) represents EBITDA (less depreciation and amortization) divided by average capital employed (debt plus shareholders' equity).

In addition, the following table provides certain key performance indicators of our business for the three months ended June 30, 2018:

S. No.	Key Performance Indicators	Penna Cement Industries Limited (consolidated basis)
		Three Months Ended June 30, 2018
1.	EBITDA margin(1)	14.78%
2.	Logistics cost per tonne(2)	₹1,125.37
3.	Power and fuel cost per tonne(3)	₹1,091.94
4.	Contribution per tonne(4)	₹1,371.67

Note:
(1) EBITDA margin represents EBITDA (revenue from operations less excise duty, raw materials costs, freight charges/ logistics costs, power and fuel expenses, employee benefit expenses/ labour expenses and other expenses) divided by revenue from operations (less excise duty)
(2) Logistics cost per tonne represents total freight charges divided by total cement sales volume
(3) Power and fuel cost per tonne represents total power and fuel expense divided by total cement sales volume
(4) Contribution per tonne represents revenue from operations (less: excise duty, cost of raw materials, power and fuel, freight and forwarding expense) divided by total cement sales volume

Experienced promoter and management team with an established track record of project and timely execution

We benefit from the experience of our Promoter and the senior management team who have extensive industry knowledge and expertise. Our Promoter, Chairman and Managing Director, P. Prathap Reddy has played a key role in the development of our business. Our Promoter is actively involved in our operations, and together with our Board of Directors and our senior management, has been instrumental in implementing our growth strategies and expanding our business through various process improvements and successful integration of our integrated manufacturing facilities. Members of our Board and other key operating personnel possess extensive operating and industry experience. Bezawada Vikram, Executive Director, has been responsible for execution of our Company's expansion projects. Lakshmi Kantham Dabbara, Executive Director, is responsible for the operations of all our facilities including procurement of raw materials, commercial production and manufacturing operations, and has been a Director of our Company since July 8, 1992. Krishna Srivastava, Director – Marketing, has been instrumental in driving our sales and marketing initiatives.

In addition, by leveraging the experience of our Promoter and management team, we believe that we have developed an established track record of efficient project management and execution experience, involving trained and skilled manpower, innovative work practices, efficient deployment of equipment and an in-house project management team. We believe that such skills have enabled us to complete the construction of our facilities within short timelines. Our project management team, working in conjunction with the design and engineering team, ensures operational efficiencies through overall supervision of the manufacturing and project execution process. We believe that our strong track record of successfully completing projects in a timely manner has allowed us to grow our business and further help in executing our proposed expansion plans.

Our Strategies

Focus on port based logistics infrastructure and distribution, consolidate presence in south India and expanding presence in east and west India, and commence exports

Logistics costs in the cement industry are relatively higher than the logistics costs of other manufacturing industries. The cost of transportation is a critical factor in the cement industry which determines landed prices competitiveness. Logistics for cement and raw materials such as limestone, clinker, fly ash and slag, are carried out primarily through road, railways, and sea. Typically, road and rail transportation has been preferred in the cement industry, however, in recent times, sea transportation is becoming more attractive due to its low cost advantages while catering to coastal markets. The cost of sea transportation in India is approximately ₹ 0.7 to ₹ 1.7 per tonne per kilometer in comparison to the cost of railway transportation and road transportation is approximately ₹ 2.0 to ₹ 2.5 per tonne per kilometer and ₹ 3.0 to ₹ 3.5 per tonne per kilometer, respectively, with additional loading and unloading cost. In addition, sea based transportation helps in protection from any kind of pilfering and weathering damage, which typically occurs in transportation through road and rail. (*Source: F&S Report*) Accordingly, we have and will continue to develop our port based logistics infrastructure and distribution in order to further expand our presence in new markets particularly in east and west India and further deepen our presence in south India.

Further, the 'Sagar Mala' scheme aimed at setting up of new ports, improved port infrastructure and increased use of waterways for movement of goods both for inland consumption and exports will help lower logistics costs through increased use of sea route for cement transportation. However, there are several entry barriers for port based logistics and infrastructure, including procurement of land near ports for grinding units and packing units is challenging in terms of cost and approvals, proper infrastructure for loading and unloading facilities in ports and high capital expenditure for purchasing vessels. Accordingly, there are relatively few cement manufacturers in India with established port based logistics infrastructure and distribution. (*Source: F&S Report*) In March 2018, we commissioned one of the largest port based grinding unit in Asia at Krishnapatnam port (*Source: F&S Report*), with an automated ship-loading facility as well as a packing terminal at the Cochin port. By venturing into port based logistics infrastructure and distribution, we believe we will be able to ensure cost efficiencies in the transportation of our cement products to new markets at relatively lower freight costs as well as in the procurement of imported coal through the ports.

South India's cement demand is the highest in India estimated at 77 million tonnes in Fiscal 2018, followed by east India at 59 million tonnes in Fiscal 2018. Further, the total demand in south India, east India and west India is expected to grow at a CAGR of 9.0%, 9.3% and 8.2% between Fiscal 2018 and Fiscal 2023. In particular, the states of Odisha, West Bengal, Andhra Pradesh and Telangana are expected to grow at a CAGR of 11.7%, 9.6%, 12.6% and 10.6%, respectively. (*Source: F&S Report*) In order to meet this growing demand and serve the coastal markets, such as, Orissa, West Bengal and Tamil Nadu, along with enhancing our port based logistics infrastructure and distribution, we are in the process of establishing three packing terminals at Gopalpur, Karaikal, and Kolkata ports, each with a 240 tonnes per hour packing capacity and an approved capacity of 0.50 MMTPA, which are expected to be operationalized by third quarter of Fiscal 2019, fourth quarter of Fiscal 2019 and fourth quarter of Fiscal 2019, respectively. We also aim to increase the cement production capacity of our Krishnapatnam grinding unit from 2.00 MMTPA to 4.00 MMTPA, expected to be operational by fourth quarter of Fiscal 2019 and the clinker production capacity of our Boyareddypalli facility from 1.50 MMTPA to 4.00 MMTPA, expected to be operational by the second quarter of Fiscal 2020. In addition, we have acquired a self-discharging cement carrying vessel with a maximum cargo capacity of 25,500 tonnes and have entered into a long term contract of affreightment with Penna Shipping Limited for an additional four self-discharging cement carrying vessel, each with a maximum cargo capacity of 15,000 tonnes, for port based shipping which will streamline the loading and unloading processes at packing terminals. These self-discharging cement carrying vessels do not require any manual intervention and are environmentally friendly and accordingly, we believe these would lead to better operational and cost efficiencies. Further, we believe our recently commissioned grinding unit at Patas will provide us access to key markets in west India, particularly in Maharashtra at lower freight cost. The clinker for this grinding unit will be supplied from our existing integrated manufacturing facility at Tandur via railway siding that we believe would in-turn increase the capacity utilization of our Tandur facility.

In addition, we also aim to establish our presence in export markets, specifically in Sri Lanka for cement and Bangladesh for clinker. Bangladesh and Sri Lanka are key importers of clinker due to limited limestone mines. In particular, Bangladesh has low per capita cement consumption of approximately 120 kg, while Sri Lanka's per capita cement consumption is approximately 330 kg. The cement demand in Bangladesh and Sri Lanka is expected to grow at CAGR of 11% and 9%, respectively, between Fiscal 2018 and Fiscal 2023. Further, in Sri Lanka, the domestic supply was lower than the actual demand, contributing 29% of the cement demand in Fiscal 2018 with 71% of their cement demand being met through imports in Fiscal 2018. (*Source: F&S Report*) In order to cater to the high growth in Bangladesh and Sri Lanka, we aim to leverage our port based logistics infrastructure to transport clinker to Bangladesh and intend to set up a packing terminal in Colombo, Sri Lanka by the first quarter of Fiscal 2020.

Setting up new facilities to establish presence in north India

In north India, Rajasthan is the only state where there is excess cement supply in comparison with the demand due to the presence of adequate limestone reserves. As a result, Rajasthan supplies cement to other regions in north India such as Haryana, Jammu and Kashmir and National Capital Region, where there are limited clinker facilities. Further, in north India, the states of Haryana, Punjab, National Capital Territory of Delhi and Uttar Pradesh are expected to grow at a CAGR of 8.8%, 8.9%, 6.0% and 6.1%, respectively, between Fiscal 2018 and Fiscal 2023. (*Source: F&S Report*) We believe these underpenetrated markets in north India provide significant growth and increased margin opportunities. We have over the years made significant investments in expanding our production capabilities. Accordingly, we intend to set up cement manufacturing facility with a proposed clinker production capacity of 3.00 MMTPA and cement production capacity of 2.00 MMTPA in Jodhpur, Rajasthan and two grinding units in Kathuwas, Neemrana, National Capital Region and Bathinda, Punjab with a proposed cement production capacity of 1.50 MMTPA and 1.0 MMTPA, respectively, expected to be operational by the third quarter of Fiscal 2021. We have also acquired land in Jodhpur, Rajasthan and a portion of land in Kathuwas, Neemrana, National Capital Region. Further, we have also obtained mining lease in Jodhpur, Rajasthan for Ghorawat limestone mine – I, Ghorawat limestone mine – II and Pundlu limestone mine, which have residual reserves of 68.07 million tonnes, 18.02 million tonnes and 10.76 million tonnes, respectively, as certified by K. Dhanapathi Rao, Chartered Engineer, vide certificate dated October 26, 2018. As of March 31, 2018, we had incurred a capital expenditure of ₹ 1,030.00 million in relation to setting up of the integrated manufacturing facility and grinding units in north India, with the total project cost amounting to ₹ 22,928.85 million. We believe this expansion will help us in establishing presence in north India, specifically, Rajasthan, National Capital Region, Punjab, Haryana and Uttar Pradesh.

Through our phased expansion plans in the south, east, west and north India markets, where we intend to increase our production capabilities through organic growth, our aggregate cement production capacity of 10.00 MMTPA as of June 30, 2018 is proposed to be increased to 16.50 MMTPA, which is expected to be operational by Fiscal 2021 and our aggregate clinker production capacity of 5.30 MMTPA as of June 30, 2018 is proposed to be increased to 10.80 MMTPA, which is expected to be operational by Fiscal 2021. Accordingly, we believe we will be able to establish presence across all the regions India and become a pan-India player which will enable us to reduce our dependence on south India and prevent any concentration risk. For further information on our proposed expansion plans, see "- *Expansion Plans*" on page 160.

Increase sales of blended cement to increase volumes and profit margins

In addition to OPC, our cement products also include (i) PPC, which is a special blended cement and is manufactured by inter-grinding clinker with high-quality processed fly ash along with gypsum; and (ii) PSC, which is a slag-based blended cement and is manufactured by blending clinker with slag and gypsum.

Indian cement manufacturers are aiming to reduce their operating costs and the carbon footprint by reducing the usage of clinker in cement. In Fiscal 2018, PPC accounted for 64% of the overall cement consumption and is expected to grow at a CAGR of 9.5% to 10.0% between Fiscal 2018 and Fiscal 2023. The demand for PPC is increasing in India owing to superior properties in terms of thermal cracking resistance, higher strength and durability. In Fiscal 2018, PSC accounted for 8% of the overall cement consumption and is expected to grow at a CAGR of 8.0% to 8.5% during Fiscal 2018 and Fiscal 2023. With the shift in the consumer demand, the blended cement per capita consumption has increased particularly in the coastal markets such as Tamil Nadu, Kerala and other parts of east India. Further, the cement manufacturers are also creating awareness regarding the use of blended cement over the various other types of cement. (*Source: F&S Report*)

Our target markets which include Kerala, Odisha and West Bengal, Rajasthan, National Capital Region and Punjab, are primarily blended cement markets unlike some of our existing markets in south India and Maharashtra. The gross cement revenue of our blended cement sales (PPC and PSC together) accounted for 47.25%, 45.43%, 43.21% and 40.23% of our total cement sales revenue in Fiscal 2016, 2017 and 2018 and in the three month period ended June 30, 2018, respectively, while OPC sales accounted for 52.75%, 54.57%, 56.79% and 59.76%, respectively, our total gross cement revenue, in the same periods. We believe that the sale of our blended cement would significantly increase by entering into these markets. Further, provided that blending material is available at significantly lower landed cost at our grinding units and integrated manufacturing facilities as compared to clinker, an increase in the sales of our blended cement would compensate for the incremental freight cost incurred towards transportation of clinker, maintain cost efficiencies and improve our production levels and profit margins. At our Krishnapatnam grinding unit, which was commissioned in March 2018, we believe we will have access to relatively low cost fly ash due to being located within 15 kms from fly ash sources including thermal power plant. In addition, blended cement requires relatively lower quantity of limestone, leading to an increase in the availability of limestone.

Improve operational efficiency and continue to implement measures to reduce costs

We have implemented and will continue to implement measures to reduce our operating costs, which is critical in determining profitability. We have, at all times, endeavoured to maintain the price competitiveness of our products. We have and will continue to implement certain efficiency improvement projects, such as, improving utilization rate of our existing facilities and establishing WHR units that would further enhance our cost competitiveness and increase profitability. We intend to continue to focus on increasing our production capacity and improve utilization of our existing capacities through split-grinding operations. Split grinding strategy involves the manufacturing unit of clinker to be set up close to the limestone reserve and the grinding unit to be set up near the consumption centre which leads reduction in transportation costs along with making it easier to transport and store (*Source: F&S Report*). In addition, higher capacity utilization would lead to lower fixed cost per tonne resulting in an increase in profitability. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, we produced 3.55 million MT, 3.89 million MT, 4.28 million MT and 1.17 million MT of cement, respectively, and 2.90 million MT, 3.17 million MT, 3.46 million MT and 1.08 million MT of clinker, respectively. Our capacity utilization for cement was 51%, 56%, 61% and 67% in Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, respectively, and our capacity utilization for clinker was 55%, 60%, 65% and 81%, respectively, in the same periods. For further information, see "- *Capacity and Capacity Utilization*" on page 136. Further, in Fiscal 2018, our capacity utilization was higher in comparison with the region (south India) average capacity utilization, however, our capacity utilization was lower than the average capacity utilization for the Indian cement industry in the same period. (*Source: F&S Report*) Accordingly, we believe that there is further scope of increasing efficiency levels at our existing facilities.

Energy costs are a significant component in operating expenses for any cement manufacturing plant. (*Source: F&S Report*) We continue to explore newer technologies that would help reduce energy consumption and thereby reduce costs. In addition to our captive power plant, we have set up WHR units with an aggregate capacity of 17.00 MW at the Ganeshpahad and Boyareddypalli facilities and are in the process of setting-up of WHR facilities at the Talaricheruvu and Tandur facilities with capacities of 7.00 MW and 10.00 MW, respectively, expected to be operational by the first quarter of Fiscal 2020, along with an additional WHR in our Boyareddypalli facility with a capacity of 10.00 MW, expected to be operational by the second quarter of Fiscal 2020. Further, we also intend to set up a WHR facility in our proposed Jodhpur facility with a capacity of 15.00 MW, expected to be operational by the third quarter of Fiscal 2021. The setting up of WHR facilities, we believe would lead to a reduction in our power costs. Further, by expanding our presence across India, we believe will be able to achieve certain synergy benefits such as reduction in our raw material and coal costs through bulk purchases and leverage our long-term relationships with our suppliers and economies of scale to increase our bargaining power with suppliers.

Further strengthen our sales and distribution capabilities and focus on growing the 'Penna' brand

We aim to strengthen our sales and distribution capabilities by strengthening our customer relationship management and use product experts to better serve our customers, particularly our trade segment (which typically incudes retail customers and wholesale customers including dealers and distributors who then resell our products to retail customers). We seek to add additional dealers and retailers to our sales and distribution network, and to further strengthen our relationships with the existing dealers and retailers. We plan to engage select dealers and distributors that have an established sales network in our target markets and attract them by providing incentive schemes and also undertake programs to provide training and advice on marketing and sales techniques, inventory management and technical applications of cement products. In addition, we plan to expand our sales network by establishing branch offices that will enhance our ability to develop, penetrate and control our target markets. We intend to build long-term relationships with these distributors, support their development and work with them closely, which we believe will further improve the stability of our sales and distribution network.

In addition, we believe that brand and reputation are important to customers, both trade and non-trade segment, in India. In recognition for our effective and creative marketing activities, in 2018, we have been awarded the *Most Impactful 30 Power Brands* by Daily Indian Media and the *Economic Times Promising Brands* by the Economic Times. We intend to grow our brand *Penna* and improve our reputation among cement manufacturers as a producer of high quality cement in our target markets by consistently providing high quality products. We intend to continue with a strategy of investing in our brand and marketing to differentiate our products, including by introducing regional brands, in existing and new markets, and maintaining market leadership in south India along with an objective of achieving market leadership in our target markets.

We are also focusing on providing technical support while increasing customer awareness of our products by providing training and workshops for customers to educate them about the diverse uses of our cement products in applications, such as, glass fiber reinforced concrete, garden furniture, pointing for brick on stone works and pre-cast cladding panels. We plan to undertake extensive customer and market research to measure the various aspects of a product, plan our marketing campaigns and accordingly, continue to enhance the brand recall through a range of targeted advertising activities including television commercials, sponsorships and other media advertisements. We believe such intentions and continuous efforts will help us in maintaining our market leadership in South India and achieving market leadership in other markets and as a result, help in transforming the *Penna* brand into a pan-India brand.

SUMMARY OF FINANCIAL INFORMATION

The summary financial information presented below should be read in conjunction with the Restated Financial Statements, the notes thereto and "*Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 210 and 333 respectively.

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Restated Consolidated Statement of Assets and Liabilities

Particular	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
ASSETS						
1 Non-current assets						
a. Property, plant and equipment	17,367.04	17,595.18	11,701.64	12,367.28	11,318.79	11,590.31
b. Capital work-in-progress	4,935.62	2,753.80	3,214.30	1,751.90	1,860.10	1,041.80
c. Goodwill on consolidation	1.80	1.80	0.05	0.05	0.05	-
d. Other intangible assets	8.82	10.51	17.17	23.80	31.10	34.50
e. Financial assets						
i. Investments	785.12	786.68	863.24	794.19	11,594.20	9,991.92
ii. Loans	1,094.24	1,079.34	1,075.72	172.70	2,009.20	403.18
iii. Other financial assets	154.17	151.90	142.80	132.90	31.50	-
f. Other non-current assets	2,701.07	2,447.09	1,125.16	652.44	1,077.04	1,117.30
Total non-current assets	**27,047.88**	**24,826.30**	**18,140.08**	**15,895.26**	**27,921.98**	**24,179.01**
2 Current assets						
a. Inventories	2,048.31	1,789.50	2,735.10	2,170.50	1,690.61	2,300.23
b. Financial Assets						
i. Trade receivables	1,606.39	902.38	850.97	1,107.27	1,516.20	999.97
ii. Cash and cash equivalents	302.27	266.16	203.99	722.10	562.67	324.85
iii. Bank balances other than (ii) above	172.88	168.63	344.38	162.32	194.05	140.89
iv. Other financial assets	5.27	12.46	39.59	9.83	11.31	2.87
c. Other current assets	1,922.48	1,722.06	2,687.17	1,970.63	3,393.43	3,058.48
Total current assets	**6,057.60**	**4,861.19**	**6,861.20**	**6,142.65**	**7,368.27**	**6,827.29**
Total assets (1+2)	**33,105.48**	**29,687.49**	**25,001.28**	**22,037.91**	**35,290.25**	**31,006.30**
EQUITY AND LIABILITIES						
1 Equity						
a. Equity share capital	1,338.00	133.80	133.80	133.80	133.80	133.80
b. Other equity	8,726.66	9,803.98	8,318.37	6,582.86	20,327.59	18,621.04
Equity attributable to owners of the company	10,064.66	9,937.78	8,452.17	6,716.66	20,461.39	18,754.84
c. Non controlling interests	256.07	256.30	257.00	258.50	259.20	0.50
Total equity	**10,320.73**	**10,194.08**	**8,709.17**	**6,975.16**	**20,720.59**	**18,755.34**
LIABILITIES						
2 Non-current liabilities						
a. Financial liabilities						
i. Borrowings	11,166.04	10,111.97	6,895.26	4,530.12	4,536.65	3,485.67
ii. Other financial liabilities	3,435.47	2,390.65	1,610.49	2,048.27	1,331.41	1,149.26
b. Provisions	42.44	63.45	54.16	50.82	54.34	67.84
c. Deferred tax liabilities (net)	2,770.16	2,777.21	2,729.10	2,666.84	2,376.48	2,187.61
Total Non-Current Liabilities	**17,414.11**	**15,343.28**	**11,289.01**	**9,296.05**	**8,298.88**	**6,890.38**
3 Current liabilities						
a. Financial liabilities						
i. Borrowings	3,302.33	2,077.61	2,130.26	2,274.18	1,866.21	1,916.77
ii. Trade payables						
- Payable to micro and small enterprise	-	-	-	-	-	-
- Others	500.25	500.56	1,062.84	664.83	1,627.61	1,223.57
iii. Other financial liabilities	963.13	600.89	502.96	1,659.56	1,721.70	1,752.35
b. Provisions	12.68	2.74	6.13	2.80	2.50	2.50
c. Current tax liabilities (net)	32.40	505.63	597.69	835.66	625.33	159.66
d. Other current liabilities	559.85	462.70	703.22	329.67	427.43	305.73
Total current liabilities	**5,370.64**	**4,150.13**	**5,003.10**	**5,766.70**	**6,270.78**	**5,360.58**
Total liabilities (2+3)	**22,784.75**	**19,493.41**	**16,292.11**	**15,062.75**	**14,569.66**	**12,250.96**
Total equity and liabilities (1+2+3)	**33,105.48**	**29,687.49**	**25,001.28**	**22,037.91**	**35,290.25**	**31,006.30**

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Consolidated Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Place :
Date :

For and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN: 02086809

Sanjeev Kumar Aggarwal
Chief Financial officer

Raj Kumar Singh
Company Secretary
MNO: 14265

Place :
Date :

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Restated Consolidated Statement of Profit and Loss

	Particular	For the quarter ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
1	Revenue from operations	4,565.56	18,398.30	18,803.31	18,999.16	18,239.48	16,419.46
2	Other income	2.91	75.83	84.28	507.50	618.75	271.24
3	**Total income (1+2)**	**4,568.47**	**18,474.13**	**18,887.59**	**19,506.66**	**18,858.23**	**16,690.70**
4	**Expenses**						
	Cost of materials consumed	780.32	2,954.55	2,551.36	2,821.53	3,061.38	3,119.51
	Purchase of stock in trade	-	-	287.10	-	399.80	-
	Changes in inventories of finished goods and work-in-progress	(313.00)	77.11	69.56	4.28	210.26	(103.37)
	Employee benefits expense	240.87	781.96	743.56	670.10	578.28	519.72
	Excise duty paid	-	636.50	2,301.00	2,256.80	2,182.00	2,040.80
	Freight charges	1,285.06	4,048.92	3,312.54	2,996.57	3,062.41	3,033.62
	Finance costs	259.91	1,012.94	593.79	616.98	1,069.02	663.18
	Depreciation and amortisation expense	273.07	815.22	803.45	753.77	722.16	722.29
	Other expenses	1,897.44	5,986.29	5,812.33	5,567.94	5,381.12	6,054.33
	Total expenses	**4,423.67**	**16,313.49**	**16,474.69**	**15,687.97**	**16,666.43**	**16,050.08**
5	**Restated share in profit of associates**	**(1.56)**	**50.98**	**68.95**	**59.91**	**136.19**	**(266.00)**
6	**Restated profit before tax (3-4+5)**	**143.24**	**2,211.62**	**2,481.85**	**3,878.60**	**2,327.99**	**374.62**
7	**Tax expense:**						
	- Current tax	32.40	596.61	812.91	897.29	685.27	85.48
	- Less: Minimum alternative tax credit	-	-	-	(207.80)	-	-
	- Deferred tax	(10.13)	48.36	(146.48)	495.29	190.27	(43.29)
	Total tax expense	22.27	644.97	666.43	1,184.78	875.54	42.19
8	**Restated profit for the period/year (6-7)**	**120.97**	**1,566.65**	**1,815.42**	**2,693.82**	**1,452.45**	**332.43**
9	**Other comprehensive income**						
	Items that will not be reclassified to profit or loss						
	i. Remeasurement of the defined benefit plans	9.09	(5.17)	0.44	8.25	(4.10)	5.20
	ii. Equity instruments through other comprehensive income	-	4.46	-	-	-	-
	iii. Income tax relating to items that will not be reclassified to profit or loss	(3.18)	0.25	(0.15)	(2.86)	1.39	(1.77)
10	**Total comprehensive income for the period/ year (8+9)**	**126.88**	**1,566.19**	**1,815.71**	**2,699.21**	**1,449.74**	**335.86**
	Restated profit for the year						
	Attributable to:						
	- Owner of the company	121.20	1,567.35	1,816.92	2,694.52	1,193.75	332.43
	- Non-controlling interests	(0.23)	(0.70)	(1.50)	(0.70)	258.70	-
	Total comprehensive income for the period/ year						
	Attributable to:						
	- Owner of the company	127.11	1,566.89	1,817.21	2,699.91	1,191.04	335.86
	- Non-controlling interests	(0.23)	(0.70)	(1.50)	(0.70)	258.70	-
11	**Earnings per equity share (EPS):**						
	Basic EPS (₹)	0.91	11.71	13.58	20.14	8.92	2.48
	Diluted EPS (₹)	0.91	11.71	13.58	20.14	8.92	2.48

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Consolidated Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Place :
Date :

For and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN: 02086809

Sanjeev Kumar Aggarwal
Chief Financial officer

Raj Kumar Singh
Company Secretary
MNO: 14265

Place :
Date :

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Restated Consolidated Statement of Cash Flows

PARTICULARS	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
A. CASH FLOW FROM OPERATING ACTIVITIES						
Restated profit for the period/year	**120.97**	**1,566.65**	**1,815.42**	**2,693.82**	**1,452.45**	**332.43**
Adjustments for:						
Depreciation and amortisation expense	273.07	815.22	803.45	753.77	722.16	722.29
Loss / (gain) on sale of property, plant and equipment (net)	-	0.81	0.24	(0.08)	-	-
Tax expense	22.27	644.97	666.43	1,184.78	875.54	42.19
Interest income	(2.74)	(39.20)	(48.40)	(39.90)	174.22	172.17
Finance costs	259.91	1,012.94	593.79	616.98	1,069.02	663.18
Remeasurement of the defined benefit plans	5.91	(4.92)	0.29	5.39	(2.71)	3.43
Restated share in profit of associate	1.56	(50.98)	(68.95)	59.91	(136.19)	266.00
Operating profit before working capital changes	**680.95**	**3,945.49**	**3,762.27**	**5,274.67**	**4,154.49**	**2,201.69**
Movements in working capital						
(Increase) / Decrease in trade receivables	(704.01)	(51.41)	256.30	393.21	(516.23)	195.50
(Increase) / Decrease in inventories	(258.81)	945.52	(564.60)	(499.78)	609.62	(998.28)
(Increase) / Decrease in loans	(14.90)	(3.62)	(903.11)	(1,776.39)	(1,606.11)	-
(Increase) / Decrease in other assets	(195.50)	983.23	(1,105.60)	(392.08)	(374.89)	(1,965.57)
Increase / (Decrease) in trade payables and other liabilities	204.56	(539.46)	4.98	(175.05)	(39.94)	3,081.19
(Decrease) / Increase in provision	(11.07)	5.90	6.38	(22.77)	(10.79)	(51.53)
Cash generated from operation	**(298.78)**	**5,285.65**	**1,456.62**	**2,801.81**	**2,216.15**	**2,463.00**
Income taxes paid (net of refunds)	(502.55)	(688.92)	(842.14)	(681.68)	(221.00)	(106.69)
Net cash generated from operating activities	**(801.33)**	**4,596.73**	**614.48**	**2,120.13**	**1,995.15**	**2,356.31**
B. CASH FLOW FROM INVESTING ACTIVITIES						
Net capital expenditure on property, plant and equipment and intangible assets including capital advances	(1,531.71)	(7,403.40)	(1,280.38)	(1,462.90)	(869.32)	(1,150.87)
Net proceeds from / (payments for) investment in associates and other investment	(0.23)	(2.45)	(0.10)	(354.86)	(933.65)	(1,187.06)
Net proceeds / (payments) from Investment in bank deposits	(4.25)	175.75	(182.06)	31.73	(53.16)	(7.70)
Dividend received	-	132.00	-	66.00	19.80	20.54
Interest received	2.74	39.20	48.40	39.90	(174.22)	(172.17)
Net cash used in investing activities	**(1,533.45)**	**(7,058.90)**	**(1,414.14)**	**(1,680.13)**	**(2,010.55)**	**(2,497.26)**
C. CASH FLOW FROM FINANCING ACTIVITIES						
Net proceeds from / (payment for) long term borrowings	1,429.28	3,275.21	1,245.96	7.64	1,082.24	(300.20)
Net (payment for) / proceeds from short term borrowings	1,224.72	(52.65)	(143.92)	407.97	(50.56)	637.27
Dividend Paid	-	(80.50)	(80.50)	(80.50)	(39.20)	(39.20)
Interest Paid	(283.11)	(617.72)	(739.99)	(615.68)	(739.26)	(596.53)
Net cash generated from / (used in) financing activities	**2,370.89**	**2,524.34**	**281.55**	**(280.57)**	**253.22**	**(298.66)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**36.11**	**62.17**	**(518.11)**	**159.43**	**237.82**	**(439.61)**
Cash and cash equivalents at the beginning of the period/ year	266.16	203.99	722.10	562.67	324.85	764.46
Cash and cash equivalents at the end of the period/ year *	**302.27**	**266.16**	**203.99**	**722.10**	**562.67**	**324.85**
* Cash and cash equivalents at the end of the year comprises (refer note no.12)						
i) Cash on hand	5.27	2.02	1.72	1.51	6.69	1.45
ii) Balances with banks	297.00	264.14	202.27	720.59	555.98	323.40
	-					

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Consolidated Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Place :
Date :

For and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN: 02086809

Sanjeev Kumar Aggarwal
Chief Financial officer

Raj Kumar Singh
Company Secretary
MNO: 14265

Place :
Date :

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Restated Standalone Statement of Assets and Liabilities

Particular	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
ASSETS						
1 Non-current assets						
a. Property, plant and equipment	16,747.88	16,997.06	11,137.62	11,821.56	10,996.73	11,568.39
b. Capital work-in-progress	4,600.07	2,420.41	2,890.74	1,442.77	1,532.48	1,024.35
c. Intangible assets	2.50	4.13	10.76	17.40	24.10	30.70
d. Financial assets						
i. Investments	1,436.08	1,436.08	766.20	766.20	7,167.68	5,562.73
ii. Loans	1,094.24	1,079.24	1,075.72	172.70	2,009.20	403.18
f. Other non-current assets	2,302.43	2,048.56	1,308.16	814.36	971.27	1,203.74
Total non-current assets	**26,183.20**	**23,985.48**	**17,189.20**	**15,034.99**	**22,701.46**	**19,793.09**
2 Current assets						
a. Inventories	2,048.31	1,789.50	2,735.10	2,170.50	1,690.61	2,300.23
b. Financial assets						
i. Trade receivables	1,606.39	902.38	850.97	1,107.27	1,484.90	970.07
ii. Cash and cash equivalents	297.89	239.66	202.29	687.70	374.17	66.35
iii. Bank balances other than (ii) above	172.88	168.63	344.38	162.32	194.05	140.89
iv. Other financial assets	5.22	12.46	39.59	9.83	11.21	2.87
c. Other current assets	1,918.37	1,700.76	2,671.57	1,968.63	3,406.55	3,063.76
Total current assets	**6,049.06**	**4,813.39**	**6,843.90**	**6,106.25**	**7,161.49**	**6,544.17**
Total assets (1+2)	**32,232.26**	**28,798.87**	**24,033.10**	**21,141.24**	**29,862.95**	**26,337.26**
EQUITY AND LIABILITIES						
1 Equity						
a. Equity share capital	1,338.00	133.80	133.80	133.80	133.80	133.80
b. Other equity	8,113.02	9,205.20	7,633.26	5,968.86	15,198.99	13,765.31
Total equity	**9,451.02**	**9,339.00**	**7,767.06**	**6,102.66**	**15,332.79**	**13,899.11**
LIABILITIES						
2 Non-current liabilities						
a. Financial liabilities						
i. Borrowings	11,166.04	10,111.97	6,895.26	4,530.12	4,536.65	3,485.67
ii. Other financial liabilities	3,435.47	2,390.65	1,610.68	2,048.27	1,325.38	1,240.96
b. Provisions	42.44	63.45	54.16	48.98	54.34	67.84
c. Deferred tax liabilities (net)	2,770.90	2,759.57	2,705.54	2,646.91	2,331.89	2,278.02
Total non-current liabilities	**17,414.85**	**15,325.64**	**11,265.64**	**9,274.28**	**8,248.26**	**7,072.49**
3 Current liabilities						
a. Financial liabilities						
i. Borrowings	3,302.33	2,077.61	2,130.26	2,274.18	1,866.21	1,916.77
ii. Trade payables						
- Payable to micro and small enterprise	-	-	-	-	-	-
- Others	498.28	491.36	1,060.94	663.13	1,627.41	1,223.57
iii. Other financial liabilities	961.20	594.89	502.36	1,659.26	1,734.72	1,757.73
b. Provisions	12.40	2.44	5.93	2.60	2.30	2.50
c. Current tax liabilities (net)	32.40	505.63	597.69	835.66	625.33	159.36
d. Other current liabilities	559.78	462.30	703.22	329.47	425.93	305.73
Total current liabilities	**5,366.39**	**4,134.23**	**5,000.40**	**5,764.30**	**6,281.90**	**5,365.66**
Total liabilities (2+3)	**22,781.24**	**19,459.87**	**16,266.04**	**15,038.58**	**14,530.16**	**12,438.15**
Total equity and liabilities (1+2+3)	**32,232.26**	**28,798.87**	**24,033.10**	**21,141.24**	**29,862.95**	**26,337.26**

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Place :
Date :

For and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN: 02086809

Sanjeev Kumar Aggarwal
Chief Financial Officer

Raj Kumar Singh
Company Secretary
MNO: 14265

Place :
Date :

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Restated Standalone Statement of Profit and Loss

	PARTICULARS	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
1	Revenue from operations	4,565.56	18,398.30	18,803.31	18,999.16	18,239.48	16,419.46
2	Other income	0.27	197.83	74.88	567.00	635.75	288.98
3	**Total income (1+2)**	**4,565.83**	**18,596.13**	**18,878.19**	**19,566.16**	**18,875.23**	**16,708.44**
4	**Expenses**						
	Cost of materials consumed	780.32	2,954.55	2,551.36	2,821.53	3,061.38	3,119.51
	Purchase of stock in trade	-	-	287.07	-	399.79	-
	Changes in inventories of finished goods and work-in-progress	(313.00)	77.11	69.56	4.28	210.26	(103.37)
	Employee benefits expense	240.51	781.26	743.56	670.10	578.28	519.72
	Excise duty paid	-	636.53	2,300.97	2,256.75	2,181.99	2,040.78
	Freight charges	1,285.06	4,048.80	3,312.54	2,996.59	3,062.39	3,033.72
	Finance costs	259.91	1,012.84	593.69	616.88	1,069.02	663.19
	Depreciation and amortisation expense	272.99	815.09	803.32	757.87	721.76	721.71
	Other expenses	1,893.38	5,966.16	5,807.51	5,559.99	5,376.53	5,954.72
	Total expenses	**4,419.17**	**16,292.34**	**16,469.58**	**15,683.99**	**16,661.40**	**15,949.98**
5	**Restated profit before tax (3-4)**	**146.66**	**2,303.79**	**2,408.61**	**3,882.17**	**2,213.83**	**758.46**
6	**Tax expense:**						
	- Current tax	32.40	596.61	813.31	897.19	685.27	85.18
	- Less: Minimum alternative tax credit	-	-	-	(207.80)	-	-
	- Deferred tax	8.15	54.28	(149.31)	519.95	55.27	47.28
	Total tax expense	40.55	650.89	664.00	1,209.34	740.54	132.46
7	**Restated profit for the period / year (5-6)**	**106.11**	**1,652.90**	**1,744.61**	**2,672.83**	**1,473.29**	**626.00**
8	**Other Comprehensive Income**						
	Items that will not be reclassified to profit or loss						
	i. Remeasurement of the defined benefit plans	9.09	(5.17)	0.44	8.25	(4.10)	5.20
	ii. Equity instruments through other comprehensive income	-	4.46	-	-	-	-
	iii. Income tax relating to items that will not be reclassified to profit or loss	(3.18)	0.25	(0.15)	(2.86)	1.39	(1.77)
	Total other comprehensive (loss)/ income for the period / year (n	**5.91**	**(0.46)**	**0.29**	**5.39**	**(2.71)**	**3.43**
9	**Total Comprehensive income for the period / year (7+8)**	**112.02**	**1,652.44**	**1,744.90**	**2,678.22**	**1,470.58**	**629.43**
10	**Earnings per equity share (₹ 10 each) :**						
	Basic EPS (₹)	0.79	12.35	13.04	19.98	11.01	4.68
	Diluted EPS (₹)	0.79	12.35	13.04	19.98	11.01	4.68

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Bezawada Vikram
Executive Director
DIN: 02086809

Raj Kumar Singh
Company Secretary
MNO: 14265

Place :
Date :

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Restated Standalone Statement of Cash Flows

PARTICULARS	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
A. CASH FLOW FROM OPERATING ACTIVITIES						
Restated profit for the period / year	**106.11**	**1,652.90**	**1,744.61**	**2,672.83**	**1,473.29**	**626.00**
Adjustments for:						
Tax expense	40.55	650.89	664.00	1,209.34	740.54	132.46
Depreciation and amortisation expense	272.99	815.09	803.32	757.87	721.76	721.71
Loss/(gain) on sale of property, plant and equipment (net)	-	0.81	0.24	(0.08)	(0.23)	(29.28)
Remeasurement of the defined benefit plans	5.91	(4.92)	0.29	5.39	(2.71)	3.43
Interest income	(0.10)	(29.20)	(39.00)	(32.53)	(39.59)	(37.50)
Dividend income	-	(132.00)	-	(66.00)	(19.80)	(20.54)
Finance costs	259.91	1,012.84	593.69	616.88	1,069.02	663.19
Operating profit before working capital changes	**685.37**	**3,966.41**	**3,767.15**	**5,163.70**	**3,942.28**	**2,059.47**
Movements in working capital						
(Increase) / Decrease in trade receivables	(704.01)	(51.41)	256.30	361.84	(514.63)	177.46
(Increase) / Decrease in inventories	(258.81)	945.60	(564.60)	(499.78)	609.62	(998.28)
(Increase) / Decrease in loans	(515.50)	(1,457.28)	(1,570.98)	(1,618.10)	(1,381.89)	172.41
(Increase) / Decrease in other assets	(221.86)	1,146.56	(885.00)	(245.31)	(395.95)	(2,349.53)
Increase / (Decrease) in trade payables and other current liabilities	95.50	(759.45)	733.84	(1,011.89)	469.77	1,136.06
(Decrease) / Increase in provision and other non-current liabilities	109.64	551.77	(720.65)	731.95	(517.47)	892.99
Cash generated from / (used in) operation	**(809.67)**	**4,342.20**	**1,016.06**	**2,882.41**	**2,211.73**	**1,090.58**
Income taxes paid (net of refunds)	(502.45)	(688.92)	(843.34)	(681.58)	(220.70)	(105.55)
Net cash generated from / (used in) operating activities	**(1,312.12)**	**3,653.28**	**172.72**	**2,200.83**	**1,991.03**	**985.03**
B. CASH FLOW FROM INVESTING ACTIVITIES						
Net proceed / (payment) from property, plant and equipment and intangible assets	(1,000.64)	(5,619.11)	(978.78)	(1,579.28)	(392.97)	101.40
Net proceeds / (payments) from investment	-	(665.42)	-	(126.08)	(1,602.85)	(983.16)
Interest received	0.10	29.20	39.00	32.53	39.59	37.50
Dividend received	-	132.00	-	66.00	19.80	20.54
Net cash used in investing activities	**-1,000.54**	**(6,123.33)**	**(939.78)**	**(1,606.83)**	**(1,936.43)**	**(823.72)**
C. CASH FLOW FROM FINANCING ACTIVITIES						
Net proceeds from long term borrowings	1,429.28	3,275.21	1,245.96	7.64	1,082.24	(300.20)
Net proceeds from short term borrowings	1,224.72	(52.65)	(143.92)	407.97	(50.56)	637.27
Dividend Paid	-	(80.50)	(80.50)	(80.50)	(39.20)	(39.20)
Interest Paid	(283.11)	(634.64)	(739.89)	(615.58)	(739.26)	(596.53)
Net cash generated from / (used in) financing activities	**2,370.89**	**2,507.42**	**281.65**	**(280.47)**	**253.22**	**(298.66)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**58.23**	**37.37**	**(485.41)**	**313.53**	**307.82**	**(137.35)**
Cash and cash equivalents at the beginning of the period / year	239.66	202.29	687.70	374.17	66.35	203.70
Cash and cash equivalents at the end of the period / year *	**297.89**	**239.66**	**202.29**	**687.70**	**374.17**	**66.35**
* Cash and cash equivalents at the end of the year comprises (refer note no.12)						
i) Cash on hand	2.47	1.42	1.12	1.01	0.89	1.05
ii) Balances with banks	295.42	238.24	201.17	686.69	373.28	65.30

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Place :
Date :

For and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN: 02086809

Sanjeev Kumar Aggarwal
Chief Financial Officer

Raj Kumar Singh
Company Secretary
MNO: 14265

Place :
Date :

THE OFFER

Equity Shares Offered	
Offer of Equity Shares	Up to [•] Equity Shares aggregating up to ₹15,500 million
of which	
Fresh Issue [(1)]	Up to [•] Equity Shares aggregating up to ₹13,000 million
Offer for Sale[(2)]	Up to [•] Equity Shares aggregating up to ₹2,500 million
A) QIB Portion[(3)(4)]	Not more than [•] Equity Shares
of which:	
Anchor Investor Portion	[•] 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 the Anchor Investor Portion))	[•] Equity Shares
Balance for all QIBs including Mutual Funds	[•] Equity Shares
B) Non-Institutional Portion[(4)]	Not less than [•] Equity Shares
C) Retail Portion[(4)]	Not less than [•] Equity Shares
Pre and post Offer Equity	
Equity Shares outstanding prior to the Offer	133,800,000 Equity Shares
Equity Shares outstanding after the Offer	[•] Equity Shares
Use of Net Proceeds	See "*Objects of the Offer*" on page 104 for information about the use of the Gross Proceeds. Our Company will not receive any proceeds from the Offer for Sale.

Allocation to all categories, except the Anchor Investor Portion and the Retail Portion, if any, shall be made on a proportionate basis. For further details, see "*Offer Procedure - Basis of Allotment*" on page 443.

(1) This Offer has been authorized by a resolution of our Board of Directors dated May 9, 2018 and by a special resolution of our Shareholders in their EGM dated May 18, 2018

(2) P R Cement Holdiings Limited has authorised the offer of such number of Equity Shares aggregating up to ₹2,500 million in the Offer, by way of its board resolution dated July 9, 2018 and consent letter dated October 31, 2018. The Selling Shareholder confirms that the Equity Shares being offered by it in the Offer, have been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Offer as required by the SEBI ICDR Regulations

(3) Our Company may, in consultation with the Selling Shareholder and the BRLMs allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB portion will accordingly be reduced from the shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Any unsubscribed portion in the Mutual Funds portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see "Offer Procedure" on page 411

(4) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories at the discretion of our Company in consultation with the Selling Shareholder, the BRLMs and the Designated Stock Exchange

GENERAL INFORMATION

Our Company was incorporated as Penna Cement Industries Limited on October 24, 1991 at Hyderabad, Telangana, India as a public limited company under the Companies Act, 1956 and received the certificate of commencement of business from the Registrar of Companies on November 8, 1991. The name of our Company was thereafter changed to Penna Cement Industriies Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 28, 2010. The name of our Company was subsequently changed to Penna Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on July 26, 2012. For details of change in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 171.

For details of the business of our Company, see "*Our Business*" on page 143.

Registered Office of our Company

Penna Cement Industries Limited
H. No.: 8-2-268/A/1/S & S1
Plot No.705, Road No.3, Banjara Hills
Hyderabad 500 034
Telangana, India
Tel: +91 40 4456 5100
Fax: +91 40 4456 5222/ +91 40 4456 5310
E-mail: cs@pennacement.com
Website: www.pennacement.com

Corporate Identification Number: U26942AP1991PLC013359
Registration Number: 013359

Address of the RoC

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

Registrar of Companies
2nd Floor, Corporate Bhawan
GSI Post, Tattiannaram Nagole, Bandlaguda
Hyderabad 500 068
Telangana, India

Board of Directors

The Board of our Company comprises the following:

Name	Designation	DIN	Address
P. Prathap Reddy	Chairman and Managing Director	00093176	H. No.8-2-309/M/1 to 4, Navodaya Colony, Road No. 14, Banjara Hills, Hyderabad 500 034, Telangana, India
Bezawada Vikram	Executive Director	02086809	H. No. 8-2-309/M/6, Road No. 14, Navodaya Colony, Banjara Hills, Hyderabad 500 034, Telangana, India
Lakshmi Kantham Dabbara	Executive Director	00822385	Plot No. 20. Flat No. 101, Padmajalaya Apartment, Srinagar Colony, Hyderabad 500 073, Telangana, India
P. Deepthi Reddy	Non-Executive Director	00264481	H. No. 8-2-309/M/6, Navodaya Colony, Road No. 14, Banjara Hills, Hyderabad 500 034, Telangana, India
P. Venugopal Reddy	Non-Executive Director	00094146	Plot No. 702, Sriniketan Colony, Road No. 3, Banjara Hills, Hyderabad 500 034, Telangana, India
Anil Kumar K.	Non-Executive Independent Director	00055634	Plot No. 125, Prashasan Nagar, Jubilee Hills, Hyderabad 500 033, Telangana, India
Kancherla Ravindranath	Non-Executive Independent Director	00117940	Plot No. 303F, Road No. 25, Jubilee Hills Hyderabad 500 033, Telangana, India
P. Pradeep Kumar	Non-Executive Independent Director	03614568	'Bhaskara', 21, 1st Main Road, 4th Cross, Gaurav Nagar, J.P. Nagar, 7th Phase, Bangalore 560 078, Karnataka, India
Sairam Mocherla	Non-Executive Independent Director	01430951	8-2-472/B/6, Road No. 4, Opp. GVK Mall, Banjara Hills, Hyderabad 500 034, Telangana, India

Name	Designation	DIN	Address
Y. Santosh Kumar Reddy	Non-Executive Independent Director	00015092	Plot No. 275, Road No.10C MLA-MP Colony, Jubilee Hills, Hyderabad 500 033, Telangana, India

For further details of our Directors, see "*Our Management*" on page 178.

Company Secretary and Compliance Officer

Raj Kumar Singh
Penna Cement Industries Limited
H. No.: 8-2-268/A/1/S & S1
Plot No.705, Road No.3, Banjara Hills
Hyderabad 500 034
Telangana, India
Tel: + 91 40 4456 5100
Fax: +91 40 4456 5222/ +91 40 4456 5310
E-mail: cs@pennacement.com

Investor Grievances

Bidders can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, such as non receipt of letters of Allotment, non credit of Allotted Equity Shares in the respective beneficiary account, non receipt of refund orders and non receipt of funds by electronic mode etc. For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs, in the manner provided below.

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

All grievances relating to Bids submitted with Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer.

Further, the investor shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediaries in addition to the information mentioned hereinabove.

All Offer related grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or first Bidder, 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 Managers

Edelweiss Financial Services Limited
14th Floor, Edelweiss House
Off CST Road, Kalina
Mumbai 400 098
Maharashtra, India
Tel: +91 22 4009 4400
Fax: +91 22 4086 3610
E-mail: pcil.ipo@edelweissfin.com
Investor Grievance e-mail: customerservice.mb@edelweissfin.com
Website: www.edelweissfin.com
Contact Person: Nishita John/ Mohit Kapoor
SEBI Registration No.: INM0000010650

IIFL Holdings Limited
10th Floor, IIFL Centre
Kamala City, Senapati Bapat Marg
Lower Parel (West), Mumbai 400 013
Maharashtra, India
Tel: +91 22 4646 4600
Fax: +91 22 2493 1073
E-mail: penna.ipo@iiflcap.com
Investor grievance e-mail: ig.ib@iiflcap.com
Website: www.iiflcap.com
Contact Person: Devendra Maydeo / Anant Gupta
SEBI Registration No.: INM000010940

JM Financial Limited
7th Floor, Cnergy
Appasaheb Marathe Marg, Prabhadevi
Mumbai 400 025
Maharashtra, India
Tel: +91 22 6630 3030
Fax: + 91 22 6630 3330

YES Securities (India) Limited
IFC, Tower 1&2, Unit No. 602 A, 6th Floor
Senapati Bapat Marg, Elphinstone (W)
Mumbai 400 013
Maharashtra, India
Tel: +91 22 3012 6776
Fax: +91 22 2421 4508

E-mail: penna.ipo@jmfl.com
Investor grievance e-mail: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Prachee Dhuri
SEBI Registration No.: INM000010361

E-mail: penna.ipo@yessecuritiesltd.in
Investor grievance e-mail: igc@yessecuritiesltd.in
Website: www.yesinvest.in
Contact Person: Nikhil Bhiwapurkar/Ronak Shah
SEBI Registration No.: MB/INM000012227

Syndicate Members

[●]

Indian Legal Counsel to the Company

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

Indian Legal Counsel to the BRLMs

Khaitan & Co
One Indiabulls Centre
13th Floor, Tower 1
841 Senapati Bapat Marg
Mumbai 400 013
Maharashtra, India
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

International Legal Counsel to the BRLMs

Squire Patton Boggs Singapore LLP
10 Collyer Quay
#03-01/02 Ocean Financial Centre
Singapore 049315
Tel: +65 6922 8668
Fax: +65 6922 8650

Statutory Auditors of our Company

C. Ramachandram & Co., Chartered Accountants
3-6-237, Unit # 606
Lingapur La Builde Complex
Himayatnagar
Hyderabad 500 029
Telangana, India
Tel: +91 40 2326 4144/ 2326 4145
Fax: +91 40 2326 4145
E-mail: crcoca@gmail.com
Firm Registration No.: 002864S
Peer Review No.: 011080

Registrar to the Offer

Karvy Computershare Private Limited
Karvy Selenium, Tower – B
Plot 31 and 32, Gachibowli
Financial District, Nanakramguda
Hyderabad 500 032
Telangana, India
Tel: +91 40 6716 2222
Fax: +91 40 2343 1551
E-mail: pcil.ipo@karvy.com
Investor grievance e-mail: einward.ris@karvy.com
Website: www.karisma.karvy.com
Contact Person: Murali Krishna M
SEBI Registration No.: INR000000221

Bankers to the Offer and/or Escrow Collection Banks

[●]

Refund Bankers

[●]

Public Issue Account Bank

[●]

Bankers to our Company

State Bank of India
Commercial Clients Group Branch (13039)
"Ozone", 2nd Floor
#6-3-669
Punjagutta Main Road
Hyderabad – 500 082
Telangana, India
Tel: +91 40 2342 1402
Fax: +91 40 2342 1407
Website: www.sbi.co.in
E-mail: sbi.13039@sbi.co.in

YES Bank Limited
Corporate Banking, YES Bank Limited
Third Floor, Mayank Towers, No. 6-3-1090/B/1&2
Raj Bhavan Road, Somajiguda
Hyderabad – 500 082
Telangana, India
Tel: +91 40 4673 0200
Fax: +91 40 6673 9001
E-mail: dlcorpdeskhyderabad@yesbank.in
Website: https://www.yesbank.in/
Contact Person: P Venkateswarlu

IDBI Bank Limited
No 5-9-89/1&2
Chapel Road
Hyderabad – 500 029
Telangana, India
Tel: +91 40 6769 4114/ +91 40 6769 4137
E-mail: selvaprakash.r@idbi.co.in/b,pradusha@idbi.co.in
Website: www.idbi.com
Contact Person: Selvaprakash R (AGM)/B. Pradusha (DGM)

Designated Intermediaries

Self Certified Syndicate Banks

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

Registered Brokers

Bidders could submit ASBA Forms in the Offer using the stock broker network of the Stock Exchanges, i.e. through the Registered Brokers at the Broker Centers. 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 Stock Exchanges at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 and http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively, as updated from time to time.

Syndicate SCSB Branches

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

Broker Centres/ Designated CDP Locations/ Designated RTA Locations

In accordance with SEBI Circulars CIR/CFD/14/2012 dated October 4, 2012 and CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, Bidders (other than Anchor Investors) can submit Bid cum Application Forms with the Registered Brokers at the Broker Centres, CDPs at the Designated CDP Locations or the CRTAs at the Designated RTA Locations, respective lists of which, including details such as address and telephone number, are available at the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com. The list of branches of the SCSBs at the Broker Centres, named by the respective SCSBs to receive deposits of the Bid cum Application Forms from the Registered Brokers will be available on the website of SEBI (www.sebi.gov.in) and updated from time to time.

Experts

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

(a) Our Company has received written consent from the Statutory Auditors namely, C. Ramachandram & Co., Chartered Accountants, to include its name as an expert as defined under Section 2(38) of the Companies Act, 2013 to the extent and in their capacity as the statutory auditors of our Company and in respect of their examination reports on our Restated Standalone Financial Statements and Restated Consolidated Financial Statements dated November 1, 2018 and the statement of tax benefits dated October 31, 2018, included in this Draft Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus. However the term 'expert' shall not be construed to mean 'expert' as defined under the U.S Securities Act.

Monitoring Agency

Our Company shall appoint a Monitoring Agency to monitor the utilization of the Net Proceeds in terms of Regulation 16 of SEBI ICDR Regulations prior to filing the Red Herring Prospectus. As required under the SEBI Listing Regulations, the Audit Committee appointed by the Board shall monitor the utilisation of the proceeds of the Offer. We will disclose the utilisation of the proceeds of the Offer under a separate head along with details, if any in relation to all such proceeds of the Offer that have not been utilised thereby also indicating investments, if any, of such unutilised proceeds of the Offer in our balance sheet for the relevant Fiscals.

Appraising Entity

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

IPO Grading

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

Inter-se Allocation of Responsibilities:

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

Sr. No	Activities	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, and positioning strategy	BRLMs	Edelweiss
2.	Pre-Offer due diligence of our Company including its operations/management/business plans/legal etc., Drafting and design of DRHP, RHP and Prospectus. Ensure compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC including finalisation of RHP, Prospectus and RoC filing	BRLMs	Edelweiss
3.	Drafting and approval of all statutory advertisements	BRLMs	Edelweiss
4.	Drafting and approval of all publicity material other than statutory advertisements as mentioned in 3 above, including corporate advertising, brochures, media monitoring, etc. & filing of media compliance report	BRLMs	IIFL
5.	Appointment of Registrar to the Offer, printers, Escrow Collection Banks, share escrow agent, monitoring agency, advertising agency (including coordinating all agreements to be entered with such parties)	BRLMs	YES Securities
6.	Preparation of road show presentation and FAQs for the road show team	BRLMs	IIFL
7.	International institutional marketing of the Offer, which will cover, inter alia: • Institutional marketing strategy • Finalising the list and division of international investors for one-to-one meetings • Finalising international road show and investor meeting schedules	BRLMs	Edelweiss
8.	Domestic institutional marketing of the Offer, which will cover, inter alia: • Finalising the list and division of domestic investors for one-to-one meetings • Finalising domestic road show and investor meeting schedules	BRLMs	YES Securities and JM Financial
9.	Conduct non-institutional marketing of the Offer which will cover, inter alia, formulating marketing strategies for non-institutional investors	BRLMs	IIFL
10.	Conduct retail marketing of the Offer, which will cover, inter-alia: • Finalising media, marketing, public relations strategy and publicity budget • Finalising collection centres • Finalising centres for holding conferences for brokers etc. • Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material	BRLMs	Yes Securities
10.	Coordination with Stock Exchanges for book building software, bidding terminals and mock trading, deposit of 1% security deposit	BRLMs	YES Securities
11.	Managing the book and finalization of pricing in consultation with our Company	BRLMs	Edelweiss

Sr. No	Activities	Responsibility	Coordination
12.	Post-Bidding activities – management of escrow accounts, finalization of the basis of allotment based on technical rejections, Basis Advertisement, listing of instruments, demat credit and refunds/ unblocking of funds, payment of the applicable STT coordination with SEBI and Stock Exchanges for the refund of 1% security deposit and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, SCSBs, including responsibility for execution of underwriting arrangements, as applicable	BRLMs	JM Financial

Credit Rating

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

Trustees

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

Book Building Process

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

All Bidders, except Anchor Investors, can participate in the Offer only through the ASBA process. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Offer Period and withdraw their Bids until the Bid/ Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/ Offer Period. Allocation to QIBs in the QIB Portion (other than the Anchor Investor Portion) will be on a proportionate basis and allocation to Anchor Investors will be on a discretionary basis. For further details, see “*Terms of the Offer*” and “*Offer Procedure*” on pages 404 and 411 respectively.

Each Bidder by submitting a Bid in the Offer, will be deemed to have acknowledged the above restrictions and the terms of the Offer.

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

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

For further details on the method and procedure for Bidding, see “*Offer Procedure*” on page 411.

Illustration of Book Building Process and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see “*Offer Procedure – Part B – Basis of Allocation – Illustration of the Book Building Process and Price Discovery Process*” on page 442.

Underwriting Agreement

After the determination of the Offer Price, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholder will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLMs will be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfil their underwriting obligations. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions specified therein.

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

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

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

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

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

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

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

CAPITAL STRUCTURE

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

(In ₹, except share data)

	Particulars	Aggregate value at face value	Aggregate value at Offer Price*
A	**AUTHORIZED SHARE CAPITAL(1)**		
	200,000,000 Equity Shares of face value ₹10 each	2,000,000,000	
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER**		
	133,800,000 Equity Shares of face value ₹10 each	1,338,000,000	
C	**PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS**		
	Fresh Issue of up to [●] Equity Shares of face value of ₹10 each aggregating up to ₹13,000 million (2)	[●]	[●]
	Offer for Sale of up to [●] Equity Shares of face value of ₹10 each by Selling Shareholder aggregating up to ₹2,500.00 million (3)	[●]	[●]
D	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	Nil	
	After the Offer	[●]	
E	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER**		
	[●] Equity Shares	[●]	

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

(1) *For details in relation to the changes in the authorised share capital of our Company, see "History and Certain Corporate Matters" on page 171*

(2) *The Offer has been authorised by the Board of Directors pursuant to their resolution dated May 9, 2018 and the Shareholders pursuant to their special resolution dated May 18, 2018*

(3) *The Selling Shareholder i.e. P R Cement Holdiings Limited, has authorised the offer of such number of Equity Shares aggregating up to ₹2,500 million in the Offer, by way of board resolution dated July 9, 2018 and consent letter dated October 31, 2018. The Selling Shareholder, confirms that the Equity Shares being offered by it in the Offer, have been held by it for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Offer as required by Regulation 26(6) of the SEBI ICDR Regulations*

Notes to the Capital Structure

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

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

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

(1) *10 Equity Shares were allotted to P. Prathap Reddy, 10 Equity Shares were allotted to N. Radhakrishna Reddy, 10 Equity Shares were allotted to P. Munikrishna, 10 Equity Shares were allotted to V.R. Vasudevan, 10 Equity Shares were allotted to D.M. Rao, 10 Equity Shares*

were allotted to K. Prakash Rao and 10 Equity Shares were allotted to M. Hanmanth Rao

(2) 47,400 Equity Shares were allotted to 58 allottees

(3) 276,670 Equity Shares were allotted to 66 allottees

(4) 2,385,000 Equity Shares were allotted to 278 allottees

(5) 2,243,400 Equity Shares were allotted to 78 allottees

(6) 1,969,400 Equity Shares were allotted to 34 allottees

(7) 150,000 Equity Shares were allotted to P. Prathap Reddy, 30,000 Equity Shares were allotted to Padmanabhaiah P.A., 30,000 Equity Shares were allotted to Sashi Krishna Papagari, 2,000 Equity Shares were allotted to Satyayathi G. and Usha Kiran G., 200,000 Equity Shares were allotted to A.P. Industrial Development Corporation Limited and 5,000 Equity Shares were allotted to Venkata Subbamma Kunam

(8) 5,941,060 Equity shares were allotted to 259 allottees

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

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

**Records of minutes of the meetings of Board & Shareholders of the Company for periods between October 24, 1991 to December 27, 1993 are not available. For details see "Risk Factors - Our Company was incorporated in 1991 and we are unable to trace some of our historical records including minutes of the Board and Shareholders meetings and certain share transfer deeds. Further, certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 25*

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

2. **Issue of Equity Shares for consideration other than cash**

Our Company has not issued Equity Shares for consideration other than cash or out of revaluation reserves on the date of this Draft Red Herring Prospectus.

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

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

(a) *Build-up of our Promoters' shareholding in our Company*

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

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
P. Prathap Reddy							
October 24, 1991*	Subscription to the MoA	10	Cash	10	10	0.00%	[●]
June 6, 1992*	Preferential Allotment	194,300	Cash	10	10	0.15%	[●]
February 6, 1995	Preferential Allotment	1,110,000	Cash	10	10	0.83%	[●]
June 30, 1995	Preferential Allotment	150,000	Cash	10	10	0.11%	[●]
March 29, 1996	Preferential Allotment	370,000	Cash	10	10	0.28%	[●]
October 27, 1997	Transfer from Arun Kumar V.	7,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Vasanthi Kumar V.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from K.V.N. Sathyanarayana Rao	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Dr. Jayaramaiah B.	9,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Venkata Rami Reddy	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Redamma Papireddy	3,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Raja Gopal Reddy C.M.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Venkataramaiah B.	3,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Venkataram Reddy P.	4,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
December 3, 1997	Transfer from Venkataiah M.	7,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Gopal Rao R.	5,000	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from D. Kullai Reddy	200	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Anam Ramanarayana Reddy	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Sireesha D.L.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Vasundara K.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Rami Reddy K.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Chandrasekhar Reddy K.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Surendra Reddy K.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from K. Adi Lakshmma	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Sridevi K.	20,000	Cash	10	10	0.01%	[●]
November 19, 1999	Transfer from Madhusudhan Reddy K.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Nirmala D.L.	10,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Uma Shankar Reddy K.	10,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Suresh Kumar R. and Krishna Kumari S.	10,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Sham Sunder Reddy V.	20,000	Cash	10	10	0.01%	[●]
June 20, 2000	Transfer from Sampath Kumar Reddy V.	20,000	Cash	10	10	0.01%	[●]
June 20, 2000	Transfer from Ram Mohan Reddy V.	10,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Rajagopal Reddy V.	20,000	Cash	10	10	0.01%	[●]
June 20, 2000	Transfer from Raghu Nandan Reddy V.	10,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Krishna Mohan Reddy V.	10,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Ajit Bhagwan Kulkarni and Samidha Ajit Kulkarni**	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Sridhar Reddy B.	21,000	Cash	10	10	0.01%	[●]
June 20, 2000	Transfer from Madhusudhan Reddy Pasunoori	20,000	Cash	10	10	0.01%	[●]
August 20, 2000	Transfer from N. Lakshmi Eswar	1,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Kotagiri Vijaya Kumari Anitha Kotagiri	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Kumar Kushal Jain	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Annamalai Kr. and A. Mangalam	10,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
February 20, 2001	Transfer from Kamal Chand Jain	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Shaila Jain	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Bharati Jain	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Sunil Kumar Jain	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Neelan Banthia	10,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Kirti Jain	20,000	Cash	10	10	0.01%	[●]
February 20, 2001	Transfer from Swan Securities & Investments Limited	10,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Vasudevan V.R.	15,000	Cash	10	10	0.01%	[●]
June 30, 2003	Transfer from V. Vishnu	10,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Ritesh Reddy C.	29,000	Cash	10	10	0.02%	[●]
June 30, 2003	Transfer from Rohit Reddy C.	22,000	Cash	10	10	0.02%	[●]
June 30, 2003	Transfer from Sri Karthik Securities Private Limited	10,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Ramachandra Rao K.V.P	25,000	Cash	10	10	0.02%	[●]
June 30, 2003	Transfer from Suneetha K.	25,000	Cash	10	10	0.02%	[●]
July 20, 2004	Transfer from Shree Sai Gardens Private Limited	210,490	Cash	10	20	0.16%	[●]
July 20, 2004	Transfer from Subhadra Investments Private Limited	112,500	Cash	10	20	0.08%	[●]
July 20, 2004	Transfer from P. Muni Krishna	180	Cash	10	20	0.00%	[●]
March 31, 2007	Transfer to Puttamreddy Prathap Reddy (HUF)	(45,000)	Cash	10	10	NA	[●]
March 31, 2007	Transfer to P. Prathap Reddy, Managing Partner, Pioneer Builders	(1,314,180)	Cash	10	10	NA	[●]
August 26, 2017	Transfer from R Prabhakar Reddy	5,000	Cash	10	200	0.00%	[●]
July 9, 2018	Bonus Issue	12,271,500	NA	10	NA	9.17%	[●]
Total		**13,635,000**				**10.19%**	**[●]**
P. Prathap Reddy, Managing Partner, Pioneer Builders							
March 29, 1996	Preferential Allotment	245,000	Cash	10	10	0.18%	[●]
April 2, 1997	Transfer from A.P. Industrial Development Corporation Limited	9,50,000	Cash	10	11.58	0.71%	[●]
October 27, 1997	Transfer from Kunda Sawant and K.P. Sawant	2,500	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Deepak Ramanlal Sanghvi	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Suresh Chendumal Sanghavi	5,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
October 27, 1997	Transfer from Preetam Nemchand Sanghvi	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Neemchand Chandamal Sanghvi	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Sheetal Nemchand Sanghvi	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Dayasagar K.	9,000	Cash	10	10	0.01%	[●]
October 27, 1997	Transfer from Jalani Basha S.K.	2,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Dayakar Reddy I.	8,000	Cash	10	10	0.01%	[●]
October 27, 1997	Transfer from Chinaiah B.	9,000	Cash	10	10	0.01%	[●]
October 27, 1997	Transfer from Baluswamy M.	4,600	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Ashok Kumar Reddy Y.	2,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Appa Rao	3,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Ramana Reddy P.	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Rajesh Reddy P.	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Penchala Reddy P.	7,000	Cash	10	10	0.01%	[●]
October 27, 1997	Transfer from Madan I.	4,900	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Lalitha B.	3,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Krishna Murthy P.	7,000	Cash	10	10	0.01%	[●]
October 27, 1997	Transfer from Krishna Murthy G.	4,900	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Kodandaram Reddy R	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Jayaprakasam K.	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Jayanthi B.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from K.M. Rao	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from K. Prabhakar Rao	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from G. Nirmala	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Indira Yekula	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Sridevi Mummadi Reddy	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from D. Subba Reddy	2,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from D. Srinivasulu Reddy	2,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Vijayabhaskar Reddy Y.	3,500	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Vijaya Prakash Koilakuntla and Prakash Rao Koilakuntla	3,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Venkateshwar Rao G.	4,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
October 27, 1997	Transfer from Venkata Subbamma Annam	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Sushela K.	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Shree Sai Leasing And Finance Limited	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Mohan Rao V.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Verendra Kumar Agarwal	15,000	Cash	10	10	0.01%	[●]
October 27, 1997	Transfer from Malleshwar Swamy	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Mastan Reddy G.	4,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Geeta A Kalgutkar Ashok Krishnakant Kalgutkar	3,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Ramachandra Reddy P.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Rajesh P.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Sundari K.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Anish Reddy K.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Dr. M.V.R. Reddy	2,500	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from G. Srinivasulu Reddy	2,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Daga D.S.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Indir Daga	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Usha Rani B.	2,500	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Madhusudhan Reddy P.	2,500	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Raghava Reddy P.	5,000	Cash	10	10	0.00%	[●]
October 27, 1997	Transfer from Sujatamma P.	4,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Adrusta Kumar	9,000	Cash	10	10	0.01%	[●]
December 3, 1997	Transfer from Srinivasulu Reddy D.	3,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Avn Varma Vegesana and Anuradha Vegesana	2,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Janardhan Reddy P	2,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Subba Reddy P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Chinna Balu Swamy	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Prem Kumar	2,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Subba Reddy D.	1,500	Cash	10	10	0.00%	[●]

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

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
December 3, 1997	Transfer from Manjula P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Madhav Reddy P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Jalani Basha S.K.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from D. Venkataramana Reddy	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from D. Venkataraghava Reddy	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Bhaskar Reddy P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Babu Reddy P.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Ashok Kumar Reddy Y.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Anish K.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Venugopal Rao J.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Tulasi Reddy G.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Venkateshwara Rao E.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Suryanarayana Reddy E.	3,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Thirupathi Rao B.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Sudhakar Reddy P.	3,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Santosh Kumar T.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Srinivasulu Reddy K.	7,000	Cash	10	10	0.01%	[●]
December 3, 1997	Transfer from Srinivasulu Reddy G.	8,900	Cash	10	10	0.01%	[●]
December 3, 1997	Transfer from Siddapah	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Sarada B.	8,000	Cash	10	10	0.01%	[●]
December 3, 1997	Transfer from Santha N.	4,900	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Sankaraiah N.	7,000	Cash	10	10	0.01%	[●]
December 3, 1997	Transfer from Ravichander R.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Ramachandra Rao N.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Rajeswar Rao V.	3,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Prathap Rao G.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Prabhakar Rao G.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Narasinga Rao M.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Mohan Rao G.	3,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Diwakar Rao E.	2,500	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
December 3, 1997	Transfer from Deepika	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Ayodya Singh T.	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Ashok Rao Ch.	5,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Ajay Rao G.	2,500	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Satyavathi Gand Anand Kumar G.	3,400	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Satyavathi G. and Usha Kiran G.	2,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Rama Murthy G. Prakash Rao Koilakuntla	4,000	Cash	10	10	0.00%	[●]
December 3, 1997	Transfer from Radhakrishna G. and Ramakrishna G.	4,000	Cash	10	10	0.00%	[●]
April 30, 1998	Transfer from Subhlabh Securities Private Limited	10,000	Cash	10	10	0.00%	[●]
June 25, 1998	Transfer from Lt. C. Vinodkumar Gupta and Ashish Gupta	15,000	Cash	10	10	0.01%	[●]
June 25, 1998	Transfer from Gautam Mukerjiand Pritha Mukerji	5,000	Cash	10	15	0.00%	[●]
June 25, 1998	Transfer from Krishna Guptaand K.K. Gupta	2,500	Cash	10	10	0.00%	[●]
June 25, 1998	Transfer from Kumud Chowdhary	2,500	Cash	10	10	0.00%	[●]
June 25, 1998	Transfer from Kavitha Chowdhary	2,500	Cash	10	10	0.00%	[●]
June 25, 1998	Transfer from Priya Chowdhary	2,500	Cash	10	10	0.00%	[●]
June 25, 1998	Transfer from Shyam Chowdhary	2,500	Cash	10	10	0.00%	[●]
October 7, 1998	Transfer from Lt. Gen L.N. Misra	3,000	Cash	10	10	0.00%	[●]
October 7, 1998	Transfer from Aswani Kumar Nannapaneni and Radha Nannapaneni	2,500	Cash	10	10	0.00%	[●]
October 7, 1998	Transfer from M.N. Rao and M.A. Lakshmi	2,500	Cash	10	10	0.00%	[●]
October 7, 1998	Transfer from Natwarlal Balabux Jhawarand Gayatri Devi N. Jhawar	5,000	Cash	10	10	0.00%	[●]
October 7, 1998	Transfer from Unit Trust of India	1,000,000	Cash	10	16.95	0.75%	[●]
April 14, 1999	Transfer from Vijayam Varijakshan Menon	400	Cash	10	10	0.00%	[●]
April 14, 1999	Transfer from M. Veereswara Rao	500	Cash	10	10	0.00%	[●]
April 14, 1999	Transfer from Veereswara Rao M.	2,500	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Venkateswara Rao Pappu	2,500	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
August 25, 1999	Transfer from P. Ventakeswar Rao	300	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Sunita Lanka	5,000	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Leelavathi Mullangi	2,500	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Subba Lakshmamma N.	2,500	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Sarada Trimala and Renuka Venkatesh	2,500	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Manoranjitha Karanam and Prabhakar Karanam Jayaram Pillai	2,500	Cash	10	10	0.00%	[●]
August 25, 1999	Transfer from Pallavi Yadav	2,500	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Nagaraju Muntimadugu	2,500	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from R. Basavaiah	300	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from C. Rajani	300	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Sri Karuna Devi Tadikonda and Ramavara Prasad	5,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Balakishan Bajaj and Mangala Bajaj	2,500	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Ramanujula Reddy T.	5,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Rama Subba Reddy K.	4,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Radha K.	4,500	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Maheshwar Reddy K.	4,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Salamma K.	4,500	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Narayana Reddy K.	4,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Vasudeva Reddy K.	4,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Sarojamma K.	4,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Purushotham Reddy K.	4,000	Cash	10	10	0.00%	[●]
November 19, 1999	Transfer from Subhadramma D.L.	8,500	Cash	10	10	0.01%	[●]
November 19, 1999	Transfer from Ravindra Reddy D.L.	8,500	Cash	10	10	0.01%	[●]
November 19, 1999	Transfer from Raghu G.	5,000	Cash	10	10	0.00%	[●]
January 20, 2000	Transfer from Sandhya Madadi	2,500	Cash	10	10	0.00%	[●]
January 20, 2000	Transfer from M. Ravinder Reddy	200	Cash	10	10	0.00%	[●]
January 20, 2000	Transfer from T. Subramaniam Pillai	200	Cash	10	10	0.00%	[●]
January 20, 2000	Transfer from Nanda Kumar Raju A.V.	2,500	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
January 20, 2000	Transfer from Venkatarami Reddy Saribali	5,000	Cash	10	10	0.00%	[●]
January 20, 2000	Transfer from A.V. Nanda Kumar Raju	300	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from R. Prasada Rao P.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Krishna Kumari Sunkara	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Surekha B. and Venugopal Reddy B.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Venugopal Reddy B. and Surekha B.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Shailendra B. Chhajed and Nirmala S. Chhajed	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Gouri Mahalakshmi K.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Rakesh Kumar Malhotra	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from P. Rajya Lakshmi	5,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Vinaya Devalla	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Devalla Anasuyamma	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Devalla Seshu Reddy	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Vilasini Joshi K.	4,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Veena B. Kini	4,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Ramesh Rao U.	4,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Prabha Rao U.	5,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Lakshmi Devi Kamath	4,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Deepa Devanand	4,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Anita Rao U.	5,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Prasad V.S.E Padma V.S.P	5,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Vanita Malhotra	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Janardhan Reddy B.	5,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Pushpavenamma	5,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Lakshmi Manasa S. Ashok S.R.	5,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Vivek Chandasekhar S.	3,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Madhusudhan Reddy S.	5,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Meenakshi S.	2,500	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
April 20, 2000	Transfer from Venkata Raman K.V.V.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Shankar V.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Venkat Raghavan V.	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Basavanthappa Sankarappa Benni	1,000	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from Narayan Reddy Madadi	2,500	Cash	10	10	0.00%	[●]
April 20, 2000	Transfer from B.V.S.P. Somayajulu	300	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Shoba Reddy P.	4,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Siddaiah Naidu D.	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Ramanna D.	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Pullaiah Naidu	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Bharathi D.	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Vimala**	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Amulya Reddy B.	9,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Akhila Gautham G.	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Isanka Ramakrishna	15,560	Cash	10	10	0.01%	[●]
June 20, 2000	Transfer from Venkatachalam Chetty S.	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Rakuminamma V.	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Anuradha	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Rama Rao. I.	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Ananta Sai Padmaja Jasthi	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Bala Krishna Reddy Paleti	4,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Mohan Rao D.	4,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Saroja	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Vijaya Kumar V	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Suhurlathamma Paleti	4,400	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Anasuya Reddy P.	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Saraswatamma B.**	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Bala Rekha T.	2,500	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Satish Reddy K.	5,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Deepthija K.	5,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
June 20, 2000	Transfer from Pista Devi Aggarwal	1,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Baij Nath Aggarwal**	1,000	Cash	10	10	0.00%	[●]
June 20, 2000	Transfer from Parmanand Junaja***	3,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Gopal Singh Nathawat	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Ayesha Sherief	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Ejaz Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Fatima Qureshi	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Ifteqar Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Zahid Ali	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Zahera Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Khaja Nehaluddin	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Khaja Afzaluddin	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Atika Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Riazuddin Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Zarina Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Rabia Sherief	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Raziuddin Ahmed	2,500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Valsala Ramakrishna	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from O.P. Rama Krishanan	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from Padmavati K.	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from N. Subba Rao	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from M. Venkateswara Rao	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from K. Prabhakar Rao	1,000	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from N. Srinivas Rao	500	Cash	10	10	0.00%	[●]
August 20, 2000	Transfer from N. Venkateswara Rao	1,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Satyapal Khullar	3,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Krishna Kumar Prasad	3,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Nagesh Gowd Lingala	3,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Raju P.	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Faiz Ahmed	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Syed Riazuddin	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from C. Satyanarayanamma	1,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
October 20, 2000	Transfer from P.K. Ramam	1,600	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from P. Seeta Ramam	1,600	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Varalakshmi N. and B. Narayanan**	4,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Yenugula Chandraiah**	3,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Prem Prakash Singavi**	1,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Pesala Venkata Subbarayudu	5,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from C. Anjaiah	500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Sundari M. and G. Manoharan	8,000	Cash	10	10	0.01%	[●]
October 20, 2000	Transfer from Narsimhan G. and Narasimhan	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Meenakshi N. Venkatachalam	4,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Manoharan G.	6,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Kameswari M.	3,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Sri Gopalan V.	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Devalla Vydehi	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Sheela Jain	2,500	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Satyanarayana Tapadia	3,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Ashok Ostwal	3,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from D. Madhusudhan Rao	4,200	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Ramalakshmi V.	4,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Kanakmba Velamuri	4,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Bhaskar Venkatesh Darbha	3,000	Cash	10	10	0.00%	[●]
October 20, 2000	Transfer from Venkat Ramesh D.	3,000	Cash	10	10	0.00%	[●]
February 20, 2001	Transfer from Parthasarathy M.A.V.R.	2,500	Cash	10	10	0.00%	[●]
May 20, 2001	Transfer from Mukesh Kumar Lalwani	5,000	Cash	10	10	0.00%	[●]
May 20, 2001	Transfer from Mohanlal Lalwani	2,500	Cash	10	10	0.00%	[●]
May 20, 2001	Transfer from Dr. Rama Chandra Raju D.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from C. Meenakshi	25,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from V.R. Vasudevan	810	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
June 30, 2003	Transfer from V. Ramesh	1,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Jagadeesh M.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Naidu K.M.S.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Vasantha Kumari M.	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Hari Prasad Rao	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Satyanarayana K.V.N.	7,000	Cash	10	10	0.01%	[●]
June 30, 2003	Transfer from Muppaneni Nirmala	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Venkata Subbamma Kunam	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Jaya Chandra Reddy Lakka and Parvathi Lakka	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Venkata Subbamma Kunam	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Rajagopal Reddy H.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Somasekhara Reddy Yellannagari and Veerasekhara Reddy Yellannagari	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Thomas P. K.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Karamala Ashraf	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Nagaraja Gupta D.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Jayalskhmi K.C. and Madhu Babu K.C.	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Jeevan Kumar Yadalam and Sucharitha Yadalam and Sukanyamma Yadalam	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from P. K. Jayathilak	200	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from P. K. Geetha	500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from T. Kannaki and V. Tirupathi	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Kandadai Gopal and Hema Gopal	2,500	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Sita Devi K.	7,000	Cash	10	10	0.01%	[●]
June 30, 2003	Transfer from Padmanabha Rao C.	4,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Ramayyamma R.V.	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Rajyalakshmi Muppaneeni	5,000	Cash	10	10	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
June 30, 2003	Transfer from Venkata Satya Chaya Jayalakshmi M.	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Srinivas Rao K.	9,000	Cash	10	10	0.01%	[●]
June 30, 2003	Transfer from Ashok Srinivas Rao M.	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Mohan Rao M.V.M.	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from Sarada Devi K.	5,000	Cash	10	10	0.00%	[●]
June 30, 2003	Transfer from A. Uma Maheswara Rao	100	Cash	10	10	0.00%	[●]
July 20, 2004	Transfer from A.P. Industrial Development Corporation	600,000	Cash	10	10	0.45%	[●]
July 20, 2004	Transfer from Sudhakar Devati	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Sashi Krishna P.	105,000	Cash	10	20	0.08%	[●]
July 20, 2004	Transfer from Dharma Reddy Gujjula	6,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Goutham S.	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Girija R	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Komala Devi K.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Madhusudhan Rao Kasanneni	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Padma G.	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ravindranath B.	7,500	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Anand Kumar J.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ashalatha J.	4,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Atchut Kumar B.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Bhasker Venkateswarlu D.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Durga K.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ganga Reddy G.	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Gopalakrishna K.V.R	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Goverdhan Reddy Mayreddy	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Hanumantha Rao R.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Janaradhana Rao P.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Janardhan Revoori	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Mahalaxmi A.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from B. Ravindranath C/O Sree Sai Associates	75,000	Cash	10	20	0.06%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
July 20, 2004	Transfer from Subrahmanyam P.S.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Vani Kumari C.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Venkateshwar Rao Pappu	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Vijay Kumar B.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Vijay Kumar Boppana	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ravindranath B.	55,000	Cash	10	20	0.04%	[●]
July 20, 2004	Transfer from Padmanabhaiah P.A.	52,500	Cash	10	20	0.04%	[●]
July 20, 2004	Transfer from Venkat Narayana K.P.	2,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Menon M.V.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Mohan Rao P.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Mohan Reddy G.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Nirmala Daga	4,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Radha G.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Prasad B.L.N.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Padma Radhika B.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Bhagyalakshmi K.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ganesh Das Daga	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Krithi Krishna P.	4,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Manjula J	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Shoba Rao P.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Aruna Kumari K.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Chanda K.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ramakrishna D.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Poorna Rao Papagari	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Lalitha D.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from P. Munikrishna	611,000	Cash	10	20	0.46%	[●]
July 20, 2004	Transfer from Ashok Kumar B.	21,000	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Bhuvaneswari B.	12,500	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Rajeswari B.	4,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Annapurna K.	3,600	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Babu Rao M.	5,000	Cash	10	20	0.00%	[●]

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
July 20, 2004	Transfer from Balagangadhar Tilak Korrapaty	2,600	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Bhaskaramma C.B.	10,000	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Gayatri M.	5,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Jaganatha Raju D.	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from K.S.S. V.P. Shrma	8,000	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Koteswaramma C.B.	10,000	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Krishna Mohan Prasad	5,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Lakshman Rao N.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Lakshmi G.	4,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Lakshmikantamma N.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Leela Vathi P.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Manga K.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Murthy K. S. R. C.	10,000	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Murthy T. V. S. N.	5,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Narendra Reddy K	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Padma V.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Palagangadharam I.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ramjogeswara Rao N.	4,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Ravi Kiran K.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Renuka M.	4,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Sarada K.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Sharada Prasanna G.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Sharma K.S.S.V.P.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Subbarao A.	3,600	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Sudhakar Reddy K.	3,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Swarnalatha B.	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Uma P.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Vasanth Reddy G.	2,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Venkateshwarlu R.	10,000	Cash	10	20	0.01%	[●]
July 20, 2004	Transfer from Shakunthala B.	5,000	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Subhashini S.	3,500	Cash	10	20	0.00%	[●]
July 20, 2004	Transfer from Usha Rani Kasanneni	2,500	Cash	10	20	0.00%	[●]

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

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
October 20, 2006	Transfer from Seetharamam Pappu**	2,500	Cash	10	10	0.00%	[●]
October 20, 2006	Transfer from Kodanda Ramam Papu**	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Parvathi V.S.	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Satyanarayana Rao P.V.	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from B. Satyalakshmi	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from K. Mohammed Shariff	200	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Geevarughese John	300	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from K. Venu Gopal	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from D. Durga Prasad Rao	300	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Y. Ganapati Rao	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from K. Aruna	200	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Narayana Prasad Bhagavatula	5,000	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Ramesh Ramaiah	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from P. Snehlatha	4,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Krishnama Naidu Damarapati	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Savitha Devi	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Ranga Rao Reddy and Chundru Venkateshwara Rao	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Somaraju Bhupati Raju	5,000	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Satyanarayana Rao Pinnamaneni	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Nagaraja Chetty C.	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Faimina Azad	5,000	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Nemchnad Chandenmal Sanghri	5,000	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from M.R. K.C. Jain	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from A.D. Prasad Rao	100	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Chandra Sekhar Gubba	2,500	Cash	10	10	0.00%	[●]
	Transfer from Varaprasada Reddy Badnehal and		Cash	10		0.00%	

Date of allotment/ transfer	Nature of transaction	No. of Equity Shares	Nature of consideration	Face value per Equity Share (₹)	Offer Price/ Transfer Price per Equity Share (₹)	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
December 27, 2006	Viswanantha Reddy Badnehal	2,500			10		[●]
December 27, 2006	Transfer from D. Madhusudhan Rao	10	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from M. Hanmanth Rao	210	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from K. Raveendra Sekhar	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from S. Narsi Reddy	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Girish Bhagwan Rao K.	200	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from U.V.V.L. Narasimham	200	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from P. Ramakrishna Rao	100	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from M. Rajeshwari	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from M. Rukhma Bai	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Bharathi Peddi	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from L. Ashok	500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Vuppu Jayalakshmi and Vuppu Ramprasad	2,500	Cash	10	10	0.00%	[●]
December 27, 2006	Transfer from Purnima	500	Cash	10	10	0.00%	[●]
March 31, 2007	Transfer from Deepa C. and Niranjan Reddy	2,500	Cash	10	10	0.00%	[●]
March 31, 2007	Transfer from Girish Mittal	15,000	Cash	10	60	0.01%	[●]
March 31, 2007	Transfer from Chander Parkesh	2,000	Cash	10	10	0.00%	[●]
March 31, 2007	Transfer from P.K.D. Nagalakshmi	100	Cash	10	10	0.00%	[●]
March 31, 2007	Transfer from P. Prathap Reddy	1,314,180	Cash	10	10	0.98%	[●]
July 9, 2018	Bonus Issue	63,085,320	NA	10	NA	47.15%	[●]
Total		**70,094,800**				**52.39%**	[●]
P R Cement Holdiings Limited							
January 1, 1994	Preferential Allotment	820,000	Cash	10	10	0.61%	[●]
February, 6, 1995	Preferential Allotment	415,000	Cash	10	10	0.31%	[●]
March 29, 1996	Preferential Allotment	3,075,010	Cash	10	10	2.30%	[●]
October 27, 1997	Transfer from Vijaya Growth Financial Services Limited	150,000	Cash	10	12.33	0.11%	[●]
March 29, 2014	Transfer from B. Ramanarsaiah	100	Cash	10	300	0.00%	[●]
November 13, 2017	Transfer from Sheela Devi	3,000	Cash	10	250	0.01%	[●]
November 13, 2017	Transfer from Rushali Gupta	3,000	Cash	10	250	0.00%	[●]
November 13, 2017	Transfer from Sandhya Gupta	4,000	Cash	10	250	0.00%	[●]
July 9, 2018	Bonus Issue	40,230,990	NA	10	NA	30.07%	[●]
Total		**44,701,100**				**33.41%**	[●]

** Records of minutes of the meetings of Board & Shareholders for periods between October 24, 1991 to December 27, 1993 are not available. For details, see "Risk Factors - Our Company was incorporated in 1991 and we are unable to trace some of our historical records including minutes of the Board and Shareholders meetings and certain share transfer deeds. Further, certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 25*
***Share transfer forms for these transfers are not tracable. For further details, see "Risk Factors – Our Company was incorporated in 1991 and we are unable to trace some of our historical records including minutes of the Board and Shareholders meetings and certain share transfer deeds. Further, certain of our secretarial records have not been adequately maintained. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in the future in relation to these matters, which may impact our financial condition and reputation" on page 25*
****Share transfer forms for the transfer of 1,000 Equity Shares out of 3,000 Equity Shares transferred to Parmanand Junaja on June 20, 2000 are not tracable, accordingly we have relied on the statutory registers of the Company for verifying the transfer price.*

- Except as disclosed in this Draft Red Herring Prospectus, our Promoters have not undertaken any purchase or sale of Equity Shares of our Company since incorporation. All the Equity Shares held by our Promoters are fully paid-up.

- Other than:

  (i) 68,238,000 Equity Shares held by P. Prathap Reddy in his capacity as Managing Partner, Pioneer Builders, which constitutes 51 per cent of the pre-Offer paid up Equity Share capital of our Company which has been encumbered pursuant to a non-disposal undertaking dated August 23, 2017, entered into with IDBI Trusteeship Limited in relation to a loan availed from Yes Bank Limited; and

  (ii) 12,042,000 Equity Shares held by P. Prathap Reddy, which constitutes 9 per cent of the pre-Offer paid up Equity Share capital of our Company which has been encumbered pursuant to a pledge created in favour of IDBI Trusteeship Services Limited in respect of a loan availed by our Group Companies, namely Pioneer Genco Limited, Krishna Hydro Energy Limited, Pioneer Power Corporation Limited, Lakshmi Jalavidyut (Krishna) Limited and a Promoter Group entity, Pioneer Power Limited from Yes Bank Limited;

  none of the Equity Shares held by our Promoters and Promoter Group are pledged or otherwise encumbered. Yes Bank Limited pursuant to its letter dated July 9, 2018 has agreed to release the non disposal undertaking and pledge five days prior to filing the Red Herring Prospectus with the RoC. For details in respect of encumbrances created on the Equity Shares held by the Promoters, see "- *Shareholding Pattern of our Company*" on page 100.

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

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

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

Sr. N.	Name of the Shareholder	Pre-Offer		Post-Offer	
		No. of Equity Shares	Percentage of total Equity Shareholding	No. of Equity Shares	Percentage of total Equity Shareholding
6.	P. Deepthi Reddy	250,000	0.19	[●]	[●]
	Total (B)	**2,750,000**	**2.05**	[●]	[●]
	Total (A+B)	**131,180,900**	**98.04**	[●]	[●]

4. **Shareholding of directors of our corporate Promoter, P R Cement Holdiings Limited in our Company**

Sr. No.	Name of the Shareholder	Pre-Offer		Post-Offer	
		No. of Equity Shares	% of total Equity Share-holding	No. of Equity Shares	% of total Equity Share-holding
1.	P. Venkata Lakshmi	750,000	0.56	[●]	[●]
2.	N. Radhakrishna Reddy	2,100	0.00*	[●]	[●]
3.	P. Deepthi Reddy	250,000	0.19	[●]	[●]
	Total	**1,002,100**	**0.75**	[●]	[●]

**Total pre-Offer Equity Share holding of N. Radhakrishna Reddy is 0.002%*

5. **Shareholding of Partners of our Promoter, Pioneer Builders in our Company**

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

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

6. **Details of Promoter's contribution and lock-in**

(i) Pursuant to Regulations 32 and 36(a) of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by the Promoters shall be locked in for a period of three years as minimum promoter's contribution from the date of Allotment, and the Promoter's shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment ("**Promoters' Contribution**"). The lock-in of the Promoters' Contribution would be created as per applicable laws and procedures and details of such lock-in shall also be provided to the Stock Exchanges before the listing of the Equity Shares.

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

Name of the Promoter	Date of allotment of the Equity Shares	Date of transaction and when made fully paid-up	Nature of transaction	No. of Equity Shares	Face value (₹)	Issue/ acquisition price per Equity Share (₹)	No. of Equity Shares locked-in[(1)]	Percentage of Pre-Offer paid up capital (%)	Percentage of the post-Issue paid-up capital (%)[(1)]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
	Total						**[●]**	[●]	[●]

(1) Subject to finalisation of the Basis of Allotment

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

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

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

(b) The Promoters' Contribution does not include any Equity Shares acquired during the immediately preceding one year and at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

(c) Our Company has not been formed by the conversion of a partnership firm into a company; and

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

(e) All Equity Shares of our Company held by our Promoters are in dematerialised form.

7. **Other lock-in requirements**

(i) In addition to the Promoters' Contribution locked in for three years as specified above, in terms of Regulation 36 and 37 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of one year from the date of Allotment in this offer except Equity Shares which are successfully transferred as part of the Offer for Sale.

(ii) Pursuant to Regulation 40 of SEBI ICDR Regulations, the Equity Shares held by the Promoters, which are locked-in may be transferred to and among the members of the Promoter Group or to any new Promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

(iii) Pursuant to Regulation 39(a) of the SEBI ICDR Regulations, the Equity Shares held by the Promoters which are locked-in for a period of three years from the date of Allotment may be pledged only with any scheduled commercial banks or public financial institutions as collateral security for loans granted by such banks or public financial institutions for the purpose of financing one or more objects of the Offer and such pledge of the Equity Shares is one of the terms of the sanction of such loans. Since the Offer comprises an offer for sale of Equity Shares by the Selling Shareholder, the Company will not receive any proceeds from the Offer. Accordingly, the Promoters will not be entitled to pledge any Equity Shares held by them which are locked-in for a period of three years from the date of Allotment.

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

(v) Further, in terms of Regulation 40 of the SEBI ICDR Regulations, the Equity Shares held by persons other than the Promoter and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

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

8. **Shareholding Pattern of our Company**

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

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No. of fully paid up Equity Shares held (IV)	No. of Partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total No. of shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of shares (calculated as per SCRR) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)			No. of shares underlying outstanding convertible securities (including warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	No. of locked in shares (XII)		Number of shares pledged or otherwise encumbered (XIII)		No. of Equity Shares held in dematerialized form (XIV)
								No of Voting Rights									
								Class Equity	Total	Total as a % of (A+B+C)			No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
(A)	Promoter & Promoter Group	9	131,180,900	-	-	131,180,900	98.04	-	-	-	-	98.04	-		80,280,000*		131,180,900
(B)	Public	12	2,619,100	-	-	2,619,100	1.96	-	-	-	-	1.96	-		-		-
(C)	Non Promoter-Non Public	-	-	-	-	-	-	-	-	-	-	-	-		-		-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-		-		-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-		-		-
	Total	**21**	**133,800,000**	**-**	**-**	**133,800,000**	**100.00**					**100.00**			80,280,000		131,180,900

** The Equity Shares aggregating 51% of the issued and paid up capital of our Company held by P. Prathap Reddy in his capacity as Managing Partner, P. Prathap Reddy have been encumbered pursuant to a non disposal undertaking dated August 23, 2017 entered into with IDBI Trusteeship Limited in relation to a loan availed from Yes Bank Limited. Further, 12,042,000 Equity Shares aggregating 9% of the pre-Offer paid up capital of our Company have been pledged by our Promoter, P. Prathap Reddy, in favour of IDBI Trusteeship Services Limited in respect of a loan availed by our Group Companies, namely Pioneer Genco Limited, Krishna Hydro Energy Limited, Pioneer Power Corporation Limited, Lakshmi Jalavidyut (Krishna) Limited and a Promoter Group entity, Pioneer Power Limited from Yes Bank Limited. Yes Bank Limited pursuant to its letter dated July 9, 2018 has agreed to release the non disposal undertaking and pledge five days prior to filing the Red Herring Prospectus with the RoC. Further, the Promoters have entered into a non disposal undertaking dated August 23, 2017 with L&T Finance Limited and L&T Infrastructure and Finance Company Limited pursuant to which they had agreed to maintain 51% of the total issued and paid up capital of the Company at all times. Pursuant to their letters dated June 22, 2018, L&T Finance Limited and L&T Infrastructure and Finance Company Limited have waived their rights under the non disposal undertaking subject to such rights coming into force one year from the date of Listing (in the event that the loans are still outstanding)*

9. **The list of top 10 Shareholders of our Company and the number of Equity Shares held by them as on the date of this Draft Red Herring Prospectus, 10 days before the date of filing of this Draft Red Herring Prospectus and two years prior the date of filing of this Draft Red Herring Prospectus are set forth below:**

(a) The top 10 Shareholders as of the date this Draft Red Herring Prospectus are as follows:

Sl. No.	Name of the Shareholder	Current Shareholding	
		No. of Equity Shares	Percentage (%)
1.	P. Prathap Reddy, Managing Partner, Pioneer Builders	70,094,800	52.39
2.	P R Cement Holdiings Limited	44,701,100	33.41
3.	P. Prathap Reddy	13,635,000	10.19
4.	P. Venkata Lakshmi	750,000	0.56
5.	P. Ramesh Reddy	600,000	0.45
6.	P. Niharika	500,000	0.37
7.	Puttamreddy Prathap Reddy (HUF)	450,000	0.34
8.	P. Venkata Divya Priyanka	400,000	0.30
9.	Nirupama P.	400,000	0.30
10.	Samyukta J.C.	400,000	0.30
	Total	**131,930,900**	**98.60**

(b) The top 10 Shareholders 10 days prior to the date of the Draft Red Herring Prospectus are as follows**:**

Sl. No.	Name of the Shareholder	Current Shareholding	
		No. of Equity Shares	Percentage (%)
1.	P. Prathap Reddy, Managing Partner, Pioneer Builders	70,094,800	52.39
2.	P R Cement Holdiings Limited	44,701,100	33.41
3.	P. Prathap Reddy	13,635,000	10.19
4.	P. Venkata Lakshmi	750,000	0.56
5.	P. Ramesh Reddy	600,000	0.45
6.	P. Niharika	500,000	0.37
7.	Puttamreddy Prathap Reddy (HUF)	450,000	0.34
8.	P. Venkata Divya Priyanka	400,000	0.30
9.	Nirupama P.	400,000	0.30
10.	Samyukta J.C.	400,000	0.30
	Total	**131,930,900**	**98.60**

(c) The top 10 Shareholders two years prior to the date of filing of this Draft Red Herring Prospectus are as follows:

Sl. No.	Name of the Shareholder	Current Shareholding	
		No. of Equity Shares	Percentage (%)
1.	P. Prathap Reddy, Managing Partner, Pioneer Builders	7,009,480	52.39
2.	P R Cement Holdiings Limited	4,460,110	33.33
3.	P. Prathap Reddy	1,358,500	10.15
4.	P. Venkata Lakshmi	75,000	0.56
5.	P. Ramesh Reddy	60,000	0.45
6.	P. Niharika	50,000	0.37
7.	Puttamreddy Prathap Reddy (HUF)	45,000	0.34
8.	P. Venkata Divya Priyanka	40,000	0.30
9.	Nirupama P.	40,000	0.30
10.	Samyukta J.C.	40,000	0.30
	Total	**13,178,090**	**98.49**

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

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

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

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

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

11. As on the date of this Draft Red Herring Prospectus, the BRLMs and their respective associates do not hold any Equity Shares in our Company. The BRLMs and their affiliates may engage in the transactions with and perform services of our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.

12. Our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956 or Section 230 to Section 232 of the Companies Act, 2013.

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

14. No payment, direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by our Company or our Promoters to the persons who are Allotted Equity Shares.

15. None of the members of our Promoter Group, our Promoters, directors of P R Cement Holdiings Limited, partners of Pioneer Builders or our Directors and their immediate relatives have purchased or sold any securities of the Company during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with the SEBI.

16. As of the date of the filing of this Draft Red Herring Prospectus, the total number of our Shareholders is 21.

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

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

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

20. Except for the sale of certain Equity Shares held by P R Cement Holdiings Limited in the Offer for Sale, our Promoters, Promoter Group and Group Companies will not participate in the Offer.

21. There have been no financing arrangements whereby our Promoter Group, the directors of P R Cement Holdiings Limited, our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of business of the financing entity during a period of six months preceding the date of filing of this Draft Red Herring Prospectus.

22. Our Company presently does not intend or propose to alter its capital structure for a period of six months from the Bid/Issue Opening Date, by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for Equity Shares) whether on a preferential basis or by way of issue of bonus shares or on a rights

basis or by way of further public issue of Equity Shares or qualified institutions placements or otherwise. Provided, however, that the foregoing restrictions do not apply to the issuance of any Equity Shares under this Offer.

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

24. Under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the Selling Shareholder, BRLMs and the Designated Stock Exchange, in accordance with the applicable law.

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

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

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

28. No person connected with the Offer, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, the Directors, the Promoters, members of our Promoter Group and Group Companies, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.

29. There are no outstanding convertible securities or any other right which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

30. As on the date of this Draft Red Herring Prospectus, our Company has not instituted any employee stock option plan or scheme.

OBJECTS OF THE OFFER

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

Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale. The Selling Shareholder will be entitled to the proceeds of the Offer for Sale, net of its portion of the Offer related expenses and relevant taxes thereon.

Requirement of Funds

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

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

2. General corporate purposes (collectively, referred to herein as the "**Objects**").

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges and enhancement of our Company's brand name and creation of a public market for our Equity Shares in India.

The main objects and objects incidental and ancillary to the main objects as set out in the Memorandum of Association enables our Company to (i) undertake its existing activities; (ii) carry out activities towards which the loans proposed to be repaid or prepaid from the Net proceeds were ulitised; and (iii) undertake activities for which funds are earmarked for general corporate purposes.

Net Proceeds

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

(₹ in million)

Particulars	Amount
Gross Proceeds of the Fresh Issue	13,000.00
(Less) Fresh Issue related expenses(1)	[●]
Net Proceeds	**[●]**

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

Utilization of Net Proceeds and Proposed Schedule of Implementation and Deployment

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

(In ₹ million)

Particulars	Total Estimated Cost	Amount which will be financed from Net Proceeds(1)	Estimated Utilisation of Net Proceeds
			Fiscal 2019
Repayment and/ or pre-payment, in full or in part, of certain borrowings availed by our Company	10,000.00	10,000.00	10,000.00
General corporate purposes(1)	[●]	[●]	[●]
Total	[●]	[●]	[●]

(1) To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25.00% of the gross proceeds of the Offer.

Details of the Objects of the Fresh Issue

1. **Repayment or pre-payment of certain borrowings availed by our Company**

Our Company has entered into various financial arrangements with banks, financial institutions including borrowings in the form of term loans, fund and non-fund based working capital facilities, non-fund based capex facilities, vehicle loans, NCDs and sales tax deferral. For details of these financing arrangements including the terms and conditions, see "*Financial Indebtedness*" on page 362. As on September 30, 2018, the amount outstanding under the loan facilities availed by our Company was ₹19,383.14 million, of which the amount outstanding under the term loans and non fund based capex facilities availed by our Company was ₹13,278.40 million.

Our Company intends to utilize the Net Proceeds aggregating up to ₹10,000.00 million (approximately) towards repayment and/ or pre-payment of certain borrowings availed by our Company which comprises of term loans and other non fund based capex facilities. The selection of borrowings proposed to be repaid/ pre-paid from the facilities availed is based on various factors, including (i) costs, expenses and charges relating to the facility including interes rates involved; (ii) presence of onerous terms and conditions under the facility; (iii) ease of operation of the facility; (iv) any conditions attached to the borrowings restricting our ability to pre-pay the borrowings and time taken to fulfil, or obtain waivers for fulfilment of, such requirements; (v) receipt of consents for pre-payment from the respective lenders; (vi) terms and conditions of such consents and waivers; (vii) levy of any pre-payment penalties and the quantum thereof; (viii) provisions of any law, rules, regulations governing such borrowings; (ix) terms of pre-payment to lenders, if any; (x) mix of credit facilities provided by lenders; and (xi) other commercial considerations including, among others, the interest rate on the loan facility, the amount of the loan outstanding and the remaining tenor of the loan.

In the ordinary course of business, due to various operational benefits, our Company may explore possibilities of other banks participating in existing loans either in full or in part, including the loans mentioned in the table below. Some of our financing agreements provide for the levy of prepayment penalties. Some of these existing loans may be replaced by new/additional loans but the amounts proposed to be utilised from the Net Proceds for full or partial repayment/prepayment shall remain unchanged. Payment of pre-payment penalty, if any, shall be made out of the Net Proceeds of the Fresh Issue. In the event that the Net Proceeds are insufficient for the said payment of pre-payment penalty, such payment shall be made from the internal accruals of our Company.

Given the nature of these borrowings and the terms of repayment or pre-payment, the aggregate outstanding loan amounts may vary from time to time. Further, the amounts outstanding under the facilities as well as the sactioned limits are dependant on several factors and may vary with the business cycle of the Company with multiple intermediate repayments, drawdowns and enchancement of sanctioned limits. In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder or re-finance our existing loans. In such cases or in case any of the loans mentioned in the table below are pre-paid or further drawn-down or the limits under the facilities are increased prior to the completion of the Offer, we may utilize Net Proceeds towards pre-payment or repayment of such additional indebtedness.

We believe that such repayment/ pre-payment will help reduce our outstanding indebtedness and debt servicing costs and enable utilization of our accruals for further investment in our business growth and expansion. In addition, we believe that this would improve our ability to raise further resources in the future to fund our potential business development opportunities.

The following table provides details of certain outstanding term loans and non fund based capex facilities availed by our Company as of September 30, 2018, out of which any of the loans may be repaid/ pre-paid from Net Proceeds, without any obligation to any particular bank/ financial institution:

Term loans and certain credit facilities availed by our Company

(Amount in ₹ millions)

S. No.	Name of the lender	Particulars of documentation	Nature of Loan	Amount Sanctioned	Amount outstanding as on September 30, 2018[1]	Interest Rate (% per annum)	Purpose[2]	Repayment Schedule	Pre-payment Penalty/ Conditions
1.	Hero Fincorp Limited	Sanction letter dated November 13, 2017 Facility agreement dated November 27, 2017 and other ancillary documents in relation to this loan	Term Loan	1,000.00	1,000.00	1 year MCLR + 3.00% p.a	For financing on going capital expenditure in Pune, Krishnapatnam grinding units, Boyareddipalli clinker capacity expansion, purchase of vessels and re-financing of existing term loans	Repayment in 32 equal quarterly repayments starting from June 2019	1.00% plus applicable taxes up to March 2020 and nil thereafter. No prepayment penalty will be chargeable if the loan is prepaid out of the internal accruals/ surplus internal accruals or equity infusion or NCDs
2.	L&T Finance Limited	Sanction letter dated June 29, 2017 Facility agreement dated August 23, 2017 read with Deed of Assignment and Accession dated March 28, 2018	Term Loan	2,700.00	2700.00	PLR (-) 4.40% p.a	For financing on going capital expenditure in Pune, Krishnapatnam grinding units, Boyareddipalli plant, purchase of vessels and re-financing of existing term loans	Repayment in 32 equal quarterly repayments starting from June 2019	1.00% of the amount pre-paid except in the event of prepayment being made with 30 days prior notice. In the event of prepayment of outstanding loan through the refinance by the financial institutions/ Banks/ NBFC etc., prepayment charges at the rate of 2.00% on the outstanding loan amount will be attracted.
3.	L&T Infrastructure Finance Company Limited	Sanction letter dated June 29, 2017 Facility agreement dated August 23, 2017 read with Deed of Assignment and Accession dated March 28, 2018 and other ancillary documents in	Term Loan	500.00	0.00**	PLR (-) 4.40% p.a	For financing on going capital expenditure in Pune, Krishnapatnam grinding units, Boyareddipalli plant, purchase of vessels and re-financing of existing term loans	Repayment in 32 equal quarterly repayments starting from June 2019	1.00% of the amount pre-paid except in the event of prepayment being made with 30 days prior notice. In the event of prepayment of outstanding loan through the refinance by the financial institutions/ Banks/ NBFC etc.,

S. No.	Name of the lender	Particulars of documentation	Nature of Loan	Amount Sanctioned	Amount outstanding as on September 30, 2018(1)	Interest Rate (% per annum)	Purpose(2)	Repayment Schedule	Pre-payment Penalty/ Conditions
		relation to this loan							prepayment charges at the rate of 2.00% on the outstanding loan amount will be attracted.
4.	Yes Bank Limited*	Sanction letter dated March 30, 2017 Loan Agreement dated April 28, 2017 and other ancillary documents in relation to this loan	Term Loan	8,500.00	8,242.54	1 year MCLR + 2.25% p.a	For financing on going capital expenditure in Pune, Krishnapatnam grinding units, Boyareddipalli clinker capacity expansion, purchase of vessels and re-financing of existing term loans	Repayment in 32 equal quarterly repayments starting from June 2019	1%, nil if pre-paid out of mandatory sweep in of internal accruals/ surplus internal accruals/ equity infusion or NCDs or sell down arrangement by Yes Bank Limited
5.	Yes Bank Limited*	Sanction letter dated December 26, 2017 Loan Agreement dated December 28, 2017 and other ancillary documents in relation to this loan	Term Loan	75.00	67.50	1 year MCLR + 1.75% p.a payable monthly	Towards maintenance capex at existing plants	Repayment in 10 equal quarterly repayments after a moratorium of six months from the date of first disbursement	Nil
6.	Yes Bank Limited*	Sanction letter dated June 29, 2018 and other ancillary documents in relation to this loan	Non fund based	2000.00	1268.36	1.00% p.a payable quarterly	Import of capital goods	Tenor of 24 months.	Nil
TOTAL				**14,775.00**	**13,278.40**				

(1) As certified by the Statutory Auditors of our Company, C. Ramachandram & Co., Chartered Accountants, pursuant to their certificate dated November 1, 2018

(2) As per the certificate dated November 1, 2018 issued by the Statutory Auditors of our Company, C. Ramachandram & Co., Chartered Accountants, the facilities have been utilised for the purposes for which they were sanctioned

** As on the date of this Draft Red Herring Prospectus, Yes Bank Limited is an affiliate of Yes Securities, one of the BRLM s to the Offer. For further details, see "Risk Factors - A portion of the Net Proceeds may be utilized for repayment or pre-payment of loans taken from YES Bank Limited which is an affiliate of one of our BRLMs" on page 32*

*** Our Company has not drawn down any amounts under this facility as on the date of this Draft Red Herring Prospectus. However, our Company intends to draw down this facility, in part or in full, between the Draft Red Herring Prospectus and Red Herring Prospectus*

Given the nature of these borrowings and the terms of repayment/ pre-payment, the aggregate outstanding loan amounts may vary from time to time. In addition to the above, we may, from time to time, enter into further financing arrangements and draw down funds thereunder. In such cases or in case any of the above loans are pre-paid or further drawn-down prior to the completion of the Offer, we may utilize the Net Proceeds towards repayment/pre-payment of such additional indebtedness availed by us, details of which shall be provided in the Red Herring Prospectus.

2. **General Corporate Purposes**

The Net Proceeds will first be utilised for the objects as set out above. We will have flexibility in utilizing the balance Net Proceeds, if any, for general corporate purposes, subject to such utilisation not exceeding 25% of the Gross Proceeds in accordance with Regulation 4(4) of the SEBI ICDR Regulations, including but not restricted towards strategic initiatives and acquisitions, investment in Subsidiaries, funding initial stages of equity contribution towards our projects, working capital requirements, part or full debt repayment, strengthening of our marketing capabilities and towards repayment and pre-payment penalty on loans as may be applicable. The quantum of utilisation of funds toward the aforementioned purposes will be determined by our Board based on the amount actually available under the head "General Corporate Purposes" and the corporate requirements of our Company.

In case of variations in the actual utilization of funds designated for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any which are not applied to the other purposes set out above.

Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds in a Financial Year, we will utilize such unutilized amount in the next Financial Year.

Interim use of Net Proceeds

Pending utilization of the Net Proceeds for the purposes described above, our Company undertakes to deposit the Net Proceeds only in one or more scheduled commercial banks included in the Second Schedule of the Reserve Bank of India Act, 1934, as amended, as may be approved by our Board.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Bridge Financing Facilities

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

Means of Finance

The fund requirements set out above are proposed to be funded from the Net Proceeds. Accordingly, we confirm that there are no requirements to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI ICDR Regulations through verification means towards at least 75.00% of the states means of finance exclusing the amount to be raised from Fresh Issue.

In the event that estimared utilisation out of the Net Proceeds towards the aforementioned objects in a Fiscal is not completely met, due to any reason, the same shall be utilised (in part or full) in the subsequent period as may be determined by our Company, in accordance with applicable law.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹[●] million. The Offer expenses includes listing fees, fees payable to the BRLMs, underwriting fees, selling commission, legal counsel, advisors to the Offer, Registrar to the Offer, Bankers to the Offer including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges. The fees and expenses relating to the Offer shall be shared, upon successful completion of the Offer, in the proportion mutually agreed among the Company and the Selling Shareholder in proportion to the respective Equity Shares offered by each of them in the Offer in accordance with Applicable Law. The Selling Shareholder shall reimburse the Company for all expenses incurred by the Company in relation to the Offer for Sale on its behalf. The break-up for the estimated Offer expenses are as follows:

Activity	Amount * (₹ in million)	As a % of total estimated Offer related expenses*	As a % of Offer size*
Fees payable to the BRLMs (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]
Selling commission and processing fees for SCSBs(1)(2)	[●]	[●]	[●]
Brokerage, selling commission and processing / uploading charges for members of the Syndicate, Registered Brokers, RTAs and CDPs(3)(4)	[●]	[●]	[●]
Fees payable to Registrar to the Offer	[●]	[●]	[●]
Printing and stationery expenses			
Advertising and marketing expenses			
Others: **i.** Listing fees; **ii.** SEBI, BSE and NSE processing fees; **iii.** Fees payable to Legal Counsels; and **iv.** Miscellaneous.	[●]	[●]	[●]
Total estimated Offer expenses	[●]	[●]	[●]

* *To be incorporated in the Prospectus after finalization of the Offer Price.*

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

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

**Based on valid Bid cum Application Forms*

No additional processing/uploading charges shall be payable by our Company to the SCSBs on the applications directly procured by them.

(2) Processing fees payable to the SCSBs on the portion for Retail Individual Investors, portion for Non-Institutional Investors, which are procured by the members of the Syndicate /Sub-Syndicate /Registered Brokers /Collecting RTAs /CDPs and submitted to SCSBs for blocking would be as follows:

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

**Based on valid Bid cum Application Forms*

(3) Selling commission on the portion for Retail Individual Investors, the portion for Non-Institutional Investors which are procured by Syndicate Members (including their Sub-Syndicate Members) would be as follows:

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

**Based on valid Bid cum Application Forms*

In addition to the selling commission referred above, any additional amount(s) to be paid by our Company and Selling Shareholder shall be as mutually agreed amongst the Book Running Lead Managers, their respective Syndicate Members and our Company before the opening of the Offer.

Further, the Syndicate, RTAs and CDPs will be entitled to Bidding Charges: ₹ [●] 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 member of syndicate.

(4) Selling commission payable to the Registered Brokers, Collecting RTAs and CDPs on the portion for Retail Individual Investors, and portion for Non-Institutional Investors which are directly procured by the Registered Broker or RTAs or CDPs or submitted to SCSB for processing, would be as follows:

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

** Based on valid Bid cum Application Forms*

All of the above are exclusive of applicable taxes.

The Offer expenses shall be payable in accordance with the arrangements or agreements entered into by the Company with the respective Designated Intermediary.

Monitoring Utilization of Funds

Our Company shall appoint a Monitoring Agency for monitoring the utilization of Net Proceeds of the Fresh Issue prior to the filing of the Red Herring Prospectus. The Audit Committee appointed by the Board and the Monitoring Agency will monitor the utilization of Net Proceeds and submit its report to us in terms of Regulation 16(2) of the SEBI ICDR Regulations. Our Company will disclose the utilisation of Net Proceeds under a separate head in our Balance Sheet along with relevant details for all the sum amounts that have not been utilised.

Pursuant to Regulation 18(3) of the Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee of the Board of Directors the uses and application of the Net Proceeds. Additionally, the Audit Committee shall review the report submitted by the Monitoring Agency and make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only till such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with Regulation 32 of the Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including deviations, if any, in the utilization of the Net Proceeds of the Offer from the objects of the Offer as stated above. The information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee. We will disclose the utilization of the Net Proceeds under a separate head along with details in our balance sheet(s) until such time as the Net Proceeds remain unutilized clearly specifying the purpose for which such Net Proceeds have been utilized. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds in a Financial Year, we will utilize such unutilized amount in the next Financial Year.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act, 2013, our Company shall not vary the objects of the Fresh Issue without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**General Meeting Notice**") shall specify the prescribed details, provide Shareholders with the facility to vote by electronic means, if applicable, and shall be published in accordance with the Companies Act, 2013. The General Meeting Notice shall simultaneously be published in the newspapers, one in English and one in Telugu, being the vernacular language of the jurisdiction where our Registered Office is situated. Our Promoters will be required to provide an exit opportunity to such Shareholders who do not agree to the above stated proposal, at a price and in such manner as may be prescribed by SEBI in Chapter VI-A of the SEBI ICDR Regulations. For further details, see "*Risk Factors – Any variation in the utilisation of the Net Proceeds would be subject to certain compliance requirements, including prior shareholders'approval*" on page 35.

Other Confirmations

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

There are no existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Promoters, our Promoter Group, our Associate, our Directors, Key Management Personnel, Associates or Group Companies.

Our Company has not entered into and is not planning to enter into any arrangements/agreements with our Promoters, our Promoter Group, our Associate, our Directors, our Key Management Personnel or Group Companies Group Companies in relation to the utilisation of Net Proceeds.

BASIS FOR OFFER PRICE

The Offer Price will be determined by our Company in consultation with the Selling Shareholder and the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹10 each and the Offer Price is [●] times the Floor Price and [●] times the Cap Price of the Price Band. Investors should also see "*Our Business*", "*Risk Factors*" and "*Financial Statements*" on pages 143, 14, and 210, respectively, to have an informed view before making an investment decision.

The accounting ratios and numbers have been calculated after taking into account the bonus issue done on July 9, 2018 in the ratio of nine Equity Shares for every one Equity Share, authorised by the shareholders of the Company on June 14, 2018, which was undertaken through the capitalisation of a part of retained earnings of the Company to the persons who were the shareholders of the Company on the record date.

Qualitative Factors

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

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

For details, see "*Our Business – Competitive Strengths*" on page 145.

Quantitative Factors

The information presented below relating to our Company is based on the Restated Standalone Financial Statements and Restated Consolidated Financial Statements for Financial Years 2016, 2017 and 2018 prepared in accordance with Ind AS and the Companies Act, 2013 and restated in accordance with the SEBI ICDR Regulations. For details, see "*Financial Statements*" on page 210.

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

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

On a standalone basis:

Fiscal Year ended	Basic		Diluted	
	EPS (in ₹)	Weight	EPS (in ₹)	Weight
March 31, 2016	19.98	1	19.98	1
March 31, 2017	13.04	2	13.04	2
March 31, 2018	12.35	3	12.35	3
Weighted Average	**13.85**		**13.85**	
For the period ended June 30, 2018*	0.79		0.79	

**Not annualized*

Note:

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

On a consolidated basis:

Fiscal Year ended	Basic		Diluted	
	EPS (in ₹)	Weight	EPS (in ₹)	Weight
March 31, 2016	20.14	1	20.14	1
March 31, 2017	13.58	2	13.58	2

Fiscal Year ended	Basic		Diluted	
	EPS (in ₹)	Weight	EPS (in ₹)	Weight
March 31, 2018	11.71	3	11.71	3
Weighted Average	**13.74**		**13.74**	
For the period ended June 30, 2018*	0.91		0.91	

**Not annualized*

Note:

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

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

1) P/E based on basic and diluted EPS for the year ended March 31, 2018 at the lower end of the Price Band are [●] and [●] respectively.

2) P/E based on basic and diluted EPS for the year ended March 31, 2018 at the higher end of the Price Band are [●] and [●] respectively.

Industry Peer Group P/E ratio

	Industry P/E*
Highest	[●]
Lowest	[●]
Industry Composite	[●]

C. Return on Net Worth ("RoNW")

As per Restated Standalone Financial Statements:

Fiscal Year ended	RoNW (%)	Weight
March 31, 2016	43.80%	1
March 31, 2017	22.46%	2
March 31, 2018	17.70%	3
Weighted Average	**23.64%**	
For the period ended June 30, 2018*	1.12%	

**Not annualized*

As per Restated Consolidated Financial Statements:

Fiscal Year ended	RoNW (%)	Weight
March 31, 2016	38.62%	1
March 31, 2017	20.85%	2
March 31, 2018	15.37%	3
Weighted Average	**21.07%**	
For the period ended June 30, 2018*	1.17%	

**Not annualized*

Note:

Return on net worth (%) = Restated profit for the period/year / net worth as at the end of year/ period

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

1) Based on Basic EPS:

Particulars	Restated Standalone Financial Statements (%)	Restated Consolidated Financial Statements (%)
At the Floor Price	[●]	[●]
At the Cap Price	[●]	[●]

2) Based on Diluted EPS:

Particulars	Restated Standalone Financial Statements (%)	Restated Consolidated Financial Statements (%)
At the Floor Price	[●]	[●]
At the Cap Price	[●]	[●]

E. Net Asset Value ("NAV") per Equity Share of face value of ₹ 10 each

Fiscal year ended/ Period ended	Restated Standalone Financial Statements (₹)	Restated Consolidated Financial Statements (₹)
As on March 31, 2018 – NAV	69.80	76.19
As on June 30, 2018 - NAV	70.64	77.12
Offer Price	[•]	[•]
After the Offer	[•]	[•]

Note:

Net asset value (₹) = Net Worth at the end of the year/period /Number of equity shares outstanding at the end of the year/period

F. Comparison with Listed Industry Peers

Name of the company	Revenue from operations (₹ in million)	Face Value per Equity Share (₹)	P/E Ratio	EPS (Basic) (₹)	EPS (Diluted) (₹)	Return on Net Worth (%)	Net Asset Value/ Share (₹)
Penna Cement Industries Limited	18,938	10.00	NA	11.71	11.71	15.37%	76.19
Peer Group							
UltraTech Cement Ltd	323,046	10.00	41.26	80.94	80.92	8.4%	961.3
Shree Cement Ltd	101,595	10.00	34.12	397.30	397.30	15.6%	2,556.5
Ambuja Cements Ltd*	252,823	2.00	25.27	7.64	7.64	7.7%	127.3
ACC Ltd*	142,007	10.00	27.85	49.23	49.10	9.9%	498.4
Dalmia Bharat Ltd	86,088	2.00	34.91	60.30	60.30	9.6%	754.0
The Ramco Cements Limited	45,838	1.00	22.72	25.00	25.00	13.8%	174.4
India Cements Ltd	54,323	10.00	35.72	2.29	2.29	1.3%	171.6
Birla Corporation Ltd	59,431	10.00	29.67	19.99	19.99	3.6%	555.8
J.K. Cement Ltd	50,205	10.00	16.11	41.41	41.41	14.5%	282.5
JK Lakshmi Cement Ltd	38,597	5.00	56.75	4.69	4.69	3.0%	122.8

Note:

1. *All prices as per the closing price (25 October 2018) from bseindia.com*
2. *All financials are on a consolidated basis for the financial year ending March 31, 2018; *Except for Ambuja Cements Ltd and ACC Ltd which are for financial year ending December 31, 2017*
3. *Diluted EPS refers to the diluted earnings per share of the respective company*
4. *Net Asset Value per share is computed as the net worth as on March 31, 2018 divided by the outstanding number of equity shares as on March 31, 2018; *Except for Ambuja Cements Ltd and ACC Ltd where net worth and outstanding number of equity shares are as on December 31, 2017*
5. *P/E Ratio has been computed based on the closing market price of the equity shares provided under Note (1), divided by the diluted EPS provided under Note (3)*
6. *RoNW is computed as Profit for the year ending March 31, 2018 divided by net worth as on March 31, 2018; *Except for Ambuja Cements Ltd and ACC Ltd where RoNW is computed as Profit for the year ending December 31, 2017 divided by net worth as on December 31, 2017*

G. The Offer Price will be [•] times of the face value of the Equity Shares

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

Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*" on pages 14, 143, 333 and 210, respectively, to have a more informed view.

STATEMENT OF TAX BENEFITS

Sub: Statement of possible special Income-tax benefits (the "Statement") available to" Penna Cement Industries Limited" (the"Company") and its Shareholders, prepared in accordance with the requirements under Schedule VIII Part A –Clause (VII)(L) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

We refer to the proposed offering of the shares of the Company. We enclose herewith the statement showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act,1961 ("the Act") and Income-tax Rules, 1962 (together the "Tax Laws") presently in force in India, as applicable to the assessment year 2019-20 relevant to the financial year 2018-19 for inclusion in the Draft Red Herring Prospectus (the"DRHP"), the Red Herring Prospectus (the "RHP") and the Prospectus (collectively, the "Offer Documents") for the proposed issue of shares and offer for sale.

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

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

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

i. The Company or its shareholders will continue to obtain these possible special income-tax benefits in future; or

ii. The conditions prescribed for availing the possible special income-tax benefits have been/would be met with; or

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

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

LIMITATIONS

Our views expressed in the statement enclosed are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. Reliance on the statement is on the express understanding that we do not assume responsibility towards the investors who may or may not invest in the proposed issue relying on the statement.

This statement has been prepared solely in connection with the Proposed Offer by the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.

For C.Ramachandram&Co.,

Chartered Accountants
Firm's Registration No.: 002864S

C.Ramachandram

Partner
Membership Number: 025834
Place:Hyderabad
Date: October 31, 2018

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

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

A. Special Income-tax benefits to the Company

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

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

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

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

B. Special tax benefits available to Shareholders

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

Notes:

1. All the above benefits are as per the current tax law and any change or amendment in the laws/regulation, which when implemented would impact the same.

2. The special income-tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such prescribed conditions under the tax laws.

3. This statement does not discuss any tax consequences in the country outside India of an investment in the Equity Shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible income tax consequences that apply to them.

SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

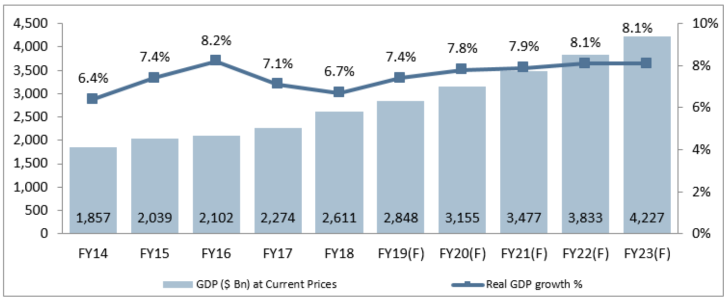
*Unless noted otherwise, the information in this section is obtained or extracted from "Report on the Indian Cement Industry" dated August 2018 (the "**F&S Report**") prepared and issued by Frost & Sullivan India Private Limited on our request. Neither we nor any other person connected with the Offer have independently verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.*

Macroeconomic Indicators of India

Gross Domestic Product ("GDP") Growth

India observed a real GDP growth of 6.7% in Fiscal 2018 primarily driven by private consumption. Interest rate reduction, implementation of the pay commission, improved foreign portfolio investment and moderate inflation levels have been the key drivers for private consumption, however, growth has been slightly slower than Fiscal 2017, primarily due to the short-term impact of demonetization prolonged till the first half of Fiscal 2018 and the weak agricultural growth. One of the key initiatives in Fiscal 2018 was the implementation of the Goods and Services Tax ("GST") which is expected to have a positive impact on the economy in the medium term. The growth in Fiscal 2017 has been aided by increase in exports after falling in Fiscal 2016, controlled inflation levels and normal monsoons aiding key rural dependent sectors, however, the growth was slightly slower than Fiscal 2016 due to the liquidity crunch as a result of demonetization. According to the Fiscal 2018 annual Budget, India had a GDP per capita of $ 1,974 in March 2018, an increase of 12.7% compared to $ 1,751 in March 2017. Along with economic restructuring through GST, and initiatives such as "Make in India", increased digitalization and strategic FDI policies, the GDP growth is expected to reach 8.1% in Fiscal 2023.

Real GDP Growth Rate and GDP Value, India, ($ billion), FY14-23F

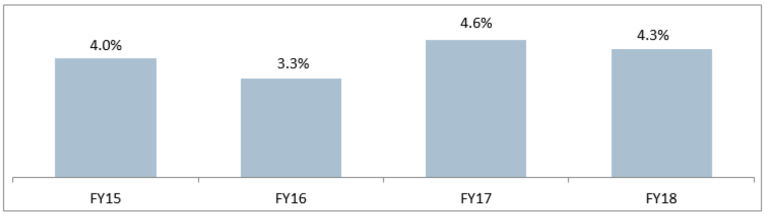


GDP contribution by Sector

The services sector, which contributes significantly to the investment flows and exports, is a major contributor to the Indian economy and contributed 53.9% to India's GDP during Fiscal 2018. The other key industries include financial services, telecommunications, tourism and insurance. The industrial sector accounts for 29.1% of India's GDP. The agriculture sector contributes 17.0% of India's GDP. The core sectors, comprising coal, crude oil, natural gas, refinery products, fertilizer, steel, cement and electricity, contribute approximately 40% of the total industrial production.

According to the Central Statistics Organisation, the Index of Industrial Production ("IIP") increased to 125.2 in Fiscal 2018 from 120.0 in Fiscal 2017. Mining recorded a growth of 2.3% in Fiscal 2018 from 5.3% in Fiscal 2017. Growth in Fiscal 2018 showed a deceleration due to the higher base in Fiscal 2017 and decline in coal mining. Manufacturing output increased by 8.7% in Fiscal 2018, and infrastructure and construction goods output grew by 12.6% over Fiscal 2017. Other sectors such as capital goods, infrastructure and construction goods, consumer non-durables, mining, electricity, primary goods, intermediate goods, and consumer goods also showed positive growth during Fiscal 2018.

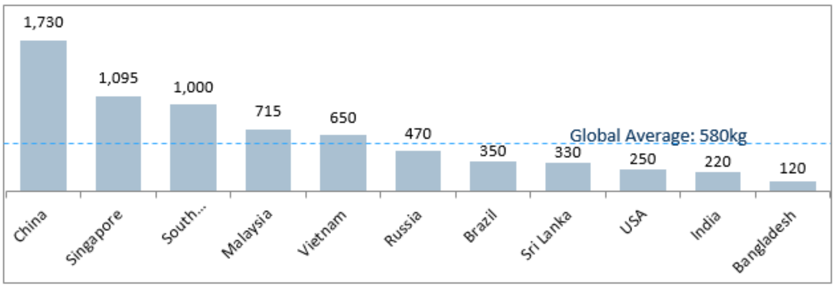
IIP Growth Rate, FY15-FY18



Key Trends and Impact on the Indian Cement Industry

India's Gross Domestic Product ("GDP") is expected to pick up momentum and positively progress during Fiscal 2018 to Fiscal 2023, after a brief slowdown due to short term transitionary impact of fiscal reforms such as demonetisation and implementation of the Goods and Services Tax ("GST"). It is expected that these reforms will favourably impact the economy in the future; urbanization, demand from housing activity and an increase in government expenditure towards infrastructure projects and 'Housing for All' initiative are expected to support the overall cement industry growth. The low base in Fiscal 2017 due to demonetization, the improved market sentiment, and revival of the real estate sector indicate that the industry is expected to experience higher growth momentum in the future.India's current per capita consumption of cement was 220 kilogram ("kg") in 2017 which is below the global average of 580 kg in 2017. This is supplemented by an increasing demand in the building and construction, infrastructural and industrial segments. In view of the growth drivers, cement manufacturers are expected to increase their production capacity by approximately 96 million tonnes during Fiscal 2019 to Fiscal 2023.

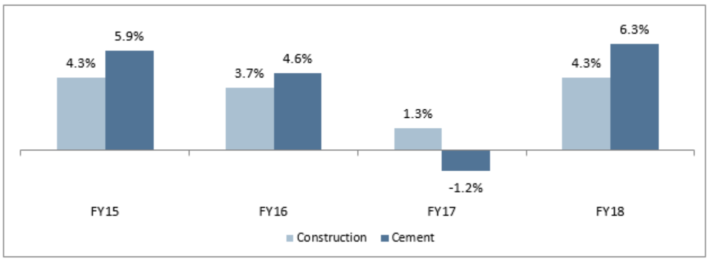
Cement Per Capita Consumption (Kg) of Select Countries and India, 2017



Industry Growth Trends and Drivers

Cement demand experienced de-growth in Fiscal 2017 due to weakness in construction sector, owing to demonetization. Though the first half of Fiscal 2018 had an impact of demonetization, Fiscal 2018 grew overall due to the revival of the housing, construction and infrastructural segment. Implementation of Real Estate (Regulation & Development) Act, 2016 is expected to improve accountability of builders and increase transparency to the homebuyers, leading to higher growth across the real estate value chain during the current and next fiscal year. The real estate sector has started demonstrating growth with policies such as Pradhan Mantri Awas Yojana (for which Government of India has sanctioned funds of ₹ 29,043 crores in Fiscal 2018), as part of which over 5.1 million houses for affordable housing segments in rural and urban regions are under construction as of March 2018. Cement demand will be supported by upcoming infrastructure development planned in Tier II and III cities by the Government's initiative to build 100 smart cities and Atal Mission for Rejuvenation and Urban Transformation ("AMRUT") to improve the quality of urban life. In addition, the increased spending of the Ministry of Road Transport and Highways is expected to increase cement demand during Fiscal 2019 to Fiscal 2023.

Construction and Cement Industry Growth %, Fiscal 2015 to Fiscal 2018



Industry cost structure and trends

Raw Material Cost

Raw material for cement includes limestone, fly ash, gypsum and slag. The large cement companies are backward integrated with secured access to limestone mines. Raw material proportions and costs vary according to the type of cement manufactured which typically includes Ordinary Portland Cement ("OPC"), Portland Pozzolana Cement ("PPC") and Portland Slag Cement ("PSC").

Power and Fuel Cost

Pet coke, a derivative of the oil refining industry, and coal are used as fuels, both in kilns and captive power plants. Oil prices witnessed a steep fall starting in June 2014 and bottomed out in February 2016. West Texas Intermediate crude oil prices per barrel averaged at $49 in 2015 and $43 in 2016, impacting pet coke and coal prices during Fiscal 2016 and Fiscal 2017. The decrease in the price of imported coal reduced the average fuel cost per tonne, improving profitability of cement companies during Fiscal 2016 and Fiscal 2017. Power and fuel costs in cement companies have witnessed an increase due to the relatively high crude oil prices in Fiscal 2018 (with West Texas Intermediate crude oil price averaging at $51 in 2017), resulting in higher coal and pet coke prices and the temporary ban on the use of pet coke in three Indian states by the Supreme Court.

Indian Cement Industry: Average Cost Structure - INR per tonne (Fiscal 2013-2018)

Item	Parameters	FY13	FY14	FY15	FY16	FY17	FY18
A	Sales per tonne^	4,643	4,489	4,700	4,594	4,509	4,708
B	Other Revenue per tonne	54	63	68	88	98	104
C	Raw Material Cost per tonne	709	791	837	865	833	867
D	Power & Fuel per tonne	1,092	1,037	1,065	919	832	991
E	Logistics Per tonne	847	895	929	939	918	1,013
F	Contribution (Realisation) per tonne [A+B-C-D-E]	2,051	1,830	1,937	1,959	2,024	1,942
G	Labour per tonne	260	270	293	308	309	308
H	Other Expenses Per tonne	760	814	846	810	800	759
I	EBITDA Per Tonne [F-G-H]	1,030	745	799	842	915	874

Note: Producers accounting for more than 90% of the market capitalization during FY18 are considered in the above cost structure analysis.

^net of taxes

Logistics Cost

Logistics costs accounted for 24% to 28% of the overall operating cost for key cement companies in Fiscal 2018, which was relatively higher than the logistics costs of other manufacturing industries. Transportation of raw materials and cement is critical and requires using multiple methods to reduce costs on a continuous basis. Splitting the grinding and clinker units allows cement companies to minimise logistics costs significantly, provided other raw material sources (such as fly ash and gypsum) are nearby. Grinding units are closer to end-use markets and employ economic modes of transport such as seaways, allowing cement companies to manage logistics costs effectively.

Labour Cost

Low capacity utilization was recorded during Fiscal 2016 to Fiscal 2017 due to growth in supply (2.6% during Fiscal 2016 to Fiscal 2017) exceeding growth in demand (0.9)%. Increase in employee wages resulted in relatively high labour cost during Fiscal 2014 to Fiscal 2016. Labour cost contribution to the overall cost increased marginally to 7.8% in Fiscal 2018 from 7.1% in Fiscal 2013.

Key Trends

Shift from traditional integrated plants to split grinding units

In a split grinding unit, the clinker grinding, cement storage and dispatch operation are carried out at a suitably selected location, away from the clinkerization unit. Split grinding route enables higher customer reach. For every tonne of cement to be produced, approximately, 0.9 tonnes (for PPC and PSC) and 1.3 tonnes (for OPC) tonnes of raw material (limestone, bauxite, iron ore and gypsum) along with 0.30 tonnes to 0.4 tonnes of flyash/ slag (for PPC and PSC) and 0.2 tonnes of coal is required. Accordingly, the location of the plant location is always a trade-off between the proximity to the raw material source or to the end markets. In such scenario, it is advantageous if the manufacturing unit is located close to the limestone deposits and cement grinding/distribution of end product is done from nearer to the consumption centers. Split grinding strategy involves the manufacturing unit of clinker to be set up close to the limestone reserve and the grinding unit to be set up nearer to the consumption center. The advantage is that transportation of clinker incurs lower cost and is easier compared to cement which has to be bagged or protected (if it is bulk) along with subsequent storage. Once it reaches the grinding unit, it is further ground along with other raw materials such as gypsum, fly-ash or slag (byproducts of thermal power or steel manufacturing respectively), in the case of blended cement. Locating the grinding units closer to these raw material sources or the consumption centers would help in lowering logistics cost. Blended cement due to inherently cheaper raw material costs improves profitability of cement companies as well as benefits the environment. Since producers set up main clinker units in proximity to limestone deposits, transportation is done through rail or road to grinding units that are set up in areas with easier environmental clearance. The land area required and capital expenditure for split grinding unit is relatively lower than setting-up an integrated unit, and it provides faster access to the end-use markets.

Benefits of Split Grinding units

- Setting up split grinding unit near high potential consumption region would help improve market penetration, economies of scale, higher asset utilization and optimize logistics cost through bulk transportation of clinker;

- Split grinding unit in different states/ region will reduce market limitations which are region/ state specific, and become a pan-India or a multi-regional player; and

- Split grinding units require lower capital expenditure and lower installation period compared to integrated units.

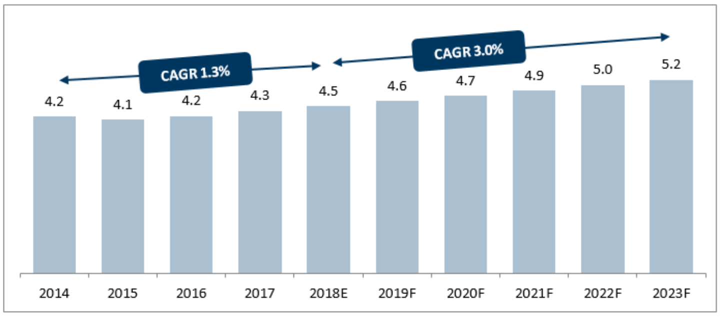
Integrated plants with Captive Power Plant ("CPP") and Waste Heat Recovery ("WHR") systems

Energy is a major component in operating expenses of a cement plant. Generally, cement companies select captive power plant with capacity ranging from 7.5 MW to 100 MW along with power from grid for their needs. Approximately 25% to 35% more energy savings is possible through the installation of CPP, which supplies power locally to the manufacturing plant. The advantage is avoiding energy charges which are higher than total cost of production of power of these facilities. However, higher capital expenditure for installing CPP and identifying market for excess power generated are challenges. Companies which sell the excess power generated have to bear the wheeling charges (for Andhra Pradesh, wheeling charges typically range from ₹ 0.90-0.95 per unit – 11 kilo-volts high-tension category). Despite this, CPP is beneficial due to its cost expected to be approximately 15%-25% lower than the grid supplied cost, depending on the power requirement of the industry and type of fuel used in the CPP. Cement being an energy intensive industry, can save substantial amount with reference to power cost when opting for a CPP. In clinker, it is observed that approximately 55% of the total heat input is only utilized for clinkerisation. Waste gases account for approximately 35% of total heat input. By optimizing the plant operation, and by recovering waste heat from these preheater and cooler gases, this saved energy can be converted into electrical energy, by installing waste heat recovery boilers/ turbine. Along with reducing carbon footprint, it effectively utilizes heat energy dissipated from the plant. A WHR system combined with the plant effectively reduces the cost of generation and provides operating cost benefits. The world average electrical energy consumption is approximately 100-110 kilowatt hour ("kWh") per tonne for cement and similarly average thermal energy consumption is approximately 850-860 kilocalorie ("kcal") per kg clinker, which is fairly high. Indian average electrical energy consumption is approximately 82 kWh per tonne; average thermal energy consumption is approximately 725 kcal per kg clinker. Hence, cost savings through energy efficient mechanisms such as installation of Waste Heat Recovery system is an essential strategy adopted by cement companies.

Tracing the Growth in Global and Indian Cement Industry

Cement is not easily replaceable and is integral for construction, infrastructure and industrial segment. The global cement industry is extremely fragmented with the presence of small, medium and large manufacturers. It is characterized by high entry barriers such as high capital investment, procurement of raw material sources through mining leases, energy intensive nature and requires many environmental clearances. These challenges also exist for the Indian companies and hence it is also fragmented with presence of many players. Global cement production is forecasted to grow from 4.5 billion tonnes in 2018 to 5.2 billion tonnes in 2023. China, India, United States of America, Vietnam, Turkey, Indonesia, Saudi Arabia, South Korea, Egypt and Russia are leading producers of cement in 2018. Global cement production has registered a compound annual growth rate ("CAGR") of 1.3% during Fiscal 2014 to Fiscal 2018. During Fiscal 2018 to Fiscal 2023, production growth is expected to accelerate to 3% CAGR, mainly owing to economic recovery, increasing urbanization, infrastructure projects, and industrialization growth.

Global Cement Production Trend, 2014-2023, billion tonnes



Large global players such as China National Building Material Company Limited, Heidelberg Cement AG, Lafarge Holcim Limited, Anhui Conch Cement Company Limited and Tangshan Jidong Cement Company Limited have established practices such as split grinding unit, captive power plant and waste heat recovery plant to increase utilization rates, improve plant efficiencies and economize logistics cost.

China was the largest cement producer and consumer in the world in 2018. There was a slight decline in Chinese cement demand during 2017 due to a decline in investments of the real estate sector owing to slowdown in the overall economy. The Asia Pacific region, led by Philippines, Vietnam and Indonesia is witnessing a revival in the construction industry and hence cement demand is expected to grow during the years 2018 to 2023.

Global Cement Demand Outlook, 2017-2018

India is the world's second largest cement player, both in production and demand. In volume terms, India's cement demand was around 7% of the global cement demand in 2017. The demand growth in the Indian cement industry is forecasted at CAGR of 8.2% from Fiscal 2018 to Fiscal 2023, making it one of fastest growing markets in the world. Like the global scenario, the Indian cement industry is extremely fragmented with the presence of small, medium and large manufacturers with 85 companies in Fiscal 2018. The installed capacity increased from 198 million tonnes per annum ("MTPA") in Fiscal 2008 to 444 MTPA in Fiscal 2018 at a CAGR of 8.3%.

Indian Cement Industry: Installed Capacity, and Utilization: Fiscal 2008 to Fiscal 2018, million tonnes

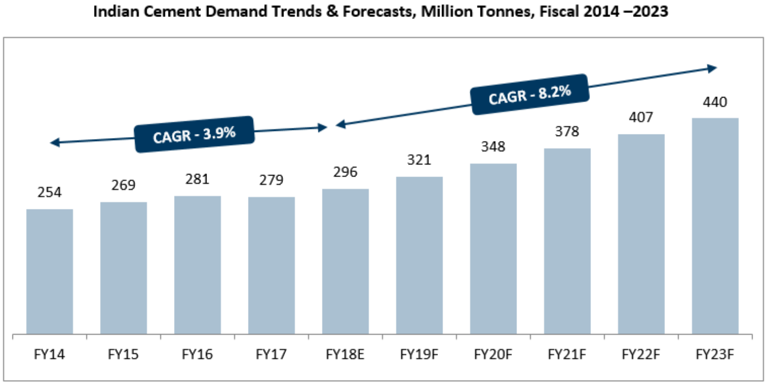
	Fiscal 2008	Fiscal 2009	Fiscal 2010	Fiscal 2011	Fiscal 2012	Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	Fiscal 2017	Fiscal 2018
Installed Capacity (million tonnes)	198	216	276	310	328	363	376	402	417	428	444
Utilization (%)	88%	87%	75%	70%	70%	68%	68%	67%	67%	65%	67%

Market Scenario and Future Potential

Market Overview

India continues to be the second largest cement producer and consumer globally and has grown manifold ever since the industry was delicensed in 1991. The various types of cement grades produced in India include PPC, OPC, PSC, white cement, oil well cement, rapid hardening cement, conforming to the Bureau of Indian Standards ("BIS") specifications. Overall installed cement capacity in India is estimated at approximately 444 million tonnes in Fiscal 2018, with majority of the large cement plants located in south India (Andhra Pradesh, Telangana, Tamil Nadu) and north India (Rajasthan).

The cement demand in India registered a CAGR of 3.9% between Fiscal 2014 to Fiscal 2018. After growing at 4.4% in Fiscal 2016, demand slowed down and witnessed a slight de-growth of 0.9% in Fiscal 2017 owing to the temporary impact of demonetisation. Factors such as implementation of Real Estate (Regulation & Development) Act, 2016 ("RERA") and ban on river sand mining in south India also hindered the demand in fiscal 2017. However, in Fiscal 2018, the demand is estimated to have increased to 296 million tonnes, up by 6.2% compared to Fiscal 2017. Some of the key factors that supported the demand growth were rebound in the housing segment, coupled with higher spend by the government in key projects of construction and infrastructure segment such as 'Housing for All' (Pradhan Mantri Awas Yojana), 'Smart Cities Mission', 'Dedicated Freight Corridors', port/ airport development initiatives and high speed rail programs.

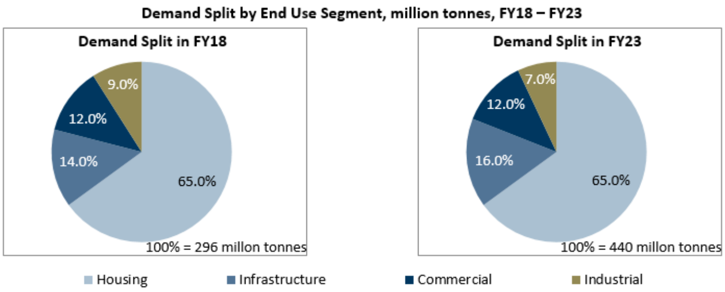


The growth momentum is expected to continue given the ongoing and planned infrastructure projects and the overall cement demand is projected to reach 440 million tonnes by Fiscal 2023. In the Union Budget allocation of Fiscal 2019, the Government of India allocated $92 billion for infrastructure development, which was 21% higher as compared to Fiscal 2018. The demand from construction of concrete roads, that is increasingly being preferred over bituminous roads, will positively impact medium and long-term consumption of cement.

Market Demand Split

Demand Split by End-Use Segments

Housing segment is the key contributor to the cement demand with approximately 65% share. The demand has increased by 8% in Fiscal 2018 compared to Fiscal 2017. In the future, increasing population and rapid urbanization would drive the demand for housing segment. Infrastructure segment is the second largest contributor for the cement sector. With the increase in capital spending, this segment is expected to grow by approximately 10.5%-11.0% CAGR during Fiscal 2018 to Fiscal 2023.



Housing Segment: Housing segment is expected to register 8.0%-8.5% CAGR during Fiscal 2018 to Fiscal 2023. One of the key drivers of growth is the increased spending by the government in the housing segment. The ongoing Pradhan Mantri Gramin Awas Yojana aims to provide 30 million housing units for the rural poor by 2022, while Pradhan Mantri Awas Yojana (Urban) targets to provide the urban poor with approximately 20 million homes by 2022. Credit Linked Subsidy Scheme ("CLSS"), a component under the Pradhan Mantri Awas Yojana, offers interest subsidy to the economically weaker sections of the society and middle-class families, creating demand for affordable housing units. In addition, the Real Estate (Regulation and Development) Act, 2016 is expected to boost the investments in the real estate sector and the increased transparency which will also attract home-buyers driving the housing demand in the future.

Infrastructure segment: Cement consumption in the infrastructure segment has increased significantly in Fiscal 2018 and is expected to grow relatively faster than other segments at approximately 10.5-11.0% CAGR during Fiscal 2018 to Fiscal 2023, primarily aided by the Government spending on infrastructure development. Central Government has introduced programs to improve infrastructure including the 'Bharatmala Pariyojana' (for road construction), 'Sagar Mala' (for ports development), 'Smart Cities Mission' (for urban development), Dedicated Freight Corridors (for improved transport infrastructure), metro rail projects and the Mumbai–Ahmedabad high-speed rail corridor - signalling continuous growth in demand from the infrastructure space in India. Highway construction in India in Fiscal 2018 has more than doubled since Fiscal 2014, reaching approximately 10,000 kilometer ("km"). In addition, with new project awards reaching a record high of 17,000 km in Fiscal 2018 (to be executed over the next two years) and expected expenditure to reach over ₹ 2,00,000 crore in Fiscal 2019, the growth in highway construction is likely to continue. The allocation for rural road construction has been increased by 12% to ₹ 19,000 crore in the Union Budget 2018, for improving rural and backward area connectivity under Pradhan Mantri Gram Sadak Yojana.

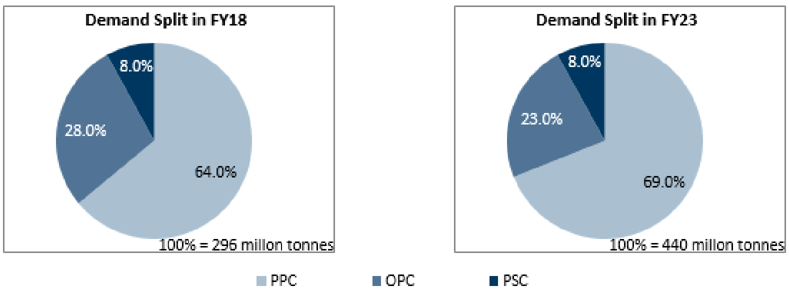
Commercial Segment: This segment comprises, amongst others, office complexes, retail stores and malls. The commercial segment is expected to grow at 7.5%-8.0% CAGR during Fiscal 2018 to Fiscal 2023, in line with the GDP growth.

Industrial Segment: The industrial segment contributed to 9% of cement demand as of Fiscal 2018. The demand from this segment is expected to grow at a CAGR of 3% - 4% during Fiscal 2018 to Fiscal 2023, primarily driven by the ongoing and proposed industrial corridors such as the Delhi – Mumbai Industrial Corridor, Bengaluru – Mumbai Economic Corridor, Chennai – Bengaluru Industrial Corridor, Vizag – Chennai Industrial Corridor and Amritsar – Kolkata Industrial Corridor. For this, the Centre Government for the unified development of all corridors set up the National Industrial Corridor Development and Implementation Trust. Industries that are more allied are expected to be set-up, leading to growth in the industrial segment. In addition, higher emphasis on local manufacturing through the Make in India initiative is expected to boost the demand for cement from this segment.

Demand Split by Product Types

PPC accounted for 64% of the overall cement consumption in Fiscal 2018, and is widely preferred for the housing and infrastructure projects such as underground structures, hydro-power stations and bridges. PPC is expected to grow 9.5% to 10.0% CAGR during Fiscal 2018 to Fiscal 2023 because of its increasing preference in India owing to its better properties in terms of thermal cracking resistance, higher strength and durability. PSC accounted for 8% demand share in Fiscal 2018 and has a very niche market and is mainly used for mass concrete structural applications such as marine onshore and offshore areas, dams, and industrial projects. PSC is expected to grow at a CAGR of 8.0% to 8.5% during Fiscal 2018 to Fiscal 2023 compared to 7.5% during Fiscal 2014 to Fiscal 2018.

Demand Split by Product Type, million tonnes, Fiscal 2018 to Fiscal 2023



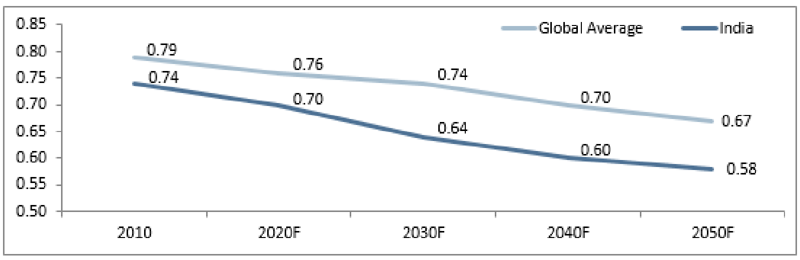
OPC accounted for 28% of the total cement consumption in Fiscal 2018, has approximately 95% of clinker and 5% of gypsum and is mainly preferred in precast concrete products, reinforced buildings, reservoirs and pavements. OPC growth rate has been significantly lower during Fiscal 2014 to Fiscal 2018 registering 1% CAGR compared with PPC (5.2% CAGR) and PSC (7.5% CAGR); future growth is expected to be lower, compared to blended cement growth, at 4% CAGR during Fiscal 2018 to Fiscal 2023.

Latest BIS specification for different types of cement are (i) OPC – IS:269:2015, (ii) PSC – IS:455:2015 and (iii) PPC - IS:1489:2015. BIS specification governs the composition of different raw materials to be used for producing different cement types. BIS specifies acceptable range for calcium oxide by mass as 44% to 52% (OPC), and 40% minimum for blended cement types (PPC and PSC). Similarly, magnesia (MgO) should be a maximum of 6% by mass for OPC, 6% by mass for PPC and 10% by mass for PSC. Sulphuric anhydride (SO_3) is specified to be maximum of 3.5% by mass for all cement types, and loss of ignition should be 5% maximum for all cement types.

Blended Cement Outlook in India

Manufacturers are taking steps towards reducing their operating cost as well as carbon footprint by reducing the usage of clinker in cement. In line with the cement sustainability initiative, the clinker factor is expected to be reduced to 0.70 by the end of 2020 from 0.74 in 2010.

Reduction in Clinker factor India vs. Global Average, (2010 – 2050F)

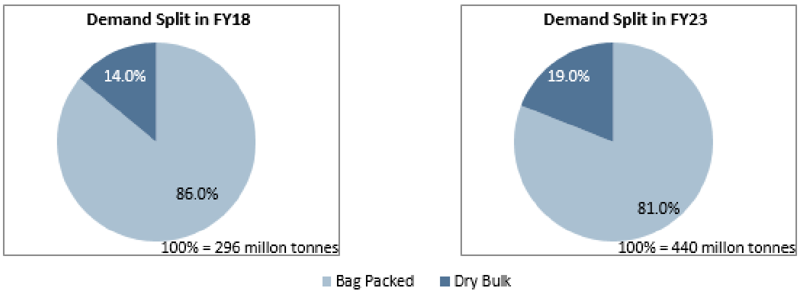


With the shift in consumer behaviour in line with global usage, the blended cement per capita consumption has increased. It is finding increased preference in the coastal markets such as Tamil Nadu, Kerala and other east India states. The cement manufacturers are also creating awareness regarding the usage of blended cement over other product types. OPC has been more popular in and around limestone rich belts of south while the north and west region mainly use PPC due to traditional customer preferences for the product.

Demand Split by Supply Conditions

Cement is supplied in bags to individual house Builders and retailers while bulk delivery is made to large construction/ infrastructure companies, pre-cast concrete block manufacturers and ready mix concrete companies. Dry bulk contribution to demand has been increasing over the last decade, almost doubling in its percentage contribution to overall cement demand. Bulk deliveries are expected to register 15% CAGR during Fiscal 2018 to Fiscal 2023, with increasing demand from infrastructure/commercial projects and growing preference from cement companies to sell product in loose/bulk. Typically, for long distance transport, bulk cement is more preferred because of the damages that could incur to the bagged cement in the process of transporting. However, the cost of transportation of bulk cement through road or rail is costlier for long distances, given that it must be transported in air tight conditions to prevent moisture slipping in. Sea logistics offer an advantage here, where the cost of transportation is cheaper compared to road or rail, as well as the quality is assured due to specialised carrier vessels that offer a safe transport environment until it reaches the packing terminal or end user.

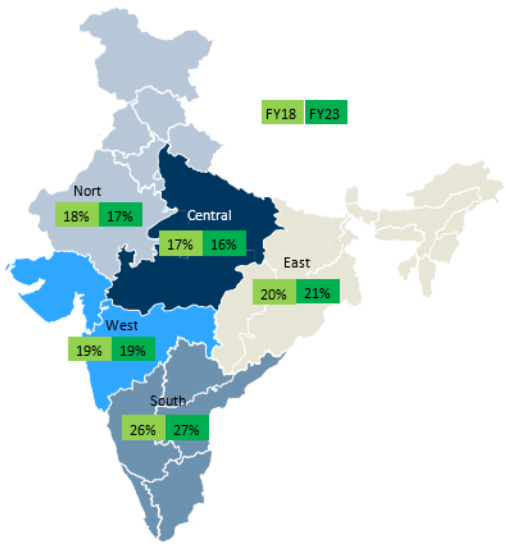
Demand Split by Supply Condition, million tonnes, Fiscal 2018 to Fiscal 2023



Customers are broadly categorized based on delivery conditions as trade and non-trade. Trade customers are constituted by the retail market and over-the-counter sales occurs. Non-trade or institutional sales constitute cement sales in bulk orders, by builders for housing, construction, infrastructural and commercial applications.

Demand Split by Regions

India Cement Demand Split by Region, %, FY18



India Cement Demand Split by Region, million tonnes, FY18 – FY23

Region	FY18	FY23	CAGR FY18 – FY23
North	53	75	7.0%
East	59	92	9.3%
Central	50	70	6.9%
West	56	84	8.2%
South	77	119	9.0%
Total Demand	**296**	**440**	**8.2%**

Growth during Fiscal 2018 was mainly led by recovery in south (led by Andhra Pradesh and Telangana) followed by the west (Maharashtra and Gujarat), as affordable housing and construction activity picked up in the rural housing segments, as well as projects related to roads and irrigation. South region cement demand is the highest in India estimated at 77 million tonnes, followed by the east at 59 million tonnes in Fiscal 2018. South's cement demand is ably supported by the region's significant capacity, the highest in India, with the excess supply serving the western and eastern states. South and east region demand contribution is expected to increase by 100 basis points in Fiscal 2023 compared to Fiscal 2018 mainly due to the demand growth in states such as Odisha, West Bengal, Andhra Pradesh and Telangana.

State - Wise Demand Supply Imbalance

The southern region – Andhra Pradesh, Tamil Nadu, Karnataka, and Telangana – have excess supply than actual demand. There are significant limestone reserves in south region in the form of limestone clusters located at Yerragunantla, Nalgonda, and Gulbarga. According to the Indian Bureau of Mines ("IBM"), four south Indian states *i.e.*, Andhra Pradesh, Telangana, Karnataka, and Tamil Nadu accounted for 37% of total limestone produced in India in Fiscal 2017. Hence, there are number of cement companies who have set up cement plants closer to limestone reserves in these states which has resulted in excess supply in the region. Cement companies in these states are extending their sales penetration into other neighbouring markets such as Maharashtra, Odisha, Kerala and Goa. In the north, only Rajasthan has excess cement supply compared with demand due to its presence of adequate limestone reserves. Hence, Rajasthan excess supplies cater to the nearby markets such as Haryana, Jammu & Kashmir and Delhi-National Capital Territory where there are limited clinker facilities.

Though Andhra Pradesh cement supply is expected to be higher in Fiscal 2023, it is expected to meet the demand requirements of states such as Maharashtra, West Bengal and Odisha. The eastern regions such as West Bengal and Odisha have majorly grinding units due to absence of limestone reserves. Hence, grinding units in these regions procure clinker from Madhya Pradesh, Andhra Pradesh, and Chhattisgarh and imports clinker from Vietnam, Thailand and Japan.

State-Wise Demand Supply Imbalances, million tonnes, Fiscal 2018 to Fiscal 2023

States	Clinker Capacity, Fiscal 2018	Cement Supply, Fiscal 2018	Demand, Fiscal 2018	Excess Supply Fiscal 2018	Cement Supply, Fiscal 2023	Demand, Fiscal 2023	Excess Supply Fiscal 2023
Andhra Pradesh	38.0	54.0	12.4	41.6	67.8	22.4	45.5
Haryana	-	7.0	11.3	(4.3)	9.0	17.2	(8.2)
Karnataka	22.0	32.0	19.5	12.3	40.0	31.2	8.8
Kerala	0.5	1.0	10.3	(9.3)	2.0	14.0	(12.0)
Maharashtra	22.0	35.0	37.2	(2.2)	45.0	56.3	(11.3)
NCT-Delhi	-	-	6.5	(6.5)	-	8.7	(8.7)
Odisha	6.0	10.0	10.8	(0.8)	18.5	18.8	(0.3)
Punjab	2.0	7.0	7.9	(0.9)	9.0	12.1	(3.1)
Rajasthan	53.0	66.0	20.1	45.9	74.0	27.0	47.0
Tamil Nadu	28.0	40.0	25.5	14.5	45.0	34.7	10.3
Telangana	17.0	28.0	9.6	18.4	32.2	15.9	16.3
Uttar Pradesh	2.0	23.0	35.3	(12.3)	26.0	47.5	(21.5)
West Bengal	7.0	16.0	16.0	-	25.0	25.3	(0.3)

Growth Drivers of High Potential States

State-Wise Demand Growth Potential, million tonnes, Fiscal 2018 to Fiscal 2023

States	Demand, Fiscal 2018	Demand, Fiscal 2023	CAGR Fiscal 2018 to Fiscal 2023
Andhra Pradesh	12.4	22.4	12.6%
Haryana	11.3	17.2	8.8%
Karnataka	19.5	31.2	9.6%
Kerala	10.3	14.0	6.3%
Maharashtra	37.2	56.3	8.6%
NCT-Delhi	6.5	8.7	6.0%
Odisha	10.8	18.8	11.7%
Punjab	7.9	12.1	8.9%
Rajasthan	20.1	27.0	6.1%
Tamil Nadu	25.5	34.7	6.4%
Telangana	9.6	15.9	10.6%
Uttar Pradesh	35.3	47.5	6.1%
West Bengal	16.0	25.3	9.6%

Key Growth Drivers - High Potential States

Andhra Pradesh

- The new capital city of Andhra Pradesh, Amaravati, being built with an area of 217 square kilometers at an investment of 58,000 crore in Guntur district, is expected to have 51% of green spaces and 10% of water bodies. The city of Amravati is expected to be fully functional and populated by 2024. However, universities, luxury hotels and the central business district are expected to completed by 2029. Urban planning agency such as Andhra Pradesh Capital Region Development Authority and Infrastructure Authority was established by the state government for development of the capital city. This is expected to drive the Andhra Pradesh's cement consumption during Fiscal 2018 and Fiscal 2028.

- Under the 'Housing for All' schemes, the state and Central Governments have planned to invest ₹ 64,500 crores during Fiscal 2019 which will be the key driver for housing segment and approximately 29 cities have been selected under the AMRUT mission and have received funding of ₹ 1,350 crore for the development of basic infrastructure facilities such as improved sewerage, green cover, water and transport.
- The state Government of Andhra Pradesh plans to complete infrastructure in three smart cities by Fiscal 2021 with the total 210 infrastructure development projects investing approximately ₹ 5,380 crore during Fiscal 2018 to Fiscal 2023, which includes 71 projects worth ₹ 1,990 crore in Kakinada, 39 projects worth ₹ 1,610 crore in Tirupati and 47 projects worth ₹ 1,780 crore in Visakhapatnam.

Telangana

- The state Government has introduced the '2BHK housing scheme' that intends to provide 2.7 lakh houses by March 2019 in phase 1 and three lakh houses by 2024 in rural and urban areas at a cost of ₹ 36,000 crore.

- The Telangana State Industrial Infrastructure Corporation has planned to introduce several industrial projects by 2020 such as Micro, Small and Medium Enterprises - Telangana Industrial Federation Green Industrial Park at Dandumalkapur, Kakatiya Mega Textiles Park at Warangal, medical devices park at Sultanpur, National Industrial and Manufacturing Zone at Zaheerabad and Pharma City at Mucherla.

- Two major smart cities (Greater Warangal and Karimnagar) are under development in Telangana with an investment ₹ 2,700 crore and ₹ 1,700 crore respectively.

Karnataka

- Karnataka State Highways Improvement Project, KSHIP-III, endeavors to build 419 km of roads amounting to approximately ₹ 5,300 crore since Fiscal 2018 to improve urban state infrastructure and it is expected to increase the state consumption of cement and construction materials.

- The state Government allocated ₹ 5,600 crore for Bangalore Metro Rail Corporation Ltd Phase-II project and the Comprehensive Infrastructure Development of Bengaluru was funded with ₹ 2,500 crore during Fiscal 2019 for road laying and commercial building construction.

- For the 26 Class 1 Cities, the AMRUT mission has allocated ₹ 4,950 crore worth of funding for urban transformation.

West Bengal

- The state Government has taken up various road development projects such as Barasat-Krishnanagar section, Palsit-Dankuni road project and Panagarh-Palsit road project under Public-Private Partnerships and allocated ₹ 20,150 crore for infrastructure and commercial projects including bridges, flyovers, roads, water projects and warehouses for storing food grains.

- At Raghunathpur, three major steel parks are expecting to be established in the future with an investment of ₹ 39,950 crore.

Odisha

- In 2018, Odisha state Government has planned an affordable housing project for approximately 480 units at Kalinga Nagar Development Authority, comprising 161 revenue villages and spread over an area of 459 square kms.

- Bhubaneshwar has been selected by the Ministry of Urban Development to be developed as a smart city in the state during 2016 to 2021 and has received $ 346 million through Public-Private Partnerships funding.

- Tata Steel Limited is currently expanding the capacity of Kalinganagar plant with a total investment of ₹ 23,500 crore. JSW Steel Limited has planned to set up a new steel plant in Fiscal 2019 with an installed capacity of 12 million tonnes with an investment of ₹ 55,000 Crore. These industrial investments alongside township construction are expected to increase cement demand.

Haryana

- The government has signed Memorandum of Understanding ("MoU") with private real estate firm for housing projects at Gurgaon under 'Housing for All' schemes with an investment of ₹ 5,700 crore.

- In Fiscal 2017, the state Government allocated ₹ 760 crore under AMRUT mission to develop waste water infrastructure projects.

- The state Government has signed Memorandum of Understanding with Singapore firms such as Meinhardt Group International Holdings Limited, YCH Group Private Limited for logistics and Ascendas-Singbridge Group for townships/ logistics parks projects with an investment of ₹ 18,000 crore.

Uttar Pradesh

- Total central assistance under AMRUT for five-year period for Uttar Pradesh is ₹ 4,920 Crore.

- The state government has planned to construct 18 modern bus terminals in 13 districts at a cost of ₹ 1,100 crore during current year 2018-2021.

Supply Scenario

Current Installed Capacity

The southern region has the largest number of cement plants in India with majority of the cement plants located in Andhra Pradesh, Tamil Nadu and Rajasthan. Approximately 35% of the installed cement capacity in India is in the southern region followed by the northern region at approximately 21% for Fiscal 2018. The majority capacity addition during Fiscal 2014 to Fiscal 2018 took place in Rajasthan, Chhattisgarh, Bihar, Jharkhand, Odisha and West Bengal.

Cement Current Installed Capacity & No. Of Cement Plants by Region, Fiscal 2018

Region	No. of Cement Plants	Installed Capacity (million tonnes)
North	56	93
East	53	75
Central	25	58
West	30	63
South	89	155
Total	**253**	**444**

Region-wise Utilization Rate

Overall utilization in India was approximately 67% in Fiscal 2018 and was 65% in Fiscal 2017. The southern region with the bulk of the capacity has been operating at lower utilization levels of 50% to 55% in recent years while the west and the east region have had utilization levels at approximately 68% to 70%.

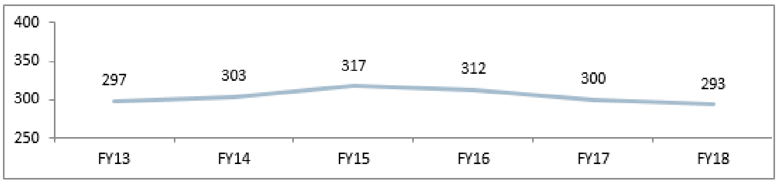
Current Capacity Utilization by Region, Fiscal 2018

Region	Utilization %
North	75%
East	68%
Central	80%
West	70%
South	55%
Total/Pan-India	**67%**

Region-wise Cement Price Analysis

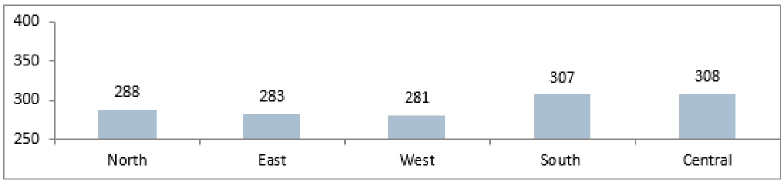
The average national price for cement was ₹ 293 per 50 kg bag in Fiscal 2018 which was reduced by 2.3% from Fiscal 2017 which was at ₹ 300 per 50 kg bag. Currently, cement attracts 28% in the GST slab. In Fiscal 2016, monsoons were scarce, which lowered the price to ₹ 312 per 50 kg bag. Fiscal 2017 saw an extended monsoon after a relatively dry year in Fiscal 2016, however, the cement prices remained low, averaging approximately ₹ 300 per 50 kg bag. In addition, the lower overall cement capacity utilizations have had downward pressure on cement prices post Fiscal 2015.

National Average Cement Price Trends (INR), Fiscal 2013 to Fiscal 2018



In Fiscal 2018, the average price in the northern region was ₹ 288 per 50 kg bag due to weak demand from Rajasthan on account of the sand mining ban imposed. The average prices in the central region was ₹ 308 per 50 kg bag due to the revival of demand post the sand mining ban in Uttar Pradesh. In the south region, the prices declined to ₹ 307 per 50 kg bag due to the general slowdown of demand in the first half of Fiscal 2018 on account of impact of demonetization and GST. The average price in the eastern region was ₹ 283 per 50 kg bag and was positively impacted due to the resolution of the sand mining ban in Bihar.

Regional Average Cement Prices (INR/50kg bag), Fiscal 2018

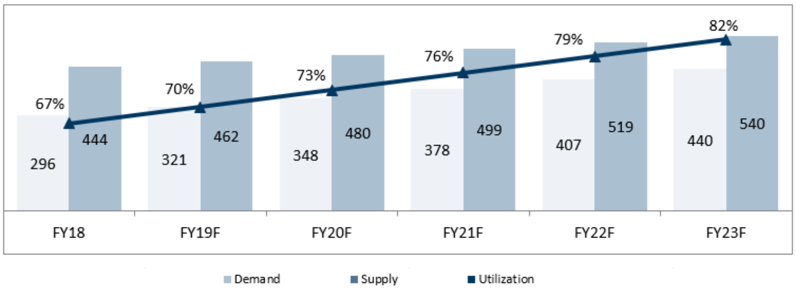


It is expected that the prices will increase by approximately 6% year-on-year until Fiscal 2023 with the demand growth expected to overtake supply growth, and capacity utilization rates expected to improve, which will help in keeping the prices at positive level during Fiscal 2018 to Fiscal 2023.

Demand Supply Scenario Analysis

The cement demand is expected to grow at a CAGR of 8.2% during Fiscal 2018 to Fiscal 2023, while in the same period capacity growth is anticipated at approximately 4%. This demand supply imbalance is expected to reduce by Fiscal 2023 which in turn is expected to increase the cement industry's capacity utilization from 67% in Fiscal 2018 to 82% in Fiscal 2023 to cater to the rising demand.

Cement Demand Supply Scenario, Million Tonnes, Fiscal 2019 – 2023



Region-wise On-going Capacity Addition

Birla Corporation Limited, Ultratech Cement Limited, Emami Cement Limited, Shree Cements Limited, OCL India Limited, Penna Cement Industries Limited, JSW Cement Limited, Sanghi Industries Limited, Adani Cementation Limited, Ramco Cements Limited, and Wonder Cement Limited are the key cement manufacturers planning to increase capacity through brownfield/ greenfield plants during Fiscal 2019 to Fiscal 2023. During Fiscal 2019 to Fiscal 2023, major capacities are expected to be added in Andhra Pradesh, Karnataka and Telangana, Bihar, West Bengal and Odisha.

On-going Capacity Expansion by Region, million tonnes, FY19 – FY23

Region	Installed Capacity FY18 (A)	On-going Capacity Expansion (FY19-23)					Capacity Addition FY19-23 (B)	Installed Capacity by FY23	Capacity Addition % (B/A)
		FY19	FY20	FY21	FY22	FY23			
North	93	2	3	2	2	3	12	105	13%
East	75	5	4	5	5	6	25	100	33%
Central	58	2	1	2	1	2	8	66	14%
West	63	3	4	4	4	4	19	82	30%
South	155	6	6	6	8	6	32	187	21%
Total	444	18	18	19	20	21	96	540	22%

Region-wise Planned Utilization Rates

The Indian cement industry's overall utilization levels is expected to increase to 82% by Fiscal 2023 from 67% in Fiscal 2018. The northern region is expected to the highest utilization of 91% followed by the central region at 89% in Fiscal 2023, on account of increased demand and lower capacity additions. The southern region has the largest installed cement capacity in India at 155 million tonnes in Fiscal 2018 while the demand is 77 million tonnes; hence, there is an excess supply of 78 million tonnes. However, with demand growth in the region expected to exceed the supply growth, the demand supply gap is expected to reduce to 68 million tonnes in Fiscal 2023. The eastern and western regions have marginal excess supply compared to the demand in Fiscal 2018 and with the higher demand growth of 8% to 9% and lower capacity growth of 5% during Fiscal 2018 to Fiscal 2023 in these regions; the excess supply is expected to further reduce. The increase in capacity utilization will lead to increase in pricing of cement products in India.

Planned Utilization Rates by Region, %, FY19 – FY23

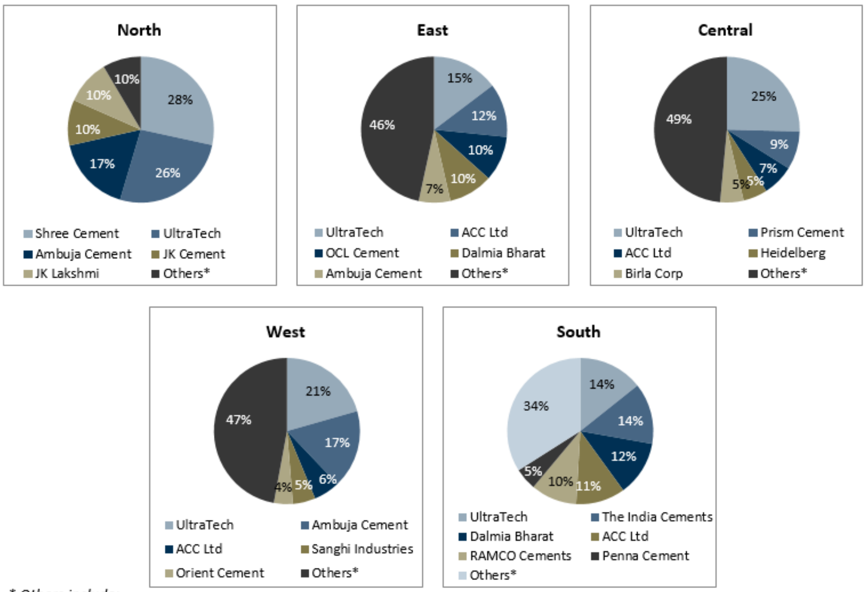
Region	FY19	FY20	FY21	FY22	FY23
North	79%	82%	84%	88%	91%
East	70%	74%	76%	80%	82%
Central	82%	85%	86%	89%	89%
West	73%	76%	78%	81%	84%
South	59%	62%	67%	69%	74%
Total	70%	73%	76%	79%	82%

Note: Percentages have been rounded off

Supply Landscape: Large National Players vs. Regional Players

Large pan-India cement manufacturers such as Ultratech Cement Limited, ACC Limited and Ambuja Cements Limited have presence across all regions with significant market share. Regional players such as The India Cements Limited, OCL India Limited, Dalmia Cement (Bharat) Limited, Ramco Cements Limited, Penna Cement Industries Limited, Star Cement Limited, Sagar Cements Limited, and Deccan Cements Limited predominantly cater to the southern and eastern region demand.

Market Share Contribution by Region %, FY18



** Others include:*
North – ACC Ltd, Birla Corp, Binani Cements, Mangalam Cements, etc.,
East – Emami Ltd, Shree Cement, Ramco Cements, The India Cements, Star Cement, JK Lakshmi, etc.,
Central – Shree Cement, Heidelberg, Ambuja Cement, JK Cement, etc.,
West - Dalmia Bharat, JK Lakshmi, Sanghi Industries Ltd, Orient Cement, Penna Cement, Prism Cement, Mehta Group, etc.,
South - Orient Cement, Heidelberg, Sagar Cement, Kesoram Cement, K.C.P Cement, JK Cement, Chettinad Cement, Zuari Cement, Deccan Cement, etc.

Raw Material

Impact of Raw Material

Raw material for cement includes limestone, fly ash, gypsum and slag. Most cement companies are backward integrated and have secured access to limestone and gypsum. Raw material proportion and cost varies according to the cement types manufactured.

Indian Cement Industry* Average: Sales Vs Raw Material Cost - INR per tonne (FY13-18)

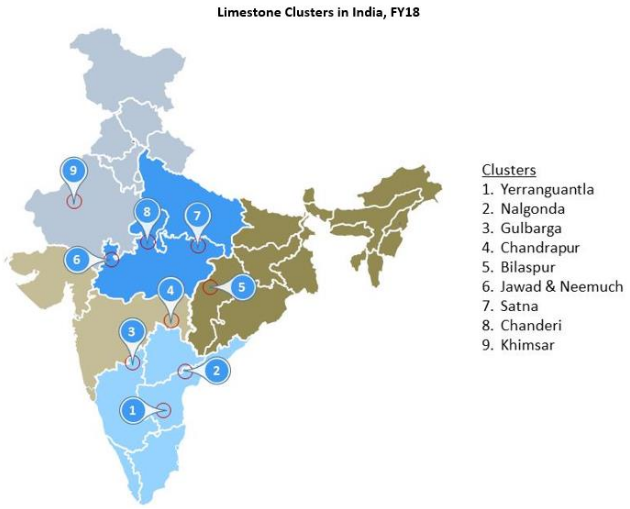
	FY13	FY14	FY15	FY16	FY17	FY18
Sales (A)	4,643	4,489	4,700	4,594	4,509	4,708
Raw Material Cost (B)	709	791	837	865	833	867
% Raw material cost to Sales (B/A)	15.3%	17.6%	17.8%	18.8%	18.5%	18.4%

Note:* Industry refers to companies which contribute to more than 90% of the market capitalization, as of 15th June 2018, of publicly listed companies in the Indian Cement Industry.

Cement plants are generally located near limestone quarries to avoid long distance transportation of the key raw material. Apart from limestone, other key raw materials used are fly ash, slag, and gypsum. Fly ash is obtained as a by-product of thermal power generation while slag is a by-product of steel making. Cement companies also look at establishing their plants closer to the fly-ash and slag sources to benefit from lower logistics cost for these raw materials. The proportion of clinker, fly ash, gypsum and slag for cement production varies according to the type of cement that is required to be produced *i.e.*, OPC, PPC and PSC. PPC and PSC are blended cement types which are gaining preference owing to better properties in terms of thermal cracking resistance, higher strength and durability; PPC contains approximately 65% clinker along with 30% fly ash and 5% gypsum while PSC comprises approximately 55% clinker with 40% slag and 5% gypsum. OPC contains approximately 95% clinker and 5% gypsum.

Sources of Raw Materials for the Major Players

The Indian cement capacity is centered on the areas with abundant availability of key raw material *i.e.* limestone. However, in order to reach large end markets with no limestone reserves nearby, split grinding strategy is followed with clinker manufactured in an area close to limestone reserves and cement grinding and packing at end markets, which reduces the transport cost as bulk transport of clinker is possible at a relatively lower cost when compared to cement. Cement capacity in the country is mostly concentrated near the main raw material source, limestone mines. Establishing cement grinding unit near consumption centre provide dual advantage of lower logistic cost due to bulk transportation of clinker and the distance to markets getting reduced thereby increasing customer reach. The grinding units are also strategically located in proximity to other key raw material sources thereby outweighing the cost of transporting clinker from integrated plant to the grinding units against lower cost of transportation of other key raw materials. In addition, there has been an increase in the grinding units owing to lower capital expenditure, less space requirement and faster installation time compared with integrated plants.



Nalgonda region in Telangana has a large concentration of cement plants. It has market connectivity to Andhra Pradesh, Telangana, Odisha, and other central and eastern states. Gulbarga region in Karnataka is mineral rich and has considerable limestone deposits; the plants operating here have low mining cost and are highly efficient because of high concentration deposits (tonnes per acre). There has been significant capacity addition in this region over the past five years; producers located in this region are also connected to end-user markets in southern and western Maharashtra. Satna–Katni region, with access to central and eastern markets, has higher mining cost due to higher overburden (waste material covering limestone deposits that require additional efforts to remove and are of no economic value) and discontinuous seam. This region has relatively newer plants and has witnessed auction of its limestone deposits during 2016 and 2017. Chandrapur region has favourable mining cost and low degree of competition with access to the central and western Maharashtra. In Chanderi and Khimsar, there are many older cement plants with access to markets in Rajasthan, Punjab, National Capital Region, Gujarat and Madhya Pradesh. The capacity utilization in this region is expected to cross 90% by Fiscal 2023 even with new capacity addition.

Logistics Topology

Logistics for cement and its raw materials (limestone, fly ash and slag) are carried out primarily through three modes - road, railways, and sea. The cost of transportation is a critical factor in the cement industry which determines landed prices competitiveness. Logistics costs account for 24% to 28% of the overall operating cost for key cement companies in Fiscal 2018. The basic raw materials for cement production such as limestone and coal are low value bulky materials and hence transporting them over long distances escalates logistics cost considerably. Therefore, majority of the cement plants are located closer to limestone mines forming cement industry clusters. Limestone quarried from mines is transported in dumpers or conveyor system to the crushing units, which are situated at less than 20 km. The crushed limestone is further transported to the cement plants using trucks or conveyor system. Rail mode is the primary transport mode for clinker transportation to grinding units. In the case of split grinding, grinding units are located closer to consumption centres, away from clinker units as opposed to integrated plants, where in they are housed in a single facility. The cement plants which are located closer to coal mines have lower inbound logistics cost compared with other plants which are far away. Establishing grinding units closer to port and to raw material sources (fly ash and slag) help in outweighing the cost of transportation of clinker to grinding unit against lower cost of transportation of the other raw materials

Railway transportation over longer distance is logical, while using railway transportation for shorter distances could be infeasible as there is high loading and unloading costs. Unloading from railway wagons is easier for companies with railway siding, however cement bag damages, slow speed of freight trains, and lower availability of wagons (considering majority of coal is also moved through rail) are key challenges for rail mode of transport. Bulk transportation of cement, clinker, and fly ash is carried out by rail wagons with side and bottom discharge. Logistics cost for rail transportation is comparably less expensive than road. Railway transportation costs about ₹ 2.0 to 2.5 per tonne per km, with additional loading and unloading cost.

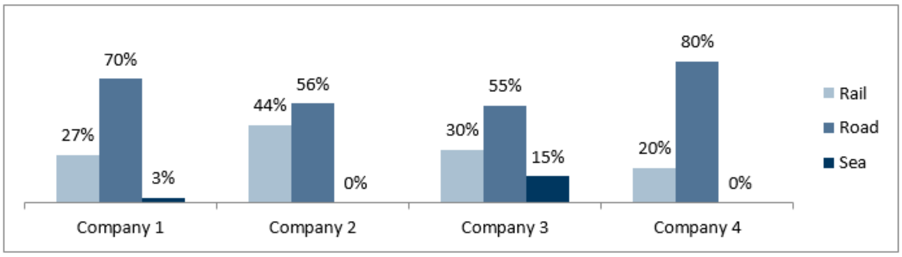
India has the largest road network in the world with 5.5 million km of road length and majority of the cement transportation in India is carried out through roads. Road transport is most preferred throughout the country by the cement producers, and economically services even up to 300 km radius. The average transportation cost via road is around ₹ 3 to 3.5 per tonne per km depending on the distance excluding additional loading and unloading costs. For rougher terrains, this can increase to ₹ 5.0 per tonne per km.

Going for sea mode of transport require proper infrastructure *i.e.*, loading and unloading ports, and requisite type and number of vessels. Getting land near port for grinding or packing unit is a challenge in terms of cost and approvals. Grinding unit due to its environment impact is categorized as ‘Red Category’ project whereas packing unit is categorized as ‘Green Category’ project. In addition, there is high capital expenditure associated with dedicated carrying vessels. Since customization of vessels is required to efficiently transport cement, there is a need to own vessels or have long-term agreement/secured availability of such vessels. For these reasons, there are relatively few cement manufacturers in India with established port based logistics infrastructure and distribution. The cost of sea transportation in India is around ₹ 0.7 to 1.7 per tonne per km. In addition to lower cost advantage, the sea based transportation helps in protection from any kind of pilfering and weathering damage, which is typical in transportation through road and rail. Sea transportation of cement occurs through barges, bulk carrier vessels, or specialized cement carrier vessels, which can be self-owned or chartered.

Global usage of sea based cement transportation and comparison with Indian market

The sea route accounts for 70% of inter-country trade of cement globally. In India, sea based transport of cement is at a very nascent stage with only few companies actively pursuing sea-based transport strategy for catering to farther domestic markets.

Modes of transport of the top four cement producers (by capacity) in India, (%)



Cement producers from Vietnam and Southeast Asia have established trade practices for optimizing sea route, enabling efficient carrying and transport. This implies logistics cost savings and enables global players to be competitive. Cement producers from the United States take advantage of cost savings of clinker imports from Europe by establishing bulk container terminals at the port.

Sea-based transportation is emerging as a cost-efficient choice to transport cement especially to long distances. The gradual shift in focus on the waterway/ seaborne transportation can also be witnessed with the increase of cargo handling capacity of the major ports. Sea-based cement transportation is generally done via barge, general cargo ship or special vessel carrying only cement.

- Barges have a carrying capacity of 1,000 tonnes to 3,000 tonnes of cement for transport within a radius of up to 500 km. Bulk carrier vessels usually do break bulk transport (*i.e.*, take container order from multiple customers and sail on consolidation basis).

- Globally, pneumatic self-unloading or self-discharging vessels are widely used to transport special powder cargoes such as cement. They are completely enclosed and therefore suitable to transport even in monsoons and provide dust free environment.

With railways offering limited scope with increasing demand, and road transport being costlier, sea mode of transport is becoming more attractive to leverage cost advantages that it can offer for catering to coastal and limestone deficit markets. Accordingly, more companies are establishing grinding units and packing terminals at key ports closer to consumption centres. ‘Sagar Mala’, a government initiative, aimed at setting up of new ports, improved port infrastructure and increased use of waterways for movement of goods both for inland consumption and exports. This initiative is expected to benefit the cement industry by additional demand for cement for building port infrastructure and helping lower logistics costs through increased use of sea route for cement transportation. The Inland Waterways Authority of India, a part of the Government’s Sagar Mala initiative, is working with key cement companies such as Dalmia Bharat Cement Limited and Star Cement Limited to establish inland waterways as a regular transportation medium for cement in India.

Companies such as Ultratech Cement Limited, Ambuja Cements Limited, Zuari Cements Limited, Penna Cement Industries Limited, and Malabar Cements Limited have packing units at Kochi to serve the supply deficit Kerala market. Other ports where the packing terminals have been established or are in project stage are Surat, Mangalore, Mumbai in west coast and Kolkata, Karaikal and Gopalpur in the east coast. JSW Cement Limited has plans to establish grinding units near ports which will use imported clinker for its cement production and enable finished product exports thereby using sea mode of transportation for both inbound and outbound logistics. Penna Cement Industries Limited’s Krishnapatnam facility is one of the largest port based grinding units in Asia. It is also in close proximity to the fly ash source which is a key ingredient for making PPC. This results in lower cost of transportation of fly ash which helps in achieving lower cost of production for the

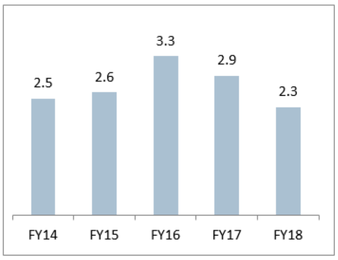
Krishnapatnam facility. This facility could cater markets which predominantly use blended cement through sea mode of transportation.

Trade Scenario

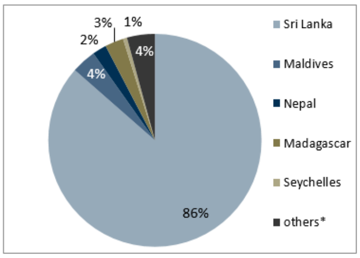
Overview of Cement Exports and Imports - India

Cement exports from India have declined since the last two years from 3.3 million tonnes in Fiscal 2016 to 2.3 million tonnes in Fiscal 2018 due to emphasis on serving domestic markets. UltraTech Cement, Ambuja Cements, and ACC Ltd are the key exporters of cement in India. Sri Lanka was the end-destination for 86% of Indian cement exports, followed by Maldives, Madagascar, and Nepal in Fiscal 2018.

Exports Trend, Fiscal 2014 - 18, in million Tonnes



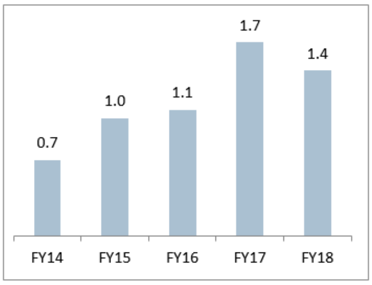
Key Exporting Countries, Fiscal 2018, in %



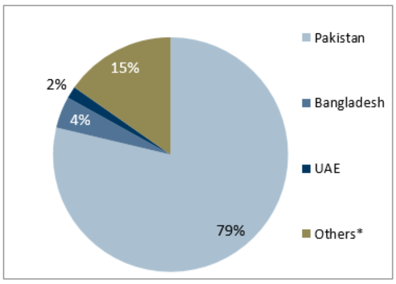
** Others: France, Italy, Malaysia, Vietnam, etc.*

Indian cement industry is highly self sufficient, with only 0.5% of demand being catered by imports in Fiscal 2018. Pakistan, Bangladesh and UAE are the key exporters of cement to the Indian market.

Imports Trend, Fiscal 2014 - 18, in million tonnes



Key Importing Countries, Fiscal 2018, in %

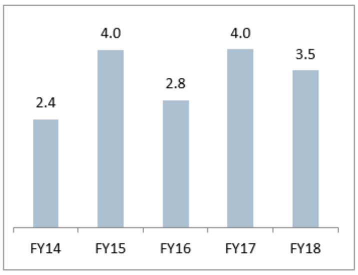


Others: Bhutan, UK, USA, Korea, Canada, etc.*

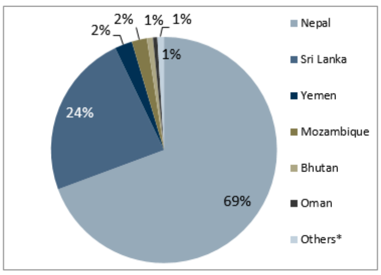
Overview of Clinker Exports and Imports - India

India is net exporter of clinker primarily to Asian countries such as Nepal, Sri Lanka, and Bhutan. Indian clinker exports market registered a CAGR of 10% during Fiscal 2014 and 2018.

Exports Trend, Fiscal 2014 - 18, in million tonnes



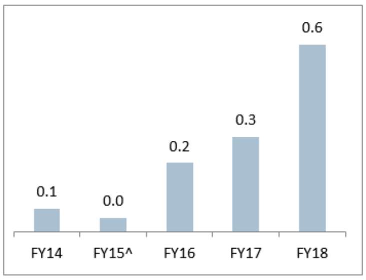
Key Exporting Countries, Fiscal 18, in %



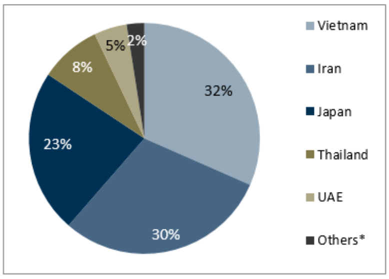
** Others: Egypt, Germany, France, etc.*

Indian cement manufacturers are increasingly interested in purchasing imported clinker due to low-priced imports (excess clinker capacity and sea based transportation) from countries such as Iran, Japan and UAE. Producers such as JSW Cement import large quantities of clinkers for cement production. Increasing domestic cement production to meet growing demand and establishment of grinding units along the coastal regions is likely to increase the clinker imports in to India.

Imports Trend, Fiscal 2014 - 18, in million tonnes



Key Importing Countries, Fiscal 2018, in %



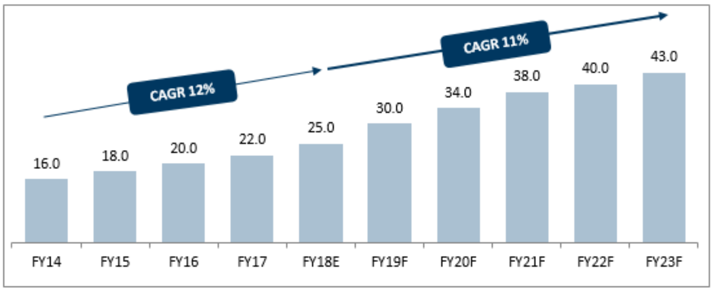
** Others: Egypt, France, Pakistan, Bangladesh, etc.^FY15 imports was 0.05 million tonnes*

Brief Insights on Cement Industry of Bangladesh and Sri Lanka

Bangladesh and Sri Lanka are net importers of clinker; accounting for 19% of total global clinker imports in 2017, due to limited limestone mines. This indicates significant opportunity for countries which have abundant reserves of limestone and cement capacities such as India, Vietnam and Pakistan. The Indian cement producers with cement plants located along the coastal region mainly in Tamil Nadu, Andhra Pradesh, Odisha, and West Bengal, have an added logistics cost advantage to export to these markets.

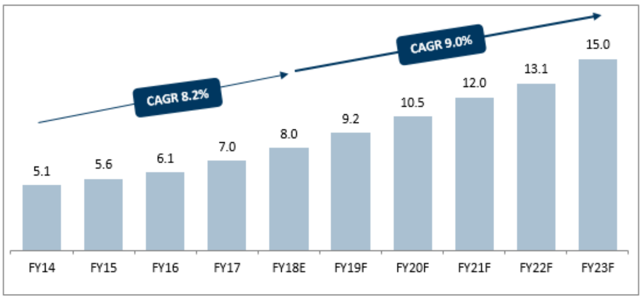
The Bangladesh cement industry is highly import-dependent for raw materials such as limestone, clinker, fly ash and gypsum to manufacture cement products. Bangladesh has approximately 32 suppliers with only Lafarge Surma Cement Limited and Chhatak Cement Factory Limited having own integrated plants with clinker facilities and grinding units, and these two players cater to only 20% of the domestic clinker requirement while 80% of the clinker demand is met through imports mainly from Vietnam, Thailand and China. In Fiscal 2018, approximately 80% of the domestic cement demand for Bangladesh was provided by ten major companies including Shah Cement Industries Limited, Lafarge Holcim Limited and Bashundhara Group. Bangladesh also has low per capita cement consumption of approximately 120 kg compared with the global average of approximately 580 kg, implying potential for future growth. The cement demand is anticipated to increase to 43 million tonnes by Fiscal 2023 from 18 million tonnes in Fiscal 2018, with a CAGR of 11%.

Bangladesh Cement Demand Trend & Forecast, (Fiscal 2014 to Fiscal 2023), million tonnes



In Sri Lanka, there are very few domestic cement companies and only one company has an integrated facility with an installed capacity of 1.8 million tonnes, while the other companies have grinding units and import clinker for producing cement. Domestic supply was lower than the actual demand, contributing 29% of cement demand in Fiscal 2018, with approximately 71% of the cement demand met through imports in Fiscal 2018, primarily from India and Pakistan under free trade agreement for cement products. The demand is expected to reach 15 million tonnes by Fiscal 2023 from eight million tonnes in Fiscal 2018 with a CAGR of 9%, supported by increasing demand from household construction and mega infrastructure projects. In addition, Sri Lanka's per capita cement consumption is around 330 kg where global average is approximately 580 kg, indicating scope for further growth. Despite the demand expected to reach double-digits by Fiscal 2023, Sri Lanka's installed capacity addition during Fiscal 2018 to Fiscal 2023 is expected to be limited due to volatile clinker prices in the global market. Hence, Sri Lanka is expected to be a net importer in the short to medium term.

Sri Lanka Cement Demand Trend and Forecast, (Fiscal 2014 to Fiscal 2023), million tonnes



Government Policies and Impact

Understanding GST

The Goods and Services Tax ("GST"), launched in India in July 2017, is a comprehensive indirect tax levied on the manufacture, sale, and consumption of goods and services at the national level. It replaces all indirect taxes levied on goods and services by the central and state governments. Considering India's federal structure, GST is levied concurrently by the Center ("CGST") and the States ("SGST"). The tax base and other essential design features would be shared between CGST and SGST, across SGSTs for the individual States. The destination principle would levy both CGST and SGST. Accordingly, imports would be subject to GST, while exports would be zero-rated. In the case of inter-State transactions, the State tax would apply in the State of destination as opposed to that of origin. Inter-State supplies would attract an integrated GST (aggregate of CGST and the SGST of the destination state). At present, all goods and services fall under one of five tax slabs: 0%, 5%, 12%, 18% and 28%.

Benefits of GST

GST has been envisaged as a more efficient tax system, neutral in its application and attractive by the way it will be distributed. It replaces most indirect taxes – central and state taxes. The advantages of GST include:

- More extensive tax base, necessary for lowering the tax rates and eliminating classification disputes;
- Elimination of multiplicity of taxes and their spill-over effects;
- Rationalization of tax structure and simplification of compliance procedures;
- Harmonization of center and state tax administrations, which would reduce duplication and compliance costs; and
- Automation of compliance procedures to minimize errors and increase efficiency.

Impact of GST on the Indian Cement Industry

Impact of GST implementation on cement industry is expected to be neutral. Before the implementation of the GST, cement VAT rates varied from 12.5% to 15.5% and excise duty was 12.5%. After the GST implementation, the tax rate stood at 28%, which was a concern among producers since the 28% tax bracket was for luxurious goods while cement was only a commodity. Positive aspects of GST include tax structure simplification by removing multiple taxes thereby negating cascading tax effects prior to GST. Earlier companies used to have warehouses in multiple states in order to avoid CST and state entry taxes. These warehouses were generally underutilized and had huge operational cost. Post GST, companies can have warehouses close to their profitable markets and can benefit from the operational economies.

Competitive Landscape

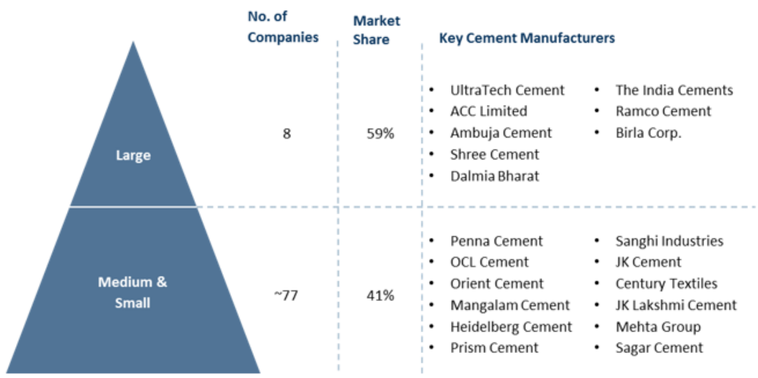
Competitive Overview

Since cement is a bulk commodity, it influences sales to consumption centres closer to plant locations. Majority of the cement installed plant capacities are in clusters (Sirohi, Satna, Gulbarga and Nalgonda) across India where limestone availability (essential raw material) is high. Companies also have clinker facilities closer to the limestone quarries while having multiple grinding units in proximity to large cement consumption centres to benefit from bulk transportation of clinker, and that of other key raw materials for cement production. This is a general practice adopted to overcome high logistics cost of transporting end product over long distances. National and regional players characterize the cement industry in India. National players (such as Ultratech Cement Limited, ACC Limited, Ambuja Cements Limited, Shree Cement Limited and Dalmia Bharat Cement Limited) have a pan-India presence with multiple integrated plants and grinding units. Regional players also have integrated plants and grinding units, however focus on selling cement in one or two states/regions. Increased consolidation is being observed in the Indian cement industry with key players following the inorganic route (acquiring assets/increasing stake in peer companies) for expansion aiming for geographical diversification, higher asset utilization, better economies of scale and scope.

Tiers of competitors and tier-wise market shares

There are around 85 national and regional players operating in the Indian cement market as of Fiscal 2018, out of which eight large players accounting for approximately 59% of the market share.

Indian Cement Industry Tierization in FY18

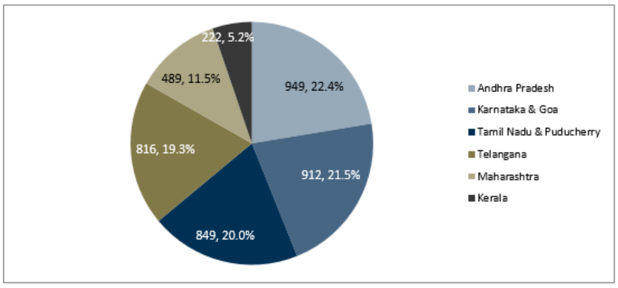


**Note Tierization based on installed capacity of 15MTPA and above as large and below 15MTPA as Medium and Small*

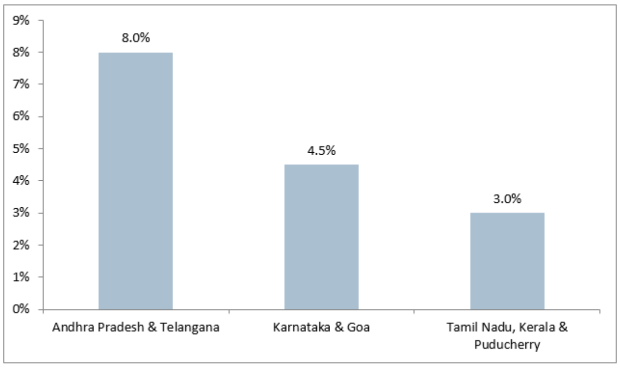
Pan-India companies (Ultratech Cement Limited, ACC Limited, Ambuja Cements Limited, Shree Cement Limited and Dalmia Bharat Cement Limited) have 81% higher average earnings before interest, tax, depreciation and amortization ("EBITDA") of ₹ 943 per tonne compared with regional players' EBITDA of ₹ 521 per tonne) during Fiscal 2013 and Fiscal 2018. Pan-India companies are able to resist regional price volatilities and regional demand-supply imbalances. Pan-India companies also had 69% higher realization during Fiscal 2013 and Fiscal 2018 when compared with regional players. Pan-India companies with large capacities have better cost structure due to significant vertical integration and proximity to raw material source and selling markets. Large cement companies have 49% higher average EBITDA of ₹ 919 per tonne compared with the small and medium cement companies' EBITDA of ₹ 616 per tonne) during Fiscal 2013 and Fiscal 2018.

Penna Cement Industries Limited is one of the market leaders in south India with a strong brand recall and extensive distribution network. Penna Cement Industries Limited has an installed capacity of approximately 10 MTPA, as of March 31, 2018 (with 3 MTPA added during the fourth quarter of Fiscal 2018) and has established presence in all the southern states of India and also caters to the states of Maharashtra and Odisha. Penna Cement Industries Limited is operating at a higher utilization of 61% compared with the regional average utilization of around 55% in Fiscal 2018. As of March 31, 2018, the Penna Cement Industries Limited's cement and clinker production capacity represented 5.81% and 5.02%, respectively, of the total cement production and clinker production capacity in south India, comprising Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala.

Penna Cement Sales split by States, '000 tonnes and %, Fiscal 2018



Penna Cement Market Share in South Region, FY18



Export Led Growth

Despite domestic demand being the primary focus of the cement companies in India, exports have been continuing from India, the second largest cement market globally. Clinker exports from India are higher at 3.5 million tonnes when compared with cement exports at 2.3 million tonnes during Fiscal 2018. Key cement companies such as , Ultratech Cement Limited, Ambuja Cements Limited, The India Cements Limited and Sanghi Industries Limited have been exporting cement and clinker to neighboring markets such as Sri Lanka, Bangladesh, Middle East and African countries. Apart from consistent exports to specific markets, a shift towards exports markets happens during periods of supply excess and attractive price offering from the export destinations. Cement companies also have global branding, newer geographical destinations, and any rupee depreciation as export enablers for their products. The export-focused companies have adequate bulk shipping infrastructure in a coastal based plant considering logistics cost playing a pivotal role in competitiveness. Captive ports/ jetties and also own shipping logistics division/ partnership with shipping companies for exporting cement/clinker.

Ultratech Cement Limited, the market leader in India, has around five jetties and six bulk terminals (four of which are coastal based entities in the western part of India) for efficient logistics for domestic bulk movement and export shipments. Sanghi Industries Limited, a key exporter of clinker, has a captive port, all-weather jetty for enabling export shipments and also catering to other coastal markets in western India. Ambuja Cements Limited, the second largest cement player in India, has a loading port, multiple bulk terminals and a fleet of ships to move cement through the sea route - helps to access export markets as well as coastal locations in India.

Cement plants which are near ports based out of Gujarat and Maharashtra could cater to Middle East and African markets. Cement plants closer to ports in the states of Andhra Pradesh, Tamil Nadu and Odisha are expected to be key export centres for cement and clinker from India to South East Asian markets such as Sri Lanka, and Bangladesh, leveraging their locational advantage.

Financial benchmarking

In this section, F&S Cement Industry Average refers to the average of the financial metrics of the following companies – Ultratech Cement Limited, Shree Cements Limited, Ambuja Cements Limited, ACC Limited, Dalmia Bharat Cement Limited, Ramco Cements Limited, J.K. Cement Limited, The India Cements Limited, J.K. Lakshmi Cement Limited, Birla Corporation Limited., Orient Cement Limited, Heidelberg Cement AG Heidelberg Cement AG, and Mangalam Cement Limited (these companies contributed to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian cement industry). Prism Johnson Limited has been excluded as cement business contributed to approximately 44% of its consolidated revenue in Fiscal 2018. F&S Cement Peer Average refers to average of financial metrics of the following companies - Ramco Cements Limited, J.K. Cement Limited, J.K. Lakshmi Cement Limited, Birla Corporation Limited., OCL India Limited, Orient Cement Limited, Heidelberg Cement AG and Mangalam Cement Limited. F&S Cement Peer Average companies considered in the analysis include publicly trading companies who's operating revenue ranges from zero times to two times of Penna Cement Industries Limited's operating revenue.

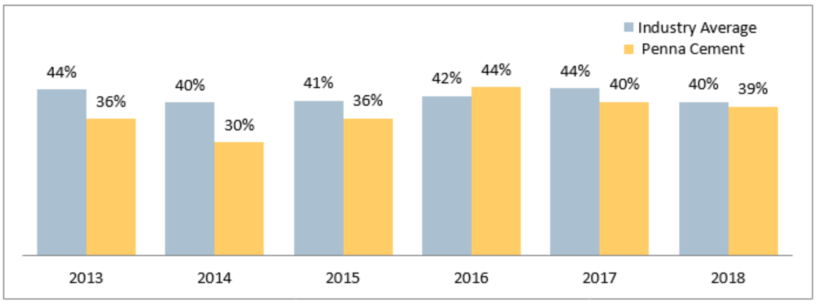
Based on the companies considered as a part of the analysis, revenue of the cement industry grew by 18.21% year-on-year for Fiscal 2018 while net profit increased by only 5.06% during the same period. The increase in revenue is due to higher sales volume backed by increased government spending on infrastructure and housing segments. Industry profit was impacted due to increase in logistics, power and fuel cost which together witnessed a year-on-year increase of 13.82% on per tonne basis in Fiscal 2018 in comparison to the previous year.

Other key trends are as follows:

- **Capacity Utilization** - The cement industry witnessed an increase in average capacity utilization to 73% from 68% to 70% in the last three years. Capacity utilization of Penna Cement Industries Limited was 61% in Fiscal 2018, in comparison to 56% in Fiscal 2017. Companies such as ACC Limited, Ambuja Cements Limited, Birla Corporation Limited, and OCL India Limited observed higher utilization rates than the F&S Cement Industry Average.

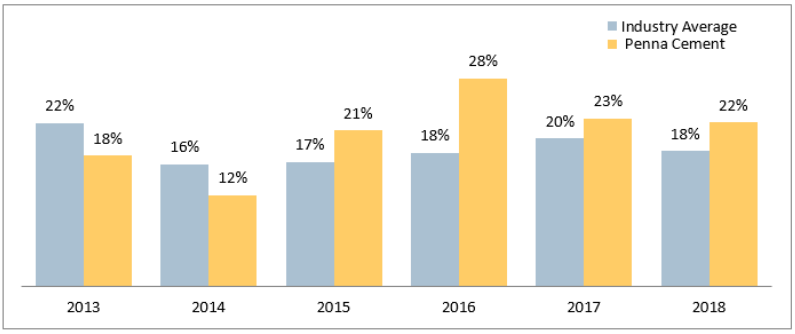
- **Revenue and Realization per tonne** – Sales per tonne for the industry increased by 4.42% in Fiscal 2018 and stood at ₹ 4,708 from ₹ 4,509 in the previous year. On the other hand, contribution (sales - raw material cost - power and fuel costs - logistics costs) per tonne declined by 4.07% to ₹ 1,942 per tonne in comparison to ₹ 2,024 per tonne in the previous year. A very marginal increase in average revenue per tonne can be attributed to the general supply-demand mismatch, which is expected to put further downward pressure on prices in the cement sector. The decline in profits is due to increased logistics cost which is an effect of increase in diesel cost. Further, ban on usage of pet coke and increase in coal prices has led to increase in power and fuel cost per tonne. However, different from the general industry trend, Penna Cement Industries Limited witnessed a decline in both revenue per tonne and contribution per tonne. Decline in contribution per tonne can be attributed to increased logistics costs. However, Penna was able to compensate this increase by controlling its raw material, labour and fuel cost per tonne.

Contribution Margin - Industry vs Penna Cement, 2013 – 2018 (%)



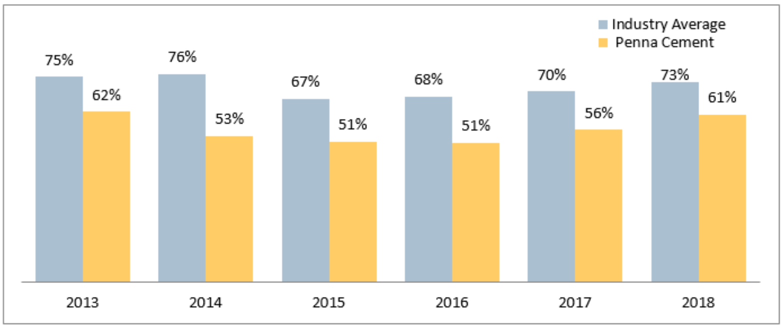
Contribution margin = ((Gross Operating Sales - Excise Duty)+Other Operating Revenue - Raw Material Expenses - Power and Fuel expenses - Freight and Forwarding Expenses)/ ((Gross Operating Sales - Excise Duty)+Other Operating Revenue)
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech Cement, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg,and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

EBITDA Margin – Industry vs Penna Cement, 2013 – 2018 (%)



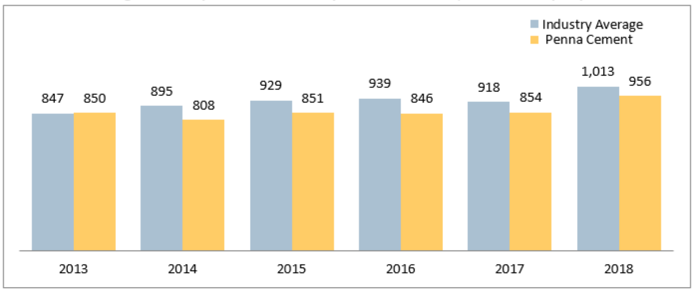
EBITDA Margin = EBITDA (Revenue from operations less excise duty - Raw materials - Logistics Cost - Power and Fuel - Labour - Other Expenses) / Revenue from operations less excise duty
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech Cement, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

Capacity Utilization – Industry vs Penna Cement, 2013 – 2018 (%)



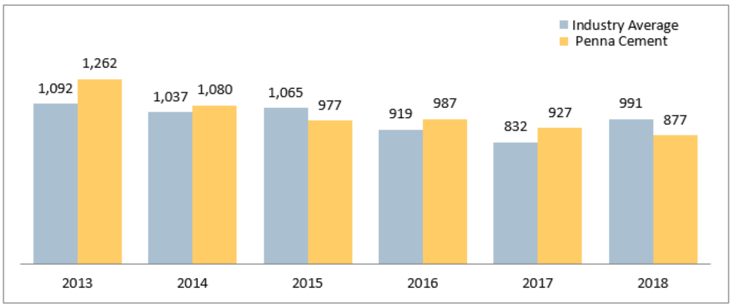
Capacity Utilization = Production Volume / Total Capacity
F&S Cement Industry Average refers to average of the capacity utilization of the following companies – UltraTech Cement, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

Logistics Cost per tonne – Industry vs Penna Cement, 2013 – 2018 (INR)



Logistics Cost per Tonne = Total freight and Forwarding expenses / Total cement sales volume
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech Cement, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

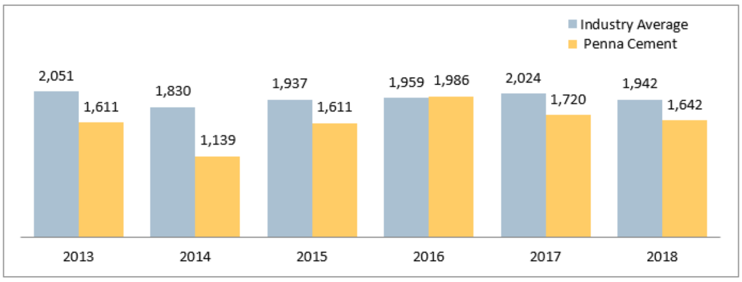
Power and Fuel Cost per tonne – Industry vs Penna Cement, 2013 – 2018 (INR)



Power and Fuel Cost per Tonne = Total power and Fuel expense / Total cement sales volume
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech Cement, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

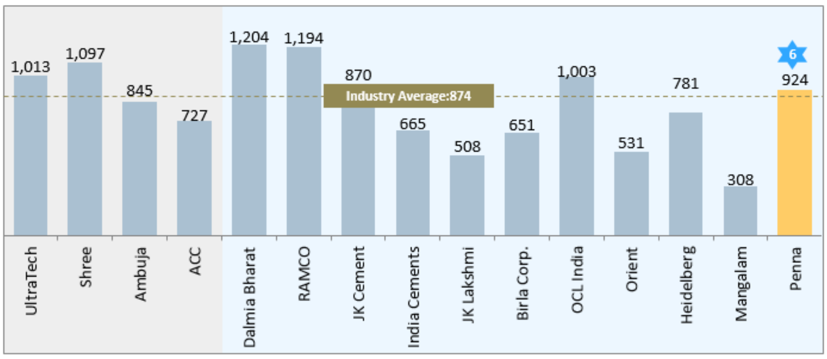
- **EBITDA per tonne** – Both industry and Penna Cement Industries Limited observed a decline of approximately 4.47% and 3.82% in EBITDA per tonne in Fiscal 2018 in comparison to previous year. However, EBITDA (sales + other operating revenue - raw materials - logistics cost - power and fuel – labour – other expenses) per tonne of Penna Cement Industries Limited was ₹ 924 per tonne, much higher than the F&S Cement Industry Average and F&S Cement Peer Average of ₹ 874 and ₹ 773 per tonne, respectively. The higher EBITDA per tonne despite decline in contribution margin can be attributed to lower overhead costs of Penna Cement Industries Limited. The industry spent an average (last three years) of approximately 16% of revenue in selling and administrative expenses while Penna Cement Industries Limited spent approximately 13% of revenue. Labour cost per tonne of Penna Cement Industries Limited is approximately 39% lower than F&S Cement Industry Average (last three years). In addition, fuel cost (which accounts for 21% of revenue) per tonne of Penna Cement Industries Limited was approximately 13% lower than F&S Cement Industry Average. Further, lower decline in contribution per tonne in comparison to the industry due to improved operating leverage also lead to higher EBITDA per tonne. Penna Cement Industries Limited ranked sixth in terms of EBITDA per tonne after Ultratech Cement Limited, Shree Cements Limited, Ramco Cements Limited and Dalmia Bharat Cement Limited (including OCL India Limited) in Fiscal 2018.

Contribution per tonne – Industry vs Penna Cement, 2013 – 2018 (INR)



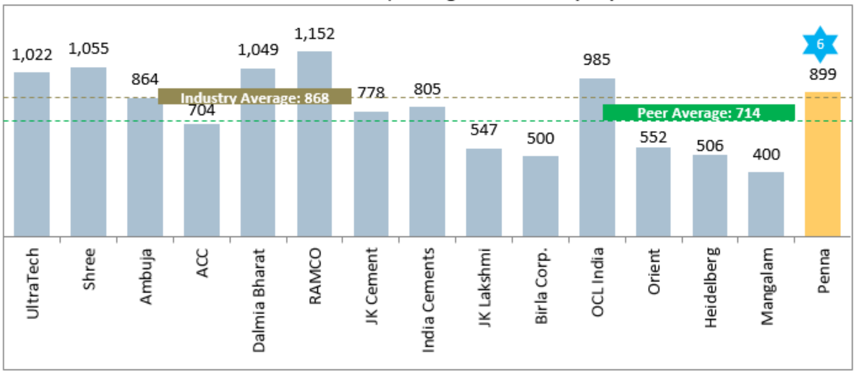
Contribution per Tonne = Contribution (Revenue from operations less: excise duty, cost of raw materials, power and fuel, freight and forwarding expense) / Total cement sales volume
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech Cement, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

EBITDA per tonne, FY18 (INR)



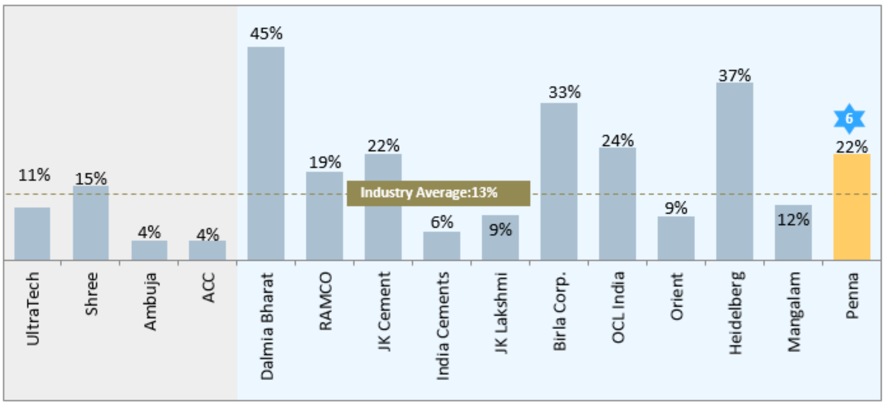
EBITDA = EBITDA (Revenue from operations less excise duty less raw materials costs, logistics cost, power and fuel expenses, labour expenses and other expenses) / Total cement sales volume
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech Cement, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

EBITDA Per Tonne, Average FY13 – FY18 (INR)



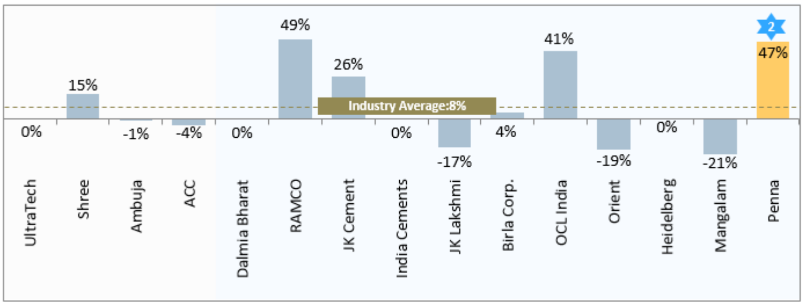
EBITDA = EBITDA (Revenue from operations less excise duty less raw materials costs, logistics cost, power and fuel expenses, labour expenses and other expenses) / Total cement sales volume
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

EBITDA CAGR, FY14-18 (%)



EBITDA CAGR = ((final year/starting year) ^ (1/number of years)-1)
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

Profit After Tax (PAT) CAGR, FY14-18 (%)

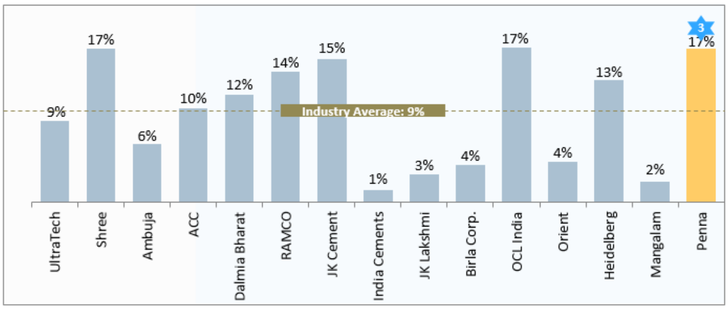


PAT CAGR = ((final year/starting year) ^ (1/number of years)-1)
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

- **Return on Equity** – Return on Equity for Penna Cement Industries Limited was at an average of 19.73% for the past three years (Fiscal 2016 to Fiscal 2018) in comparison to F&S Cement Industry Average and F&S Cement Peer Average of 9.40% and 10.07%, respectively. Higher return on equity can be attributed to higher net profit margins and higher leverage ratio of Penna Cement Industries Limited.

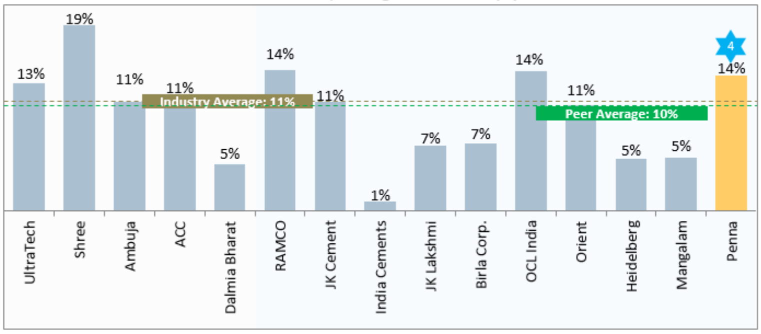
DuPont Analysis (Average of FY-16 to FY-18)			
Particulars	F&S Cement Industry Average	F&S Cement Peer Average	Penna Cement
Net Profit Margin	7.90%	6.18%	11.96%
Assets Turnover	0.61	0.63	0.65
Assets to Equity	1.93	2.54	2.98
Return on Equity	9.40%	10.07%	19.73%

Return on Equity (ROE), FY18 (%)



ROE= Net Income / Average shareholder's equity
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

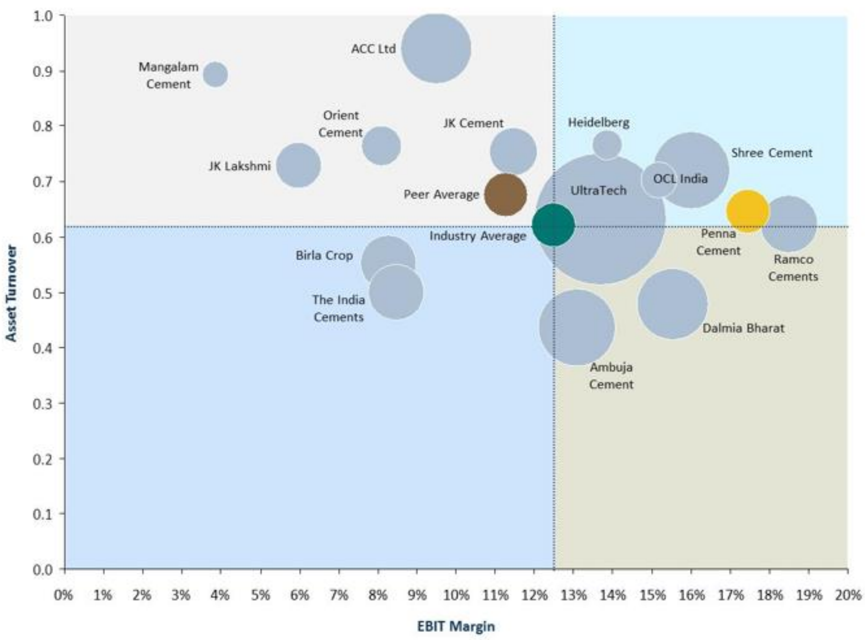
ROE, Average FY13 – FY18 (%)



ROE= Net Income / Average shareholder's equity
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

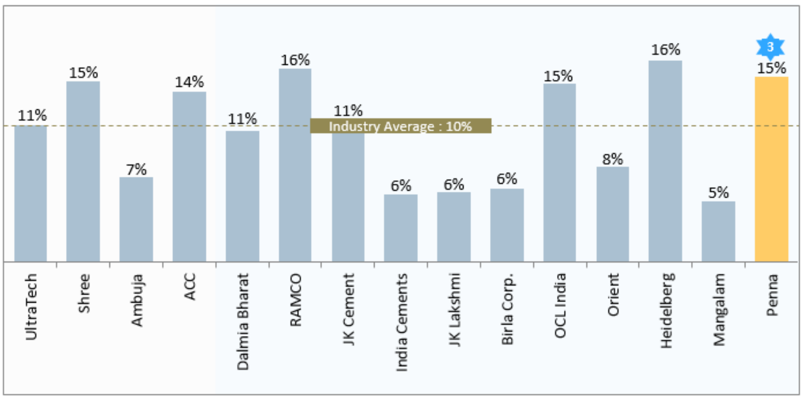
- **Other Return Metrics** – Similar to Return On Equity, Penna Cement Industries Limited observed higher pre-tax Return On Capital Employed in comparison to F&S Cement Industry Average and F&S Cement Peer Average. Return on Capital Employed was 16.87% for Penna Cement Industries Limited in the last three years in comparison to F&S Cement Industry Average and F&S Cement Peer Average of 9.85% and 9.34%, respectively. The graph below shows that Penna Cement Industries Limited stands higher than F&S Cement Industry Average and F&S Cement Peer Average and features in the "High Earnings before interest and tax (EBIT) Margin and High Asset Turnover Ratio" Quadrant with other companies such as Ultratech Cement Limited, Shree Cements Limited, Ramco Cements Limited and Heidelberg Cement AG. Asset turnover of Penna Cement Industries Limited stood at 0.65 in 2018 lower than F&S Cement Peer Average at 0.63 but higher than industry at 0.61.

Penna Cement vs Industry, FY18



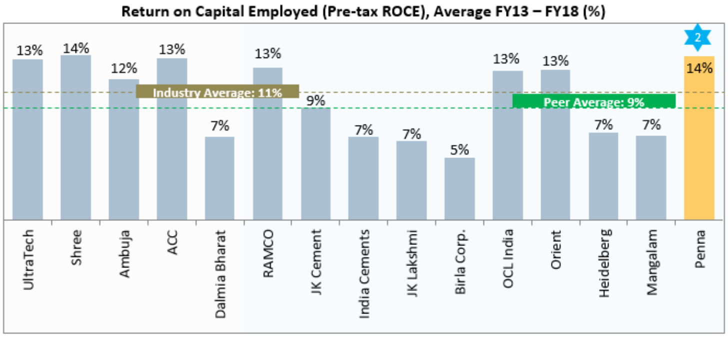
Size of the bubble corresponds to the installed capacity of players
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)
F&S Cement Peer Average refers to average of financial metrics of the following companies - Ramco Cements, JK Cement, JK Lakshmi, Birla Corp., OCL India, Orient Cement, Heidelberg, and Mangalam Cement.

Return on Capital Employed (Pre-tax ROCE), FY18 (%)



ROCE = EBIT (EBITDA - Depreciation & Amortization) / Average capital employed (debt + shareholders equity)
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

Return on Capital Employed (Pre-tax ROCE), Average FY13 – FY18 (%)



ROCE = EBIT (EBITDA - Depreciation & Amortization) / Average capital employed (debt + shareholders equity)
F&S Cement Industry Average refers to the average of the financial metrics of the following companies – UltraTech, Shree Cement, Ambuja Cement, ACC Ltd, Dalmia Bharat, Ramco Cements, JK Cement, The India Cements, JK Lakshmi, Birla Corp., Orient Cement, Heidelberg, and Mangalam Cement (these companies contribute to more than 90% of the market capitalization, as on 15th June 2018, of publicly listed companies in the Indian Cement Industry)

Considering the current environment, where demand is expected to increase based on the Central Government's focus on infrastructure and housing, the industry is expected to witness increased competition and higher capacity utilization. However, in the near term, increased supply would continue to have downward pressure on pricing and companies with lower cost structures would continue to be in a better position to outperform peers in terms of realization per ton, EBITDA per ton, return on equity and other profitability metrics.

OUR BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 13 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Significant Factors Affecting our Results of Operations" on pages 14 and 333, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on our Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus. For further information, see "Financial Statements" on page 210.

Unless the context otherwise requires, in this section, references to "we", "us", or "our" refers to Penna Cement Industries Limited on a consolidated basis and references to "the Company" or "our Company" refers to Penna Cement Industries Limited on a standalone basis.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the report "Report on the Indian Cement Industry" dated August 2018 (the "**F&S Report**") prepared and issued by Frost & Sullivan India Private Limited commissioned by us. Unless otherwise indicated, all financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

Overview

We are one of the largest privately held cement companies in India in terms of cement production capacity. We are also among the leading cement players in south India, with a strong brand recall and extensive distribution network. (*Source: F&S Report*) Incorporated in 1991, with over two decades of operations, we have been able to leverage our brand, strategically located integrated manufacturing facilities and extensive distribution network to successfully expand our business in west and east India markets, and we intend to further expand into north, central and other east India markets through a phased expansion plan.

We have four integrated manufacturing facilities and two grinding units spread across the states of Andhra Pradesh, Telangana and Maharashtra, with an aggregate cement production capacity of 10.00 million tonne per annum ("**MMTPA**") as of June 30, 2018, and we are in the process of increasing such capacity to 16.50 MMTPA which is expected to be operational by Fiscal 2021. As of March 31, 2018, our cement and clinker production capacity represented 5.81% and 5.02%, respectively, of the total cement production and clinker production capacity, respectively, in south India, comprising the states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala (*Source: F&S Report*). We are also in the process of increasing our aggregate clinker production capacity from 5.30 MMTPA as of June 30, 2018 to 10.80 MMTPA, which is expected to be operational by Fiscal 2021. Our integrated manufacturing facilities and grinding units are strategically located, with road, railway and sea route access to a number of markets, including Hyderabad, Amravati, Bengaluru, Chennai, Pune, Mumbai and Cochin. In Fiscal 2018 and in the three months ended June 30, 2018, we distributed 83.64% and 88.30%, respectively, of our cement products through rail and distributed 16.36% and 11.70%, respectively, of our cement products through road. Our integrated manufacturing facilities are also located in close proximity to captive limestone mines. Our facilities located at Boyareddypalli, Ganeshpahad, Tandur and Patas have dedicated railway sidings which enable transportation of clinker, cement and coal. We have also received an in-principle approval for setting up a dedicated railway siding at our Krishnapatnam unit.We have developed streamlined manufacturing processes and logistics management through designated split-grinding operations for our various facilities.

We have strategically focused on developing port-based logistics infrastructure to ensure efficient, reliable and cost-effective distribution. We have set up one of the largest port based grinding units in Asia at the Krishnapatnam port (*Source: F&S Report*), with an automated ship-loading facility as well as a packing terminal at the Cochin port. We are in the process of setting up three additional port-based packing terminals in India and intend to set up a packing terminal in Sri Lanka. In order to further bolster our port-based distribution strategy, we have acquired a self-discharging cement carrying vessel with a maximum cargo capacity of 25,500 tonnes and also have entered into a long term contract of affreightment with Penna Shipping Limited for four self-discharging cement carrying vessels, each with a maximum cargo capacity of 15,000 tonnes. The strategic location of our various facilities and our port based logistics infrastructure provides us with several competitive advantages, including (i) providing strategic access to south, west and east India; (ii) enabling us to cost-effectively target markets in east, south and west India, including Kolkata, Bhubaneswar, Cuttack, Cochin, Pune and Mumbai; and (iii) commence export of cement to Sri Lanka and export of clinker to Bangladesh. Our port based logistics infrastructure enables us to manage cost efficiencies in the transportation of our cement products to new markets as well as in the procurement of imported coal through the ports.

We have established stable and cost-effective raw material supplies including limestone, gypsum and fly ash, as well as coal for our integrated manufacturing facilities. Limestone is procured from our captive limestone mines, for which we have entered into long term mining leases. As of March 31, 2018, our Company's captive limestone mines had aggregate residual reserves of 475.10 million MT of limestone. We optimize our coal procurement by sourcing coal and pet coke from the international markets and through coal linkages with The Singareni Colliery Company Limited ("**SCCL**") located in the state of Telangana.

Our integrated manufacturing facilities are supplemented by auxiliary infrastructure, including a 77.00 MW captive power plant at our Ganeshpahad facility primarily used for captive consumption, and waste heat recovery ("**WHR**") units with a current aggregate capacity of 17.00 MW, which we intend to increase to 59.00 MW, expected to be operational by Fiscal 2021. In Fiscal 2018 and in the three months ended June 30, 2018, we met 73.87% and 74.55%, respectively, of our power requirements through our captive sources, thereby enabling us to effectively manage our power cost.

Our integrated manufacturing facilities are ISO 9001:2015 certified for quality, ISO 14001: 2015 certified for environmental management systems and OHSAS 18001:2007 certified for occupational hazard and safety management systems. In addition, we have applied for the Sri Lanka Standard Institution ("**SLSI**") certification for our Krishnapatnam unit. We were also awarded the *National Energy Conservation Award 2016* by the Bureau of Energy Efficiency, Ministry of Power, Government of India for efficient utilization and conservation of energy in the cement sector.

Our cement products include ordinary portland cement ("**OPC**") (including '*Penna Premium OPC 53 Grade Cement*' and '*Penna Premium OPC 43 Grade Cement*'), portland pozzolana cement ("**PPC**") and portland slag cement ("**PSC**"). We market and sell our products under the *Penna* brand, which has, over the last two decades, developed significant market presence in south India.

We have developed a strong distribution network across India comprising 3,492 dealers and distributors, as of September 30, 2018. We have been able to develop long-standing relationships with institutional customers, including large infrastructure and real estate companies, such as Larsen & Toubro Limited, Aparna Enterprises Limited, JMC Projects (India) Limited, Brigade Enterprises Limited, Gannon Dunkerley and Company Limited, Shobha Limited, Visaka Industries Limited and Puravankara Limited.

Our Company has been consistently profitable since commencement of operations, on a standalone basis. Our EBITDA and restated profit for the year have grown at a CAGR of 22.20% and 47.34%, respectively, from Fiscal 2014 to Fiscal 2018. In Fiscal 2018, our revenue from operations, EBITDA and restated profit for the year were ₹ 18,398.30 million, ₹ 3,912.97 million and ₹ 1,566.65 million, respectively while in the three months ended June 30, 2018, our revenue from operations, EBITDA and restated profit for the period were ₹ 4,565.56 million, ₹ 674.87 million and ₹ 120.97 million, respectively. Our cement sales have grown at a CAGR of 3.08% from 3.75 million MT in Fiscal 2014 to 4.24 million MT in Fiscal 2018 and were 1.14 million MT in the three months ended June 30, 2018.

In Fiscal 2018, we were among the leading cement players in India in terms of EBITDA per tonne (*Source: F&S Report*). Our EBITDA per tonne was ₹ 923.51 and ₹ 591.01 in Fiscal 2018 and in the three months ended June 30 2018, respectively. The average EBITDA per tonne in Fiscal 2018 for companies contributing to more than 90% of the market capitalization of the publicly listed companies in the Indian cement industry as of June 15, 2018 (comprising UltraTech Cement Limited, Shree Cement Limited, Ambuja Cement Limited, ACC Limited, Dalmia Bharat Cement Limited, Ramco Cements Limited, JK Cement Limited, The India Cements Limited, JK Lakshmi Cement Limited, Birla Corporation Limited, Orient Cement Limited, Heidelberg Cement India Limited and Mangalam Cement Limited (collectively, the "**F&S Indian Cement Industry**")) was ₹ 874. (*Source: F&S Report*)

The following table provides certain key performance indicators of our business:

S. No.	**Key Performance Indicators**	**Fiscal**					**Three months ended June 30, 2018**
		2014	**2015**	**2016**	**2017**	**2018**	
1.	Cement Production (in million MT)	3.73	3.59	3.55	3.89	4.28	1.17
2.	Clinker Production (in million MT)	3.25	2.83	2.90	3.17	3.46	1.08
3.	Cement Sales (in million MT)	3.75	3.60	3.54	3.88	4.24	1.14
4.	OPC sales (as % of total cement sales volume)	62.40%	54.29%	56.39%	58.04%	59.08%	61.82%
5.	PPC sales (as % of total cement sales volume)	29.03%	36.67%	32.52%	30.61%	33.30%	37.65%

S. No.	Key Performance Indicators	Fiscal					Three months ended June 30, 2018
		2014	2015	2016	2017	2018	
6.	PSC sales (as % of total cement sales volume)	8.57%	9.04%	11.09%	11.34%	7.62%	0.53%
7.	Power consumption (in million units)(1)	341.97	293.67	296.82	328.88	350.31	101.81
8.	Coal and pet coke consumption (in million MT)	0.79	0.66	0.61	0.56	0.59	0.17
9.	EBITDA per tonne (in ₹)(2)	467.56	934.40	1,321.54	960.19	923.51	591.01
10.	EBITDA margin (%)(3)	12.20%	20.95%	27.96%	22.58%	22.03%	14.78%

(1) One unit represents one KWH.
(2) EBITDA per tonne represents EBITDA (revenue from operations less excise duty, raw materials costs, freight charges/ logistics costs, power and fuel expenses, employee benefit expenses/ labour expenses and other expenses) divided by total cement sales volume.
(3) EBITDA margin represents EBITDA (revenue from operations less excise duty, raw materials costs, freight charges/ logistics costs, power and fuel expenses, employee benefit expenses/ labour expenses and other expenses) divided by revenue from operations (less excise duty).

Competitive Strengths

One of the market leaders in south India with a strong brand recall and extensive distribution network

We are among the leading cement players in south India with a market share of 5% of the total cement sales volume in south India in Fiscal 2018 (*Source: F&S Report*). As of March 31, 2018, our cement and clinker production capacity represented 5.81% and 5.02%, respectively, of the total cement production and clinker production capacity, respectively, in south India, comprising the states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala (*Source: F&S Report).* We offer major variants of cement including OPC, PPC and PSC. We commenced operations in 1994 with our first manufacturing facility in Talaricheruvu, Andhra Pradesh with a cement production capacity of approximately 0.2 MMTPA. We currently operate four integrated manufacturing facilities and two grinding units with an aggregate cement production capacity of 10.00 MMTPA, as of June 30, 2018 which we aim to increase to 16.50 MMTPA which is expected to be operational by Fiscal 2021. We have steadily expanded our operations through organic growth and recently operationalized a port based packing terminal at Cochin with a packing capacity of 240 tonnes per hour, as of June 30, 2018 and an approved capacity of 0.50 MMTPA, along with the grinding units at Krishnapatnam and Patas. We are also in the process of setting up three additional port-based packing terminals in India and intend to set up a packing terminal in Sri Lanka. Further, we intend to set up an integrated manufacturing facility and two grinding units in the north India expected to be operational by third quarter of Fiscal 2021.

The following table provides the existing and the post expansion production capacity of our integrated manufacturing facilities and grinding units:

S. No.	Intergrated Manufacturing Facility/ Grinding Unit	Existing production capacity as of June 30, 2018*		Post proposed expansion production capacity	
		Clinker	Cement	Clinker	Cement
		(in MMTPA)			
Existing					
Integrated Manufacturing Facility					
1.	Talaricheruvu, Andhra Pradesh	1.30	1.80	1.30	1.80
2.	Boyareddypalli, Andhra Pradesh	1.50	2.00	4.00	2.00
3.	Ganeshpahad, Telangana	1.00	1.20	1.00	1.20
4.	Tandur, Telangana	1.50	2.00	1.50	2.00
Grinding Unit					
5.	Krishnapatnam, Andhra Pradesh	-	2.00	-	4.00
6.	Patas, Pune, Maharashtra	-	1.00*	-	1.00
	Total	**5.30**	**10.00**	**7.80**	**12.00**
Proposed					
7.	Jodhpur, Rajasthan	-	-	3.00	2.00
8.	Kathuwas, Neemrana, National Capital Region			-	1.50
9.	Bathinda, Punjab	-	-	-	1.00
	Total	**5.30**	**10.00**	**10.80**	**16.50**

**As certified by K. Dhanapathi Rao, Chartered Engineer, by certificate dated October 26, 2018. For further information, see "- Capacity and Capacity Utilisation" and "-Expansion Plans" on pages 136 and 160, respectively*
**Approved capacity for Patas is currently for 0.70 MMTPA*

In addition, brand name and reputation are important for customers in India and we believe that our extensive history, market position, and quality products have led to wide recognition of our *Penna* brand, particularly in south India, which has enabled us to effectively target new customers and customer segments, address new business opportunities and increase the scale of our operations. Further, we have been able to develop long-standing relationships with our institutional customers, including large infrastructure and real estate companies, such as Larsen & Toubro Limited, Aparna Enterprises Limited, JMC Projects (India) Limited, Brigade Enterprises Limited, Gannon Dunkerley and Company Limited, Shobha Limited, Visaka Industries Limited and Puravankara Limited. We have also received various awards in 2018 in relation to our brand, including the *Most Impactful 30 Power Brands* by Daily Indian Media and the *Economic Times Promising Brands* by the Economic Times. For further information on the awards received, see "*History and Other Corporate Matters – Awards and Accreditations*" on page 173.

Our business operations are supported by an extensive sales and distribution network spread across south, west and east India. Our market share of the total cement sales volume in Andhra Pradesh and Telangana, Karnataka and Goa, and Tamil Nadu, Kerala and Puducherry was 8.0%, 4.5% and 3.0%, respectively, in Fiscal 2018 (*Source: F&S Report*). In addition, we also serve markets in east and west India, including Bhubaneswar, Cuttack, Cochin, Pune and Mumbai. Our cement products are sold to the trade segment (which typically incudes retail customers and wholesale customers including dealers and distributors who then resell our products to retail customers) and the non-trade segment (which typically includes government and private infrastructure projects, real estate companies, and ready-mixed concrete stations). In Fiscal 2018, sales to the trade segment and non-trade segment were 50.88% and 49.12%, respectively, of our total gross revenue from cement sales in such period while in the three months ended June 30, 2018, sales to the trade segment and non-trade segment were 58.36% and 41.64%, respectively, of our total gross revenue from cement sales in such period. We have developed long-term relationships with our dealers and distributors, with our distribution network comprising 3,492 dealers and distributors as of September 30, 2018. We believe we have benefited from the local knowledge of our sales and distribution team along with our existing institutional customers and will be able to leverage their expertise to further penetrate into existing and new markets such as Kerala, Puducherry, Odisha, West Bengal, Rajasthan, National Capital Region and Punjab.

Strategically located integrated manufacturing facilities which provide access to south, west and east India markets

We currently operate four integrated manufacturing facilities with two of our facilities located at Talaricheruvu and Boyareddypalli in Andhra Pradesh and the other two located at Ganeshpahad and Tandur in Telangana. In March 2018, we operationalized two grinding units at Krishnapatnam port in Andhra Pradesh and Patas in Maharashtra. In addition, in March 2018, we supplemented our integrated manufacturing facilities and grinding units by commissioning a packing terminal at Cochin. Our facilities are strategically located to enable access to markets such as Hyderabad, Amravati, Bengaluru, Chennai, Pune and Mumbai, which provides significant logistics management and cost benefits. Each of our facilities are connected to both the national highway and railway network. In addition, our Krishnapatnam grinding unit is located at approximately less than 280 kms, 290 kms and 330 kms from our integrated manufacturing facilities at Talaricheruvu, Boyareddypalli and Ganeshpahad, respectively, while the Patas grinding unit is located at approximately less than 410 kms from our Tandur facility. The following table provides the distance between our facilities and certain key markets:

S. No.	Key Markets	Nearest Manufacturing Facility/ Grinding Unit	Distance (in approximate less than kms)
1.	Hyderabad, Telangana	Tandur, Telangana	130
		Ganeshpahad, Telangana	180
2.	Amravati, Andhra Pradesh	Ganeshpahad, Telangana	120
3.	Chennai, Tamil Nadu	Krishnapatnam, Andhra Pradesh	180
4.	Bengaluru, Karnataka	Talaricheruvu, Andhra Pradesh	290
		Boyareddypalli, Andhra Pradesh	320
5.	Mumbai, Maharashtra	Patas, Pune, Maharashtra	220
6.	Pune, Maharashtra	Patas, Pune, Maharashtra	80

The global cement industry along with the Indian cement industry is characterized by high entry barriers such as high capital investment, procurement of raw material sources through mining leases, energy intensive nature and requires various environmental clearances. Further, sea mode transportation is characterized with difficulty in procurement of land near ports for grinding units and packing units in terms of cost and approvals, proper infrastructure for loading and unloading facilities in ports and high capital expenditure for purchasing vessels. Accordingly, there are relatively few cement manufacturers in India with established port based logistics infrastructure and distribution. (*Source: F&S Report*) With our Krishnapatnam grinding unit, packing terminal at Cochin and proposed packing terminal at Gopalpur, Karaikal and Kolkata ports, we will be one of the few cement manufacturers in India with port based logistics infrastructure and distribution. We believe our strategically located grinding units and packing terminal, together with our port based logistics infrastructure and distribution strategy, would provide us access to the coastal markets and will also enable us to serve markets in east and west India including Kolkata, Bhubaneswar, Cuttack, Cochin, Pune and Mumbai. Grinding units are closer to end-use markets and employ economic modes of transport such as sea transportation, allowing cement companies to manage logistics costs effectively (*Source: F&S Report*). Accordingly, our port based logistics infrastructure enables us to manage cost efficiencies in the transportation of our cement products to new markets.

Our facilities are supported by a 77.00 MW captive power plant at our Ganeshpahad facility, and we have also set up WHR units with an aggregate capacity of 17.00 MW at the Ganeshpahad and Boyareddypalli facilities. In Fiscal 2018 and in the three months ended June 30, 2018, we met 73.87% and 74.55%, respectively, of our power requirements through our captive sources. In addition, our facilities at Boyareddypalli, Ganeshpahad, Tandur and Patas enjoy access to dedicated railway siding which provides for the transportation of clinker, cement and coal. We have also received an in-principle approval for setting up a dedicated railway siding at our Krishnapatnam unit. The Krishnapatnam grinding unit is largely mechanized, with conveyor systems to transport cement and clinker from the grinding unit directly to the jetty silo, as well as an automated ship loading system. All of our integrated manufacturing facilities are ISO 9001:2015 certified for quality, ISO 14001:2015 for environmental management systems and OHSAS 18001:2007 for occupational hazard and safety management systems. In addition, we have applied for the SLSI certification for our Krishnapatnam unit. We continuously endeavour to improve our cost competitiveness by adopting innovative and cost saving measures in our operations and control over the principal components of the manufacturing process. For further information on our facilities, see "– *Facilities*" on page 156.

Access to quality raw materials and coal

Raw material costs are a major component of our operating costs. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, cost of material consumed was ₹ 2,821.53 million, ₹ 2,551.36 million, ₹ 2,954.55 million and ₹ 780.32 million, respectively and represented 14.85%, 13.57%, 16.06% and 17.09%, respectively, of our revenue from operations in such periods. Accordingly, we believe that efficient raw material procurement such as limestone, gypsum and fly ash, and coal, in close proximity to our integrated manufacturing facilities, has a direct result on our cost of production and profitability as well as in reducing procurement costs and ensuring protection against operational risks. Our Company has eight captive long term mining leases for our integrated manufacturing facilities, which are pit head mines having a lead distance of within five kms which provides our integrated manufacturing facilities with a stable and timely supply of limestone in a cost efficient manner. The residual reserves of our mining leases with respect to the mines currently operated are sufficient for our current production capacity for at least 35 years, based on the stipulated amount of annual excavation specified in our mining leases. In addition, the residual reserves of mining leases that are in process of being granted to us coupled with the mines that have been granted to us would meet our current production capacity as well as the requirements of our expanded capacities for at least 35 years as well.

The following table provides details in relation to our Company's captive mining lease and residual reserves for our existing integrated manufacturing facilities, as of March 31, 2018:

S. No.	Name of mine	Integrated Manufacturing Facility	Valid upto#	Residual Reserves as of March 31, 2018 (million tonnes)*
1.	Korumanipalli limestone mine – I	Talaricheruvu, Andhra Pradesh	January 28, 2054	50.46
2.	Korumanipalli limestone mine - II	Talaricheruvu, Andhra Pradesh	April 21, 2035	21.50
3.	Urichintala limestone mine	Talaricheruvu, Andhra Pradesh	March 31, 2030	16.78
4.	Talaricheruvu limestone mine	Talaricheruvu, Andhra Pradesh	March 31, 2030	0.43
5.	Chaanakya limestone mine	Ganeshpahad, Telangana	December 19, 2051	101.28
6.	Gudipadu limestone mine – I	Boyareddypalli, Andhra Pradesh	July 15, 2057	115.75
7.	Gudipadu limestone mine – II	Boyareddypalli, Andhra Pradesh	July 7, 2049	29.56
8.	Ogipur limestone mine	Tandur, Telangana	August 27, 2058	139.34
	Total			**475.10**

**As certified by K. Dhanapathi Rao, Chartered Engineer, by certificate dated October 26, 2018. For further information, see "- Raw Materials - Limestone" on page 161.*
 # The lease period validity is considered as per the Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Mines and Minerals (Development and Regulation) Amendedment Act, 2015.

The following table provides details in relation to the mining leases granted to our Subsidiary, Marwar Cement Limited, and residual reserves as of March 31, 2018:

S. No.	Name of mine	Valid upto#	Residual Reserves as of March 31, 2018 (million tonnes)*
1.	Ghorawat limestone mine -I	August 16, 2045	68.07
2.	Ghorawat limestone mine -II	June 13, 2045	18.02
3.	Pundlu limestone mine	April 18, 2034	10.76
	Total		**96.85**

**As certified by K. Dhanapathi Rao, Chartered Engineer, by certificate dated October 26, 2018.. For further information, see "- Raw Materials - Limestone" on page 161.*
 # The lease period validity is considered as per the Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Mines and Minerals (Development and Regulation) Amendedment Act, 2015.

In addition, the following table provides details in relation to the mining leases which are under the process of being granted to us and the reserves as of March 31, 2018:

S. No.	Name of mine	Reserves (as per the last Indian Bureau of Mines approved mining plan/ prospecting reports) as of March 31, 2018 (million tonnes)*	Current Status
1.	Gudipadu limestone mine – III (auction block)	26.66	Letter of intent has been issued and further clearances are under process
2.	Kowlapalli limestone mine	189.55	Letter of intent has been issued and further clearances are under process
3.	Ghoarawat and Borunda limestone mine	51.34	Letter of intent has been issued and the mining plan and the environment clearance has been approved. Further clearances are under process.
	Total	**267.55**	

As certified by K. Dhanapathi Rao, Chartered Engineer, by certificate dated October 26, 2018. For further information, see "- Raw Materials - Limestone" on page 161

In addition, our Boyareddypalli facility is equipped with belt conveyors from the mines for the transportation of limestone directly to it, which further reduces delivered limestone costs. Further, we optimize our coal procurement by sourcing coal and pet coke from the international markets and through coal linkages with SCCL located in the state of Telangana. The strategic location of our facilities and our port based logistics infrastructure enables us to reduce cost of importing coal, and therefore coal and pet coke requirements for blending are met through import of United States and South Africa origin coal and pet coke through the Krishnapatnam port. In Fiscal 2018 and in the three months ended June 30, 2018, coal and pet coke from SCCL accounted for 33.39% and 34.49%, respectively, of our total consumption of coal and pet coke, while imported coal and pet coke accounted for 66.61% and 65.51%, respectively, of our total consumption of coal and pet coke. In addition to obtaining fly ash from our captive power plant, we procure fly ash from other coal-fired power plants located near our integrated manufacturing facilities. For our Krishnapatnam grinding unit, which was commissioned in March 2018, we believe we will have access to relatively low cost fly ash by virtue of being in close proximity to fly ash sources. Further, we obtain gypsum and slag from nearby fertilizer companies and steel manufacturing plants, respectively.

Well positioned to benefit from the growth in the cement industry

The global cement production is forecasted to grow from 4.5 billion tonnes in 2018 to 5.2 billion tonnes in 2023 at a CAGR of 3.0%. In 2017, the per capita cement consumption in India was much lower at 220 kilograms compared with the global average of 580 kilograms. India was the second largest producer and consumer of cement globally, accounting for 7% of the global cement demand in 2017. Cement demand in India has grown at a CAGR of 3.9% between Fiscal 2014 and Fiscal 2018 and was 296 million tonnes in Fiscal 2018. The demand for cement in India is expected to further grow at CAGR of 8.2% between Fiscal 2018 and Fiscal 2023, resulting in India to become one of the fastest growing markets, primarily driven by infrastructure investment by the Government of India and focus on affordable housing. Further, rapid urbanisation, increased infrastructure spending by the Government of India and initiatives such as 'Pradhan Mantri Awas Yojana', 'Atal Mission for Rejuvenation and Urban Transformation' ("**AMRUT**") mission, 'Bharatmala Pariyojana', 'Sagar Mala' and a number of metro projects across major cities in India are expected to further increase the cement demand in Fiscal 2019. (*Source: F&S Report*) This presents a major opportunity for growth in the cement industry in India and accordingly, we believe we are well positioned to benefit from such initiatives.

We have over two decades of experience in the cement manufacturing industry. As of March 31, 2018, our cement and clinker production capacity represented 5.81% and 5.02%, respectively, of the total cement production and clinker production capacity, respectively, in south India, comprising the states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala, while our market share was 5% of the total cement sales volume in south India in Fiscal 2018 (*Source: F&S Report*). Further, in Fiscal 2018, we operated at a higher capacity utilization than the regional (south India) average capacity utilization. (*Source: F&S Report*) Our quality, reliability and prompt delivery of products have enabled us to procure orders from customers including large institutional customers such as real estate developers and infrastructure companies, the central and State Governments and EPC contractors who in turn are awarded contracts from the central and State Governments and governmental agencies for their infrastructure projects. Accordingly, we believe that we are well positioned to capitalise on the growth in the cement industry based on our long operational history, integrated manufacturing facilities, access to raw materials and stringent quality management. In addition, our strategic focus of identifying markets along the eastern and western coastal region of India, which we believe are deficit cement markets, and on expanding our cement production capacity through the construction of additional facilities, packing terminals and associated infrastructure will allow us to take advantage of this opportunity.

Established track record of operational and financial performance

Our EBITDA and restated profit for the year have grown at a CAGR of 22.20% and 47.34%, respectively, from Fiscal 2014 to Fiscal 2018. In Fiscal 2018, our revenue from operations, EBITDA and restated profit for the year were ₹ 18,398.30 million, ₹ 3,912.97 million and ₹ 1,566.65 million, respectively while in the three months ended June 30, 2018, our revenue from operations, EBITDA and restated profit for the period were ₹ 4,565.56 million, ₹ 674.87 million and ₹ 120.97 million, respectively. Our cement sales have grown at a CAGR of 3.08% from 3.75 million MT in Fiscal 2014 to 4.24 million MT in Fiscal 2018.

In Fiscal 2018, we were among the leading cement players in India in terms of EBITDA per tonne (*Source: F&S Report*). Our EBITDA per tonne was ₹ 923.51 in Fiscal 2018 while the average EBITDA per tonne for the F&S Indian Cement Industry was ₹ 874 in Fiscal 2018 (*Source: F&S Report*). Our EBITDA per tonne was ₹ 591.01 in the three months ended June 30, 2018.

The following table provides certain key performance indicators of our business in comparison with the cement industry (average) in Fiscal 2018:

S. No.	Key Performance Indicators	Penna Cement Industries Limited (consolidated basis)	F&S Indian Cement Industry (average)*
		Fiscal 2018	
1.	EBITDA margin(1)	22.03%	18%
2.	Logistics cost per tonne(2)	₹955.60	₹1,013
3.	Power and fuel cost per tonne(3)	₹877.03	₹ 991
4.	Contribution per tonne(4)	₹1,643.88	1,964
5.	Return on Equity(5)	16.57%	9%
6.	Return on Capital Employed (pre-tax) (6)	15.16%	10%

** Source: F&S Report.*
Note:
(1) EBITDA margin represents EBITDA (revenue from operations less excise duty, raw materials costs, freight charges/ logistics costs, power and fuel expenses, employee benefit expenses/ labour expenses and other expenses) divided by revenue from operations (less excise duty).
(2) Logistics cost per tonne represents total freight charges divided by total cement sales volume.
(3) Power and fuel cost per tonne represents total power and fuel expense divided by total cement sales volume.
(4) Contribution per tonne represents revenue from operations (less: excise duty, cost of raw materials, power and fuel, freight and forwarding expense) divided by total cement sales volume.
(5) Return on Equity represents net income divided by average shareholders' equity.
(6) Return on Capital Employed (pre-tax) represents EBITDA (less depreciation and amortization) divided by average capital employed (debt plus shareholders' equity).

In addition, the following table provides certain key performance indicators of our business for the three months ended June 30, 2018:

S. No.	Key Performance Indicators	Penna Cement Industries Limited (consolidated basis)
		Three Months Ended June 30, 2018
1.	EBITDA margin(1)	14.78%
2.	Logistics cost per tonne(2)	₹ 1,125.37
3.	Power and fuel cost per tonne(3)	₹ 1,091.94
4.	Contribution per tonne(4)	₹ 1,371.67

Note:
(1) EBITDA margin represents EBITDA (revenue from operations less excise duty, raw materials costs, freight charges/ logistics costs, power and fuel expenses, employee benefit expenses/ labour expenses and other expenses) divided by revenue from operations (less excise duty).
(2) Logistics cost per tonne represents total freight charges divided by total cement sales volume.
(3) Power and fuel cost per tonne represents total power and fuel expense divided by total cement sales volume.
(4) Contribution per tonne represents revenue from operations (less: excise duty, cost of raw materials, power and fuel, freight and forwarding expense) divided by total cement sales volume.

Experienced promoter and management team with an established track record of project and timely execution

We benefit from the experience of our Promoter and the senior management team who have extensive industry knowledge and expertise. Our Promoter, Chairman and Managing Director, P. Prathap Reddy has played a key role in the development of our business. Our Promoter is actively involved in our operations, and together with our Board of Directors and our senior management, has been instrumental in implementing our growth strategies and expanding our business through various process improvements and successful integration of our integrated manufacturing facilities. Members of our Board and other key operating personnel possess extensive operating and industry experience. Bezawada Vikram, Executive Director, has been responsible for execution of our Company's expansion projects. Lakshmi Kantham Dabbara, Executive Director, is responsible for the operations of all our facilities including procurement of raw materials, commercial production and manufacturing operations, and has been a Director of our Company since July 8, 1992. Krishna Srivastava, Director – Marketing, has been instrumental in driving our sales and marketing initiatives.

In addition, by leveraging the experience of our Promoter and management team, we believe that we have developed an established track record of efficient project management and execution experience, involving trained and skilled manpower, innovative work practices, efficient deployment of equipment and an in-house project management team. We believe that such skills have enabled us to complete the construction of our facilities within short timelines. Our project management team, working in conjunction with the design and engineering team, ensures operational efficiencies through overall supervision of the manufacturing and project execution process. We believe that our strong track record of successfully completing projects in a timely manner has allowed us to grow our business and further help in executing our proposed expansion plans.

Our Strategies

Focus on port based logistics infrastructure and distribution, consolidate presence in south India and expanding presence in east and west India, and commence exports

Logistics costs in the cement industry are relatively higher than the logistics costs of other manufacturing industries. The cost of transportation is a critical factor in the cement industry which determines landed prices competitiveness. Logistics for cement and raw materials such as limestone, clinker, fly ash and slag, are carried out primarily through road, railways, and sea. Typically, road and rail transportation has been preferred in the cement industry, however, in recent times, sea transportation is becoming more attractive due to its low cost advantages while catering to coastal markets. The cost of sea transportation in India is approximately ₹ 0.7 to ₹ 1.7 per tonne per kilometer in comparison to the cost of railway transportation and road transportation is approximately ₹ 2.0 to ₹ 2.5 per tonne per kilometer and ₹ 3.0 to ₹ 3.5 per tonne per kilometer, respectively, with additional loading and unloading cost. In addition, sea based transportation helps in protection from any kind of pilfering and weathering damage, which typically occurs in transportation through road and rail. (*Source: F&S Report*) Accordingly, we have and will continue to develop our port based logistics infrastructure and distribution in order to further expand our presence in new markets particularly in east and west India and further deepen our presence in south India.

Further, the 'Sagar Mala' scheme aimed at setting up of new ports, improved port infrastructure and increased use of waterways for movement of goods both for inland consumption and exports will help lower logistics costs through increased use of sea route for cement transportation. However, there are several entry barriers for port based logistics and infrastructure, including procurement of land near ports for grinding units and packing units is challenging in terms of cost and approvals, proper infrastructure for loading and unloading facilities in ports and high capital expenditure for purchasing vessels. Accordingly, there are relatively few cement manufacturers in India with established port based logistics infrastructure and distribution. (*Source: F&S Report*) In March 2018, we commissioned one of the largest port based grinding unit in Asia at Krishnapatnam port (*Source: F&S Report*), with an automated ship-loading facility as well as a packing terminal at the Cochin port. By venturing into port based logistics infrastructure and distribution, we believe we will be able to ensure cost efficiencies in the transportation of our cement products to new markets at relatively lower freight costs as well as in the procurement of imported coal through the ports.

South India's cement demand is the highest in India estimated at 77 million tonnes in Fiscal 2018, followed by east India at 59 million tonnes in Fiscal 2018. Further, the total demand in south India, east India and west India is expected to grow at a CAGR of 9.0%, 9.3% and 8.2% between Fiscal 2018 and Fiscal 2023. In particular, the states of Odisha, West Bengal, Andhra Pradesh and Telangana are expected to grow at a CAGR of 11.7%, 9.6%, 12.6% and 10.6%, respectively. (*Source: F&S Report*) In order to meet this growing demand and serve the coastal markets, such as, Orissa, West Bengal and Tamil Nadu, along with enhancing our port based logistics infrastructure and distribution, we are in the process of establishing three packing terminals at Gopalpur, Karaikal, and Kolkata ports, each with a 240 tonnes per hour packing capacity and an approved capacity of 0.50 MMTPA, which are expected to be operationalized by third quarter of Fiscal 2019, fourth quarter of Fiscal 2019 and fourth quarter of Fiscal 2019, respectively. We also aim to increase the cement production capacity of our Krishnapatnam grinding unit from 2.00 MMTPA to 4.00 MMTPA, expected to be operational by fourth quarter of Fiscal 2019 and the clinker production capacity of our Boyareddypalli facility from 1.50 MMTPA to 4.00 MMTPA, expected to be operational by the second quarter of Fiscal 2020. In addition, we have acquired a self-discharging cement carrying vessel with a maximum cargo capacity of 25,500 tonnes and have entered into a long term contract of affreightment with Penna Shipping Limited for an additional four self-discharging cement carrying vessel, each with a maximum cargo capacity of 15,000 tonnes, for port based shipping which will streamline the loading and unloading processes at packing terminals. These self-discharging cement carrying vessels do not require any manual intervention and are environmentally friendly and accordingly, we believe these would lead to better operational and cost efficiencies. Further, we believe our recently commissioned grinding unit at Patas will provide us access to key markets in west India, particularly in Maharashtra at lower freight cost. The clinker for this grinding unit will be supplied from our existing integrated manufacturing facility at Tandur via railway siding that we believe would in-turn increase the capacity utilization of our Tandur facility.

In addition, we also aim to establish our presence in export markets, specifically in Sri Lanka for cement and Bangladesh for clinker. Bangladesh and Sri Lanka are key importers of clinker due to limited limestone mines. In particular, Bangladesh has low per capita cement consumption of approximately 120 kg, while Sri Lanka's per capita cement consumption is approximately 330 kg. The cement demand in Bangladesh and Sri Lanka is expected to grow at CAGR of 11% and 9%, respectively, between Fiscal 2018 and Fiscal 2023. Further, in Sri Lanka, the domestic supply was lower than the actual demand, contributing 29% of the cement demand in Fiscal 2018 with 71% of their cement demand being met through imports in Fiscal 2018. (*Source: F&S Report*) In order to cater to the high growth in Bangladesh and Sri Lanka, we aim to leverage our port based logistics infrastructure to transport clinker to Bangladesh and intend to set up a packing terminal in Colombo, Sri Lanka by the first quarter of Fiscal 2020.

Setting up new facilities to establish presence in north India

In north India, Rajasthan is the only state where there is excess cement supply in comparison with the demand due to the presence of adequate limestone reserves. As a result, Rajasthan supplies cement to other regions in north India such as Haryana, Jammu and Kashmir and National Capital Region, where there are limited clinker facilities. Further, in north India, the states of Haryana, Punjab, National Capital Territory of Delhi and Uttar Pradesh are expected to grow at a CAGR of 8.8%, 8.9%, 6.0% and 6.1%, respectively, between Fiscal 2018 and Fiscal 2023. (*Source: F&S Report*) We believe these underpenetrated markets in north India provide significant growth and increased margin opportunities. We have over the years made significant investments in expanding our production capabilities. Accordingly, we intend to set up cement manufacturing facility with a proposed clinker production capacity of 3.00 MMTPA and cement production capacity of 2.00 MMTPA in Jodhpur, Rajasthan and two grinding units in Kathuwas, Neemrana, National Capital Region and Bathinda, Punjab with a proposed cement production capacity of 1.50 MMTPA and 1.0 MMTPA, respectively, expected to be operational by the third quarter of Fiscal 2021. We have also acquired land in Jodhpur, Rajasthan and a portion of land in Kathuwas, Neemrana, National Capital Region. Further, we have also obtained mining lease in Jodhpur, Rajasthan for Ghorawat limestone mine – I, Ghorawat limestone mine – II and Pundlu limestone mine, which have residual reserves of 68.07 million tonnes, 18.02 million tonnes and 10.76 million tonnes, respectively, as certified by K. Dhanapathi Rao, Chartered Engineer, vide certificate dated October 26, 2018. As of March 31, 2018, we had incurred a capital expenditure of ₹ 1,030.00 million in relation to setting up of the integrated manufacturing facility and grinding units in north India, with the total project cost amounting to ₹ 22,928.85 million. We believe this expansion will help us in establishing presence in north India, specifically, Rajasthan, National Capital Region, Punjab, Haryana and Uttar Pradesh.

Through our phased expansion plans in the south, east, west and north India markets, where we intend to increase our production capabilities through organic growth, our aggregate cement production capacity of 10.00 MMTPA as of June 30, 2018 is proposed to be increased to 16.50 MMTPA, which is expected to be operational by Fiscal 2021 and our aggregate clinker production capacity of 5.30 MMTPA as of June 30, 2018 is proposed to be increased to 10.80 MMTPA, which is expected to be operational by Fiscal 2021. Accordingly, we believe we will be able to establish presence across all the regions India and become a pan-India player which will enable us to reduce our dependence on south India and prevent any concentration risk. For further information on our proposed expansion plans, see "- *Expansion Plans*" on page 160.

Increase sales of blended cement to increase volumes and profit margins

In addition to OPC, our cement products also include (i) PPC, which is a special blended cement and is manufactured by inter-grinding clinker with high-quality processed fly ash along with gypsum; and (ii) PSC, which is a slag-based blended cement and is manufactured by blending clinker with slag and gypsum.

Indian cement manufacturers are aiming to reduce their operating costs and the carbon footprint by reducing the usage of clinker in cement. In Fiscal 2018, PPC accounted for 64% of the overall cement consumption and is expected to grow at a CAGR of 9.5% to 10.0% between Fiscal 2018 and Fiscal 2023. The demand for PPC is increasing in India owing to superior properties in terms of thermal cracking resistance, higher strength and durability. In Fiscal 2018, PSC accounted for 8% of the overall cement consumption and is expected to grow at a CAGR of 8.0% to 8.5% during Fiscal 2018 and Fiscal 2023. With the shift in the consumer demand, the blended cement per capita consumption has increased particularly in the coastal markets such as Tamil Nadu, Kerala and other parts of east India. Further, the cement manufacturers are also creating awareness regarding the use of blended cement over the various other types of cement. (*Source: F&S Report*)

Our target markets which include Kerala, Odisha and West Bengal, Rajasthan, National Capital Region and Punjab, are primarily blended cement markets unlike some of our existing markets in south India and Maharashtra. The gross cement revenue of our blended cement sales (PPC and PSC together) accounted for 47.25%, 45.43%, 43.21% and 40.23% of our total cement sales revenue in Fiscal 2016, 2017 and 2018 and in the three month period ended June 30, 2018, respectively, while OPC sales accounted for 52.75%, 54.57%, 56.79% and 59.76%, respectively, our total gross cement revenue, in the same periods. We believe that the sale of our blended cement would significantly increase by entering into these markets. Further, provided that blending material is available at significantly lower landed cost at our grinding units and integrated manufacturing facilities as compared to clinker, an increase in the sales of our blended cement would compensate for the incremental freight cost incurred towards transportation of clinker, maintain cost efficiencies and improve our production levels and profit margins. At our Krishnapatnam grinding unit, which was commissioned in March 2018, we believe we will have access to relatively low cost fly ash due to being located within 15 kms from fly ash sources including thermal power plant. In addition, blended cement requires relatively lower quantity of limestone, leading to an increase in the availability of limestone.

Improve operational efficiency and continue to implement measures to reduce costs

We have implemented and will continue to implement measures to reduce our operating costs, which is critical in determining profitability. We have, at all times, endeavoured to maintain the price competitiveness of our products. We have and will continue to implement certain efficiency improvement projects, such as, improving utilization rate of our existing facilities and establishing WHR units that would further enhance our cost competitiveness and increase profitability. We intend to continue to focus on increasing our production capacity and improve utilization of our existing capacities through split-grinding operations. Split grinding strategy involves the manufacturing unit of clinker to be set up close to the limestone reserve and the grinding unit to be set up near the consumption centre which leads reduction in transportation costs along with making it easier to transport and store (*Source: F&S Report*). In addition, higher capacity utilization would lead to lower fixed cost per tonne resulting in an increase in profitability. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, we produced 3.55 million MT, 3.89 million MT, 4.28 million MT and 1.17 million MT of cement, respectively, and 2.90 million MT, 3.17 million MT, 3.46 million MT and 1.08 million MT of clinker, respectively. Our capacity utilization for cement was 51%, 56%, 61% and 67% in Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, respectively, and our capacity utilization for clinker was 55%, 60%, 65% and 81%, respectively, in the same periods. For further information, see "- *Capacity and Capacity Utilization*" on page 136. Further, in Fiscal 2018, our capacity utilization was higher in comparison with the region (south India) average capacity utilization, however, our capacity utilization was lower than the average capacity utilization for the Indian cement industry in the same period. (*Source: F&S Report*) Accordingly, we believe that there is further scope of increasing efficiency levels at our existing facilities.

Energy costs are a significant component in operating expenses for any cement manufacturing plant. (*Source: F&S Report*) We continue to explore newer technologies that would help reduce energy consumption and thereby reduce costs. In addition to our captive power plant, we have set up WHR units with an aggregate capacity of 17.00 MW at the Ganeshpahad and Boyareddypalli facilities and are in the process of setting-up of WHR facilities at the Talaricheruvu and Tandur facilities with capacities of 7.00 MW and 10.00 MW, respectively, expected to be operational by the first quarter of Fiscal 2020, along with an additional WHR in our Boyareddypalli facility with a capacity of 10.00 MW, expected to be operational by the second quarter of Fiscal 2020. Further, we also intend to set up a WHR facility in our proposed Jodhpur facility with a capacity of 15.00 MW, expected to be operational by the third quarter of Fiscal 2021. The setting up of WHR facilities, we believe would lead to a reduction in our power costs. Further, by expanding our presence across India, we believe will be able to achieve certain synergy benefits such as reduction in our raw material and coal costs through bulk purchases and leverage our long-term relationships with our suppliers and economies of scale to increase our bargaining power with suppliers.

Further strengthen our sales and distribution capabilities and focus on growing the 'Penna' brand

We aim to strengthen our sales and distribution capabilities by strengthening our customer relationship management and use product experts to better serve our customers, particularly our trade segment (which typically incudes retail customers and wholesale customers including dealers and distributors who then resell our products to retail customers). We seek to add additional dealers and retailers to our sales and distribution network, and to further strengthen our relationships with the existing dealers and retailers. We plan to engage select dealers and distributors that have an established sales network in our target markets and attract them by providing incentive schemes and also undertake programs to provide training and advice on marketing and sales techniques, inventory management and technical applications of cement products. In addition, we plan to expand our sales network by establishing branch offices that will enhance our ability to develop, penetrate and control our target markets. We intend to build long-term relationships with these distributors, support their development and work with them closely, which we believe will further improve the stability of our sales and distribution network.

In addition, we believe that brand and reputation are important to customers, both trade and non-trade segment, in India. In recognition for our effective and creative marketing activities, in 2018, we have been awarded the *Most Impactful 30 Power Brands* by Daily Indian Media and the *Economic Times Promising Brands* by the Economic Times. We intend to grow our brand *Penna* and improve our reputation among cement manufacturers as a producer of high quality cement in our target markets by consistently providing high quality products. We intend to continue with a strategy of investing in our brand and marketing to differentiate our products, including by introducing regional brands, in existing and new markets, and maintaining market leadership in south India along with an objective of achieving market leadership in our target markets.

We are also focusing on providing technical support while increasing customer awareness of our products by providing training and workshops for customers to educate them about the diverse uses of our cement products in applications, such as, glass fiber reinforced concrete, garden furniture, pointing for brick on stone works and pre-cast cladding panels. We plan to undertake extensive customer and market research to measure the various aspects of a product, plan our marketing campaigns and accordingly, continue to enhance the brand recall through a range of targeted advertising activities including television commercials, sponsorships and other media advertisements. We believe such intentions and continuous efforts will help us in maintaining our market leadership in South India and achieving market leadership in other markets and as a result, help in transforming the *Penna* brand into a pan-India brand.

Our Products

Our principal product is cement which is primarily used in the construction of infrastructure projects such as highways, bridges, railways and roads as well as in residential and commercial buildings. We produce different varieties of cement by mixing different proportions of gypsum, fly ash, slag and other additives to clinker, a semi-finished product produced from heating limestone through a rotary kiln process. We currently produce three cement variants: (i) OPC; (ii) PPC; and (iii) PSC.

The following table sets forth the gross cement revenue contributed by each of our cement variants and the percentage of our total gross cement revenue they represent for the periods indicated:

Products	Fiscal 2016		Fiscal 2017		Fiscal 2018		Three Months Ended June 30, 2018	
	Gross Cement Revenue	As % of Total Gross Cement Revenue	Gross Cement Revenue	As % of Total Gross Cement Revenue	Gross Cement Revenue	As % of Total Gross Cement Revenue	Gross Cement Revenue	As % of Total Gross Cement Revenue
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
OPC	11,028.45	52.75%	11,845.62	54.57%	13,698.03	56.79%	3,876.83	59.76%
PPC	7,133.03	34.12%	6,977.87	32.14%	8,342.99	34.59%	2,573.57	39.67%
PSC	2,744.25	13.13%	2,883.73	13.29%	2,079.36	8.62%	36.57	0.56%
Total	**20,905.92**	**100.00%**	**21,707.23**	**100.00%**	**24,120.39**	**100.00%**	**6,486.97**	**100.00%**

Note: Gross revenue includes sales tax, excise duty and trade discount.

The following table sets forth the total quantity of each of our cement variants and percentage of our total cement sales volume they represent for the periods indicated:

Products	Fiscal 2016		Fiscal 2017		Fiscal 2018		Three Months Ended June 30, 2018	
	Cement Sales Volume	As % of Total Cement Sales Volume	Cement Sales Volume	As % of Total Cement Sales Volume	Cement Sales Volume	As % of Total Cement Sales Volume	Cement Sales Volume	As % of Total Cement Sales Volume
	(million MT)	(%)	(million MT)	(%)	(million MT)	(%)	(million MT)	(%)
OPC	2.00	56.39%	2.25	58.04%	2.50	59.08%	0.71	61.82%
PPC	1.15	32.52%	1.19	30.61%	1.41	33.30%	0.43	37.65%
PSC	0.39	11.09%	0.44	11.34%	0.32	7.62%	0.01	0.53%
Total	**3.54**	**100.00%**	**3.88**	**100.00%**	**4.24**	**100.00%**	**1.15**	**100.00%**

Ordinary Portland Cement ("OPC")

OPC is produced mainly by inter-grinding clinker and gypsum in a cement mill. OPC is further classified based on compressive strength, which is expressed in mega pascals. The grade indicates the compression strength of the concrete that it will attain after 28 days of setting. OPC contains approximately 95% clinker and 5% gypsum (*Source: F&S Report*). We have been granted the license to use the Bureau of Indian Standards ("**BIS**") mark for the OPC manufactured at our Talaricheruvu, Boyareddypalli, Tandur and Ganeshpahad facilities, Krishnapatnam unit and Cochin packing terminal.

We currently manufacture two varieties of OPC, '*Penna Premium OPC 53 Grade Cement*' and '*Penna Premium OPC 43 Grade Cement*'. The range of minimum compression strength, characteristics and application requirement as per BIS of our OPC is discussed below:

OPC Category	Compression Strength	National Standard	Characteristics	Application
Penna Premium OPC 53 Grade Cement				
	Minimum 28 days strength of 530 Kg/CM2 (53 MPa)	BIS IS: 269-2015	High strength to structures due to its optimum particle size distribution, crystallized structure and balanced phase composition	Pre-cast concrete items such as paving blocks, tiles and building blocks, pre-stressed concrete components and major construction projects with special requirements such as bridges, runways, high-rise buildings and concrete roads
Penna Premium OPC 43 Grade Cement				
	Minimum 28 days strength of 430 Kg/CM2 (43 MPa)	BIS IS: 269-2015	General purpose cement	General civil construction work, in the manufacture of pre-cast items such as blocks, pipes and tiles, asbestos products such as sheets and pipes and non-structural works such as plastering and flooring

In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, sale of '*Penna Premium OPC 53 Grade Cement*' accounted for 78.87%, 76.00%, 76.61% and 76.30%, respectively, of our total OPC sales volume, while sale of '*Penna Premium OPC 43 Grade Cement*' accounted for 21.13%, 24.00%, 23.39% and 23.70%, respectively, of our total OPC sales volume in the same periods.

Portland Pozzolana Cement ("PPC")

PPC is a special blended cement and we manufacture PPC by inter-grinding clinker with high-quality processed fly ash along with gypsum. PPC contains approximately 65% clinker, 30% fly ash and 5% gypsum (*Source: F&S Report*). Fly ash is a pozzolanic material that is a by-product of thermal power plants. The use of such blended cement in concrete reduces crack formation, improves workability, inhibits sulphate attacks and reduces the heat of hydration, making it particularly appropriate for the use in coastal areas. We have been granted the license to use the BIS mark for the PPC manufactured at our Talaricheruvu, Boyareddypalli, Tandur and Ganeshpahad facilities and our Krishnapatnam unit. Our Cochin packing terminal has been granted an adhoc permission to manufacture and sell PPC as per BIS IS: 1489 (Part 1) 2015 pending grant of the BIS certification marks license.

The manufacturing process of PPC includes the use of fly ash, which enables cement to be produced by lower consumption of clinker as compared to OPC thereby resulting in mineral, and energy conservation. Fly ash being a waste product from the operations of thermal or coal fired power stations, is readily available and is a lower cost commodity than clinker. For information, in relation to procurement of fly ash, see "- *Raw Materials*" on page 161. Therefore, the use of fly ash significantly reduces the overall cost of manufacturing of cement.

The range of minimum compression strength, characteristics and application requirement as per BIS of our PPC is discussed below:

PPC Category	Compression Strength	National Standard	Characteristics	Application
Penna Power – PPC				
	Minimum 28 days strength of 330 Kg/CM2 (33 MPa)	BIS IS: 1489 (Part 1) 2015	Low heat of hydration and corrosion resistant	Marine and hydraulic construction and other mass concrete structures such as building of houses, dams, barrages, high-rise buildings, spillways, underground structures, hydro-power stations and bridges

Portland Slag Cement ("PSC")

In addition to OPC and PPC, we manufacture PSC, which is a slag-based blended cement as per BIS specification. PSC contains approximately 55% clinker, 40% slag and 5% gypsum (*Source: F&S Report*). Slag is primarily a by-product of steel manufacturing process. We have been granted the license to use the BIS mark for the PSC manufactured at our Boyareddypalli and Talaricheruvu facilities and have applied for license to use BIS mark for the PSC which we will manufacture at our Krishnapatnam unit.

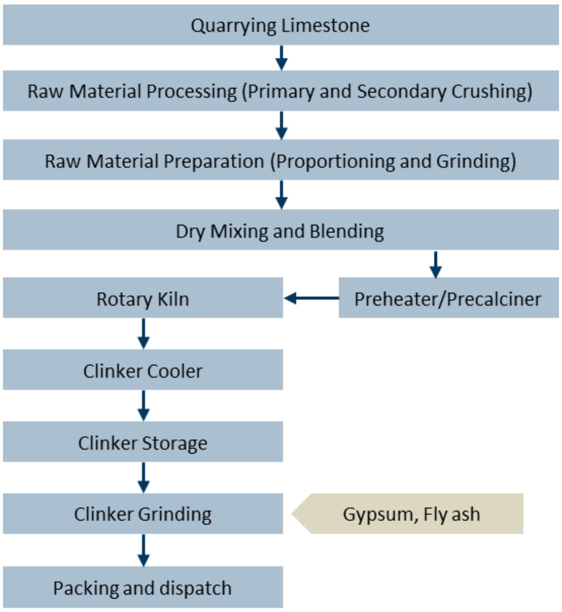
The range of minimum compression strength, characteristics and application requirement as per BIS of our PSC is discussed below:

PSC Category	Compression Strength	National Standard	Characteristics	Application
Penna Suraksha – PSC				
	Minimum 28 days strength of 330 Kg/CM2 (33 MPa)	BIS IS: 455 - 2015	High strength and durability along with sulphate resistance and low heat of hydration	Mega constructions, water retaining structures, dams and other mass concrete works and marine construction

Packaging

Product packaging is also an important characteristic to our business. We package our products in a number of ways depending on the manner of distribution, intended customer, and quantity of the cement being packaged. We have automated packing terminals at each of our facilities. We primarily package our cement products in 50 kg polypropylene, paper or laminated bags. In addition, we supply our cement in bulk in tankers to direct consumers. Our packaging material is sourced from different suppliers in India.

Manufacturing Process



(*Source: F&S Report*)

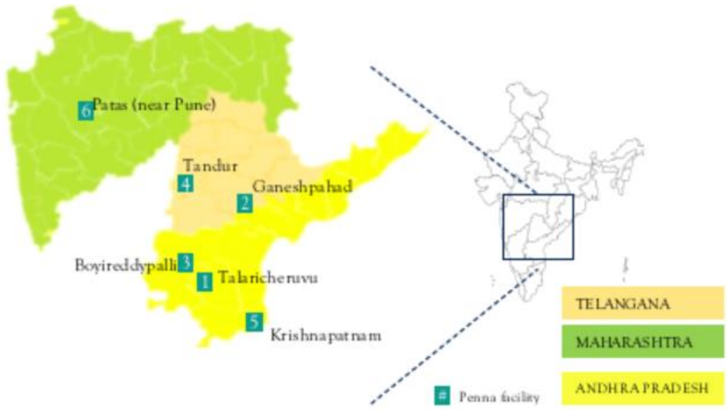
Limestone is the primary raw material, which is mined from a quarry located near or adjacent to the cement manufacturing plant. Mining of limestone requires the use of drilling and blasting techniques which use various technologies to ensure vibration, dust and noise are kept to minimum levels. Typically, the materials are loaded at the quarry blasting site into dump trucks or conveyors for transportation to the crushing plant. The raw limestone is processed through a succession of mining rotating and tumbling machinery. Subsequently, the raw stone is crushed and grounded into increasingly smaller sizes by using vertical rotary crushers. Thereafter, the pulverized limestone is mixed proportionately with other raw materials such as clay, iron ore and bauxite before being fed into the rotating ball mill or vertical roller mill for further grinding into a finely powdered form known as the 'raw meal' or 'raw mix'. The raw meal or raw mix is then stored in silos before being fed into the kiln. Typically, the raw mix is preheated using kiln exhaust gases prior to entering the kiln and in this process the raw mix is fed into the upper end of a rotary kiln to burn the limestone to lime. In the calcining process, limestone ($CaCO_3$) is heated to 1000°F-1100°F (538°C-593°C) and the lime (CaO) calcium oxide remains. Chemical reaction inside the kiln leads to the fusion of raw materials to produce the final black nodular product, clinker. The clinker is then pulverized and mixed with additives such as gypsum, fly ash and slag, to produce the cement which is then stored in silos before packaging and transportation. (*Source: F&S Report*)

Facilities

We own and operate four integrated manufacturing facilities located at (i) Talaricheruvu, Andhra Pradesh; (ii) Boyareddypalli, Andhra Pradesh; (iii) Ganeshpahad, Telangana; and (iv) Tandur, Telangana. Further, we have recently commenced operations of two grinding units located at Krishnapatnam, Andhra Pradesh and Patas, Pune, Maharashtra. We also recently established a packing terminal located at Cochin, Kerala. In addition, Parasakti Cements Limited, Associate Company, also operate an integrated manufacturing facility in Guntur, Andhra Pradesh with a total cement manufacturing capacity of 1.68 MMTPA.

We use plant and machinery equipment developed by multinational companies, such as, Loesche India Private Limited, Pacific Bearing Private Limited, FLSmidth Private Limited, AIA Engineering Limited, Turbovent Industries Private Limited, Thyssenkrupp Industries India Private Limited, RHI Clasil Private Limited and Reitz India Limited.

The map below shows the location of these integrated manufacturing facilities and grinding units:



Note: Map not to scale

The table below sets forth certain information regarding the cement manufactured at our integrated manufacturing facilities and grinding units:

Integrated Manufacturing Facility/ Grinding Unit	OPC	PPC	PSC
Talaricheruvu, Andhra Pradesh	√	√	√
Boyareddypalli, Andhra Pradesh	√	√	√
Ganeshpahad, Telangana	√	√	-
Tandur, Telangana	√	√	-
Krishnapatnam, Andhra Pradesh	√	√	-
Patas, Pune, Maharashtra	√	√	-

Integrated Manufacturing Facilities

All of our integrated manufacturing facilities are supported by infrastructure for limestone extraction and crushing, production of clinker, production of cement by inter-grinding clinker along with fly ash/ slag/ gypsum, packing facilities and quality control lab. In addition, our Ganeshpahad and Boyareddypalli facilities have also set up WHR units.

Talaricheruvu, Andhra Pradesh

The manufacturing facility at Talaricheruvu village in the Tadipatri Mandal of Anantapur District in Andhra Pradesh commenced operations in 1994 with an initial cement production capacity of approximately 0.20 MMTPA. As of June 30, 2018, our Talaricheruvu facility had an aggregate cement and clinker production capacity of 1.80 MMTPA and 1.30 MMTPA, respectively. We source limestone for this facility from Korumanipalli limestone mine – I, Korumanipalli limestone mine – II, Urichintala limestone mine and Talaricheruvu limestone mine which are pit head mines having a lead distance of within five kms. Gypsum, fly ash and slag for this facility are procured from nearby fertilizer companies, coal-fired power plants and steel manufacturing facilities, respectively. The power requirements are met through local state power grid and from our captive power plant through inter state open access, while water is procured from bore wells.

Boyareddypalli, Andhra Pradesh

The manufacturing facility at Boyareddypalli in the south-western part of Andhra Pradesh commenced operations in 2008. As of June 30, 2018, our Boyareddypalli facility had an aggregate cement and clinker production capacity of 2.00 MMTPA and 1.50 MMTPA, respectively. We source limestone for this facility from Gudipadu limestone mine – I and Gudipadu limestone mine – II which are pit head mines having a lead distance of less than five kilometres. Gypsum, fly ash and slag is procured from nearby fertilizer companies, coal-fired power plants and steel manufacturing facilities, respectively. Our Boyareddypalli facility possess a dedicated railway siding through which the clinker produced is transported to the Krishnapatnam grinding unit and cement is transported to our markets. In addition, we have also installed a WHR unit in this facility with a capacity of 10.00 MW, as of June 30, 2018. The power requirements are met through local state power grid, WHR unit and from our captive power plant through inter state open access, while water is procured from bore wells.

Ganeshpahad, Telangana

The manufacturing facility at Ganeshpahad village in Damarcherla Mandal of Nalgonda District in Telangana commenced operations in 2002 with an initial cement production capacity of 0.80 MMTPA. As of June 30, 2018, our Ganeshpahad facility had an aggregate cement and clinker production capacity of 1.20 MMTPA and 1.00 MMTPA, respectively. Our captive power plant is located at our Ganeshpahad facility. For further details, see "- *Captive Power*" and "- *Power and Fuel - Electricity*" on pages 158 and 163, respectively. We source limestone for this facility from Chaanakya limestone mine which is a pit head mine having a lead distance of within five kms. Gypsum and fly ash is procured from nearby fertilizer companies and coal-fired power plant, respectively. Our Ganeshpahad facility possess a dedicated railway siding primarily through which coal is transported to the facility along with a WHR unit with a capacity of 7.00 MW, as of June 30, 2018. The power requirements for this facility were met through our captive power plant and WHR unit in Fiscal 2018, while water is procured from bore wells.

Tandur, Telangana

The manufacturing facility at Tandur located in the Ranga Reddy district of Telangana commenced operations in 2010. As of June 30, 2018, our Tandur facility had an aggregate cement and clinker production capacity of 2.00 MMTPA and 1.50 MMTPA, respectively. We source limestone for this facility from Ogipur limestone mine which is a pit head mine having a lead distance of within five kms. Gypsum and fly ash is procured from nearby fertilizer companies and coal-fired power plants, respectively. Our Tandur facility possess a dedicated railway siding through which the clinker produced is transported to our grinding unit at Patas along with an automatic truck loading facility. The power requirements are met through local state power grid and from our captive power plant through intra state open access, while water is procured from bore wells.

Grinding Units

Krishnapatnam, Andhra Pradesh

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

Patas, Pune, Maharashtra

We also recently commissioned a grinding unit at Patas with a cement production capacity of 1.00 MMTPA in March 2018. The approved capacity for Patas is currently for 0.70 MMTPA. Our Patas grinding unit is supplied with clinker from our manufacturing facility at Tandur via dedicated railway siding located at both the facilities. Gypsum and fly ash is procured from nearby fertilizer companies and coal-fired power plants, respectively. The power requirements are met through local service providers, while water is procured from bore wells.

Packing Terminal

Cochin, Kerala

In March 2018, we commissioned a packing terminal at Cochin port with a packing capacity of 240 tonnes per hour and an approved capacity of 0.50 MMTPA. Our packing terminal is supported by a pipe conveyer to unload cement from a cement carrier vessel to silo along with an automated packing and truck loading facility. The power requirements are met through local service providers, while water is procured from bore wells.

Captive Power

In Fiscal 2018 and in the three months ended June 30, 2018, 73.87% and 74.55%, respectively, of our electricity requirement was met through captive sources including our captive power plant located at Ganeshpahad village in Damarcherla Mandal of Nalgonda District in Telangana which was commissioned in 2010. As of June 30, 2018, the Ganeshpahad plant had a total power capacity of 77.00 MW. We currently sell our excess power generated from our captive power plant to the Telangana state grid and through an energy exchange. For further information, see "- *Power and Fuel - Electricity*" on page 163.

Capacity and Capacity Utilization

The following table sets forth certain information relating to our capacity utilization of all our integrated manufacturing facilities, calculated on the basis of total production capacity and actual production for the periods indicated below:

S. No.	Type of the Product	Production Capacity as of March 31, 2016 (MMTPA) #(1)	Capacity Utilization (%)#(1)(2)(3)	Production Capacity as of March 31, 2017 (MMTPA) #(1)	Capacity Utilization (%)#(1)(2)(3)	Production Capacity as of March 31, 2018 (MMTPA) #(1)	Capacity Utilization (%)#(1)(2)(3)	Production Capacity as of June 30, 2018 (MMTPA) #(1)	Capacity Utilization (%)#(1)(2)(4)
1.	Cement	7.00	51%	7.00	56%	10.00	61%*	10.00	67%*
2.	Clinker	5.30	55%	5.30	60%	5.30	65%	5.3	81%

#As certified by K. Dhanapathi Rao, Chartered Engineer, by certificate dated October 26, 2018.

** The capacity utilization for cement production does not include the production capacity and actual production of cement of our Krishnapatnam and Patas grinding units since these units were commissioned in March 2018 and in the three months ended June 30, 2018, Krishnapatnam and Patas grinding units operated at very low production levels.*

(1) The information relating to the aggregate production capacity of our integrated manufacturing facilities as of the periods included above and elsewhere in this Draft Red Herring Prospectus are based on various assumptions and estimates of our management that have been taken into account by the chartered engineer in the calculation of our capacity. These assumptions and estimates include the standard capacity calculation practice of cement industry after examining the kiln capacity, cement grinding capacity and other ancillary equipment installed at the plant, the calculations and explanations provided our management, the period during which the manufacturing facilities operate in a year, expected operations, availability of raw materials, expected utilization levels, downtime resulting from scheduled maintenance activities, unscheduled breakdowns, as well as expected operational efficiencies. Actual production levels and utilization rates may therefore vary significantly from the capacity information of our integrated manufacturing facilities included in this Draft Red Herring Prospectus and undue reliance should not be placed on such information. See "Risk Factors – Information relating to the installed capacity of our facilities included in this Draft Red Herring Prospectus are based on various assumptions and estimates and future production and capacity may vary." on page 30.

(2) Actual production for cement was 3.55 million MT, 3.89 million MT, 4.28 million MT and 1.17 million MT in Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, respectively, and for clinker was 2.90 million MT, 3.17 million MT, 3.46 million MT and 1.08 million MT in Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, respectively.

(3) Capacity utilization has been calculated on the basis of actual production in the relevant year divided by the aggregate production capacity of our integrated manufacturing facilities as of at the end of the relevant year.

(4) Capacity utilization (on an annualized basis) has been calculated on the basis of actual production in the relevant period divided by the aggregate installed production capacity of our manufacturing facilities as of at the end of the relevant period.

See "*Risk Factors - Under-utilization of our manufacturing capacities and an inability to effectively utilize our expanded manufacturing capacities could have an adverse effect on our business, prospects and future financial performance.*" on page 23.

Expansion Plans

We have devised a phased plan to expand our market reach and production capacity through split-grinding, port based logistics infrastructure and distribution strategy, construction of new facilities and improve utilization of our existing capacities to realize cost efficiencies. We plan to increase our production capacity through organic growth from the current aggregate cement production capacity of 10.00 MMTPA as of June 30, 2018 to 16.50 MMTPA, expected to be operational by Fiscal 2021 and the current aggregate clinker production capacity of 5.30 MMTPA as of June 30, 2018 to 10.80 MMTPA, expected to be operational by Fiscal 2021.

Under the first phase of our expansion plan, we aim to focus on enhancing our presence in south India and expanding our presence in east and west India along with commencing exports, particularly to Sri Lanka and Bangladesh. Particularly to cater to south and east India, we have recently commissioned one of the largest port based grinding unit in Asia at the Krishnapatnam port (*Source: F&S Report*) along with a port based packing terminal at Cochin. We also intend to increase our Krishnapatnam grinding unit cement production capacity from 2.00 MMTPA, as of June 30, 2018 to 4.00 MMTPA, which is expected to be operational by the fourth quarter of Fiscal 2019 and the clinker production capacity of our Boyareddypalli facility from 1.50 MMTPA as of June 30, 2018 to 4.00 MMTPA, which is expected to be operational by the second quarter of Fiscal 2020. We further aim to commission packing terminals in Gopalpur, Karaikal and Kolkata ports, each with a 240 tonnes per hour packing capacity and an approved capacity of 0.50 MMTPA, which are expected to be operationalized by third quarter of Fiscal 2019, fourth quarter of Fiscal 2019 and fourth quarter of Fiscal 2019, respectively, and have already leased the land for these proposed packing terminals. In order to facilitate our port based logistics infrastructure and distribution, we have acquired a self-discharging cement carrying vessel with a maximum cargo capacity of 25,500 tonnes and have entered into a long term contract of affreightment with Penna Shipping Limited for an additional four self-discharging cement carrying vessel, each with a maximum cargo capacity of 15,000 tonnes. In order to grow our presence in west India, particularly in Maharashtra, we have commissioned a grinding unit in Patas in March 2018. Further, for exports of cement and clinker products, we intend to set up a packing terminal in Colombo, Sri Lanka by the first quarter of Fiscal 2020. In addition, we are also undertaking some efficiency enhancement projects, which would lead to better cost structure, including setting-up of WHR facilities at Talaricheruvu and Tandur facilities with capacity of 7.00 MW and 10.00 MW, respectively, expected to be operational by the first quarter of Fiscal 2020, along with an additional WHR in our Boyareddypalli facility with a capacity of 10.00 MW, expected to be operational by the second quarter of 2020.

Under the second phase of our expansion plan, we aim to expand our operations and presence in north India, particularly in Rajasthan, National Capital Region and Punjab. Accordingly, we intend to set up cement manufacturing facility with a proposed clinker production capacity of 3.00 MMTPA and cement production capacity of 2.00 MMTPA in Jodhpur, Rajasthan and two grinding units in Kathuwas, Neemrana, National Capital Region and Bathinda, Punjab with a proposed cement production capacity of 1.50 MMTPA and 1.0 MMTPA, respectively, which is expected to be operational by the third quarter of Fiscal 2021. We have also acquired land in Jodhpur, Rajasthan and a portion of land in Kathuwas, Neemrana, National Capital Region. Further, we have also obtained mining lease in Jodhpur, Rajasthan for Ghorawat limestone mine – I, Ghorawat limestone mine – II and Pundlu limestone mine, which have residual reserves of 68.07 million tonnes, 18.02 million tonnes and 10.76 million tonnes, respectively, as certified by K. Dhanapathi Rao, Chartered Engineer, vide certificate dated October 26, 2018. In addition, we also intend to set up a WHR facility in our proposed Jodhpur facility with a capacity of 15.00 MW, expected to be operational by the third quarter of Fiscal 2021. However, we are yet to place orders for majority of the plant and machinery for our proposed facilities in north India.

The following table provides the existing and the post expansion production capacity of our integrated manufacturing facilities and grinding units:

S. No.	Intergrated Manufacturing Facility/ Grinding Unit	Existing Production Capacity as of June 30, 2018*		Proposed Post Expansion Production Capacity	
		Clinker	Cement	Clinker	Cement
		(in MMTPA)			
Existing					
Integrated Manufacturing Facility					
1.	Talaricheruvu, Andhra Pradesh	1.30	1.80	1.30	1.80
2.	Boyareddypalli, Andhra Pradesh	1.50	2.00	4.00	2.00
3.	Ganeshpahad, Telangana	1.00	1.20	1.00	1.20
4.	Tandur, Telangana	1.50	2.00	1.50	2.00
Grinding Unit					
5.	Krishnapatnam, Andhra Pradesh	-	2.00	-	4.00
6.	Patas, Pune, Maharashtra	-	1.00*	-	1.00
	Total	**5.30**	**10.00**	**7.80**	**12.00**
Proposed					
7.	Jodhpur, Rajasthan	-	-	3.00	2.00
8.	Kathuwas, Neemrana, National Capital Region			-	1.50
9.	Bathinda, Punjab	-	-	-	1.00
	Total	**5.30**	**10.00**	**10.80**	**16.50**

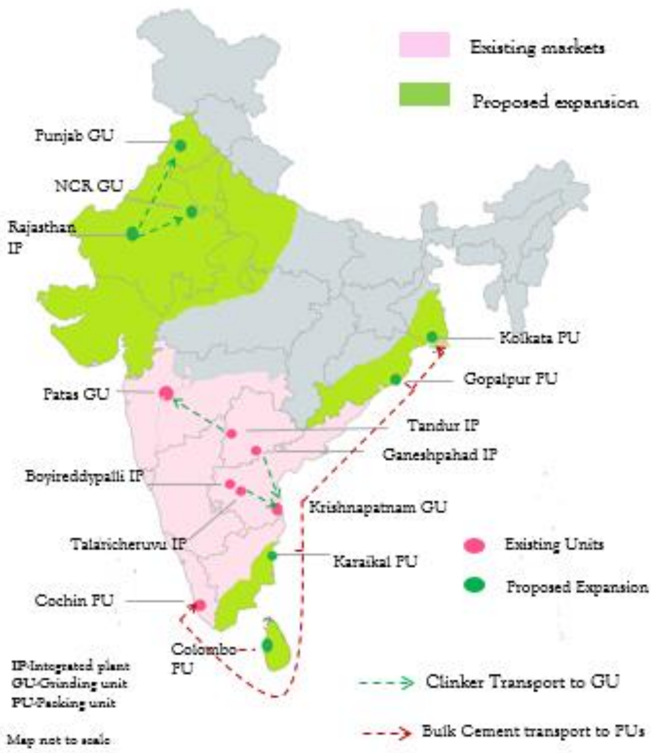
**As certified by K. Dhanapathi Rao, Chartered Engineer, by certificate dated October 26, 2018. For further information, see "- Capacity and Capacity Utilisation" and "-Expansion Plans" on pages 136 and 160, respectively.*
**Approved capacity for Patas is currently for 0.70 MMTPA.*

The following table provides the packing capacity of our existing and proposed packing terminals:

S. No.	Packing Terminal^	Existing Packing Capacity as of June 30, 2018*#	Proposed Post Expansion Packing Capacity
		(in tonnes per hour)	
1.	Cochin, Kerala^	240.00	240.00
2.	Gopalpur, Orissa^	-	240.00
3.	Kolkata, West Bengal^	-	240.00
4.	Karaikal, Tamil Nadu^	-	240.00
5.	Colombo, Sri Lanka	-	240.00

** As certified by K. Dhanapathi Rao, by certificate dated October 26, 2018. For further information, see "- Capacity and Capacity Utilisation" and "-Expansion Plans" on pages 136 and 160, respectively*
#The packing capacity is as per the packing machine rated capacity
^ Our Cochin, Gopalpur, Kolkata and Karaikal packing terminals have an approved capacity of 0.50 MMTPA

The map below shows the location of the proposed facilities under our expansion plan:



Raw Materials

Our business is significantly dependent on the availability of raw materials used in our manufacturing processes.
The raw material cost as a percentage to overall sales for the F&S Indian Cement Industry was 18.4% in Fiscal 2018 (*Source: F&S Report*). The primary raw materials used in our cement production are limestone, gypsum, fly ash and slag. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, the cost of materials consumed accounted for 14.85%, 13.57%, 16.06% and 17.09%, respectively, of our revenue from operations. Raw materials are primarily transported to the integrated manufacturing facilities primarily by means of road and rail transport. For every tonne of cement produced, approximately 0.9 tonne (for PPC and PSC) – 1.3 tonne (for OPC) of raw material (comprising limestone, bauxite, iron ore and gypsum) along with 0.30 tonne - 0.4 tonne of flyash/slag (for PPC and PSC) and 0.2 tonnes of coal is required (*Source: F&S Report*).

Limestone

The principal raw material used in the production of cement is limestone. In Fiscal 2018, we required 4.82 MMTPA of crushed limestone for our cement products. We currently operate eight limestone mines, which are pit head mines and are located in close proximity to our integrated manufacturing facilities, having a lead distance of less than five kilometres. We have obtained long-term mining leases from the relevant state Government in order to mine the limestone deposits. As of March 31, 2018, our Company's captive limestone mines had aggregate residual reserves of 475.10 million MT of limestone.

The following table provides details in relation to our Company's captive mining lease and residual reserves for our existing integrated manufacturing facilities, as of March 31, 2018:

S. No.	Name of mine	Integrated Manufacturing Facility	Valid upto#	Residual Reserves as of March 31, 2018 (million tonnes)*
1.	Korumanipalli limestone mine – I	Talaricheruvu, Andhra Pradesh	January 28, 2054	50.46
2.	Korumanipalli limestone mine - II	Talaricheruvu, Andhra Pradesh	April 21, 2035	21.50
3.	Urichintala limestone mine	Talaricheruvu, Andhra Pradesh	March 31, 2030	16.78
4.	Talaricheruvu limestone mine	Talaricheruvu, Andhra Pradesh	March 31, 2030	0.43
5.	Chaanakya limestone mine	Ganeshpahad, Telangana	December 19, 2051	101.28
6.	Gudipadu limestone mine – I	Boyareddypalli, Andhra Pradesh	July 15, 2057	115.75
7.	Gudipadu limestone mine – II	Boyareddypalli, Andhra Pradesh	July 7, 2049	29.56
8.	Ogipur limestone mine	Tandur, Telangana	August 27, 2058	139.34
	Total			**475.10**

**As certified by K. Dhanapathi Rao, Chartered Engineer, by certificate dated October 26, 2018.*

The lease period validity is considered as per the Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Mines and Minerals (Development and Regulation) Amendedment Act, 2015.

The following table provides details in relation to the mining leases granted to our Subsidiary, Marwar Cement Limited, and residual reserves as of March 31, 2018:

S. No.	Name of mine	Valid upto#	Residual Reserves as of March 31, 2018 (million tonnes)*
1.	Ghorawat limestone mine -I	August 16, 2045	68.07
2.	Ghorawat limestone mine -II	June 13, 2045	18.02
3.	Pundlu limestone mine	April 18, 2034	10.76
	Total		**96.85**

**As certified by K. Dhanapathi Rao, Chartered Engineer, by certificate dated October 26, 2018.*
 # The lease period validity is considered as per the Mines and Minerals (Development and Regulation) Act, 1957 as amended by the Mines and Minerals (Development and Regulation) Amendedment Act, 2015.

In addition, the following table provides details in relation to the mining leases which are under the process of being granted to us and the reserves as of March 31, 2018:

S. No.	Name of mine	Reserves (as per the last Indian Bureau of Mines approved mining plan/ prospecting reports) as of March 31, 2018 (million tonnes)*	Current Status
1.	Gudipadu limestone mine – III (auction block)	26.66	Letter of intent has been issued and further clearances are under process
2.	Kowlapalli limestone mine	189.55	Letter of intent has been issued and further clearances are under process
3.	Ghoarawat and Borunda limestone mine	51.34	Letter of intent has been issued and the mining plan and the environment clearance has been approved. Further clearances are under process.
	Total	**267.55**	

**As certified by K. Dhanapathi Rao, Chartered Engineer, by certificate dated October 26, 2018.*

All of the limestone produced from our limestone mines is used for our operations. We do not make any external sales of limestone. The residual reserves of our mining leases with respect to the mines currently operated are sufficient for our current production capacity for at least 35 years, based on the stipulated amount of annual excavation specified in our mining leases. In addition, the residual reserves of mining leases that are in process of being granted to us coupled with the mines that have been granted to us would meet our current production capacity as well as the requirements of our expanded capacities for at least 35 years as well.

In addition, in 2008, we had received a prospecting license for limestone over an extent of 304.74 hectares in Kurnool District for a period of three years and in 2009, Penna Tandur Cement Company Limited, which was subsequently amalgamated with our Company, was granted a mining lease for limestone for 822.13 acres in Ranga Reddy District. The CBI has filed a charge sheet alleging that our Company received such licenses and mining leases along with certain other benefits in exchange for certain *quid pro quo* investments in Jagati Publications Private Limited and Carmel Asia Holdings Private Limited, owned by Mr. Y S Jagan Mohan Reddy, son of the then Chief Minister of Andhra Pradesh, Y.S. Rajashekaran Reddy. For further information, see "*Risk Factors - There are ongoing proceedings filed by the Central Bureau of Investigation, the investigative agency in India and the Directorate of Enforcement against our Company, our Promoter and others, relating to alleged corruption in the allotment of certain land parcels, mining lease and a prospecting license. If these proceedings are determined against us, it could have a material adverse effect on our financial condition, results of operations and our reputation.*" and "*Outstanding Litigation and Other Material Developments – Litigation involving our Company - Litigation against our Company - Criminal Litigation*" on pages 14 and 365, respectively.

Gypsum

We also use gypsum in the manufacturing of cement. Gypsum acts as a retarding agent to control the setting time for cement and is ground with clinker and other blending agents to produce cement. In Fiscal 2018, we required 0.17 MMTPA of gypsum for our cement products.We obtain our gypsum requirement from fertilizer companies, such as Coromandel International Limited, located in close proximity to our facilities.

Fly ash

Fly ash, a pozzolanic material, is a key requirement for the production of PPC and is a by-product of the coal burning process at thermal power plants. We procure fly ash from our captive power plant and other coal-fired power plants located near our facilities. Moreover, the availability of fly ash at reasonable cost helps cement manufacturers in achieving higher margins.

Slag

Slag is used in the manufacture of PSC. Slag is a by-product of the steel manufacturing process and is added to the clinker to produce slag cement. We source our slag requirements primarily from nearby steel manufacturing plants.

Other raw materials

We also require various additives such as, bauxite, iron ore, laterite and dolomite, for our cement manufacturing process. We primarily procure such additives from domestic suppliers generally located near to our manufacturing plants.

Power and Fuel

Coal and electricity are principal sources of energy for cement production. Power and fuel account for a significant amount of our total expenses. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, the power and fuel (including coal consumed for power generation) accounted for 29.68%, 26.03%, 28.04% and 33.22%, respectively, of our total expenses. We primarily utilize coal as a fuel in the kiln and calciner during the process of cement production along with in our captive power plant, while electricity is used across all processes.

Coal

We import United States and South Africa origin coal and pet coke. In Fiscal 2018 and in the three months ended June 30, 2018, we imported 57.76% and 65.51%, respectively, of our total consumption of coal while all of our pet coke requirements were imported. In addition, we also obtain coal from SCCL with whom we have a long-term relationship and enter into separate fuel supply contracts for each of our facilities. Further, in Fiscal 2018 and in the three months ended June 30, 2018, we utilized 0.46 million MT and 0.17 million MT of coal, respectively while we utilized 0.12 million MT and 30.00 MT, respectively, of pet coke in the same periods, in our manufacturing operations and power generation. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, the cost of coal accounted for 52.39%, 49.21%, 57.18% and 60.16%, respectively, of our total cost of materials consumed (including power and fuel expenses). In Fiscal 2016, 2017 and 2018, pet coke consumption accounted for 25.34%, 21.50% and 20.95% of our total coal and pet coke consumption, while in the three months ended June 30, 2018, pet coke was consumed in negligible quantities.

Electricity

We require a steady supply of electricity for our cement and clinker production. All of our integrated clinker and cement manufacturing facilities have power transmission lines that are connected to the power grid network. In order to cater to our power requirements, we established a captive power plant comprising 77.0 MW. We have installed WHR units at Ganeshpahad and Boyareddypalli with an aggregate capacity of 17.0 MW. These WHR units collect residual heat from the cement production process to generate power that can be used in the production process. We currently sell our excess power generated from our captive power plant to Telangana state grid and through an energy exchange. For further information, see "- *Captive Power*" on page 158. In Fiscal 2018 and in the three months ended June 30, 2018, 73.87% and 74.55%, respectively, of our electricity requirement was met through captive sources. Our remaining electricity requirements are met through state electricity boards.

Distribution, Sales and Marketing

Our domestic sales of cement are primarily made in south India comprising the states of Andhra Pradesh, Telangana, Karnataka and Goa, Kerala, Tamil Nadu and Pondicherry and Telangana as well as Maharashtra. The following table provides the gross cement revenue for the following states in the periods indicated:

Products	Fiscal 2016		Fiscal 2017		Fiscal 2018		Three Months Ended June 30, 2018	
	Gross Cement Revenue	As % of Total Gross Cement Revenue	Gross Cement Revenue	As % of Total Gross Cement Revenue	Gross Cement Revenue	As % of Total Gross Cement Revenue	Gross Cement Revenue	As % of Total Gross Cement Revenue
	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)	(₹ million)	(%)
Andhra Pradesh	4,235.18	20.26%	5,080.61	23.41%	5,433.17	22.53%	1,379.27	21.26%
Karnataka and Goa	5,654.58	27.05%	5,227.55	24.08%	5,340.89	22.14%	1,353.67	20.87%
Kerala	1,726.78	8.26%	1,662.13	7.66%	1,436.60	5.96%	457.76	7.06%

Products	Fiscal 2016		Fiscal 2017		Fiscal 2018		Three Months Ended June 30, 2018	
	Gross Cement Revenue	**As % of Total Gross Cement Revenue**	**Gross Cement Revenue**	**As % of Total Gross Cement Revenue**	**Gross Cement Revenue**	**As % of Total Gross Cement Revenue**	**Gross Cement Revenue**	**As % of Total Gross Cement Revenue**
	(₹ million)	**(%)**	**(₹ million)**	**(%)**	**(₹ million)**	**(%)**	**(₹ million)**	**(%)**
Tamil Nadu and Pondicherry	5,316.54	25.43%	5,209.66	24.00%	5,322.56	22.07%	1,344.99	20.73%
Telangana	2,504.53	11.98%	2,775.01	12.78%	4,070.15	16.87%	1,165.49	17.97%
Maharashtra	1,400.69	6.70%	1,649.36	7.60%	2,344.29	9.72%	717.09	11.05%
Others*	67.43	0.32%	102.90	0.47%	172.73	0.72%	68.71	1.06%
Total Gross Cement Revenue	**20,905.73**	**100.00%**	**21,707.23**	**100.00%**	**24,120.38**	**100.00%**	**6,486.97**	**100.00%**
Total Gross Cement Revenue in South India#	**19,437.61**	**92.98%**	**19,954.96**	**91.93%**	**21,603.37**	**89.56%**	**5,701.17**	**87.89%**

**Others include Odisha, Madhya Pradesh, Chhattisgarh, Jharkhand and Andaman & Nicobar Islands.*
#South India consists of Andhra Pradesh, Karnataka, Goa, Kerala, Tamil Nadu, Pondicherry and Telangana.

We distribute and sell our cement products either directly to the trade segment (which typically incudes retail customers and wholesale customers including dealers and distributors who then resell our products to retail customers) and non-trade segment (which typically includes government and private infrastructure projects, real estate companies, and ready-mixed concrete stations). In Fiscal 2018, sales to the trade segment and non-trade segment were 50.88% and 49.12%, respectively, of our total gross revenue from cement sales in such period while in the three months ended June 30, 2018, sales to the trade segment and non-trade segment were 58.36% and 41.64%, respectively, of our total gross revenue from cement sales in such period.

We conduct our sales primarily through our regional and local sales offices located across the south and west India. We have developed strong relationships with various customers leading to repeat orders from such customers. As of September 30, 2018, our distribution network consisted of 3,492 dealers and distributors. Our sales are primarily made to dealers of large infrastructure, construction and real estate companies as well as wholesale and retail outlets. We also have a team of sales officers operating within each district where we sell our products who are in regular contact with our dealers and help us monitor these sales relationships and inventory requirements. Our orders for sales to dealers are typically a one-time purchase orders and such dealers place orders for products based on prices, availability and the quality of products offered.

Further, our sales and marketing team is regularly in contact with our customers and distributors to understand the evolving needs of customers as well as market trends. In recognition of our marketing efforts, in 2018, we were awarded the *Most Impactful 30 Power Brands* by Daily Indian Media and the *Economic Times Promising Brands* by the Economic Times.

Logistics

Our suppliers either deliver our raw materials and coal directly to us or we are required to collect the coal from our suppliers, depending on the contract terms, at our own costs. We hire third party logistics companies to deliver our raw materials from our suppliers to our facilities. Some of our distributors and direct sale customers collect their cement purchases at their own costs at our integrated manufacturing facilities. For certain large infrastructure construction projects and government infrastructure projects, we arrange and pay for the shipment of our products from our facilities to construction sites for our customers. In Fiscal 2018 and in the three months ended June 30, 2018, we distributed 83.64% and 88.30%, respectively, of our cement products through rail and distributed 16.36% and 11.70%, respectively, of our cement products through road in similar periods.

Production Management and Inventory Control

We plan our production and manage the inventory level of our finished products on a monthly basis based on projected sales volumes and make periodic adjustments to the production schedule and volumes based on actual orders received. We closely supervise our daily production and aim to maintain suitable inventory levels of raw materials and finished goods at each of our integrated manufacturing facility. We maintain different inventory levels for raw materials and coal depending on lead time required to obtain additional supplies.

Pricing

We set the prices for our products based on market demand, our production capacity, transportation costs, inventory levels, competitors' prices and credit terms. Prices for different regions are also affected by local regulations and tax policies. A minimum price level is set for each type of products. Our central sales department evaluates the factors affecting our selling price on a regular basis and adjusts our minimum prices when appropriate and also determines the various schemes, offers and discounts applicable on our products. We are generally responsible for shipping costs and include such costs in the sales price. We usually sell our products by prepayment or credit sales.

Customers

We have a diversified customer base and have developed strong and long-standing relationships with key customers. Most of our customers are infrastructure and construction companies such as such as Larsen & Toubro Limited, Aparna Enterprises Limited, JMC Projects (India) Limited, Brigade Enterprises Limited, Gannon Dunkerley and Company Limited, Shobha Limited, Visaka Industries Limited and Puravankara Limited. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, our top five customers contributed 5.51%, 5.35%, 5.12% and 4.94%, respectively, of our gross cement revenue in such periods, while our single largest customer contributed 1.74%, 1.52%, 1.36% and 1.34%, respectively, of our gross cement revenue in such periods.

Quality Control, Testing and Certifications

Our quality policy is focused on fulfilling customer requirements through reliable products and services aimed at meeting all regulatory requirements and through continual improvement of our quality management systems. Our products undergo a qualification process throughout the entire value chain to ensure that quality products are being provided to customers. Our quality control programs at all of our integrated manufacturing facilities involve subjecting the manufacturing processes and quality management systems to periodic reviews and observations for various periods. Our integrated manufacturing facilities are automated and are ISO 9001:2015 certified for quality. In addition, we have applied for the SLSI certification for our Krishnapatnam unit. We have also been granted licenses to use the BIS mark for our products. For further information in relation the licenses granted, see *"- Our Products*" on page 153.

We also have a technical cell which is responsible for building and maintaining contact with the end customer in the region. The technical cell promotes and disseminates technical information to dealers, engineers and customers, ensuring availability of technical services by handling and training of customers, managing quality complaints, providing effective pre and post-sale service and coordinating with the quality department and plants.

Repair and Maintenance

We schedule regular repair and maintenance programs for our facilities, including relining our kilns, to maximize production efficiency and avoid unexpected interruption of our operations. We also have periodic scheduled shutdowns for maintenance. Our machinery and electrical repair teams carry out day-to-day maintenance and repair of the facilities and machinery on an as-needed basis. In addition, our facilities are also periodically inspected in respect of gears and other critical equipment by independent inspection agencies.

Health, Safety and Environment

Our activities are subject to the environmental laws and regulations of India, which govern, among other things, air emissions, waste water discharges, the handling, storage and disposal of hazardous substances and wastes, the remediation of contaminated sites, natural resource damages, and employee health and employee safety. For information regarding applicable health, safety and environmental laws and regulations, see "*Regulations and Policies*" on page 168.

All of our integrated manufacturing facilities are accredited by international certifying agencies with certifications including ISO 14001:2015 for environmental management systems and OHSAS 18001:2007 for occupational hazard and safety management systems.

We consider environmental issues to be an important factor in our operations and we take various measures to ensure that our operations do not negatively impact the environment. We have adopted an Integrated Management System policy. Our Integrated Management System policy aims to enhance customer satisfaction, and create a safe and healthy working environment by continual improvement and further, provides for protection of environment by minimizing overall emissions, efficient usage of natural resources. In order to preserve the environment, we have adopted various technologies to ensure reduction in carbon di-oxide emissions and have set up sewage treatment plants in our integrated manufacturing facilities. In recognition of our efforts, we have been awarded the *National Energy Conservation Award* in 2016 by the Bureau of Energy Efficiency, Ministry of Power, Government of India for efficient utilization and conservation of energy in cement sector.

We continue to ensure compliance with applicable health and safety regulations and other requirements in our operations. Environmental requirements imposed by the Government of India and state governments will continue to have an effect on our operations and us. We have obtained, or are in the process of obtaining or renewing, all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. See "*Risk Factors - We are required to obtain, renew or maintain statutory and regulatory permits, licenses and approvals to operate our business and our facilities, and any delay or inability in obtaining, renewing or maintain such permits, licenses and approvals could result in an adverse effect on our results of operations."* on page 27.

Research and Development

Our research and development efforts focus on lowering costs by optimizing the raw material mix for producing clinker by utilizing raw materials, laterite and iron ore from different sources and utilizing lower grade limestone and waste materials as additives in our products. In recent years, we have focused our research and development activities on different grinding media for both raw mill and cement mill to increase productivity without altering the physical and chemical properties of the material. We are also in the process of implementing an 'alternate fuel firing system' in our integrated manufacturing facility located at Tandur which would lead us to shift to alternate fuels such organic, inorganic, solid and municipal wastes, leading to cost reductions and conservation of natural resources.

Employees

As of September 30, 2018, we had 1,215 full-time employees. In addition, we contract with third party manpower and services firms for the supply of contract labour for, amongst others, transportation of our raw materials and products, and for loading and unloading of our raw materials at our facilities. As of September 30, 2018, we had employed 2,266 contract labour. The number of contract laborers varies from time to time based on the nature and extent of work contracted to independent contractors.

Our human resource practices are aimed at recruiting talented individuals, ensuring continuous development and addressing their grievances, if any, in a timely manner. We conduct training workshops for our employees to develop a variety of skill sets and organize modules at regular intervals to promote teamwork and personal growth of employees. We train all our employees in our manufacturing operations, including machine utilization, operations flow, quality management and work safety. Our employees are not unionised into any labour or workers' unions and have not experienced any major work stoppages due to labour disputes or cessation of work in the last five years.

Competition

The cement industry in India continues to be highly fragmented as compared to other cement producing countries. We operate and sell our products in highly competitive markets. Competition occurs principally on the basis of price, quality and brand name. As a result, to remain competitive in our markets, we must continuously strive to reduce our costs of production, transportation and distribution and improve our operating efficiencies. Many of our current and potential competitors include large companies that have longer operating histories, better name recognition, greater ability to influence industry standards, access to larger customer bases and significantly greater financial, sales and marketing, manufacturing, distribution, technical and other resources than we have. See, "*Risk Factors - We operate in a highly competitive environment which could have an adverse effect on our business, results of operations, financial condition and future prospects.*" on page 17.

National and regional players characterize the cement industry in India. Accordingly, we face competition from regional players including The India Cements Limited, Ramco Cements Limited, Orient Cement Limited, My Home Industries Private Limited and Sagar Cement Limited. In addition, we also face competition from national players such as UltraTech Limited, Heidelberg Cement India Limited, Ambuja Cement Limited, ACC Limited and Dalmia Bharat Cement Limited. (*Source: F&S Report*)

Information Technology

Our facilities are connected to our central IT network that facilitates monitoring of our operations and management of supply chain. Our IT infrastructure enables us to track procurement of raw materials, sale of finished goods, payments to vendors and contract suppliers, receivables from customers and distribution network. We have also implemented integrated business management software for planning and management of operations at our production facilities and distribution network, including an integrated SAP enterprise resource planning solution covering production planning, including monitoring of equipment, inventory, finance, sales, marketing stores, logistics, purchase and payroll operations, and a customer relationship management system, salesforce, for, amongst others, order booking and customer master data management. Further, we have also set up a supplier portal which helps us track vendor registration, purchase order acknowledgements and invoices. In addition, we have established a customer portal application, CARE, for our customers and a human resource management application, myPORTAL, for our employees.

Insurance

Our operations are subject to various risks inherent in the manufacturing industry. Accordingly, we have obtained standard fire and special perils policies, machinery insurance policies, contractor's all risks insurance policies, electronic equipment insurance policy, erection all risks/ storage cum erection insurance policies and marine cum erection insurance policies. Our policies do not cover product liability and have limited coverage with regard to business interruption and loss of profits. We also have obtained domestic marine cargo open policy. Also, see "*Risk Factors – An inability to maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.*" on page 28.

Corporate Social Responsibility ("CSR")

We seek to integrate our business values and operations in an ethical and transparent manner to improve our fulfilment of social responsibilities and environmental and economic practices in an attempt to create a positive impact on the society. We have formulated a CSR policy. Our CSR activities are primarily focused on, amongst others, ensuring environmental sustainability, education, gender equality and empowerment of women, hunger, poverty, malnutrition and health. We are actively involved in the improvement of roads and other infrastructure. In 2016, we received a Certificate of Appreciation by the state Government of Telangana for *Dedicated Services Rendered* in Nalgonda district, Telangana. We also provide support to various schools in providing education to students. For further information, see "*Our Management - Corporate Governance*" on page 185.

Intellectual Property Rights

We have registered our brand name *Penna* together with the logo under classes 19 (cement, cement slabs, cement poles and other building material) and 39 (electricity distribution) under the Trade Marks Act, 1999. In addition, we have also obtained the registration of various other trademarks, including *Penna Suraksha*, *Penna Power*, *Penna Gold*, *Penna Super*, *Penna Cement Building Quality Relationships* and *Penna Cement Strength Within*. For further information, see "*Government Approvals – Intellectual Property Rights*" on page 383.

Properties

Our registered and corporate office located at Plot No. 705, Lakshmi Nivas, Road No. 3, Banjara Hills, Hyderabad has been leased by us for a period of 11 months from April 1, 2018 to February 28, 2019. Our branch offices located across the states of Andhra Pradesh, Telangana, Karnataka, Kerala, Maharashtra and Tamil Nadu are also leased by us.

We own the land of our four integrated manufacturing facilities located in Talaricheruvu, Boyareddypalli, Ganeshpahad and Tandur, and grinding unit located in Patas. Our packing terminal in Cochin is located on leased premises, while we have entered into a right to use agreement for Krishnapatnam port. We have also leased land for setting up our packing terminals at Gopalpur, Karaikal and Kolkata ports. In addition, we have also acquired land in Jodhpur, Rajasthan for our proposed integrated manufacturing facility and a portion of land in Kathuwas, Neemrana, National Capital Region for our proposed grinding unit.

REGULATIONS AND POLICIES

Given below is an indicative summary of certain relevant laws and regulations as prescribed by the Government of India or state governments which are applicable to our Company and our Subsidiaries. The information in this section has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Key Regulations applicable to the cement industry in India

The key laws applicable to the cement industry include:

- ***Cement Control Order, 1967***

The Cement Control Order, 1967 requires cement producers to maintain books relating to production, removal, sale and transport of cement (excluding white cement). Cement manufacturers are also required to furnish returns or such other information as may be specified by the Central Government. The Cement Control Order, 1967 also provides for the maintenance of a cement regulation account by the Development Commissioner for the cement industry. The amount credited in this account is to be used, *inter alia*, for reimbursing the producer towards equalizing freight or concession in the matter of export price. The Cement Control Order, 1967 was amended pursuant to the Cement Control (Amendment) Order, 1989 with a view to liberalise the pricing and distribution of cement.

- ***Cement (Quality Control) Order, 2003***

The Cement (Quality Control) Order, 2003, has been framed under the Bureau of Indian Standards Act, 1986, and prohibits sale, manufacture and distribution of cement which does not meet the quality requirements specified by the BIS or does not bear the standard mark certified by the BIS. The Order also requires a manufacturer of cement to make an application to the BIS for obtaining a licence for the use of the standard mark.

Mining Laws and Regulations

Mines and Minerals (Development and Regulation) Act, 1957 (the "MMDR Act") as amended and Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016 (the "Mineral Rules")

The MMDR Act and the Mineral Rules govern the grant and renewal of mining leases. The MMDR Act prohibits any person from undertaking any mining operations without obtaining a mining lease. Pursuant to the MMDR Act, a mining lease is granted for 50 years. The Mineral Rules regulate the procedures for grant and expiry/termination/lapse of reconnaissance permits, prospecting license and mining leases and terms and conditions thereof. The Mineral Rules also govern the transfer of mining lease/ prospecting license cum mining lease.

The lease for minerals, granted after 2015 are for a period of 50 years and the leases granted before 2015 shall be deemed to be granted for a term of 50 years. After expiry of the said leases, the lease shall be put up for auction as per the procedure specified in the MMDR Act. The period of lease granted before 2015, where mineral is used for captive purposes, shall be extended and be deemed to have extended up to a period ending on March 31, 2030 with effect from the date of expiry of the period of renewal last made or till the completion of renewal period, if any, or a period of fifty years from the grant of such lease, whichever is later, subject to the condition that all the terms and conditions of the lease have been complied with. The period of lease granted before 2015, where mineral is used for other than captive purposes, shall be extended and be deemed to have extended up to a period ending on March 31, 2020 with effect from the date of expiry of the period of renewal last made or till the completion of renewal period, if any, or a period of fifty years from the grant of such lease, whichever is later, subject to the condition that all the terms and conditions of the lease have been complied with. Any holder of lease granted, where mineral is used for captive purpose, shall have the right of first refusal at the time of auction held for such lease after the expiry of the lease period.

Applications for mining leases are processed by the relevant State Governments who decide upon the precise area approved for the mining lease. The State Governments may grant a mining lease for a maximum extent of 10 square kilometres in one or more mining leases. However, the Central Government is vested with the power to relax such requirement in the interest of developing the minerals.

A mining plan (laying out the detailed procedure for conducting mining operations) is required to be submitted to the officer of the IBM duly authorised in writing by the Controller General, IBM.

The prior consent of the State Government in writing is required for transfer of a mining lease. Further, the transferee must accept all the conditions and liabilities to which the transferor was subject in respect of such lease.

The lessee is required (during the term of the mining lease), to pay royalty or dead rent, whichever is higher, to the State Government. As per the Second Schedule of the MMDR Act, the current rate of royalty applicable to a limestone lease for L. D. grade (less than 1.5 per cent. silica content) is ₹90 per tonne and for others, it is ₹80 per tonne. Under the Third Schedule, the current rate of deed rent is ₹400 per hectare per annum from the second year of lease, ₹1,000 in the third and fourth year of lease and ₹2,000 from the fifth year onward.

The Central Government and the State Governments have the power to take actions with respect to mining rights, including the imposition of fines or restrictions, the revocation of the mining rights or implementation of a change in the amount of royalty payable.

Other mining laws and regulations that are applicable to the Company and its Subsidiaries include the following:

- Metalliferous Mine Regulations, 1961;
- Limestone and Dolomite Mines Labour Welfare Fund Act, 1972;
- Limestone and Dolomite Mines Labour Welfare Fund Rules, 1973;
- Mineral Conservation and Development Rules, 2017;
- Mining Lease (Modification of Terms) Rules, 1956;
- Mineral Conservation and Development Rules, 2017;
- Minerals (Evidence of Mineral Contents) Rules, 2015;
- Mineral (Auction) Rules, 2015;
- Minerals (Transfer of Mining Lease Granted Otherwise Than Through Auction For Captive Purpose) Rules, 2016
- The Mines Act, 1952 and Mines Rules, 1955; and
- The Payment of Wages (Mines) Rules, 1956.

Environment Regulation

We are subject to various environment regulations as the operation of our establishments might have an impact on the environment in which they are situated. The basic purpose of the statutes given below is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards ("**PCBs**"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. All industries are required to obtain consent orders from the PCBs, which are indicative of the fact that the industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be kept renewed.

Water (Prevention and Control of Pollution) Act, 1974 ("Water Act")

The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of the standards set down by the State Pollution Control Board ("**State PCB**"). The Water Act also provides that the consent of the State PCB must be obtained prior to opening of any new outlets or discharges, which are likely to discharge sewage or effluent.

The Company is required to obtain consent under the Water Act for discharge of sewage and trade effluent.

Air (Prevention and Control of Pollution) Act, 1981 ("Air Act")

The Air Act requires that any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the State PCB prior to commencing any activity. The consent may contain conditions relating to specifications of pollution control equipment to be installed. Within a period of four months after the receipt of the application for consent the State PCB shall, by order in writing and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent.

The Company is required to obtain consent under the Air Act for establishing and operating its plants.

Environment Protection Act, 1986 ("EPA")

The EPA has been enacted with an objective of protection and improvement of the environment and for matters connected therewith. As per this Act, the Central Government has been given the power to take all such measures for the purpose of protecting and improving the quality of the environment and to prevent environmental pollution. Further, the Central

Government has been given the power to give directions in writing to any person or officer or any authority for any of the purposes of the EPA, including the power to direct the closure, prohibition or regulation of any industry, operation or process.

Fire prevention and life safety measures

We are subject to the fire control and safety rules and regulations framed by the state governments of Andhra Pradesh under Andhra Pradesh Fire Service Act, 1999, and Telangana under the Telangana Fire Service Act, 1999.

Other Environmental Laws and Regulations

The other environmental laws and regulations that are applicable to the Company include the following:

- Explosives Act, 1884
- Gas Cylinder Rules, 2016
- Hazardous Wastes (Management and Transboundary Movement) Rules, 2016
- The Explosives Rules, 2008
- Industries (Development and Regulation) Act, 1951;
- The Indian Boilers Act, 1923 and the Indian Boiler Regulations, 1950;
- Batteries (Management and Handling) Rules, 2001;
- Bio-Medical Waste Management Rules, 2016; and
- The Environmental Impact Assessment Notification, 2006.

Labour Laws and Regulations

- Contract Labour (Regulation and Abolition) Act, 1970
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees' State Insurance Act, 1948;
- Factories Act, 1948
- Industrial Disputes Act, 1947 and Industrial Disputes (Central) Rules, 1957;
- Maternity Benefit Act, 1961;
- Minimum Wages Act, 1948;
- Payment of Bonus Act, 1965;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936;
- Public Liability Insurance Act, 1991;
- Shops and Commercial Establishments Act, 1953 and the relevant state legislations thereunder;
- Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987;
- Equal Remuneration Act, 1976;
- Trade Union Act, 1926; and
- Employee's Compensation Act, 1923.

Other Laws and Regulations

Certain other laws and regulations that may be applicable to the Company include the following:

- Atomic Energy Act, 1962;
- Bureau of Indian Standards Act, 2016;
- The Electricity Act, 2003 read with the Indian Electricity Rules, 1956;
- Petroleum Act, 1934;
- The Legal Metrology Act, 2009

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as Penna Cement Industries Limited on October 24, 1991 at Hyderabad, Telangana, India as a public limited company under the Companies Act, 1956 and received the certificate of commencement of business from the Registrar of Companies on November 8, 1991. The name of our Company was thereafter changed to Penna Cement Industriies Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 28, 2010. Subsequently, the name of our Company was changed back to Penna Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on July 26, 2012. The name of our Company was changed on account of numerological considerations.

Changes in Registered Office

The details of changes in the registered office of our Company are given below:

Date of change of Registered Office	Details of the address of Registered Office
September 5, 1992	Our registered office shifted from 8-2-268/A, S/1, Road No. 3, Banjara Hills, Hyderabad 500 034, Andhra Pradesh, India to II Floor, "Santhi Sikhara Complex", 6-3-1092/1093, Raj Bhavan Road, Somajiguda, Hyderabad 500 482, Andhra Pradesh, India
October 20, 1998	Our registered office shifted from II Floor, "Santhi Sikhara Complex", 6-3-1092/1093, Raj Bhavan Road, Somajiguda, Hyderabad 500 482, Andhra Pradesh, India to from Plot No. 703, Sriniketan Colony, Road No. 3, Banjara Hills, Hyderabad 500 034, Andhra Pradesh, India
October 1, 2009	Our registered office shifted from Plot No. 703, Sriniketan Colony, Road No. 3, Banjara Hills, Hyderabad 500 034, Andhra Pradesh, India to H.No. 8-2-268/A/1/S & S1, Plot No. 705, Road No. 3, Banjara Hills, Hyderabad 500 034, Andhra Pradesh, India

The change in the Registered Office was made to meet the expanding business needs due to increased size of operations and to accomplish higher operational efficiency.

Main Objects of our Company

The main objects contained in the Memorandum of Association of our Company are as follows:

"*1. To produce, manufacture, refine, prepare, process, purchase, import, export, sell & generally to deal in all kinds of cement, cement products of any description, lime, limestone, gypsum, kankar, and/or by-products thereof and in connection therewith to acquire, erect, construct, establish, operate and maintain cement factories, quarries, workshops and other work relating thereto in India or outside India.*

2. To produce, manufacture, process, refine, prepare, treat purchase, sell, export, import or otherwise deal with either as principals or as agents, either solely or in partnership with others, cement, alumina cement, white and coloured cements, lime, plaster of paris and other building materials of all kinds and other building boards to be used in ceiling, floor or walls, made from any fibrous materials such as begasse, bamboo, wood, paper, jute, hemp and grasses; pottery, fire clay and fire bricks, flooring tiles roofing materials.

3. To fabricate, manufacture and deal in all kinds of cement plants, apparatus, mining equipment, tools, utensils and materials and things necessary of convenience for carrying on the manufacture of cement and mining operations.

4. To own, explore, take on lease, or otherwise acquire any area, mining lease, quarries and to do all such other acts and deal in all such other things as may be conducive to and allied to the business of the company.

5. To carry on the business of ginning, carding, spinning, processing, twisting, reeling, weaving, knitting, printing, manufacturing, finishing and dealing in cotton or other fibrous materials and the preparation of dyeing or colouring or any of the said substance and pure silk, artificial silk, polyester, rayon, nylon or any similar substances as manufacturers, buyers, sellers, importers and exporters in India or abroad for the aforesaid purposes as a division or as a manufacturing company or/and to acquire, run or manage any company or undertaking engaged in similar activities.

6. To carry on the business in India or abroad as promoters, manufacturers, buyers, sellers, finishers, converters, developers, processors, texturisers, draw twisters, twisters, spinners, weavers, dyers, importers, exporters, agents, suppliers and dealers of all kinds of fibres and yarns of man-made synthetic fibres such as polyester, polypropylene, acrylic, viscose, silk, rayon and other synthetic materials, and all kinds of accessories, textile processing chemicals, spinning consumables, nonwoven filters, filter clothes, sieves, wire mesh, absolute filters, paper tubes, cones, spare parts, tools etc. used in such manufacture or processing or spinning of such fibres, yarns and all types of fabrics, *textiles and non-woven fabrics of industrial and domestic use for the aforesaid purposes as a division or as a manufacturing company or/and to acquire, run or manage any company or undertaking engaged in similar activities.*

7. *To promote, establish, generate, operate, distribute, accumulate, maintain, transmit, supply, sell electricity and or power by installing, maintaining, operating power plants, whether based on thermal, hydel, gas, solar, wind energy, tidal energy, or any other source, whether conventional or nonconventional and to lay down, establish power stations, cables, transmission lines or towers, substations, terminals and other works for the aforesaid purposes as a division or as a generating company or/and to acquire, run or manage any company or undertaking engaged to similar activities.*

8. *To purchase, charter, hire or otherwise, sell, let, exchange, lot or charter either in India or in any country or otherwise deal with steam and other ships or vessels of any description to establish, maintain and operate shipping and transport business for the carriage of cargo, goods by water between India and other countries of the world or other places as may seem expedite to the Company from time to time and generally to establish maintain and operate lines*."

The main objects and objects ancillary and incidental to the main objects, as contained in the Memorandum of Association enable our Company to carry on the business presently being carried out and the activities for which the loans were taken, which are proposed to be repaid from the Net Proceeds. For further details, see "*Objects of the Offer*" on page 104.

Amendments to the Memorandum of Association

Set out below are the amendments to our Memorandum of Association since the incorporation of our Company.

Date of Shareholders' Resolution	Particulars
September 30, 1992	Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹10,000,000 divided into 1,000,000 Equity Shares of ₹10 each to ₹50,000,000 divided into 5,000,000 Equity Shares of ₹10 each
December 21, 1992	Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹50,000,000 divided into 5,000,000 Equity Shares of ₹10 each to ₹100,000,000 divided into 10,000,000 Equity Shares of ₹10 each
April 3, 1993	Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹100,000,000 divided into 10,000,000 Equity Shares of ₹10 each to ₹150,000,000 divided into 15,000,000 Equity Shares of ₹10 each
December 31, 1993	Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹150,000,000 divided into 15,000,000 Equity Shares of ₹10 each to ₹250,000,000 divided into 25,000,000 Equity Shares of ₹10 each
April 29, 1996	The main objects of the Memorandum of Association was amended to enable the commencement of business of *inter-alia* cotton yarn spinning, synthetic yarn spinning, power generation and processing of granites etc.
July 26, 1997	The main objects and other objects of the Memorandum of Association was amended to enable the commencement of business of *inter-alia* silk, polyester, synthetic fibers, electricity distribution etc.
July 25, 2001	The Memorandum of Association was amended to reflect the inclusion of Clause 10(a) to Part B of the Memorandum of Association to enable the guarantee of payment of money secured by or payable in respect of indebtedness availed by the Company.
June 2, 2004	The main objects of the Memorandum of Association was amended to replace sub clause 1 under clause III (A) with the following clause: "*To produce, manufacture, refine, prepare, process, purchase, import, export, sell & generally to deal in all kinds of Cement, Cement products of any description, lime, limestone, gypsum, kankar, and/or by-products thereof and in connection therewith to acquire, erect, construct, establish, operate and maintain cement factories, quarries, workshops and other work relating thereto in India or outside India."*
July 30, 2007	Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹250,000,000 divided into 25,000,000 Equity Shares of ₹10 each to ₹750,000,000 divided into 75,000,000 Equity Shares of ₹10 each
September 3, 2010	The Memorandum of Association was amended to reflect the change in the name of the Company from 'Penna Cement Industries Limited' to 'Penna Cement Industriies Limited' wherever it appeared in the Memorandum of Association
July 13, 2012	The Memorandum of Association was amended to reflect the change in the name of the Company from 'Penna Cement Industriies Limited' to 'Penna Cement Industries Limited' wherever it appeared in the Memorandum of Association
March 25, 2015*	Pursuant to a scheme of amalgamation between Sriba Industtries Limited and our Company, Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹750,000,000 divided into 75,000,000 Equity Shares of ₹10 each to ₹900,000,000 divided into 90,000,000 Equity Shares of ₹10 each pursuant to which the authorised share capital of Sriba Industtries Limited was merged with the authorised share capital of our Company. For further details, see "*-Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, if any*" on page 174
October 17, 2015*	Pursuant to a scheme of arrangement between our Company and PCIL Power Holdings Limited, Clause V

Date of Shareholders' Resolution	Particulars
	of the Memorandum of Association was amended to reflect the reduction in authorised share capital from ₹900,000,000 divided into 90,000,000 Equity Shares of ₹10 each to ₹750,000,000 divided into 75,000,000 Equity Shares of ₹10. For details, see "*-Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, if any*" on page 174
October 20, 2017	The main objects of the Memorandum of Association was amended to include the following clause 8: "*To purchase, Charter, hire or otherwise, sell, let, exchange, lot or charter either in India or in any country or otherwise deal with steam and other ships or vessels of any description to establish, maintain and operate shipping and transport business for the carriage of cargo, goods by water between India and other countries of the world or other places as may seem expedite to the Company from time to time and generally to establish maintain and operate lines*."
March 30, 2018	Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹750,000,000 divided into 75,000,000 Equity Shares of ₹10 each to ₹1,500,000,000 divided into 150,000,000 Equity Shares of ₹10 each
June 14, 2018	Clause V of the Memorandum of Association was amended to reflect the increase in authorised share capital from ₹1,500,000,000 divided into 150,000,000 Equity Shares of ₹10 each to ₹2,000,000,000 divided into 200,000,000 Equity Shares of ₹10 each

* *Court convened meeting*

Major events and milestones of our Company

The table below sets forth the key events in the history of our Company:

Year	Particulars
1994	• Installation and commissioning of first manufacturing line of cement of 0.2 MTPA capacity at the Talaricheruvu Plant
2001	• Installation of the second manufacturing line of cement at the Talaricheruvu Plant increasing capacity from 0.2 MTPA to 1 MTPA
2002	• Installation of manufacturing line of cement at the Ganeshpahad Plant
2005	• Subsequent expansion in the capacity of the Talaricheruvu Plant
2008	• Commissioning of the Boyareddypalli Plant with a capacity of 2.0 MTPA* • Commencement of construction of Tandur Plant with capacity of 2.0 MTPA
2010	• Commercial operation commenced in respect of the 77 MW coal based power plant at Ganeshpahad** • Commercial operation commenced in respect of the Tandur Plant with capacity of 2 MTPA
2018	• Commissioning of grinding unit of 2.0 MTPA capacity at Krishnapatnam, Andhra Pradesh • Commissioning of grinding unit of 1.0 MTPA capacity at Patas, Pune • Commissioning of packing terminal of 0.5 MTPA capacity at Cochin Port

**As per consent and authorisation order dated May 28, 2009 issued by the Andhra Pradesh Pollution Control Board*
*** As per environment clearance dated May 8, 2009 issued by the Ministry of Environment and Forests, Andhra Pradesh, Government of India*

Awards and Accreditations

We have been given the following awards and accreditations:

Year	Awards and Accreditations
2005	• Our Company received an appreciation certificate for "Meritorious Performance in implementing the programmes of Environment Protection, Pollution Control and Plantation Work, etc." on the occasion of "World Environment Day" from the Andhra Pradesh Pollution Control Board Nalgonda, Government of Andhra Pradesh
2006	• Our Company was awarded a certificate in recognition of its practicing "Cleaner Production Technologies" in the industry for the year 2005-2006 on the occasion of "World Environment Day" from the Andhra Pradesh Pollution Control Board
2008	• Our Company received an appreciation certificate for its "Best Cleaner Production Practices and Waste Minimization Techniques" on the occasion of "World Environment Day" from the Andhra Pradesh Pollution Control Board
2016	• Our Company was awarded the National Energy Conservation Award by the Ministry of Power, New Delhi for conservation of energy in the cement sector • A team representing our Company received the "Gold Award" at the 30th Annual Chapter Convention, CCQC from the Quality Circle Forum of India
2017	• Our Company was awarded the first prize for "Overall Performance" at the zonal level during the Mines Safety Week from the Mines Safety and Productivity Council • Our Company was awarded the first prize for "Safe Mine Workings" at the zonal level during the Mines Safety Week from the Mines Safety and Productivity Council • Our Company was awarded the second prize for "Drilling and Blasting" at the zonal level during the Mines Safety

Year	Awards and Accreditations
	Week from the Mines Safety and Productivity Council • Certain teams representing our Company received two Gold Awards at the 31st Annual Chapter Convention, CCQC from the Quality Circle Forum of India
2018	• Our Company has been recognized as one of the "Most Promising Brands of 2018" by the Economic Times • Our Company has been recognized as one of the "Most Impactful Power Brands of 2018" by the Daily Indian Media • Certain teams representing our Company received three Gold Awards and two Silver Awards at the 32nd Annual Chapter Convention, CCQC from the Quality Circle Forum of India

Other Details Regarding our Company

For details regarding the description of our activities, the growth of our Company, technology, the standing of our Company in relation to the prominent competitors with reference to its products, management, major suppliers and customers, segment, capacity/facility creation, market capacity build-up, environmental issues, marketing and competition, see "*Our Business*" and "*Industry Overview*" on pages 143 and 116 respectively.

For details regarding our management and its managerial competence, see "*Our Management*" on page 178.

Strikes and Lock-outs

There have been no lock-outs or strikes at any time in our Company or Subsidiaries.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets, if any

Except as disclosed below, our Company has neither acquired any entity, business or undertaking nor undertaken any merger, amalgamation or revaluation of assets:

(i) Pursuant to a scheme of amalgamation approved by the High Court of Judicature at Hyderabad, by its order dated March 25, 2004, Chanakya Cements Limited, an erstwhile wholly owned subsidiary of our Company, amalgamated into our Company pursuant to Sections 391 to 394 of the Companies Act, 1956. The appointed date for the merger was April 2, 2003. Pursuant to this scheme, all estate, assets, properties, debts, outstandings, credits, liabilities, duties and obligations of Chanakya Cements Limited were transferred to and vested in our Company. Upon the scheme coming into effect, Chanakya Cements Limited stood dissolved without proceedings for winding up.

(ii) Pursuant to a scheme of arrangement approved by the High Court of Judicature at Hyderabad, by its order dated June 4, 2013, Penna Limestone Quarries Limited, Penna Tandur Cement Company Limited and Shri Vijay Lakshmi Industries Limited, erstwhile wholly owned subsidiaries of our Company, amalgamated into our Company, pursuant to Sections 391 to 394 of the Companies Act, 1956. The appointed date for the merger was October 1, 2012. Pursuant to this scheme, all estate, assets, properties, debts, outstandings, credits, liabilities, duties and obligations of Penna Limestone Quarries Limited, Penna Tandur Cement Company Limited and Shri Vijay Lakshmi Industries Limited were transferred to and vested in our Company. Upon the scheme coming into effect, each of the aforementioned transferor entities stood dissolved without proceedings for winding up, the shares held by our Company in Penna Limestone Quarries Limited, Penna Tandur Cement Company Limited and Shri Vijay Lakshmi Industries Limited stood cancelled and added to the authorized share capital of our Company.

(iii) Pursuant to a scheme of amalgamation approved by the High Court of Judicature at Hyderabad, by its order dated June 2, 2015, Sriba Industtries Limited, an erstwhile wholly owned subsidiary of our Company, amalgamated into our Company pursuant to Sections 391 to 394 of the Companies Act, 1956. The appointed date for the merger was October 1, 2014. Pursuant to this scheme, all estate, assets, properties, debts, outstandings, credits, liabilities, duties and obligations of Sriba Industtries Limited were transferred to and vested in our Company. Upon the scheme coming into effect, the entire issued and paid up share capital of Sriba Industtries Limited which was held by our Company stood cancelled and Sriba Industtries Limited stood dissolved without going through the process of winding up.

(iv) Pursuant to a scheme of arrangement approved by the High Court of Judicature at Hyderabad, by its order dated December 16, 2015, the electricity producing undertaking of our Company was demerged to PCIL Power and Holdings Limited. The appointed date for the scheme of arrangement was April 1, 2015. As a consideration for this transaction PCIL Power Holdings Limited issued to each of the Shareholders of our Company (as on the applicable relevant date), one equity share of face value ₹10 each for each Equity Share held by them at the relevant time. Accordingly, PCIL Power and Holdings Limited allotted 13,380,000 equity shares of face value ₹10 each to each of the Shareholders of our Company, as consideration for the transaction. Upon the scheme becoming effective, the authorised share capital of our Company to the extent of ₹150,000,000 got transferred to PCIL Power and Holdings Limited and accordingly, the authorised share capital of PCIL Power and Holdings Limited increased by ₹150,000,000 from ₹50,000,000 to ₹200,000,000.

Capital raising activities through equity and debt

Except as mentioned in "*Capital Structure*" on page 76, our Company has not raised any capital through equity. For details of the outstanding debt facilities of our Company, see "*Financial Indebtedness*" and "*Financial Statements*" on pages 362 and 210, respectively.

Defaults or rescheduling of borrowings with financial institutions/banks and conversion of loans into equity

There have been no defaults or rescheduling of borrowings with financial institutions/banks in respect of our current borrowings from lenders. None of our outstanding loans have been converted into equity shares.

Time and cost overruns

There have been no instances of time and cost overruns in respect of our cement manufacturing operations and in the development or construction of any of our plants or facilities.

Changes in the activities of our Company during the last five years

There has been no change in the activities of our Company during the last five years which may have had a material effect on the profit/loss account of our Company including discontinuance of line of business, loss of agencies or markets and similar factors.

Accumulated Profits or Losses

There are no accumulated profits or losses of any of our Subsidiaries that are not accounted for by our Company in the Restated Consolidated Financial Statements.

Injunction or restraining order

Our Company is not operating under any injunction or restraining order.

Interest in our Company

None of our Subsidiaries have any interest in our Company's business other than as stated in "*Our Business*" and "*Financial Statements*" on pages 143 and 210 respectively.

Our Shareholders

Our Company has 21 Shareholders as of the date of this Draft Red Herring Prospectus. For further details regarding our Shareholders, see "*Capital Structure*" on page 76.

Guarantees provided to third parties by our Promoter participating in the Offer for Sale

Our corporate Promoter, P R Cement Holdiings Limited, which is participating in the Offer for Sale, has not provided any guarantees to third parties.

Strategic or Financial Partners

As on the date of this Draft Red Herring Prospectus, our Company does not have any strategic or financial partners.

Our Holding Company

Our Company does not have a holding company as on the date of this Draft Red Herring Prospectus.

Our Subsidiaries

As on the date of this Draft Red Herring Prospectus, our Company has two Subsidiaries. None of the Subsidiaries (i) are listed on any stock exchange in India or abroad; (ii) have become a sick company under the meaning of SICA; (iii) are under winding up; and (iv) have made any public or rights issue in the last three years.

Unless stated otherwise, information in relation to our Subsidiaries is as on the date of this Draft Red Herring Prospectus.

***Pioneer Cement Industries Limited** ("PCIL")*

Corporate Information

PCIL was incorporated on September 30, 2010 under the Companies Act, 1956 as a public limited company under the name of Pioneer Cement Industriies Limited and received the certificate of commencement of business from the Registrar of Companies on October 15, 2010. The name of the company was subsequently changed to Pioneer Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on July 3, 2013. It has its registered office at Plot No. 705, Road No.3, Banjara Hills, Hyderabad 500 034, Telangana, India.

PCIL is authorized to engage in the business of *inter-alia* producing, manufacturing, refining, processing, preparing, selling and generally dealing in all kinds of cement and cement products and in connection therewith, construct, establish, operate and maintain cement factories, quarries etc.

Capital Structure

The authorised share capital of PCIL is ₹1,350,000,000 divided into 135,000,000 equity shares of ₹10 each and the issued and paid up share capital of PCIL is ₹1,248,610,780 divided into 124,861,078 equity shares of ₹10 each.

Shareholding

Our Company directly holds 124,811,078 equity shares of ₹10 each aggregating to 99.96% of the issued and paid up share capital of PCIL. The remaining shareholders of PCIL collectively hold 50,000 equity shares of ₹10 each aggregating to 0.04% of the issued and paid up share capital of PCIL, beneficially, on behalf of our Company.

***Marwar Cement Limited** ("MCL")*

Corporate Information

MCL was incorporated on June 17, 2008 under the Companies Act, 1956 as a public limited company under the name of Vedanta Industries Limited and received the certificate of commencement of business from the Registrar of Companies on July 17, 2008. The name of the company was subsequently changed to Marwar Cement Limited and a fresh certificate of incorporation consequent upon change of name was issued on March 12, 2014. It has its registered office at Office No. A-505, Fifth Floor, Plot No. 14C, Sector-19, Groma House Vashi, Navi Mumbai 400 705, Maharashtra, India.

MCL is authorized to engage in the business of *inter-alia* producing, quarrying, mining, excavating, crushing, dressing, finishing, extracting, selling or otherwise dealing in all kinds of minerals and mineral products, limestone, lime, quick lime, all kinds of cement etc.

Capital Structure

The authorised share capital of MCL is ₹1,350,000,000 divided into 135,000,000 equity shares of ₹10 each and the issued and paid up share capital of MCL is ₹1,232,734,400 divided into 123,273,440 equity shares of ₹10 each.

Shareholding

PCIL directly holds 97,273,440 equity shares of ₹10 each aggregating to 78.91% of the issued and paid up share capital of MCL. The remaining shareholders of MCL collectively hold 26,000,000 equity shares of ₹10 each aggregating to 21.09% of the issued and paid up share capital of MCL.

Our Associate

***Parasakti Cement Industries Limited** ("Parasakti")*

Corporate Information

Parasakti was incorporated on May 14, 1993 under the Companies Act, 1956 as a public limited company under the name of Chola Cements Limited and received the certificate of commencement of business from the Registrar of Companies on February 7, 1994. The name of the company was subsequently changed to Chola Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 13, 2001. The name of the company was thereafter changed to Parasakti Cement Industries Limited and a fresh certificate of incorporation consequent upon change of name was issued on February 10, 2003. It has its registered office at Plot No. 8-3-214/21, Srinivasa Nagar Colony (West) Hyderabad 500 038, Telangana, India.

Parasakti is authorized to engage in the business of establishing, constructing, acquiring, running, operating on any factory for manufacturing all types of cement and allied products, thereon.

Capital Structure

The authorised share capital of Parasakti is ₹ 270,000,000 divided into 27,000,000 equity shares of ₹10 each and the issued and paid up share capital of Parasakti is ₹264,000,000 divided into 26,400,000 equity shares of ₹10 each.

Shareholding

Our Company directly holds 13,200,000 equity shares of ₹10 each aggregating to 50% of the issued and paid up share capital of Parasakti. The remaining shareholders of Parasakti collectively hold 13,200,000 equity shares of ₹10 each aggregating to 50% of the issued and paid up share capital of Parasakti.

Shareholders' Agreements

As on the date of this Draft Red Herring Prospectus, our Company has not entered into any shareholders' agreements that are subsisting.

Other Agreements

Our Company has not entered into any material contracts (including any shareholders agreement) other than in the ordinary course of business carried on or intended to be carried on by our Company or in the two years preceding this Draft Red Herring Prospectus. For details on business agreements of our Company, see "*Our Business*" on page 143.

OUR MANAGEMENT

Board of Directors

In terms of our Articles of Association, our Company is required to have not less than three directors and not more than fifteen directors. As on the date of this Draft Red Herring Prospectus, our Board comprises ten directors, having three Executive Directors, and seven Non-Executive Directors (of whom one is a woman Director) out of which there are five Non-Executive Independent Directors.

The following table sets forth details regarding our Board of Directors:

Sl. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
1.	**Puttamreddy Prathap Reddy ("P. Prathap Reddy")** ***Designation:*** Chairman and Managing Director ***Address:*** H. No. 8-2-309/M/1 to 4 Navodaya Colony, Road No. 14 Banjara Hills Hyderabad – 500 034 Telangana, India ***Occupation:*** Industrialist ***Nationality:*** Indian ***Term:*** From June 1, 2017 up to May 31, 2022 ***DIN:*** 00093176	60	• Anrak Aluminium Limited; • Parasakti Cement Industries Limited; • Pioneer Cement Industries Limited; • Pioneer Genco Limited; • Pioneer Power Corporation Limited; and • Pioneer Power Limited
2.	**Bezawada Vikram** ***Designation:*** Executive Director ***Address:*** H. No.8-2-309/M/6 Road No.14, Navodaya Colony Banjara Hills Hyderabad – 500 034 Telangana, India ***Occupation:*** Industrialist ***Nationality:*** Indian ***Term:*** From June 1, 2017 up to May 31, 2022 ***DIN:*** 02086809	40	• Coolrocks Energy Limited; • Kameng Energy Limited; • Krishna Hydro Energy Limited; • Pioneer Cement Industries Limited; • Pioneer Chemicals Limited; • Pioneer Power Limited; and • Pioneer Refinery Limited

Sl. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
3.	**Lakshmi Kantham Dabbara** ***Designation:*** Executive Director ***Address:*** Plot No. 20, Padmajalaya, Flat # 101 Srinagar Colony Hyderabad – 500 073 Telangana, India ***Occupation:*** Professional ***Nationality:*** Indian ***Term:*** From June 1, 2017 up to May 31, 2021 ***DIN:*** 00822385	67	• Anrak Aluminium Limited; • Marwar Cement Limited; and • P R Cement Holdiings Limited
4.	**Puttam Reddy Deepthi Reddy ("P. Deepthi Reddy")** ***Designation:*** Non-Executive Director ***Address:*** H. No. 8-2-309/M/6 Navodaya Colony, Road No.14 Banjara Hills Hyderabad – 500 034 Telangana, India ***Occupation:*** Industrialist ***Nationality:*** Indian ***Term:*** Liable to retire by rotation ***DIN:*** 00264481	34	• Coolrocks Energy Limited; • Krishna Hydro Energy Limited; • P R Cement Holdiings Limited; • Pioneer Builderrs Limited; • Pioneer Genco Limited; and • Pioneer Holiday Resorts Limited
5.	**Puttamreddy Venugopal Reddy ("P. Venugopal Reddy)** ***Designation:*** Non-Executive Director ***Address:*** Plot No. 702, Sriniketan Colony Road No. 3, Banjara Hills Hyderabad – 500 034 Telangana, India ***Occupation:*** Industrialist ***Nationality:*** Indian ***Term:*** Liable to retire by rotation ***DIN:*** 00094146	65	• Lakshmi Jalavidyut (Krishna) Limited; • P R Enerrgy Holding Limited; • Parasakti Cement Industries Limited; • Pioneer Builderrs Limited; • Pioneer Cement Industries Limited; • Pioneer Power Limited; and • Trishul Cement Industries India Limited

Sl. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
6.	**Anil Kumar Kutty ("Anil Kumar K.")** ***Designation:*** Non- Executive Independent Director ***Address:*** Plot No. 125, Prashasan Nagar Jubilee Hills Hyderabad – 500 033 Telangana, India ***Occupation:*** Retired ***Nationality:*** Indian ***Term:*** From May 18, 2018 up to May 8, 2023 ***DIN:*** 00055634	65	• Andhra Pradesh Gas Power Corporation Limited • Astha Power Corporation Private Limited
7.	**Kancherla Ravindranath** ***Designation:*** Non-Executive Independent Director ***Address:*** Plot No. 303F, Road No. 25 Jubilee Hills Hyderabad – 500 033 Telangana, India ***Occupation:*** Professional ***Nationality:*** Indian ***Term:*** From June 14, 2018 up to June 13, 2023 ***DIN:*** 00117940	64	• Black Cactus Global Technologies Private Limited; • Centre for Digestive and Kidney Diseases (India) Private Limited; • Global Clinical Research Services Private Limited; • Global Hospital (North) Limited; • Global Hospitals Private Limited; • Global Sunrise Medi Services Private Limited**;** • High Speed Transmission Solutions (India) Private Limited; • Hygieia Global Health Services Private Limited; • Laurus Labs Limited; • Nexgen Diagnosys India Private Limited; and • Ravindranath Ge Medical Associates Private Limited
8.	**Pradeep Kumar Panja ("P. Pradeep Kumar")** ***Designation:*** Non-Executive Independent Director ***Address:*** Bhaskara, 21 I Main, 4th Cross, Gaurav Nagar J.P. Nagar, 7th Phase Bangalore – 560 078 Karnataka, India ***Occupation:*** Retired ***Nationality:*** Indian ***Term:*** From May 18, 2018 up to May 8, 2023 ***DIN:*** 03614568	63	• Acme Solar Holdings Limited; • Brigade Enterprises Limited***;*** • Brigade Properties Private Limited; • Indiabulls Asset Reconstruction Company Limited; • Katalyst Software Services Limited • Omax Autos Limited; • Shriram Transport Finance Company Limited; • Svamaan Financial Services Private Limited; and • Trigyn Technologies Limited

Sl. No.	Name, designation, address, occupation, nationality, term and DIN	Age (years)	Other directorships
9.	**Sairam Mocherla** ***Designation:*** Non- Executive Independent Director ***Address:*** 8-2-472/B/6 Road No. 4, Opp. GVK Mall Banjara Hills Hyderabad – 500 034 Telangana, India ***Occupation:*** Business ***Nationality:*** Indian ***Term:*** From May 18, 2018 up to May 8, 2023 ***DIN:*** 01430951	54	• Capital Fortunes Private Limited; • Kamadhenu Sukrit Private Limited; • NBCC (India) Limited; and • Quality Care India Limited
10.	**Yeratapalli Santosh Kumar Reddy ("Y. Santosh Kumar Reddy")** ***Designation:*** Non-Executive Independent Director ***Address:*** Plot No. 275, Road No. 10C MLA-MP Colony, Jubilee Hills Hyderabad – 500 033 Telangana, India ***Occupation:*** Professional ***Nationality:*** Indian ***Term:*** From July 5, 2017 up to May 31, 2022 ***DIN:*** 00015092	68	• Sanvira Chemicals Private Limited; and • Sanvira Industries Limited

Relationship between our Directors

None of our Directors are related to each other, except as follows:

(i) P. Prathap Reddy is the father of P. Deepthi Reddy and father-in-law of Bezawada Vikram;

(ii) P. Deepthi Reddy is the spouse of Bezawada Vikram; and

(iii) P. Venugopal Reddy is the brother of P. Prathap Reddy.

Brief Biographies of Directors

P. Prathap Reddy is the Chairman and Managing Director of our Company. He holds a bachelor's degree in Arts (History) from Pachaiyappa's College, Chennai. He is responsible for managing the end to end business of our Company. He has more than 27 years of experience in the field of cement, power, construction, alumina, logistics, shipping and hospitality business. He has been a Director of our Company since incorporation.

Bezawada Vikram is an Executive Director of our Company. He holds a bachelor's degree in Commerce from the Loyola College, Chennai and also holds a master's degree in Business Administration from the University of Chicago Booth School of Business, USA. He has more than nine years of experience in the cement industry and in the field of hydropower projects. He is responsible for execution of our Company's expansion projects. He has been a Director of our Company since June 28, 2010.

Lakshmi Kantham Dabbara is an Executive Director of our Company (Director – Technical). He holds a provisional bachelor's degree in Science from Sri Venkateswara University**.** He is responsible for the operations of all the plants of our Company including procurement of raw materials, commercial production and manufacturing operations. He has more than 36 years of experience in the cement industry. He has been a Director of our Company since September 1, 2012.

P. Deepthi Reddy is a Non-Executive Director of our Company. She holds a bachelor's degree in Business Administration from the University of Wales, Cardiff. She has more than nine years of experience in the field of business administration and power projects. She has been a Director of our Company since August 20, 2014.

P. Venugopal Reddy is a Non-Executive Director of our Company. He holds a bachelor's degree in Commerce from Sri Venkateshwara Arts College, Sri Venkateshwara University. He is currently the Managing Director of Pioneer Builderrs Limited and has more than 14 years of experience in construction and infrastructure management. He has been a Director of our Company since January 1, 2001.

Anil Kumar K. is a Non-Executive Independent Director of our Company. He holds a master's degree in Science from the University of Delhi. Being a retired officer of the Indian Administrative Service, he has served as a Joint Secretary (Hydro) with the Ministry of Power, and has several years experience in the field of civil administration. He has been a Director of our Company since May 18, 2018.

Kancherla Ravindranath is a Non-Executive Independent Director of our Company. He holds a master's degree in Surgery from the University of Madras. He is the founder and chairman of Gleneagles Global Hospitals and has more than 20 years of experience in the field of healthcare and medicine. He has been a Director of our Company since June 14, 2018.

P. Pradeep Kumar is a Non-Executive Independent Director of our Company. He holds a master's degree in Science from the University of Madras and is a certified associate of the Indian Institute of Bankers. He has previously worked as a managing director with the State Bank of India and has an experience of over 39 years. He has been a Director of our Company since May 18, 2018.

Sairam Mocherla is a Non-Executive Independent Director of our Company. He holds a bachelor's degree in Commerce from Osmania University and a masters degree in Business Management from Joseph M. Katz Graduate School of Business, University of Pittsburg. He is also a Member of the Institute of Chartered Accountants of India. He has more than 22 years of experience in the field of corporate finance, mergers and acquisitions, private equity, business transformation and restructuring, public private partnerships and infrastructure development. He has been a Director of our Company since May 18, 2018.

Y. Santosh Kumar Reddy is a Non-Executive Independent Director of our Company. He holds a bachelor's degree in Mechanical Engineering from the University of Mysore. He has previously worked with Rain CII Carbon Vizag Limited and has more than 23 years of experience in the field of industrial chemical production and supply. He was first appointed as a Director of our Company on September 27, 2007 and was last reappointed on July 5, 2017 for a period of five years.

Confirmations

None of our Directors is or was a director of any listed company during the last five years preceding the date of this Draft Red Herring Prospectus, whose shares have been or were suspended from being traded on the BSE or the NSE.

None of our Directors has been or is a director on the board of any listed companies which have been or were delisted from any stock exchange(s).

No proceedings/investigations have been initiated by SEBI against any company, the board of directors of which also comprise any of the Directors of our Company. No consideration in cash or shares or otherwise has been paid or agreed to be paid to any of our Directors or to the firms of companies in which they are interested by any person either to induce him to become or to help him qualify as a Director, or otherwise for services rendered by him or by the firm or company in which he is interested, in connection with the promotion or formation of our Company.

None of our Directors is associated with the securities market.

None of our Directors have been identified as a wilful defaulter by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Terms of appointment of our Executive Directors

P. Prathap Reddy

P. Prathap Reddy was appointed as our Chairman and Managing Director pursuant to a Shareholders' resolution dated July 5, 2017 with effect from June 1, 2017 up to May 31, 2022. The details of remuneration governing his appointment as approved by the Shareholders are stated below:

Particulars	Remuneration
Basic Salary	₹1,250,000 per month
Commission	Not exceeding 3% of the net profits of our Company, subject to Section 197 of the Companies Act, 2013 and applicable rules
Perquisites	Perquisites as under are restricted to an amount equal to the annual salary: • Expenditure incurred for gas, electricity, water and furnishings reimbursed subject to a ceiling of 10% of the salary • Medical benefits for self and family subject to a ceiling of one month's salary in a year or three month's salary over a period of three years • Leave travel concession for self and family • Club fees including admission and lifetime membership fees • Personal accident insurance • Company's contribution towards provident fund subject to ceiling of 15% of salary • Use of Company's car with driver • Telephone facility at residence

Bezawada Vikram

Bezawada Vikram was appointed as our Executive Director pursuant to a Shareholders' resolution dated July 5, 2017 with effect from June 1, 2017 up to May 31, 2022. The details of his remuneration approved by the Shareholders are stated below:

Particulars	Remuneration
Basic Salary	₹ 1,000,000 per month
Perquisites	Perquisites as under are restricted to an amount equal to the annual salary: • Expenditure incurred for gas, electricity, water and furnishings reimbursed subject to a ceiling of 10% of the salary • Medical benefits for self and family subject to a ceiling of one month's salary in a year or two month's salary over a period of two years • Leave travel concession for self and family • Club fees including admission and lifetime membership fees • Personal accident insurance • Company's contribution towards provident fund subject to ceiling of 15% of salary • Use of Company's car with driver • Telephone facility at residence

Lakshmi Kantham Dabbara

Lakshmi Kantham Dabbara was appointed as our Executive Director pursuant to a Shareholders' resolution dated July 5, 2017 with effect from June 1, 2017 up to May 31, 2021. The details of his remuneration approved by the Shareholders are stated below:

Particulars	Remuneration
Basic Salary	₹ 1,000,000 per month
Perquisites	Perquisites as under are restricted to an amount equal to three months' salary: • Medical benefits for self and family subject to a ceiling of half a month's salary in a year or one month's salary over a period of two years • Leave travel concession for self and family • Personal accident insurance • Company's contribution towards provident fund subject to ceiling of 15% of salary • Use of Company's car with driver • Telephone facility at residence

Payment or benefit to Directors of our Company

1. **Remuneration to Executive Directors:**

   The details of the total expense incurred by our Company towards remuneration paid to our Executive Directors during Financial Year 2017-18 is as follows:

S. No.	Name of Director	Remuneration (₹)
1.	P. Prathap Reddy	89,832,246
2.	Bezawada Vikram	11,500,000
3.	Lakshmi Kantham Dabbara	12,500,000

2. **Remuneration to Independent Directors:**

Pursuant to the Board resolution dated May 9, 2018, each Non-Executive Independent Director is entitled to receive sitting fees of ₹25,000 per meeting, for attending meetings of the Board or any of its committees within the limits prescribed under the Companies Act, 2013, and the rules made thereunder. The details of the expenses incurred by the Company towards sitting fees paid to the Independent Directors for the Financial Year 2017-18 is as follows:

S. No.	Name of the Director	Sitting fees paid (₹)
1.	Anil Kumar K.*	Nil
2.	Kancherla Ravindranath*	Nil
3.	Mocherla Sairam*	Nil
4.	P. Pradeep Kumar*	Nil
5.	Y. Santosh Kumar Reddy	30,000

**Anil Kumar K., Kancherla Ravindranath, Mocherla Sairam and P. Pradeep Kumar were appointed as Non-Executive Independent Directors in Financial Year 2018-19 and have not received any sitting fees from the Company for Financial Year 2017-18.*

3. **Remuneration to Non-Executive Directors:**

Pursuant to the Board resolution dated May 9, 2018, each Non-Executive Director is entitled to receive sitting fees of ₹25,000 per meeting, for attending meetings of the Board or any of its committees within the limits prescribed under the Companies Act, 2013, and the rules made thereunder. The details of the total expense incurred by our Company towards remuneration paid to our Non-Executive Directors during Financial Year 2017-18 is as follows:

S. No.	Name of Director	Remuneration (₹)
1.	P. Venugopal Reddy	30,000
2.	P. Deepthi Reddy	10,000

Arrangement or understanding with major Shareholders, customers, suppliers or others

There is no arrangement or understanding with the major Shareholders, customers, suppliers or others, pursuant to which any of our Directors was appointed on the Board or as a member of the senior management.

Shareholding of Directors in our Company

As per our Articles of Association, our Directors are not required to hold any qualification shares.

The shareholding of our Directors in our Company as of the date of filing this Draft Red Herring Prospectus is set forth below:

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

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

Appointment of relatives of our Directors to any office or place of profit

Except as disclosed in *"Relationship between our Directors*", none of the relatives of our Directors currently holds any office or place of profit in our Company.

Interest of Directors

All Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of our Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company. P. Prathap Reddy, Bezawada Vikram, Lakshmi Kantham Dabbara, P. Deepthi Reddy and P. Venugopal Reddy, hold positions as directors on boards of our Subsidiaries and Group Companies and as heads of certain business verticals. In consideration for these services, they are paid managerial remuneration in accordance with the provisions of applicable law.

Except as stated in "*Related Party Transactions*" on page 208, and to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Our Directors have no interest in any property acquired by our Company within two years prior to the date of this Draft Red Herring Prospectus or proposed to be acquired by our Company, or in any transaction by our Company for acquiring land, construction of buildings or supply of machinery.

Other than , as disclosed in *"Related Party Transactions"* and "*Our Promoter and Promoter Group*" on page 208 and 195 respectively, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Directors except the normal remuneration and sitting fees for services rendered as Directors.

The Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies and firms, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Offer. All of our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them.

Other than P. Prathap Reddy, none of our Directors have any interest in the promotion of our Company.

No loans have been availed by our Directors from our Company.

None of the beneficiaries of loans, advances and sundry debtors are related to the Directors of our Company.

Other than P. Prathap Reddy, who receives a commission of 3% on the net profit of the Company, none of the Directors is party to any bonus or profit sharing plan of our Company.

Further, except statutory benefits upon termination of their employment in our Company on retirement, no officer of our Company, including our Directors and the Key Management Personnel has entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

Litigation involving our Directors

For details relating to legal proceedings involving the Directors, please see "*Outstanding Litigation and Material Developments- Litigation involving our Directors*" on page 373 of this Draft Red Herring Prospectus.

Changes in the Board in the last three years

Name	Date of Appointment/ Change/Cessation	Reason
Kancherla Ravindranath	June 14, 2018	Appointment as Non-Executive Independent Director
Munikrishna Papagari	June 7, 2018	Resignation as Director
P. Pradeep Kumar	May 18, 2018	Appointment as Non-Executive Independent Director
Anil Kumar K.	May 18, 2018	Appointment as Non-Executive Independent Director
Mocherla Sairam	May 18, 2018	Appointment as Non-Executive Independent Director
Petluru Venugopal Reddy	May 9, 2018	Resignation as Executive Director (Finance) and Chief Finance Officer
Y. Santosh Kumar Reddy	July 5, 2017	Re-appointed as Non-Executive Independent Director
Udiavar Ramesh Rao	July 25, 2017	Cessation due to death
Velladi Ramakrishnan Vasudevan	July 16, 2017	Resignation as Director
P. Prathap Reddy	June 1, 2017	Re-appointed as Chairman and Managing Director
Bezawada Vikram	June 1, 2017	Re-appointed as Executive Director
Lakshmi Kantam Dabbara	June 1, 2017	Re-appointed as Executive Director
Petluru Venugopal Reddy	June 1, 2017	Re-appointed as Executive Director (Finance)

Borrowing Powers of Board

In accordance with our Articles of Association and pursuant to a resolution passed by the Shareholders of our Company on May 18, 2018, the Board is authorised to to borrow monies, which, together with the monies already borrowed, exceeds the aggregate of paid up share capital and free reserves apart from temporary loans borrowed, from such person or persons on such term(s) and condition(s) as to repayment, interest and otherwise as they may think fit and proper, provided that the total amount so borrowed shall not, at any time, exceed ₹50,000 million.

Corporate Governance

The Corporate Governance provisions of the Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the Listing Regulations, the Companies Act and the SEBI ICDR Regulations, in respect of corporate governance including constitution of the Board and committees thereof and formulation of policies. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

Our Board has been constituted in compliance with the Companies Act and the Listing Regulations. The Board of Directors functions either as a full board or through various committees constituted to oversee specific operational areas.

As on the date of this Draft Red Herring Prospectus, our Board comprises ten directors, having three Executive Directors, two and seven Non-Executive Directors (of whom one is a woman director) out of which there are and five Non-Executive Independent Directors.

Committees of the Board

Audit Committee

The members of the Audit Committee are:

1. Sairam Mocherla *(Non-Executive Independent Director), Chairman*

2. P. Pradeep Kumar *(Non-Executive Independent Director)*; and

3. Bezawada Vikram *(Executive Director)*.

The Audit Committee was constituted by a meeting of the Board of Directors held on June 7, 2018. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the Listing Regulations and its terms of reference include the following:

a) Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

b) Recommending to the Board, the appointment, re-appointment, and replacement, remuneration and terms of appointment of the statutory auditor and the fixation of audit fee;

c) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

d) Approval of payments to the statutory auditors for any other services rendered by statutory auditors;

e) Review the financial statements with respect to its unlisted Subsidiaries, in particular investments made by such Subsidiaries;

f) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    i) Matters required to be 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;

    ii) Changes, if any, in accounting policies and practices and reasons for the same;

    iii) Major accounting entries involving estimates based on the exercise of judgment by management;

    iv) Significant adjustments made in the financial statements arising out of audit findings;

    v) Compliance with listing and other legal requirements relating to financial statements;

    vi) Disclosure of any related party transactions;

    vii) Modified opinion(s) in the draft audit report; and

    viii) Qualifications in the draft audit report.

g) Reviewing with the management, the quarterly, half yearly and annual financial statements before submission to the Board for approval;

h) Scrutiny of inter-corporate loans and investments;

i) Review of utilization of loans availed or investments by the holding company in the subsidiary exceeding ₹ 100 Crore or 10% of the asset size of the Subsidiary, whichever is lower;

j) Valuation of undertakings or assets of the company, wherever it is necessary;

k) Evaluation of internal financial controls and risk management systems;

l) Approval or any subsequent modification of transactions of our Company with related parties;

m) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

n) Approving or subsequently modifying transactions of the Company with the related parties;

o) Evaluating undertaking or assets of the Company, wherever necessary;

p) Establishing and overviewing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

q) Reviewing, with the management, the performance of statutory and internal auditors and adequacy of internal control system;

r) 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;

s) Discussion with internal auditors on any significant findings and follow up thereon;

t) 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 material nature and reporting the matter to the Board;

u) Discussion with the 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;

v) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders , shareholders (in case of non-payment of declared dividends) and creditors;

w) Approval of appointment of the chief financial officer and after assessing the qualification, experience and background, etc. of the candidate;

x) Monitoring the end use of the funds raise through public offers and related matters;

y) Recommending the Board of Directors the appointment and removal of the external auditor, fixation of audit fees and approval for the payment for any other services;

z) Reviewing the functioning of the whistle blower mechanism, in case the same is existing;

aa) Carrying out any other functions as may be decided by the Board or as provided under the Companies Act, the SEBI Listing Regulations and other applicable laws; and

bb) To formulate, review and make recommendations to the Board to amend the Audit Committee charter from time to time.

The powers of the Audit Committee shall include the following:

a) To investigate activity within its terms of reference;

b) To seek information from any employees;

c) To obtain outside legal or other professional advice; and

d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee shall mandatorily review the following information:

a) Reviewing the statement of deviations such as (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1) of the Listing Regulations; and (ii) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7) of the Listing Regulations;

b) Management discussion and analysis of financial condition and result of operations;

c) Statement of significant related party transactions (as defined by the Audit Committee), submitted by management;

d) Management letters/letters of internal control weaknesses issued by the statutory auditors;

e) Internal audit reports relating to internal control weaknesses cost audit reports and secretarial audit reports; and

f) The appointment, removal and terms of remuneration of the chief internal auditor, cost auditor, secretarial auditor and statutory auditor.

Nomination and Remuneration Committee

The members of the Nomination and Remuneration Committee are:

1. Anil Kumar K. *(Non-Executive Independent Director), Chairman*;

2. P. Pradeep Kumar *(Non-Executive Independent Director)*; and

3. P. Venugopal Reddy *(Non-Executive Director)*.

The Nomination and Remuneration Committee was constituted by a meeting of the Board of Directors held on June 7, 2018. The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

a) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

b) Formulation of criteria for evaluation of independent directors and the Board;

c) Devising a policy on Board diversity;

d) Identify persons who are qualified to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance. The Company shall disclose the remuneration policy and the evaluation criteria in its annual report;

e) Analysing, monitoring and reviewing various human resource and compensation matters;

f) Determining the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

g) Determine compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component and recommend the remuneration payable to the senior management personnel;

h) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

i) Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

j) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws in India or overseas, including:

    a. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; or

    b. The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003.

k) Determine whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and

l) Perform such other activities as may be delegated by the Board of Directors and/or are statutorily prescribed under any law to be attended to by such committee.

Stakeholders’ Relationship Committee

The members of the Stakeholders’ Relationship Committee are:

1. P. Venugopal Reddy *(Non-Executive Director), Chairman;*

2. P. Deepthi Reddy *(Non-Executive Director)*;

3. Bezawada Vikram *(Executive Director)*; and

4. Lakshmi Kantham Dabbara *(Executive Director)*.

The Stakeholders' Relationship Committee was constituted by our Board of Directors at their meeting held on June 7, 2018. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178(5) of the Companies Act, 2013 and the Regulation 20 of the Listing Regulations. The responsibilities of the Stakeholders' Relationship Committee of our Company include:

a) To consider and resolve the grievances of redressal of grievances of shareholders, debenture holders and other security holders of the Company.

b) The grievances of security holders of the Company may include complaints related to transfer of securities, non-receipt of balance sheet and non-receipt of declared dividends.

c) To overview the SCORES platform of Investor Grievances.

Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

1. Bezawada Vikram *(Executive Director), Chairman;*

2. Sairam Mocherla *(Non-Executive Independent Director)*;

3. Lakshmi Kantham Dabbara *(Executive Director)*; and

4. P. Deepthi Reddy *(Non-Executive Independent Director)*.

The Corporate Social Responsibility Committee was constituted by our Board of Directors at their meeting held on June 7, 2018. The terms of reference, powers, quorum, and other matters in relation to the Corporate Social Responsibility Committee will be as per Section 135 of the Companies Act, 2013 and the applicable rules thereunder.

Risk Management Committee

The members of the Risk Management Committee are:

1. Anil Kumar K., *(Non-Executive Independent Director) Chairman;*

2. Ravindranath Kancherla *(Non-Executive Independent Director)*;

3. Bezawada Vikram *(Executive Director)*;

4. Lakshmi Kantham Dabbara *(Executive Director)*;

5. Petluru Venugopal Redd*y;* and

6. Krishna Srivastava.

The Risk Management Committee was constituted by our Board of Directors at their meeting held on June 7, 2018. The terms of reference of the Risk Management Committee shall include the following:

a) To ensure that all the current and future material risk exposures of the Company are identified, assessed, quantified, appropriately mitigated, minimized and managed into to ensure adequate systems for risk management;

b) To establish framework for the company's risk management process and ensure its implementation;

c) To enable compliance with appropriate regulations, wherever applicable, through the adoption of best practices;

d) To assure business growth with financial stability; and

e) To over view the management's process and results in identifying assessing and monitoring risk associated with Organisation's business operations and implementations and maintenance of policies and control procedures to give adequate protection against key risks.

IPO Committee

The members of the IPO Committee are:

1. P. Prathap Reddy *(Chairman and Managing Director), Chairman;*

2. Bezawada Vikram *(Executive Director)*;

3. Lakshmi Kantham Dabbara *(Executive Director)*; and

4. Sanjeev Kumar Aggarwal.

The IPO Committee was constituted by our Board of Directors at their meeting held on May 9, 2018. The IPO Committee is hereby authorized on behalf of the Board to undertake the following acts:

a) To decide, in consultation with the book running lead managers, on the size, timing, pricing and all the terms and conditions of the issue and transfer of the Equity Shares for the Offer, including the number of the Equity Shares to be offered pursuant to the Offer (including any reservation, green shoe option and any rounding off in the event of any oversubscription), price and any discount as allowed under Applicable Laws that may be fixed and determined in accordance with the applicable law, and to accept any amendments, modifications, variations or alterations thereto;

b) To decide with the Selling Shareholder in consultation with the BRLMs, the price band for the Offer;

c) To appoint and enter into arrangements with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, refund bankers to the Offer, registrar(s), legal advisors, advertising agency(ies) and any other agencies or persons or intermediaries to the Offer and to negotiate and finalize the terms of their appointment, including but not limited to execution of the mandate letter with the BRLMs, negotiation, finalization and execution of the offer agreement with the BRLMs, etc.;

d) To negotiate, finalize, settle, execute and deliver or arrange the delivery of the syndicate agreement, underwriting agreement, escrow agreement, agreements with the registrar to the Offer and the advertising agency(ies) and all other documents, deeds, agreements, memorandum of understanding and other instruments whatsoever with the registrar to the Offer, legal advisors, auditors, stock exchange(s), BRLMs and any other agencies/intermediaries in connection with the Offer with the power to authorize one or more officers of the Company to negotiate, execute and deliver all or any of the aforesaid documents;

e) To finalize, settle, approve and adopt the DRHP, the RHP, the Prospectus, the preliminary and final international wrap and any amendments, supplements, notices or corrigenda thereto, for the issue of Equity Shares and take all such actions in consultation with the BRLMs as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, RoC, or any other relevant governmental and statutory authorities or in accordance with Applicable Laws, and withdrawal of the DRHP or the RHP or any decision not to proceed with the Offer at any stage in accordance with Applicable Laws;

f) To do all such acts, deeds, matters and things and execute all such other documents, etc., as may be deemed necessary or desirable for such purpose, including without limitation, to finalize the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of allotment letters/confirmation of allotment notes, share certificates in accordance with the relevant rules in consultation with the BRLMs and the Selling Shareholder;

g) To make applications to, seek clarifications and obtain approvals from, if necessary, the Reserve Bank of India, the SEBI, the Telecom Regulatory Authority of India, the relevant Registrar of Companies or any other statutory or governmental authorities in connection with the Offer and, wherever necessary, incorporate such modifications / amendments / alterations / corrections as may be required in the DRHP, the RHP and the Prospectus;

h) To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under Applicable Law and the listing agreement to be entered into by the Company with the relevant stock exchanges;

i) To approve any corporate governance requirements, code of conduct for the Board, officers and other employees of the Company that may be considered necessary by the Board or the IPO Committee or as may be required under the Applicable Laws or the listing agreement to be entered into by the Company with the relevant stock exchanges;

j) To issue advertisements in such newspapers and other media as it may deem fit and proper in accordance with the SEBI ICDR Regulations, Companies Act and other applicable law;

k) To decide the total number of Equity Shares to be reserved for allocation to eligible categories of investors, if any, and on permitting existing shareholders to sell any Equity Shares held by them;

l) To seek, if required, the consent and waivers of the lenders to the Company and its subsidiaries, parties with whom the Company has entered into various commercial and other agreements, all concerned government and regulatory authorities in India or outside India, and any other consents that may be required in relation to the Offer or any actions connected therewith;

m) To open and operate bank account(s) of the Company in terms of the escrow agreement for handling of refunds for the Offer and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

n) To open and operate bank accounts of the Company in terms of Section 40(3) of the Companies Act, 2013, as amended, and to authorize one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

o) To submit undertaking/ certificates or provide clarifications to SEBI, Registrar of the Companies and the Stock Exchanges;

p) To determine and finalize the bid opening and bid closing dates (including bid opening and bid closing dates for anchor investors), the floor price for the Offer (including issue price for anchor investors), approve the basis of allotment and confirm allocation/allotment of the equity shares to various categories of persons as disclosed in the DRHP, the RHP and the Prospectus, in consultation with the BRLMs and the Selling Shareholder (to the extent applicable) and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Offer including any alteration, addition or making any variation in relation to the Offer;

q) To issue receipts/allotment letters/confirmations of allotment notes either in physical or electronic mode representing the underlying equity shares in the capital of the Company with such features and attributes as may be required and to provide for the tradability and free transferability thereof as per market practices and regulations, including listing on one or more stock exchange(s), with power to authorize one or more officers of the Company to sign all or any of the aforestated documents;

r) To make applications for listing of the shares in one or more recognized stock exchange(s) for listing of the equity shares of the Company and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s) in connection with obtaining such listing, including, without limitation, entering into the listing agreements;

s) To do all such deeds and acts as may be required to dematerialize the equity shares of the Company and to sign and/or modify, as the case may be, agreements and/or such other documents as may be required with National Securities Depository Limited, Central Depository Services (India) Limited, registrar and transfer agents and such other agencies, as may be required in this connection with power to authorize one or more officers of the Company to execute all or any of the aforestated documents;

t) To authorize and approve in consultation with the BRLMs the incurring of expenditure and payment of fees, commissions, brokerage, remuneration and reimbursement of expenses in connection with the Offer;

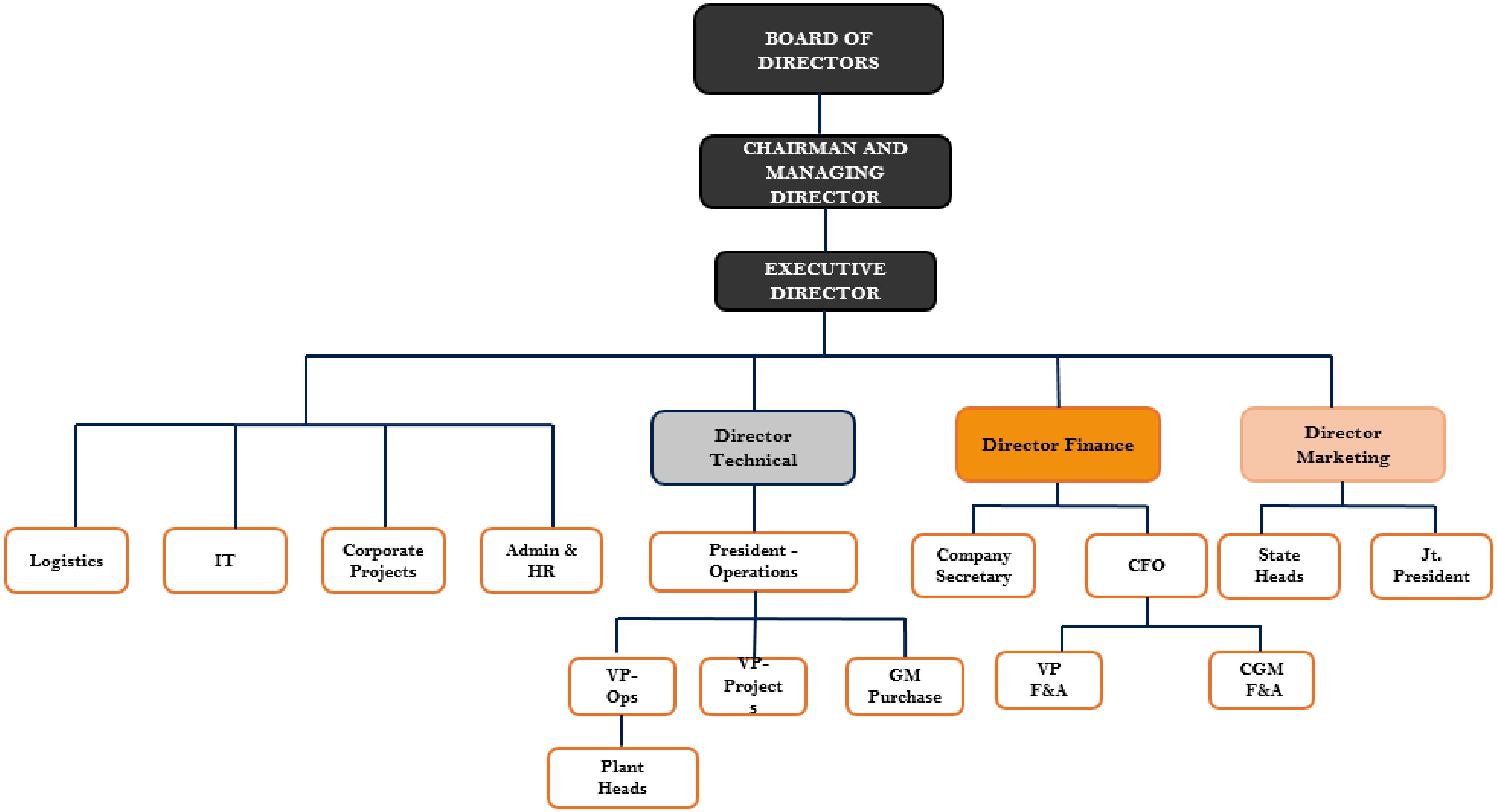
u) To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

v) To settle any question, difficulty or doubt that may arise in connection with the Offer including the issue and allotment of the Equity Shares as aforesaid in consultation with BRLMs and to further delegate the powers conferred hereunder subject to such restrictions and limitations as it may deem fit and in the interest of the Company and to the extent allowed under applicable laws and to do all such acts and deeds in connection therewith and incidental thereto, as the Committee may in its absolute discretion deem fit; and

w) To execute and deliver and/or to authorize and empower officers of the Company (each, an "**Authorized Officer**") for and on behalf of the Company to execute and deliver, any and all other documents or instruments and doing or causing to be done any and all acts or things as the IPO Committee and/or Authorised Officer may deem necessary, appropriate or advisable in order to carry out the purposes and intent of the foregoing or in connection with the Offer and any documents or instruments so executed and delivered or acts and things done or caused to be done by the IPO Committee and/or Authorised Officer shall be conclusive evidence of the authority of the IPO Committee and/or Authorised Officer and Company in so doing.

The IPO Committee is authorised to make any alteration, addition or make any variation in relation to the Offer, in consultation with the BRLMs or SEBI or such other authorities as may be required, and without prejudice to the generality of the aforesaid, decide that the exact Offer structure and the exact component of the Offer of Equity Shares in the Offer.

Management Organisation Chart



Key Management Personnel

The details of the Key Management Personnel of our Company are as follows:

P. Prathap Reddy, aged 60 years, is the Chairman and Managing Director of our Company. For further details, see "*Our Management – Brief Biographies of Directors*" on page 181.

Bezawada Vikram, aged 40 years**,** is the Executive Director of our Company. For further details, see "*Our Management – Brief Biographies of Directors*" on page 181.

Lakshmi Kantham Dabbara, aged 67 years**,** is the Executive Director (Director - Technical) of our Company. For further details, see "*Our Management – Brief Biographies of Directors*" on page 181.

Krishna Srivastava, aged 67 years**,** is the Director (Marketing) of our Company. He was appointed to this post with effect from September 4, 2017. He holds a bachelor's degree in Engineering from the Birla Institute of Technology and Science, Pilani. He has participated in the Executive Development Programme on General Management conducted by the Indian Institute of Management, Calcutta and the Middle Management Course of 3-Tier Programme for Management Development conducted by the Indian Institute of Management, Ahmedabad. He has also participated in the Innovative Strategies for Dynamic Economy programme, conducted by the Stanford Graduate School of Business. Prior to joining our Company he was a whole time director with Zuari Cement Limited. He has been awarded the 50 Talented CMO's award, the Grandslam Leadership award, Power Brands Concrete Leadership award and the Institute of Economic Studies Udyog Rattan Award in the past. During Financial Year 2017-18, he was paid a gross compensation of ₹6,075,939.

Petluru Venugopal Reddy, aged 53 years, is the Director (Finance) of our Company. He stepped down from our Board as an Executive Director (Director (Finance) and Chief Financial Officer) and has been continuing as Director (Finance) with effect from May 9, 2018. He holds a bachelor's degree in Commerce from Sri Venketeswara University. He is also an Associate of the Institute of Chartered Accountants of India. Prior to joining our Company he was working with C. Ramachandram & Co., Chartered Accountants as a partner. During Financial Year 2017-18, he was paid a gross compensation of ₹6,569,000.

G.M. Krishna, aged 56 years**,** is the President (Operations) of our Company. He was appointed to this post with effect from December 28, 2017. He holds a Diploma of Licentiate in Mechanical Engineering from M.B.T.S Guntur, State Board of Technical Education and Training, Guntur. Prior to joining our Company he was working as the vice president (operations) with Bharathi Cement Corporation Private Limited, as head – construction (DGM) with FLSmidth Minerals Private Limited, as chief general manager with Cement Manufacturing Company Limited and as an executive president with Ultra Tech Cement Limited. During Financial Year 2017-18, he was paid a gross compensation of ₹2,755,185.

Sanjeev Kumar Aggarwal, aged 51 years**,** is the Chief Financial Officer of our Company. He was appointed as the Chief Financial Officer of the Company with effect from May 9, 2018. He is a fellow member of the Institute of Chartered Accountants of India ("**ICAI**") and had achieved 33rd rank in the final examinations held by ICAI in November /December 1990. He also holds a Bachelor's degree in Commerce from the University of Delhi. Prior to joining our Company he was working as the Chief Financial Officer with Jindal Poly Films Limited, as head – corporate finance with ACME Tele Power Limited and as the President and Chief Finance Officer of Indo Rama Synthetics (India) Limited. Sanjeev Kumar Aggarwal has also received the Most Influential CFOs of India award from the Chartered Institute of Management Accountants in 2016. During Financial Year 2017-18, he was paid a gross compensation of ₹3,488,397 in his capacity as the President (Finance) in our Company.

Raj Kumar Singh, aged 43 years, is the Company Secretary and Compliance Officer of our Company. He was appointed to this post with effect from November 7, 2011. He is an associate member of the Institute of Company Secretaries of India. Prior to joining our Company he was working as a Company Secretary with Indu Spin Industries Limited from 2000 to 2005, as a Company Secretary with Parasakthi Cement Industries Limited in 2005 and as a Company Secretary with Moschip Semiconductor Technology. During Financial Year 2017-18, he was paid a gross compensation of ₹2,560,010.

Other than P. Prathap Reddy, who is the father-in-law of Bezawada Vikram, none of the Key Management Personnel are related to each other.

All the Key Management Personnel are permanent employees of our Company.

Shareholding of Key Management Personnel

(i) Except as disclosed below, the Key Management Personnel do not hold any Equity Shares in our Company:

Sl. No.	Name	No. of Equity Shares	Pre-Offer (%)	Post-Offer (%)
1.	P. Prathap Reddy*	13,635,000	10.19	[●]

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

Bonus or Profit Sharing Plans

Other than P. Prathap Reddy, who receives a commission of 3% on the net profit of the Company, none of the Key Management Personnel is party to any bonus or profit sharing plan of our Company.

Interests of Key Management Personnel

The Key Management Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business. The Key Management Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held in the Company, if any. Further, some of our Key Management Personnel may hold positions as directors on boards of our Subsidiaires and Group Companies, in consideration for these services, they are paid managerial remuneration in accordance with the provisions of applicable law.

None of the Key Management Personnel have been paid any consideration of any nature from our Company or Subsidiaries on whose rolls they are employed, other than their remuneration.

Arrangement or understanding with major Shareholders, customers, suppliers or others

There is no arrangement or understanding with the major shareholders, customers, suppliers or others, pursuant to which any Key Management Personnel was selected as member of senior management.

Changes in the Key Management Personnel

Other than as dislosed in *"Changes in the Board in the last three years"* on page 185, the changes in the Key Management Personnel in the last three years are as follows:

Name	Designation	Date of change	Reason for change
Sanjeev Kumar Aggarwal	Chief Financial Officer	May 9, 2018	Change in designation from President (Finance) to Chief Financial Officer
Petluru Venugopal Reddy	Director (Finance)	May 9, 2018	Change in designation from Chief Financial Officer and Director (Finance) in the Board of Directors to Director (Finance) at KMP level
G.M. Krishna	President (Operations)	December 28, 2017	Appointment as a President (Operations)
Krishna Srivastava	Director (Marketing)	September 4, 2017	Appointment as Director (Marketing)
R.P. Singh	Director (Marketing)	June 30, 2017	Resignation as Director (Marketing)

Payment or Benefit to officers of our Company

No non-salary amount or benefit has been paid or given or is intended to be paid or given to any of our Company's employees including the Key Management Personnel and our Directors within the two preceding years.

Employees Stock Options

As on the date of this Draft Red Herring Prospectus, our Company has not instituted any employee stock option plan or scheme.

OUR PROMOTERS AND PROMOTER GROUP

P. Prathap Reddy, Pioneer Builders and P R Cement Holdiings Limited are the Promoters of our Company. P. Prathap Reddy holds 13,635,000 Equity Shares, equivalent to 10.19% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. P R Cement Holdiings Limited holds 44,701,100 Equity Shares, equivalent to 33.41% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company and Pioneer Builders through its managing partner, P. Prathap Reddy holds 70,094,800 Equity Shares, equivalent to 52.39% of the pre-Offer issued, subscribed and paid up Equity Share capital of our Company. For further details, see "*Capital Structure*" and "*Our Management*" on pages 76 and 178, respectively.

P. Prathap Reddy

P. Prathap Reddy, aged 60 years, is the Chairman and Managing Director of our Company. For further details in respect of his address, educational qualifications, professional experience, posts held in the past, other directorships and special achievements, see "*Our Management*" on page 178. For details in relation to other ventures of our Promoter, see "*Our Group Companies*" on page 200.

He holds a driver's license no. 171041983OD issued by the State of Telangana and a voter's identification card bearing no. TDZ0277780.

Our Company confirms that the permanent account number, bank account number and passport number of P. Prathap Reddy shall be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

P R Cement Holdiings Limited ("PRCHL")

Corporate Information

PRCHL has been incorporated under the Companies Act, 1956 on April 7, 1986 as a public limited company under the name of P. R. Finance Limited and received the certificate of commencement of business from the Registrar of Companies on April 17, 1986. The name of the company was subsequently changed to P. R. Investments Limited and a fresh certificate of incorporation consequent upon change of name was issued on August 22, 1989. The name of the company was thereafter changed to P R Cement Holdiings Limited and a fresh certificate of incorporation consequent upon change of name was issued on January 05, 2011. The registered office of PRCHL is situated at Plot No. 705, Sriniketan Colony, Road No.3, Banjara Hills, Hyderabad – 500 034, Telangana, India.

PRCHL is authorized to *inter alia* engage in the business of finance, investment, trading, purchasing, leasing and to finance lease operations of all kinds. It is also engaged in purchasing, selling, hiring and letting on hire all kinds of plant, machinery and equipment. Futher, PRCHL are also engaged in the business of portfolio investment in equity shares, ships, aircrafts, automobiles, computes and all consumer and commercial and industrial items and to lease or otherwise deal with them in any manner whatsoever including resale thereof, regardless of whether the property purchased and leased be new and or used.

PRCHL is promoted by P. Prathap Reddy and Pioneer Builders.

Changes in the management and control

There has been no change in the management and control of PRCHL in the three years preceding the date of this Draft Red Herring Prospectus.

Our Company confirms that the permanent account number, bank account number and registration details of PRCHL shall be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Pioneer Builders

Pioneer Builders is a partnership firm registered under the Partnership Act, 1932, constituted through a partnership deed dated July 1, 1983 and reconstituted pursuant to a partnership supplementary deed dated, April 1, 2015, with its principal place of business at H. No. 8-2-309/M/5, Navodaya Colony, Road No. 14, Banjara Hills, Hyderabad – 500 034, Telangana, India.

Pioneer Builders is authorised to engage in the business of *inter-alia* undertaking and executing contracts of any kind and nature whether civil, structural or mechanical.

Partners of Pioneer Builders

Pursuant to the supplementary partnership dated April 1, 2015, Pioneer Builders has eight partners. P. Prathap Reddy is the managing partner of Pioneer Builders and is vested with all powers and control over the management and affairs of the business of the firm. The partners of Pioneer Builders are:

1. P. Prathap Reddy;
2. P. Deepthi Reddy;
3. P. Venkata Divya Priyanka;
4. P. Venkata Lakshmi;
5. P. Venugopal Reddy;
6. P. Ramesh Reddy;
7. B. Sudhakar Reddy; and
8. B. Radhakrishna Reddy

Interests of Promoters in promotion of our Company

Our Promoters are interested in our Company to the extent that they have promoted our Company and to the extent of their shareholding and the dividend or other distributions payable, if any in respect of the Equity Shares held by them. For details regarding the shareholding of our Promoters in our Company, see "*Capital Structure*" and "*Our Management*" on pages 76 and 178, respectively.

Interests of Promoters in property of our Company

Our Promoters have no interest in any property acquired by our Company during the two years preceeding the date of the Draft Red Herring Prospectus, or proposed to be acquired, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Other than as disclosed below, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to any of our Promoter Group except the normal remuneration and sitting fees for services rendered as Directors:

- Our Company has entered into a lease agreement dated April 1, 2018, ("**Lease Agreement I**") with our Promoter, P. Prathap Reddy for a period of 11 months for the lease of 7,200 sft. in Yelhanka Hobili, Bengaluru which is utilised as a warehouse. Pursuant to the Lease Agreement I, our Company is required to provide to our Promoter, P. Prathap Reddy lease rent of ₹0.15 million per month.

- Our Company has entered into a lease agreement dated April 1, 2018 ("**Lease Agreement II**") with P.V. Lakshmi, wife of our Promoter, P. Prathap Reddy, for a period of 11 months for the lease of 27,685 square feet area in Banjara Hills, Hyderabad which is utilised as an office. Pursuant to the Lease Agreement II, our Company is required to pay a lease rent of ₹1.80 million per month.

- Our Company has entered into a lease agreement dated April 1, 2018 ("**Lease Agreement III**") with P. Deepthi Reddy, daughter of our Promoter, P. Prathap Reddy for a period of 11 months for the lease of 5,000 square feet area in Domlur, Bengaluru, Karnataka which is utilised as an office. Pursuant Agreement III, our Company is required to pay lease rent of ₹0.1 million per month.

- Our Company has entered into a lease agreement dated April 1, 2018 ("**Lease Agreement IV**") with Pioneer Builders, for a period of 11 months for the lease of 6,000 square feet area in Banjara Hills, Hyderabad which is utilised as an office. Pursuant to the Lease Agreement IV, our Company is required to pay lease rent of ₹0.30 million per month.

For details of other related party transactions entered into by our Company with our Promoter Group, during the last financial year, the nature of transactions and the cumulative value of transactions, see "*Related Party Transactions*" on page 208.

Business Interests

Our Promoters are interested in our Company (i) to the extent of their shareholding and the shareholding of their relatives in our Company and dividend or other distributions payable, if any, and other distributions in respect of such Equity Shares held by them or their relatives, (ii) in case of P. Prathap Reddy, to the extent of being the Chairman and Managing Director of our Company, and director on the boards of directors of the Subsidiaries and the Associate, and the compensation and perquisites payable to him, (iii) to the extent of any transactions or business arrangements in the normal course of business by our Company and the Subsidiaries with our Promoters, or their relatives or entities in which our Promoters hold shares or entities in which our Promoters are members of the board of directors or firms in which relatives of our Promoters hold interest, (iv) to the extent of guarantees provided by our Promoters in respect of outstanding borrowings of our Company from its lenders. For details regarding the shareholding of our Promoters and the members of our Promoter Group in our Company and their directorships, see "*Capital Structure*" and "*Our Management*" beginning on pages 76 and 178 respectively, and for business transactions between our Promoters and our Company, see "*Related Party Transactions*" and "*Financial Statements*" beginning on pages 208 and 210, respectively.

Our Promoters does not hold any interest in any of our Group Companies which are involved in the same line of business. No sum has been paid or agreed to be paid to any of our Promoters or to such firm or company in which such Promoters are members, in cash or shares or otherwise by any person for services rendered by such Promoter(s) or by such firm or Company in connection with the promotion or formation of our Company except as disclosed in this Draft Red Herring Prospectus.

Interest of Promoters in Sales and Purchases

Other than as disclosed in "*Related Party Transactions*" on page 208, there are no sales/purchases between our Company and our Subsidiaries and our Associate where such sales or purchases exceed in value the aggregate of 10% of the total sales or purchases of our Company as on the date of the last financial statements.

Payment of benefits to our Promoters or our Promoter Group

Except as stated in this section, "*Related Party Transactions*", "*Our Management*", "*Financial Statements*" and "*Our Promoter and Promoter Group – Business Interests*" on pages 208, 178, 210 and 196 respectively, there has been no payment of benefits to our Promoters or Promoter Group during the two years preceding the filing of the Draft Red Herring Prospectus nor is there any intention to pay or give any benefit to our Promoters or Promoter Group.

Except as disclosed in "*Related Party Transactions*" and "*Financial Statements*" on pages 208 and 210, our Company has not entered into any contract, agreements or arrangements during the two years immediately preceding the date of the Draft Red Herring Prospectus and does not propose to enter into any such contract in which our Promoters 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.

Litigation involving our Promoters

For details of legal and regulatory proceedings involving our Promoters, see "*Outstanding Litigation and Material Developments – Litigation involving our Promoter*" on page 372.

Common Pursuits of our Promoter

Our Promoter, P. Prathap Reddy is a director of Parasakti, our Associate which is involved in the same line of business as our Company. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For further details, see "*Our Group Companies*" and "*Related Party Transactions*" on pages 200 and 208, respectively.

Confirmations

Our Promoters, relatives of our Promoters and members of our Promoter Group have not been declared as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against them.

Our Promoters and members of our Promoter Group have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority. Further, our Promoters were not and are not a promoter, director or persons in control of any other company that is or has been debarred or restricted from accessing capital markets under any order or direction made by SEBI or any other authority.

There is no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last five years preceding the date of this Draft Red Herring Prospectus against our Promoters, except as disclosed under "*Outstanding Litigation and Material Developments*" on page 365.

Our Promoters are not and have never been a promoter, director 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 or which is a wilful defaulter as categorised by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI.

Our Promoters are not interested in any other entity which holds any intellectual property rights that are used by our Company.

Our Promoters have not taken any unsecured loans which may be recalled by the lenders at any time. Our Promoters are not related to any of the sundry debtors of our Company.

Further, our Promoters are not related to any beneficiary of loans and advances provided by our Company other than those mentioned below.

Sick Company

No winding up proceedings have been initiated against PRCHL.

PRCHL has not become defunct in the five years preceding the date of this Draft Red Herring Prospectus.

Change in the management and control of our Company

As on the date of this Draft Red Herring Prospectus, our Promoters hold an aggregate of 128,430,900 Equity Shares, comprising 95.99% of the pre-Offer issued, subscribed and paid-up Equity Share capital of our Company. For details of the terms of acquisitions and consideration paid for acquisition, see "*Capital Structure*" and *"History and Cetain Corporate Matters"* on pages 76 and 171 respectively. Our Promoter, P. Prathap Reddy is the original promoter of our Company and there has not been any change in the management or control of our Company.

Disassociation by our Promoters in the preceding three years

Our Promoters have not disassociated themselves from any company during the preceding three years.

Our Promoter Group

In addition to the Promoters named above, the following individuals and entities form a part of the promoter group.

A. Natural persons who are part of the Promoter Group

Name of Promoter	Name of relative	Relationship
P. Prathap Reddy	P. Venkata Lakshmi	Spouse
	P. Ramesh Reddy	Brother
	P. Venugopal Reddy	Brother
	P. Deepthi Reddy	Daughter
	P. Venkata Divya Priyanka	Daughter

B. Entities forming part of the Promoter Group (excluding our Subsidiaries)

(i) Anrak Aluminium Limited;
(ii) Anrak Seaportss Limited;
(iii) E-Vision Softech India Limited;
(iv) Kameng Energy Limited;
(v) Krishna Hydro Energy Limited;
(vi) Lakshmi Jalavidyut (Krishna) Limited;
(vii) Lakshmi Sea Foods Limited;
(viii) Om Hydropower Limited;
(ix) P R Enerrgy Holding Limited;
(x) Puttamreddy Prathap Reddy (HUF);
(xi) PCIL Power and Holdings Limited;
(xii) Penna Foundation;
(xiii) Penna Global Investments FZ LLC;
(xiv) Penna Shipping Limited;
(xv) Pioneer Builderrs Limited;
(xvi) Pioneer Enterprises;
(xvii) Pioneer Estates;
(xviii) Pioneer Genco Limited;
(xix) Pioneer Holiday Resorts Limited;
(xx) Pioneer JK Hydropower Limited;
(xxi) Pioneer Power Corporation Limited;
(xxii) Pioneer Power Limited; and
(xxiii) Pioneer Refinery Limited.

An exemption application dated November 1, 2018, under Regulation 113(1)(c) of the SEBI ICDR Regulation is being submitted to SEBI along with this Draft Red Herring Prospectus, for excluding certain immediate relatives of our individual Promoter, P. Prathap Reddy (and entities/bodies corporate/firms/HUFs in which they have an interest) from being considered as part of the "promoter group". Our Company undertakes to update disclosures above in the Red Herring Prospectus based on the outcome of the exemption application.

OUR GROUP COMPANIES

In terms of the SEBI ICDR Regulations, for the purposes of identification of group companies for disclosure in connection with the Offer, our Company has considered companies which are included in the list of related parties in our Restated Consolidated Summary Financial Information in accordance with applicable accounting standards, i.e., Indian Accounting Standard 24 notified under the Companies (Indian Accounting Standards) Rule, 2015 ("**Ind AS 24**") and such other companies considered material by our Board. Pursuant to a Board resolution dated May 9, 2018, our Board formulated a policy with respect to companies which it considered material to be identified as group companies, pursuant to which the entities listed in this section are identified as Group Companies of our Company. Other than the companies already covered under Ind AS 24 in the Restated Consolidated Summary Financial Information, no company was considered to be material by our Board for the purposes of disclosure in this Draft Red Herring Prospectus.

Unless otherwise specified, all information in this section is as of the date of this Draft Red Herring Prospectus.

The details of our Group Companies are provided below:

A. Details of our Group Companies

1. *Parasakti Cement Industries Limited*

Corporate Information

For details of the corporate information of Parasakti, see "*History and Certain Corporate Matters – Our Associate*" on page 177.

Interest of our Promoters

Our Promoter, P. Prathap Reddy is a director of Parasakti. Further, our Promoters do not hold any equity shares in Parasakti.

Financial Information

The following information has been derived from the audited standalone financial statements of Parasakti for the three preceding Financial Years:

(in ₹ million, except per share data)

Particulars	For the Financial Year		
	2018	**2017**	**2016**
Equity capital	264.00	264.00	264.00
Reserves and surplus (excluding revaluation)	1,120.33	1,331.42	1,185.44
Sales/Turnover*	3,914.89	3,779.95	3,845.59
Profit/(Loss) after tax	108.18	149.22	115.78
Earnings per share (₹) (Basic)	4.10	5.65	4.39
Earnings per share (₹) (Diluted)	4.10	5.65	4.39
Net asset value per share (₹)	52.44	60.43	54.90

**Revenue from operations*

2. *Pioneer Builderrs Limited*

Corporate Information

Pioneer Builderrs Limited was incorporated as a public limited company under the Companies Act, 1956, on December 9, 2004 under the name of Pioneer Builders Limited. The name of the company was subsequently changed to Pioneer Builderrs Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 23, 2010. Pioneer Builderrs Limited received its certificate for commencement of business on January 3, 2005. Its registered office is situated at H.No.8-2-309/M/5, Navodaya Colony Road No.14, Banjara Hills, Hyderabad 500 034, Telangana, India. Presently, Pioneer Builderrs Limited is engaged in the business of construction and transportation.

Interest of our Promoters

Pioneer Builderrs Limited is engaged in the construction and transportation business. None of our Promoters are directors of Pioneer Builderrs Limited. Further, our Promoters, P. Prathap Reddy and Pioneer Builders are shareholders of Pioneer Builderrs Limited. Details of their shareholding is as set out below:

Sl. No.	Name of Promoter	Number of equity shares in Pioneer Builderrs Limited	Percentage of holding (%)
1.	P. Prathap Reddy	45,000	0.32
2.	P. Prathap Reddy, Managing Partner, Pioneer Builders	13,950,000	99.64

Financial Information

The following information has been derived from the audited standalone financial statements of Pioneer Builderrs Limited for the three preceding Financial Years:

(in ₹ million, except per share data)

Particulars	For the Financial Year		
	2018	2017	2016
Equity capital	140.00	140.00	140.00
Reserves and surplus (excluding revaluation)	1,225.14	1,178.83	731.16
Sales/Turnover*	1,578.31	1,830.68	2,219.92
Profit/(Loss) after tax	46.31	47.67	56.13
Earnings per share (₹) (Basic)	3.31	3.41	4.01
Earnings per share (₹) (Diluted)	3.31	3.41	4.01
Net asset value per share (₹)	97.51	94.20	62.23

**Revenue from operations*

3. ***Lakshmi Jalavidyut (Krishna) Limited***

Corporate Information

Lakshmi Jalavidyut (Krishna) Limited was incorporated as a public limited company under the Companies Act, 1956, on August, 4, 2009 and received its certificate for commencement of business on August 7, 2009. Its registered office is situated at H.No.8-2-268/K/5, Navodaya Colony, Banjara Hills, Hyderabad – 500 034, Telangana India. Presently, Lakshmi Jalavidyut (Krishna) Limited is engaged in the business of generation of power.

Interest of our Promoters

Our Promoters do not hold any equity shares in Lakshmi Jalavidyut (Krishna) Limited nor are they directors of Lakshmi Jalavidyut (Krishna) Limited.

Financial Information

The following information has been derived from the audited standalone financial statements of Lakshmi Jalavidyut (Krishna) Limited for the three preceding Financial Years:

(in ₹ million, except per share data)

Particulars	For the Financial Year		
	2018	2017	2016
Equity capital	315.00	315.00	315.00
Reserves and surplus (excluding revaluation)	49.63	(66.73)	(76.47)
Sales/Turnover*	271.88	134.53	155.58
Profit/(Loss) after tax	116.41	9.74	(50.04)
Earnings per share (₹) (Basic)	3.70	0.31	(1.59)
Earnings per share (₹) (Diluted)	3.70	0.31	(1.59)
Net asset value per share (₹)	11.58	7.88	7.57

**Revenue from operations*

4. ***Pioneer Genco Limited***

Corporate Information

Pioneer Genco Limited was incorporated as a public limited company under the Companies Act, 1956, on December 19, 2001 and received its certificate for commencement of business on December 27, 2001. Its registered office is situated at Plot No. 705, Lakshmi Nivas, Road No. 3, Banjara Hills, Hyderabad 500 034, Telangana, India. Presently, Pioneer Genco Limited is engaged in the business of generation and transmission of power.

Interest of our Promoters

Our Promoter, P. Prathap Reddy is a director of Pioneer Genco Limited. Further, our Promoters, P. Prathap Reddy and Pioneer Builders are shareholders of Pioneer Genco Limited. Details of their shareholding is as set out below:

Sl. No.	Name of Promoter	Number of equity shares in Pioneer Genco Limited	Percentage of holding (%)
1.	P. Prathap Reddy	1,540,000	3.83
2.	P. Prathap Reddy, Managing Partner, Pioneer Builders	15,914,370	39.58

Financial Information

The following information has been derived from the audited standalone financial statements of Pioneer Genco Limited for the three preceding Financial Years:

(in ₹ million, except per share data)

Particulars	For the Financial Year		
	2018	2017	2016
Equity capital	402.03	402.03	402.03
Reserves and surplus (excluding revaluation)	3,240.1	3,566.06	3,569.15
Sales/Turnover*	223.17	189.41	472.85
Profit/(Loss) after tax	1.4	(4.33)	113.39
Earnings per share (₹) (Basic)	0.03	(0.11)	4.83
Earnings per share (₹) (Diluted)	0.03	(0.11)	4.83
Net asset value per share (₹)	90.59	98.70	98.78

**Revenue from operations*

5. ***Pioneer Power Corporation Limited***

Pioneer Power Corporation Limited was incorporated as a public limited company under the Companies Act, 1956 on July 11, 2002 under the name Penna Hydro Energy Limtied. The name of the company was subsequently changed to Pioneer Power Corporation Limited and a fresh certificate of incorporation consequent upon change of name was issued on December 15, 2003. Pioneer Power Corporation Limited received its certificate for commencement of business on July 15, 2002. Its registered office is situated at Plot No. 705, Road No.3, Banjara Hills, Hyderabad – 500 034, Telangana India. Presently, Pioneer Power Corporation Limited is engaged in the business of generation, transmission and distribution of electric power.

Interest of our Promoters

Our Promoter, P. Prathap Reddy is a director of Pioneer Power Corporation Limited. Further, our Promoters, P. Prathap Reddy, Pioneer Builders and P R Cement Holdiings Limited are shareholders of Pioneer Power Corporation Limited. Details of their shareholding is as set out below:

Sr. No.	Name of Promoter	Number of equity shares in Pioneer Power Corporation Limited	Percentage of holding (%)
1.	P. Prathap Reddy	50,000	0.16
2.	P. Prathap Reddy, Managing Partner, Pioneer Builders	14,340,000	46.37
3.	P R Cement Holdiings Limited	1,000,000	3.23

Financial Information

The following information has been derived from the audited financial statements of Pioneer Power Corporation Limited for the three preceding Financial Years: **

(in ₹ million, except per share data)

Particulars	For the Financial Year		
	2018	**2017**	**2016**
Equity capital	309.22	309.22	309.22
Reserves and surplus (excluding revaluation)	2,406.32	2,698.63	2,696.15
Sales/Turnover*	191.54	172.69	296.65
Profit/(Loss) after tax	6.83	9.04	174.42
Earnings per share (₹) (Basic)	0.22	0.29	6.22
Earnings per share (₹) (Diluted)	0.22	0.29	6.22
Net asset value per share (₹)	87.82	97.27	97.19

**Revenue from operations*

*** As per standalone financial statements*

6. ***Krishna Hydro Energy Limited***

Corporate Information

Krishna Hydro Energy limited was incorporated as a private limited company under the Companies Act, 1956, on August 2, 2007 under the name of Ganga Jalashakti Private Limited. The name of the company was subsequently changed to Krishna Hydro Energy Private Limited and a fresh certificate of incorporation consequent upon change of name was issued on June 27, 2008. The company was thereafter converted to a public limited company and received a fresh certificate of incorporation consequent to its conversion from private to public on August 12, 2008. The name of the company was thereafter changed to Krshna Hydro Energy Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 29, 2010. The name of the company was further changed to Krishna Hydro Energy Limited and a fresh certificate of incorporation consequent upon change of name was issued on October 14, 2015. Its registered office is situated at Lakshmi Nivas, Plot No. 705, Road No. 3, Banjara Hills, Hyderabad – 500 034, Telangana, India. Presently, Krishna Hydro Energy Limited is engaged in the business of generation of power.

Interest of our Promoters

Our Promoters do not hold any equity shares in Krishna Hydro Energy Limited nor are they directors of Krishna Hydro Energy Limited.

7. ***P R Enerrgy Holding Limited***

Corporate Information

P R Enerrgy Holding Limited was incorporated as a public limited company under the Companies Act, 1956 on January 16, 2006 under the name of Pioneer Infrastructure Holding Limited. The name of the company was subsequently changed to P R Enerrgy Holding Limited and a fresh certificate of incorporation consequent upon change of name was issued on January 25, 2011. P R Enerrgy Holding Limited received its certificate for commencement of business on January 24, 2006. Its registered office is situated at Plot No. 705, Road No.3, Banjara Hills, Hyderabad – 500 034, Telangana India. Presently, P R Enerrgy Limited is engaged in the business of investing and holding shares, stocks, debenture stock, bonds, obligations and securities issued by infrastructure companies.

Interest of our Promoters

None of our Promoters are directors of P R Enerrgy Holding Limited. Further, our Promoters, P. Prathap Reddy and Pioneer Builders are shareholders of P R Enerrgy Limited. Details of their shareholding is as set out below:

Sr. No.	Name of Promoter	Number of equity shares in P R Enerrgy Holding Limited	Percentage of holding (%)
1.	P. Prathap Reddy	7,649,940	7.23
2.	P. Prathap Reddy, Managing Partner, Pioneer Builders	16,747,200	15.82

8. ***Anrak Aluminium Limited***

Corporate Information

Anrak Aluminium Limited was incorporated as a public limited company under the Companies Act, 1956, on March 23, 2007 under the name Anrak Aluminium Limited and received its certificate for commencement of business on April 3, 2007. The name of the company was subsequently changed to Anrak Aluminnium Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 29, 2010. The name of the company was subsequently changed to Anrak Aluminium Limited and a fresh certificate of incorporation consequent upon change of name was issued on June 10, 2013. Its registered office is situated at APIIC Industrial Park, Rachapalli, Makavarapalem, Vishakapatnam 531 113, Andhra Pradesh, India. Presently, Anrak Aluminium Limited is engaged in the business of manufacture of aluminium.

Interest of our Promoters

Our Promoter, P. Prathap Reddy is a director of Anrak Aluminium Limited. Further, our Promoters, Pioneer Builders and P R Cement Holdiings Limited are shareholders of Anrak Aluminium Limited. Details of their shareholding is as set out below:

Sl. No.	Name of Promoter	Number of equity shares in Anrak Aluminium Limited	Percentage of holding (%)
1.	P. Prathap Reddy, Managing Partner, Pioneer Builders	25,000,000	1.50
2.	P R Cement Holdiings Limited	1,250,000	0.07

9. ***Pioneer Holiday Resorts Limited***

Corporate Information

Pioneer Holiday Resorts Limited was incorporated as a private limited company under the Companies Act, 1956, on May 26, 1989 under the name of Pioneer Builders Private Limited. The company received a fresh certificate of incorporation consequent upon change of name to Pioneer Holiday Resorts Private Limited on December 2, 2004. The company was thereafter converted to a public limited company and received a fresh certificate of incorporation consequent to its conversion from private to public on June 17, 2005. The name of the company was thereafter changed to Pioneer Holiday Resorrts Limited and a fresh certificate of incorporation consequent upon change of name was issued on September 28, 2010. The name of the company was further changed to Pioneer Holiday Resorts Limited and a fresh certificate of incorporation consequent upon change of name was issued on October 13, 2016. Its registered office is situated at No.8-2-268, Road No. 02, Banjara Hills, Hyderabad 500 034, Telangana, India. Presently, Pioneer Holiday Resorts Limited is engaged in the business of operating hotels and resorts.

Interest of our Promoters

Our Promoters, P. Prathap Reddy, Pioneer Builders and P R Cement Holdiings Limited are shareholders of Pioneer Holiday Resorts Limited. Details of their shareholding is as set out below:

Sr. No.	Name of Promoter	Number of equity shares in Pioneer Holiday Resorts Limited	Percentage of holding (%)
1.	P. Prathap Reddy	1,633,920	4.18
2.	P. Prathap Reddy, Managing Partner, Pioneer Builders	8,877,600	22.71
3.	P R Cement Holdiings Limited	1,000,000	2.56

B. Nature and Extent of Interest of Group Companies

1. ***In the promotion of our Company***

None of our Group Companies have any interest in the promotion of our Company.

2. ***In the properties acquired or proposed to be acquired by our Company in the past two years before filing the Draft Red Herring Prospectus with SEBI***

None of our Group Companies are interested, directly or indirectly, in the properties acquired or proposed to be acquired by our Company in the two years preceding the filing of this Draft Red Herring Prospectus.

3. ***In transactions for acquisition of land, construction of building, supply of machinery etc.***

None of our Group Companies are interested, directly or indirectly, in any transaction for the acquisition of land, construction of building, 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, by any of our Group Companies.

C. Common Pursuits among the Group Companies with our Company

Except for Parasakti which is engaged in business of manufacturing and trading in cement, there are no common pursuits between any of our Group Companies and our Company. We shall adopt necessary procedures and practices as permitted by law to address any conflict situations, as and when they may arise. For details, see "*Risk Factors*" on page [●].

D. Related Business Transactions within the Group Companies and significance on the financial performance of our Company

For more information, see "*Related Party Transactions*" on page 208.

E. Significant Sale/Purchase between Group Companies and our Company

None of our Group Companies are involved in any sale or purchase transaction with our Company where such sale or purchase exceeds in value in the aggregate, ten percent of the total sales or purchases of our Company in the five years immediately preceding the date of filing of this Draft Red Herring Prospectus.

F. Business Interest of Group Companies

None of our Group Companies have, or propose to have, any business interest in our Company. For further details in relation to these agreements, see "*History and Certain Corporate Matters*" on page 171.

G. Defunct Group Companies

None of our Group Companies remain defunct and no application has been made to the Registrar of Companies for striking off the name of any of our Group Companies during the five years preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

None of our Group Companies fall under the definition of a sick company within the meaning of the erstwhile Sick Industrial Companies (Special Provisions) Act, 1985, as amended or have been declared insolvent or bankrupt under the provisions of the Insolvency and Bankruptcy Code, 2016, as amended or have any insolvency or bankruptcy proceedings initiated against any of them.

Further, as on the date of this Draft Red Herring Prospectus, except for Anrak Aluminium Limited against which liquidation proceedings had been initiated in the NCLT and subsequently stayed by the High Court of Andhra Pradesh, no winding up or revocation proceedings or actions have been initiated against any of our Group Companies.

None of our Group Companies has a negative net worth.

H. Loss making Group Companies

Except for Anrak Aluminium Limited and Krishna Hydro Energy Limited, which have made losses in the immediately preceding year, none of our Group Companies have made a loss in the immediately preceding year.

Details of the profit and loss for the immediately preceding three years for Anrak Aluminium Limited are set out below:

(in ₹ million)

Particulars	For the Financial Year		
	2018	**2017**	**2016**
Profit/(Loss) after tax	(758.96)	(607.43)	(807.39)

Details of the profit and loss for the immediately preceding three years for Krishna Hydro Energy Limited are set out below:

(in ₹ million)

Particulars	For the Financial Year		
	2018	**2017**	**2016**
Profit/(Loss) after tax	(8.37)	(15.76)	(138.76)

I. Litigation

For details relating to the legal proceedings involving the Group Companies, see "*Outstanding Litigations and Material Developments – Litigation involving our Group Companies*" on page 374.

J. Confirmations

None of the securities of our Group Companies are listed on any stock exchange. Further, except Anrak Aluminium Limited which has undertaken a rights issue, none of our Group Companies have made any public or rights issue of securities in the preceding three years.

None of our Group Companies have been debarred from accessing the capital market for any reasons by SEBI or any other authorities.

None of our Group Companies have been identified as wilful defaulters by any bank or financial institution or consortium thereof in accordance with the guidelines for wilful defaulters issued by the RBI.

None of the Group Companies have availed any unsecured loans which may be recalled by the lenders at any time.

Our Company also does not have an outstanding unsecured loan taken from any of our Group Companies, which may be recalled by them at any time.

No portion of the Fresh Issue proceeds is proposed to be paid to our Group Companies.

Significant notes of auditors of our Group Companies for the last three financial years:

Except as disclosed below in respect of Anrak Aluminium Limited, there are no significant notes of auditors of our Group Companies for the last three financial years.

Financial Year 2018:

- Attention was drawn to certain notes to the financial statements which described the commencement of commercial production, non-availability of primary raw material bauxite from APMDC based on which the management believed that impairment of assets was not required.

- Attention was drawn to certain notes to the financial statements which described the provision for interest on term loans which was not accounted for the period ending March 31, 2018. They were unable to quantify the amount in the absence of confirmations from lenders.

- Attention was drawn to certain notes to the financial statements with respect to balance confirmations, which had been sent to parties with the request to confirm. They notes that none of confirmations had any adverse comments.

- Attention was drawn to certain notes to the financial statements with respect to activities of the Company and that the management had considered going concern.

- Attention was drawn to certain notes to the financial statements which emphasizes that the company has not provided the provision for dividend on CRPS.

- Attention was drawn to certain notes to the financial statements which describes that, in the management's view, the raw-materials available at the site are non-perishable and are in usable condition and can be put to use.

Financial Year 2017:

- Attention was drawn to certain notes to the financial statements which described the commencement of commercial production, non-availability of primary raw material bauxite from APMDC based on which the management believed that impairment of assets was not required.

- Attention was drawn to certain notes to the financial statements which described the provision for interest on term loans which was not accounted for the period ending March 31, 2017. They were unable to quantify the amount in the absence of confirmations from lenders.

- Attention was drawn to certain notes to the financial statements with respect to balance confirmations, which had been sent to parties with the request to confirm. They noted that none of confirmations had any adverse comments.

- Attention was drawn to certain notes to the financial statements with respect to activities of the Company and to the fact that the management had considered going concern.

- Attention was drawn to certain notes to the financial statements which described that refinery was not under regular operations and any addition to the asset, other than administrative and general expenses which did not have any specific identity were transferred to profit and loss account.

RELATED PARTY TRANSACTIONS

For details of the related party disclosures, as per the requirements under Accounting Standard 18/ Ind AS 24 '*Related Party Disclosures'* issued by the Institute of Chartered Accountants in India and as reported in the restated financial statements, see "*Financial Statements*" on page 210.

DIVIDEND POLICY

The declaration and payment of dividends is recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited to the future expansion plans and capital requirements, profit earned during the Financial Year, liquidity and applicable taxes including dividend distribution tax payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities. For further details, see "*Financial Indebtedness*" on page 362. Our Company has no formal dividend policy.

The dividends declared and paid by our Company during the last five Fiscals have been presented below:

	During the Financial Year ending				
	2018	**2017**	**2016**	**2015**	**2014**
No. of Equity Shares of face value of ₹ 10	13,380,000	13,380,000	13,380,000	13,380,000	13,380,000
Face value of Equity Shares (₹ per share)	10	10	10	10	10
Interim Dividend (₹ in million)	Nil	Nil	Nil	Nil	Nil
Final Dividend (₹ in million)	80.50	80.50	80.50	39.20	39.20
Total Gross Dividend (₹ in million)	80.50	80.50	80.50	39.20	39.20
Dividend Distribution Tax (₹ in million)	13.61	13.61	13.61	5.69	5.69
Dividend per share (₹)	5.0	5.0	5.0	2.5	2.5
Dividend Rate (%)	50%	50%	50%	25%	25%

The amounts paid as dividends in the past are not necessarily indicative of our dividend policy or dividend amounts payable, if any, in the future. Please see "*Risk Factors*" on page 14.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION

Date: November 1, 2018

To
The Board of Directors
Penna Cement Industries Limited
Lakshmi Nivas 705, Road No 3
Banjara Hills
Hyderabad - 500034

Dear Sirs,

1. We have examined, as appropriate (refer paragraphs 4, 5 and 6 below), the attached Restated Consolidated Financial Information of **M/s Penna Cement Industries Limited** (the "Company"), its subsidiaries and associates (together, referred to as "Group"), which comprise of the Restated Ind AS Consolidated Statement of Assets and Liabilities as at June 30 2018, March 31, 2018, 2017, 2016, 2015 and 2014, the Restated Ind AS Consolidated Statement of Profit and Loss (including other comprehensive income) the Restated Ind AS Consolidated Statement of Changes in Equity and the Restated Ind AS Consolidated Statement of Cash Flows for the period ended June 30, 2018, March 31, 2018, 2017, 2016, 2015 and 2014 and the Restated Ind AS Consolidated Statement of Significant Accounting Policies and Notes for the respective periods and which includes Joint Operations of Group (collectively, the "Restated Consolidated Financial Information") as approved by the Board of Directors of the Company at their meeting held on November 01st, 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) Companies Act, 2013, as amended and the Rules thereunder ("the Act");,

    b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); 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. **Management Responsibilities**

   The preparation of the Restated Consolidated Financial Information is the responsibility of the management of the Company for the purpose set out in paragraph 12 below. The Management responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The Management is also responsible for identifying and ensuring that the Company complies with the Act, and the, ICDR Regulations.

3. **Auditor's Responsibilities**

   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.

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 01-11-2018 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.

d) The requirements of the ICDR Regulations and other applicable laws.

4. The Restated Consolidated Financial Information have been prepared under Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, read with section 133 of the Act and have been compiled by the Company's management from:

   a) Audited Consolidated Financial Statements of the Group for the period ended June 30, 2018, March 31, 2018 and March 31, 2017 prepared in accordance with the Indian Accounting Standards specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards)(Amendment) Rules, 2016 and other accounting principles generally accepted in India which have been approved by the Board of directors at their meetings held on November 01st,2018, May 9th, 2018 and May 29th, 2017 respectively.

   b) Audited Consolidated Financial Statements of the Group as at and for the years ended March 31, 2016, 2015 and March 31, 2014 prepared in accordance with Indian GAAP which have been approved by the Board of Directors at their meetings held on May 27th, 2016, July 23rd, 2015 and June 19th, 2014 respectively and making consolidated adjustments.

   c) We did not audit the financial statements of subsidiaries as at June 30, 2018, March 31, 2018, 2017, 2016, 2015, 2014, Refer Annexure-I for total assets, total revenue for the year ended on that date, as considered in the consolidated financial statements. The Consolidated Ind AS financial statements also include the group's share of net profit for the year ended June 30, 2018, 31 March 2018, 2017, 2016, 2015, 2014, Refer Annexure-I for the group's share of net profit as considered in the consolidated Ind AS financial statements, in respect of associates whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and associate is based solely on the reports of the other auditors.

   The Restated Consolidated Financial Information also contains the proforma consolidated Ind AS financial statements as at and for the years ended March 31, 2016, 2015 and 2014. These proforma consolidated Ind AS financial statements have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the years ended March 31, 2015 and 2014 which have been approved by the Board of Directors at their meetings held on July 23rd, 2015 and June 19th, 2014 respectively.

5. Based on our examination, we report that:

   a) The Restated Ind AS Consolidated Statement of Assets and Liabilities of the Group, as at June 30, 2018, March 31, 2018, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure-I to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure- VI: Material Adjustments to Restated

Consolidated Financial Information and Notes thereon.

b) The Restated Ind AS Consolidated Statement of Profits and Loss (including other comprehensive income) of the Group, including for the years ended March 31, 2018, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure-II to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure- VI: Material Adjustments to Restated Consolidated Financial Information and Notes thereon.

c) The Restated Ind AS Consolidated Statement of Changes in Equity of the of the Group, including for the years ended June 30, 2018, March 31, 2018, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure-III to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure- VI: Material Adjustments to Restated Consolidated Financial Information and Notes thereon.

d) The Restated Ind AS Consolidated Statement of Cash Flows of the Group, including for the years ended March 31, 2018, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure-IV to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure- VI: Material Adjustments to Restated Consolidated Financial Information and Notes thereon.

6. Based on the above and according to the information and explanations provided to us, we further report that the Restated Consolidated Financial Information:

   a) Have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;

   b) Have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;

   c) Do not contain any extraordinary items that need to be disclosed in the Restated Consolidated Financial information.

   d) Do not contain any qualifications in the Auditors' Report which require any corrective adjustments in the Restated Financial Information.

7. We have also examined the following restated consolidated other financial information of the Group set out in the following Annexures, proposed to be included in the DRHP, prepared by the management and approved by the Board of Directors on November 01st, 2018 for the period ended June 30, 2018, March 31, 2018, 2017, 2016, 2015 and 2014 and have been arrived at after making adjustments and regrouping/reclassification as in our opinion were appropriate.
   a) Restated Consolidated Statement of Property, Plant and Equipment included in Note 5 of Annexure V;
   b) Restated Consolidated Statement of Capital Work in Progress included in Note 5 of Annexure V;
   c) Restated Consolidated Statement of Intangible Assets included in Note 6 of Annexure V;
   d) Restated Consolidated statement of Investments (Financial Assets) included in Note 7 of Annexure V.
   e) Restated Consolidated statement of Loans (Financial Assets) included in Note 8 of Annexure V.
   f) Restated Consolidated Statement of Other Non-Current Financial Assets included in Note 8 of Annexure V;
   g) Restated Consolidated Statement of Other Non-Current Assets included in Note 9 of Annexure V;
   h) Restated Consolidated Statement of Inventories included in Note 10 of Annexure V;
   i) Restated Consolidated Statement of Trade Receivables included in Note 11 of Annexure V;

j) Restated Consolidated Statement of Cash and Cash Equivalents included in Note 12 of Annexure V;
k) Restated Consolidated Statement of Bank Balances Other than Cash and Cash Equivalents included in Note 12 of Annexure V;
l) Restated Consolidated Statement of Other Current Assets included in Note 9 of Annexure V;

m) Restated Consolidated Statement of Equity Share Capital included in Note 13 of Annexure V;
n) Restated Consolidated Statement of Other Equity included in Note 14 of Annexure V;
o) Restated Consolidated Statement of Long Term Borrowings included in Note 15 of Annexure V;
p) Restated Consolidated statement of Other Non-Current Financial Liabilities included in Note 16 of Annexure V;
q) Restated Consolidated Statement of Long Term Provisions included in Note 17 of Annexure V
r) Restated Consolidated Statement of Deferred Tax Liabilities (net) included in Note 18 of Annexure V;
s) Restated Consolidated Statement of Short Term Borrowings included in Note 15 of Annexure V;
t) Restated Consolidated Statement of Trade Payables included in Note 18 of Annexure V;
u) Restated Consolidated Statement of Other Current Financial Liabilities included in Note 16 of Annexure V;
v) Restated Consolidated Statement of Short Term Provisions included in Note 17 of Annexure V;
w) Restated Consolidated Statement of Current Tax Liabilities included in Note 20 of Annexure V;
x) Restated Consolidated Statement of Other Current Liabilities included in Note 21 of Annexure V; Restated Consolidated Statement of Revenue from Operations included in Note 22 of Annexure V;
y) Restated Consolidated Statement of Other Income included in Note 23 of Annexure V;
z) Restated Consolidated Statement of Cost of Material Consumed included in Note 24 of Annexure V;
aa) Restated Consolidated Statement of Employee Benefit Expenses included in Note 25 of Annexure V;
bb) Restated Consolidated Statement of Finance Costs included in Note 26 of Annexure V.
cc) Restated Consolidated Statement of Depreciation and Amortization Expenses in included in Note 5&6 in Annexure V;
dd) Restated Consolidated Statement of Other Expenses included in Note 27 of Annexure V.

8. According to the information and explanations given to us, in our opinion, the Restated Consolidated Financial Information and the above Restated Consolidated other financial information accompanying this report, read with Summary of Significant Accounting Policies disclosed in Annexure-(a) have been prepared in accordance with the Act, the Rules, the 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. 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 Consolidated Financial statements referred to herein.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. Our report is 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 Hyderabad in connection with the proposed offer of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For C. Ramachandram & Co.,
Chartered Accountants
Firm's Registration No.: 002864S

C.Ramachandram
Partner
Membership Number: 025834

Place: Hyderabad
Date: November 1, 2018

Annexure-I : Details of Companies not audited by us (Year-wise)

Year/ Period ended	Subsidiaries			Associates	
	No.	Total Assets	Total Revenue	No.	Share of Profit from Associate
June 30, 2018	-	-		1	(1.56)
March 31, 2018	1	1,231.71	10.04	1	50.98
March 31, 2017	1	1,144.95	9.42	-	-
March 31, 2016	1	1,115.30	6.03	-	-
March 31, 2015	2	7,454.65	2.65	-	-
March 31, 2014	1	6,304.29	1.82	2	(212.67)

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - I

Restated Consolidated Statement of Assets and Liabilities

Particular	Note of Annexure V	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
ASSETS							
1 Non-current assets							
a. Property, plant and equipment	5	17,367.04	17,595.18	11,701.64	12,367.28	11,318.79	11,590.31
b. Capital work-in-progress		4,935.62	2,753.80	3,214.30	1,751.90	1,860.10	1,041.80
c. Goodwill on consolidation	6	1.80	1.80	0.05	0.05	0.05	-
d. Other intangible assets	6	8.82	10.51	17.17	23.80	31.10	34.50
e. Financial assets							
i. Investments	7	785.12	786.68	863.24	794.19	11,594.20	9,991.92
ii. Loans	8	1,094.24	1,079.34	1,075.72	172.70	2,009.20	403.18
iii. Other financial assets	9	154.17	151.90	142.80	132.90	31.50	-
f. Other non-current assets	10	2,701.07	2,447.09	1,125.16	652.44	1,077.04	1,117.30
Total non-current assets		**27,047.88**	**24,826.30**	**18,140.08**	**15,895.26**	**27,921.98**	**24,179.01**
2 Current assets							
a. Inventories	11	2,048.31	1,789.50	2,735.10	2,170.50	1,690.61	2,300.23
b. Financial Assets							
i. Trade receivables	12	1,606.39	902.38	850.97	1,107.27	1,516.20	999.97
ii. Cash and cash equivalents	13	302.27	266.16	203.99	722.10	562.67	324.85
iii. Bank balances other than (ii) above	13	172.88	168.63	344.38	162.32	194.05	140.89
iv. Other financial assets	9	5.27	12.46	39.59	9.83	11.31	2.87
c. Other current assets	10	1,922.48	1,722.06	2,687.17	1,970.63	3,393.43	3,058.48
Total current assets		**6,057.60**	**4,861.19**	**6,861.20**	**6,142.65**	**7,368.27**	**6,827.29**
Total assets (1+2)		**33,105.48**	**29,687.49**	**25,001.28**	**22,037.91**	**35,290.25**	**31,006.30**
EQUITY AND LIABILITIES							
1 Equity							
a. Equity share capital	14	1,338.00	133.80	133.80	133.80	133.80	133.80
b. Other equity	15	8,726.66	9,803.98	8,318.37	6,582.86	20,327.59	18,621.04
Equity attributable to owners of the company		10,064.66	9,937.78	8,452.17	6,716.66	20,461.39	18,754.84
c. Non controlling interests	16	256.07	256.30	257.00	258.50	259.20	0.50
Total equity		**10,320.73**	**10,194.08**	**8,709.17**	**6,975.16**	**20,720.59**	**18,755.34**
LIABILITIES							
2 Non-current liabilities							
a. Financial liabilities							
i. Borrowings	17	11,166.04	10,111.97	6,895.26	4,530.12	4,536.65	3,485.67
ii. Other financial liabilities	18	3,435.47	2,390.65	1,610.49	2,048.27	1,331.41	1,149.26
b. Provisions	19	42.44	63.45	54.16	50.82	54.34	67.84
c. Deferred tax liabilities (net)	20	2,770.16	2,777.21	2,729.10	2,666.84	2,376.48	2,187.61
Total Non-Current Liabilities		**17,414.11**	**15,343.28**	**11,289.01**	**9,296.05**	**8,298.88**	**6,890.38**
3 Current liabilities							
a. Financial liabilities							
i. Borrowings	17	3,302.33	2,077.61	2,130.26	2,274.18	1,866.21	1,916.77
ii. Trade payables	21						
- Payable to micro and small enterprise		-	-	-	-	-	-
- Others		500.25	500.56	1,062.84	664.83	1,627.61	1,223.57
iii. Other financial liabilities	18	963.13	600.89	502.96	1,659.56	1,721.70	1,752.35
b. Provisions	19	12.68	2.74	6.13	2.80	2.50	2.50
c. Current tax liabilities (net)	22	32.40	505.63	597.69	835.66	625.33	159.66
d. Other current liabilities	23	559.85	462.70	703.22	329.67	427.43	305.73
Total current liabilities		**5,370.64**	**4,150.13**	**5,003.10**	**5,766.70**	**6,270.78**	**5,360.58**
Total liabilities (2+3)		**22,784.75**	**19,493.41**	**16,292.11**	**15,062.75**	**14,569.66**	**12,250.96**
Total equity and liabilities (1+2+3)		**33,105.48**	**29,687.49**	**25,001.28**	**22,037.91**	**35,290.25**	**31,006.30**

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Consolidated Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Place :
Date :

For and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN: 02086809

Sanjeev Kumar Aggarwal
Chief Financial officer

Raj Kumar Singh
Company Secretary
MNO: 14265

Place :
Date :

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - II

Restated Consolidated Statement of Profit and Loss

	Particular	Note of Annexure V	For the quarter ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
1	Revenue from operations	24	4,565.56	18,398.30	18,803.31	18,999.16	18,239.48	16,419.46
2	Other income	25	2.91	75.83	84.28	507.50	618.75	271.24
3	**Total income (1+2)**		**4,568.47**	**18,474.13**	**18,887.59**	**19,506.66**	**18,858.23**	**16,690.70**
4	**Expenses**							
	Cost of materials consumed	26	780.32	2,954.55	2,551.36	2,821.53	3,061.38	3,119.51
	Purchase of stock in trade		-	-	287.10	-	399.80	-
	Changes in inventories of finished goods and work-in-progress		(313.00)	77.11	69.56	4.28	210.26	(103.37)
	Employee benefits expense	27	240.87	781.96	743.56	670.10	578.28	519.72
	Excise duty paid		-	636.50	2,301.00	2,256.80	2,182.00	2,040.80
	Freight charges		1,285.06	4,048.92	3,312.54	2,996.57	3,062.41	3,033.62
	Finance costs	28	259.91	1,012.94	593.79	616.98	1,069.02	663.18
	Depreciation and amortisation expense	5 and 6	273.07	815.22	803.45	753.77	722.16	722.29
	Other expenses	29	1,897.44	5,986.29	5,812.33	5,567.94	5,381.12	6,054.33
	Total expenses		**4,423.67**	**16,313.49**	**16,474.69**	**15,687.97**	**16,666.43**	**16,050.08**
5	**Restated share in profit of associates**		**(1.56)**	**50.98**	**68.95**	**59.91**	**136.19**	**(266.00)**
6	**Restated profit before tax (3-4+5)**		**143.24**	**2,211.62**	**2,481.85**	**3,878.60**	**2,327.99**	**374.62**
7	**Tax expense:**	30						
	- Current tax		32.40	596.61	812.91	897.29	685.27	85.48
	- Less: Minimum alternative tax credit		-	-	-	(207.80)	-	-
	- Deferred tax		(10.13)	48.36	(146.48)	495.29	190.27	(43.29)
	Total tax expense		22.27	644.97	666.43	1,184.78	875.54	42.19
8	**Restated profit for the period/year (6-7)**		**120.97**	**1,566.65**	**1,815.42**	**2,693.82**	**1,452.45**	**332.43**
9	**Other comprehensive income**							
	Items that will not be reclassified to profit or loss							
	i. Remeasurement of the defined benefit plans		9.09	(5.17)	0.44	8.25	(4.10)	5.20
	ii. Equity instruments through other comprehensive income		-	4.46	-	-	-	-
	iii. Income tax relating to items that will not be reclassified to profit or loss		(3.18)	0.25	(0.15)	(2.86)	1.39	(1.77)
10	**Total comprehensive income for the period/ year (8+9)**		**126.88**	**1,566.19**	**1,815.71**	**2,699.21**	**1,449.74**	**335.86**
	Restated profit for the year							
	Attributable to:							
	- Owner of the company		121.20	1,567.35	1,816.92	2,694.52	1,193.75	332.43
	- Non-controlling interests		(0.23)	(0.70)	(1.50)	(0.70)	258.70	-
	Total comprehensive income for the period/ year							
	Attributable to:							
	- Owner of the company		127.11	1,566.89	1,817.21	2,699.91	1,191.04	335.86
	- Non-controlling interests		(0.23)	(0.70)	(1.50)	(0.70)	258.70	-
11	**Earnings per equity share (EPS):**	31						
	Basic EPS (₹)		0.91	11.71	13.58	20.14	8.92	2.48
	Diluted EPS (₹)		0.91	11.71	13.58	20.14	8.92	2.48

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Consolidated Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Place :
Date :

For and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN: 02086809

Sanjeev Kumar Aggarwal
Chief Financial officer

Raj Kumar Singh
Company Secretary
MNO: 14265

Place :
Date :

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - III

Restated Consolidated Statement of Changes in Equity

A. Equity share capital

Particulars	Numbers	Amount
As at April 1, 2013 (Proforma)	13,380,000	133.80
Changes in equity share capital during the year	-	-
As at March 31, 2014 (Proforma)	13,380,000	133.80
Changes in equity share capital during the year	-	-
As at March 31, 2015 (Proforma)	13,380,000	133.80
Changes in equity share capital during the year	-	-
As at March 31, 2016	13,380,000	133.80
Changes in equity share capital during the year	-	-
As at March 31, 2017	13,380,000	133.80
Changes in equity share capital during the year	-	-
As at March 31, 2018	13,380,000	133.80
Changes in equity share capital during the period	120,420,000	1,204.20
As at June 30, 2018	133,800,000	1,338.00

B. Other equity

Particulars	Reserves and Surplus							Items of Other comprehensive income	Attributable to owner of the company	Non-controlling interest	Total
	State investment subsidy	Debenture redemption reserve	Statutory reserve	Foreign currency translation reserve	Reserve on account of merger	General reserve	Retained earnings	Equity instrument through other comprehensive income			
Balance as at April 1, 2013 (Proforma)	**2.00**	**-**	**32.80**	**502.09**	**-**	**1,706.73**	**16,462.25**	**(957.47)**	17,748.40	0.50	**17,748.90**
Restated profit for the year	-	-	-	-	-	-	332.43	-	332.43	-	332.43
Increase in shareholding of Associates	-	-	-	-	-	-	-	-	-	-	-
Foreign currency translation reserve generated during the year	-	-	-	576.01	-	-	-	-	576.01	-	576.01
Remeasurement gains on defined benefit plans, net of tax	-	-	-	-	-	-	3.40	-	3.40	-	3.40
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	-	(39.20)	-	(39.20	-	(39.20)
Transfer to general reserve	-	-	-	-	-	350.00	(350.00)	-	-	-	-
Balance as at March 31, 2014 (Proforma)	**2.00**	**-**	**32.80**	**1,078.10**	**-**	**2,056.73**	**16,408.88**	**(957.47)**	**18,621.04**	**0.50**	**18,621.54**
Restated profit for the year	-	-	-	-	-	-	1,452.45	-	1,452.45	258.70	1,711.15
Remeasurement losses on defined benefit plans, net of tax	-	-	-	-	-	-	(2.70)	-	(2.70	-	(2.70)
Foreign currency translation reserve generated during the year	-	-	(0.40)	294.10	-	-	-	-	293.70	-	293.70
Addition during the year	-	-	-	-	2.30	-	-	-	2.30	-	2.30
Reversal during the year	-	-	-	-	-	(894.00)	-	894.00	-	-	-
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	-	(39.20)	-	(39.20	-	(39.20)
Transfer to debenture redemption reserve	-	350.00	-	-	-	-	(350.00)	-	-	-	-
Transfer to general reserve	-	-	-	-	-	350.00	(350.00)	-	-	-	-
Balance as at March 31, 2015 (Proforma)	**2.00**	**350.00**	**32.40**	**1,372.20**	**2.30**	**1,512.73**	**17,119.43**	**(63.47)**	**20,327.59**	**259.20**	**20,586.79**
Restated profit for the year	-	-	-	-	-	-	2,693.82	-	2,693.82	(0.70)	2,693.12
Remeasurement gains on defined benefit plans, net of tax	-	-	-	-	-	-	5.40	-	5.40	-	5.40
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	-	(80.50)	-	(80.50	-	(80.50)
Transfer to general reserve	(2.00)	-	-	-	(2.30)	354.29	(350.00)	-	(0.01)	-	(0.01)
Transfer on account of Scheme of Arrangement	-	-	(32.40	(1,372.20	-	(1,517.02)	(13,441.82)	-	(16,363.44	-	(16,363.44)
Balance as at March 31, 2016	**-**	**350.00**	**-**	**-**	**-**	**350.00**	**5,946.33**	**(63.47)**	**6,582.86**	**258.50**	**6,841.36**
Restated profit for the year	-	-	-	-	-	-	1,815.71	-	1,815.71	(1.50)	1,814.21
Remeasurement gains on defined benefit plans, net of tax	-	-	-	-	-	-	0.30	-	0.30	-	0.30
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	-	(80.50)	-	(80.50	-	(80.50)
Balance as at March 31, 2017	**-**	**350.00**	**-**	**-**	**-**	**350.00**	**7,681.84**	**(63.47)**	**8,318.37**	**257.00**	**8,575.37**
Restated profit for the year	-	-	-	-	-	-	1,566.65	-	1,566.65	(0.70)	1,565.95
Remeasurement losses on defined benefit plans, net of tax	-	-	-	-	-	-	(5.00)	-	(5.00	-	(5.00)
Payment of dividends (including dividend distribution tax)	-	-	-	-	-	-	(80.50)	-	(80.50	-	(80.50)
Transfer from debenture redemption reserve	-	(105.00)	-	-	-	-	105.00	-	-	-	-
Reversal during the year	-	-	-	-	-	-	-	4.46	4.46	-	4.46
Balance as at March 31, 2018	**-**	**245.00**	**-**	**-**	**-**	**350.00**	**9,267.99**	**(59.01)**	**9,803.98**	**256.30**	**10,060.28**
Restated profit for the period	-	-	-	-	-	-	120.97	-	120.97	(0.23)	120.74
Remeasurement losses on defined benefit plans, net of tax	-	-	-	-	-	-	5.91	-	5.91	-	5.91
Issue of Bonus shares	-	-	-	-	-	-	(1,204.20)	-	(1,204.20)	-	(1,204.20)
Balance as at June 30, 2018	**-**	**245.00**	**-**	**-**	**-**	**350.00**	**9,394.87**	**(59.01)**	**9,930.86**	**256.07**	**8,982.73**

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Consolidated Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Place :
Date :

For and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN: 02086809

Sanjeev Kumar Aggarwal
Chief Financial officer

Raj Kumar Singh
Company Secretary
MNO: 14265

Place :
Date :

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - IV

Restated Consolidated Statement of Cash Flows

PARTICULARS	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
A. CASH FLOW FROM OPERATING ACTIVITIES						
Restated profit for the period/year	**120.97**	**1,566.65**	**1,815.42**	**2,693.82**	**1,452.45**	**332.43**
Adjustments for:						
Depreciation and amortisation expense	273.07	815.22	803.45	753.77	722.16	722.29
Loss / (gain) on sale of property, plant and equipment (net)	-	0.81	0.24	(0.08)	-	-
Tax expense	22.27	644.97	666.43	1,184.78	875.54	42.19
Interest income	(2.74)	(39.20)	(48.40)	(39.90)	174.22	172.17
Finance costs	259.91	1,012.94	593.79	616.98	1,069.02	663.18
Remeasurement of the defined benefit plans	5.91	(4.92)	0.29	5.39	(2.71)	3.43
Restated share in profit of associate	1.56	(50.98)	(68.95)	59.91	(136.19)	266.00
Operating profit before working capital changes	**680.95**	**3,945.49**	**3,762.27**	**5,274.67**	**4,154.49**	**2,201.69**
Movements in working capital						
(Increase) / Decrease in trade receivables	(704.01)	(51.41)	256.30	393.21	(516.23)	195.50
(Increase) / Decrease in inventories	(258.81)	945.52	(564.60)	(499.78)	609.62	(998.28)
(Increase) / Decrease in loans	(14.90)	(3.62)	(903.11)	(1,776.39)	(1,606.11)	-
(Increase) / Decrease in other assets	(195.50)	983.23	(1,105.60)	(392.08)	(374.89)	(1,965.57)
Increase / (Decrease) in trade payables and other liabilities	204.56	(539.46)	4.98	(175.05)	(39.94)	3,081.19
(Decrease) / Increase in provision	(11.07)	5.90	6.38	(22.77)	(10.79)	(51.53)
Cash generated from operation	**(298.78)**	**5,285.65**	**1,456.62**	**2,801.81**	**2,216.15**	**2,463.00**
Income taxes paid (net of refunds)	(502.55)	(688.92)	(842.14)	(681.68)	(221.00)	(106.69)
Net cash generated from operating activities	**(801.33)**	**4,596.73**	**614.48**	**2,120.13**	**1,995.15**	**2,356.31**
B. CASH FLOW FROM INVESTING ACTIVITIES						
Net capital expenditure on property, plant and equipment and intangible assets including capital advances	(1,531.71)	(7,403.40)	(1,280.38)	(1,462.90)	(869.32)	(1,150.87)
Net proceeds from / (payments for) investment in associates and other investment	(0.23)	(2.45)	(0.10)	(354.86)	(933.65)	(1,187.06)
Net proceeds / (payments) from Investment in bank deposits	(4.25)	175.75	(182.06)	31.73	(53.16)	(7.70)
Dividend received	-	132.00	-	66.00	19.80	20.54
Interest received	2.74	39.20	48.40	39.90	(174.22)	(172.17)
Net cash used in investing activities	**(1,533.45)**	**(7,058.90)**	**(1,414.14)**	**(1,680.13)**	**(2,010.55)**	**(2,497.26)**
C. CASH FLOW FROM FINANCING ACTIVITIES						
Net proceeds from / (payment for) long term borrowings	1,429.28	3,275.21	1,245.96	7.64	1,082.24	(300.20)
Net (payment for) / proceeds from short term borrowings	1,224.72	(52.65)	(143.92)	407.97	(50.56)	637.27
Dividend Paid	-	(80.50)	(80.50)	(80.50)	(39.20)	(39.20)
Interest Paid	(283.11)	(617.72)	(739.99)	(615.68)	(739.26)	(596.53)
Net cash generated from / (used in) financing activities	**2,370.89**	**2,524.34**	**281.55**	**(280.57)**	**253.22**	**(298.66)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**36.11**	**62.17**	**(518.11)**	**159.43**	**237.82**	**(439.61)**
Cash and cash equivalents at the beginning of the period/ year	266.16	203.99	722.10	562.67	324.85	764.46
Cash and cash equivalents at the end of the period/ year *	**302.27**	**266.16**	**203.99**	**722.10**	**562.67**	**324.85**
* Cash and cash equivalents at the end of the year comprises (refer note no.12)						
i) Cash on hand	5.27	2.02	1.72	1.51	6.69	1.45
ii) Balances with banks	297.00	264.14	202.27	720.59	555.98	323.40
	-					

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Consolidated Financial Information and Statement of adjustments to Audited Consolidated Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Place :
Date :

For and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN: 02086809

Sanjeev Kumar Aggarwal
Chief Financial officer

Raj Kumar Singh
Company Secretary
MNO: 14265

Place :
Date :

Penna Cement Industries Limited

Annexure V

Notes to restated Consolidated financial information

1. General Information

Penna Cement Industries Limited ('the Company') and its subsidiaries and associate (collectively, 'the Group') is a public limited company incorporated in India having its registered office at Hyderabad, Telangana, India. The Group is primarily engaged in the manufacturing and selling of cement, cement related products and Power.

2. Applicability of new and revised Ind AS:
2.1. Amendments to Ind AS that are notified and adopted by the Group

As per Companies (Indian Accounting Standards) (Amendment) Rules, 2018 dated March 28, 2018, Ministry of Corporate Affairs (MCA) has notified the new revenue standard Ind AS 115, Revenue from Contracts with Customers and also brought in amendment to existing Ind AS. The Rules became effective from reporting periods beginning on or after April 1, 2018.
• New revenue standard Ind AS 115 supersedes the existing standards Ind AS 18 – "Revenue" and Ind AS 11 – "Construction Contracts". The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition:
i. Identification of the contracts with the customer
ii. Identification of the performance obligations in the contract
iii. Determination of the transaction price
iv. Allocation of transaction price to the performance obligations in the contract (identified in step ii)
v. Recognition of revenue when the Company satisfies a performance obligation.

• Appendix B, (Foreign Currency Transactions and Advance Considerations) to Ind AS 21, "The Effects of Changes in Foreign Exchange Rates" has been notified. The appendix clarifies that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of related asset, expense or income, should be the date on which an entity has received or paid an advance consideration in a foreign currency.
Based on the assessment carried out by the management, the aforesaid amendments did not have any impact on the Restated Consolidated Financial Information.

3. Significant accounting policies

3.1 Basis of preparation of financial statements
The Restated Consolidated Statement of Assets and Liabilities of the Company as at June 30, 2018, March 31, 2018, March 31, 2017 and March 31, 2016 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 period ended June 30, 2018 and years ended March 31, 2018, March 31, 2017 and March 31, 2016 and Restated Other Consolidated Financial Information (together referred as 'Restated Consolidated Financial Information') has been prepared under Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules as amended from time to time. The Company has elected to present all five years as per Ind AS/ Proforma Ind AS, instead of Indian GAAP. The restated consolidated financial information for the years ended March 31, 2015 and 2014 has been prepared on Proforma basis (i.e. "Proforma Consolidated 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. For the purpose of Proforma Ind AS consolidated financial information for the years ended March 31, 2015 and 2014, the Group has followed the same accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on transition date i.e. April 1,2015. Accordingly, suitable restatement adjustments (both re-measurements and reclassifications) in the accounting heads are made to the Proforma Ind AS consolidated financial information as of and for the years ended March 31, 2015 and 2014 following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions) consistent with that used at the date of transition to Ind AS (i.e. April 1, 2015).

The Restated Financial Information (including Restated Consolidated Ind AS financial information for the quarter ended June 30, 2018 and years ended March 31, 2018, March 31, 2017 and March 31, 2016 and Restated Consolidated Proforma Ind AS financial information for the year ended March 31, 2015 and 2014) have been compiled by the Company from the Special Purpose Audited Interim Consolidated Financial Statements of the Company as at and for the quarter ended June 30, 2018 and Audited Consolidated Financial Statements of the Company as at and for the years ended March 31, 2018 and March 31, 2017 prepared under Ind AS and for the years ended March 31, 2016, 2015 and 2014 prepared under the previous generally accepted accounting principles followed in India ('Previous GAAP or Indian GAAP'). For all periods up to and including the year ended March 31, 2016, the Company prepared its audited consolidated financial information in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). The consolidated financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. The date of transition to Ind AS is April 1, 2015.

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of Restated Financial Information under Accounting Standards notified under Previous GAAP to Ind AS of Restated Shareholders' equity as at March 31, 2016, 2015 and 2014 and of the Restated Statement of Profit and loss and other comprehensive Income for the year ended March 31, 2016, 2015 and 2014. Reconciliation of the same is disclosed in Annexure - VI .

The restated consolidated financial information are presented in Indian Rupees (INR) and all values are rounded to the nearest millions, expect where otherwise indicated.

The Restated Consolidated Financial Information have been prepared by the management in connection with the proposed listing of equity shares of the Company, to be filed by the Company with SEBI, in accordance with the requirements of:

a) Section 26 of the Companies Act, 2013;

b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended to date in pursuance of provisions of Securities and Exchange Board of India Act, 1992 read along with SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 2016 (together referred to as the "SEBI regulations"); and

c) Guidance note on reports in company prospectuses (Revised 2016).

These Restated Consolidated Financial statements have been prepared using presentation and disclosure requirements of the Schedule III of Companies Act, 2013.

3.2. Basis of consolidation
The Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries (collectively referred as "the Group"). The Group has investments in associates which are accounted using equity method in these Consolidated Financial Statements. Refer note 3.4 for the accounting policy of investment in associate in the Consolidated Financial Statements.

Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date of their acquisition, being the date on which the Company obtains control and continue to be consolidated until the date that such control ceases.

The Consolidated Financial Statements are prepared using uniform accounting policies consistently for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's Standalone Financial Statements except otherwise stated. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. The Consolidated Financial Statements have been prepared by combining the financial statements of the company and its subsidiaries on a line-by-line basis by adding together the book values of like items of assets, liabilities, equity, income, expenses and cash flow after eliminating in full intra-group assets, liabilities, equity, income, expenses and cash flow relating to intra-group transactions and unrealized profits. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Such unrealized profit / losses are fully attributed to the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit and loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to the consolidated statement of profit and loss or transferred to another category of equity as specified/permitted by applicable Ind AS).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate.

3.3. Non-controlling interest

Non-controlling interests represent the proportion of income, other comprehensive income and net assets in subsidiaries that is not attributable to the Company's shareholders.

Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of the interest at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

3.4. Goodwill on consolidation
Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the cash generating unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in Consolidated Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the Profit and Loss.

3.5. Investments in associates
An Associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in the 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 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, an investment in an associate is initially recognised in the Consolidated Financial Statement at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associate. Distributions received from an associate reduces the carrying amount of investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate (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 recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has legal or constructive obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the group and its associates are eliminated to the extent of the Group's interest in associates. Unrealized losses are also eliminated to the extent of Group's interest unless the transaction provides evidence of an impairment of the asset transferred.

If an associate uses accounting policies other than those of the Group accounting policies for like transactions and events in similar circumstances, adjustments are made to make the associate's financial statements confirm to the Group's accounting policies before applying the equity method, unless, in case of an associate where it is impracticable do so.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an Associate. On acquisition of the investment in an Associate , 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 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 Group recognise impairment loss with respect to the Group's investment in an associate. 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 when the investment is classified as held for sale. When the Group retains an interest in the former associate 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 its fair value on initial recognition in accordance with Ind AS 109 'Financial Instruments'. The difference between the carrying amount of the associate 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 is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to the consolidated statement of profit and loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to the consolidated statement of profit and loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to the consolidated 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 the consolidated statement of profit and loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

3.6. Operating cycle

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:
An asset is classified as current when it satisfies any of the following criteria:
a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:
A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

3.7. Measurement of fair values
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 under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
– Level 2: inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
– Level 3: inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

Penna Cement Industries Limited

Annexure V

Notes to restated Consolidated financial information

3.8. Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured. Revenue is measured at the fair value of consideration received or receivable taking into account the amount of discounts, volume rebates and VAT/ GST are recognised when all significant risks and rewards of ownership of the goods sold are transferred.

3.8.1 Sale of goods
Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:
- the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.8.2 Sale of power

Revenue from Generation, Transmission and Distribution of power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year. The Company determines surplus/deficit (i.e. excess/shortfall of/in aggregate gain over Return on Equity entitlement) for the year in respect of its regulated operations based on the principles laid down under the relevant Tariff Regulations/Tariff Orders as notified by respective State Regulatory Commissions. In respect of such surplus/deficit, appropriate adjustments as stipulated under the regulations are made during the year. Further, any adjustments that may arise on annual performance review by respective State Regulatory Commissions under the aforesaid Tariff Regulations/Tariff Orders is made after the completion of such review take or pay.

3.8.3 Dividend and interest income

- Dividend income from investment is recognised when the shareholder's right to receive the payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

- Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

3.9 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.

Operating Lease: Lease rentals are charged or recognised in the Statement of Profit and Loss on a straight-line basis over the lease term, except where the payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

Finance Lease: Assets held under finance leases are recognised 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 charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs.

Further, at the inception of above arrangement, the Company determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.10. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.11. Borrowing 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 profit or loss in the period in which they are incurred.

3.12. Taxation
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 restated standalone financial information 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.

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 deferred tax asset to be utilized.

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.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

Current and deferred tax expense for the year
Current and deferred tax expense is recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in

3.15. Earnings per share
Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.16. Property, plant and equipment (PPE) and deprecation
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 and borrowings costs attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company. The Company has componentised its PPE and has separately assessed the life of major components.

In case of certain classes of PPE, the Company uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management's best estimation of obtaining economic benefits from those classes of assets. Such classes of assets and their estimated useful lives are as under:

Particulars	Useful life
Buildings - factory	30
Buildings – non-factory	61
Plant and equipment	19
Railway siding	21
Furniture & fixtures	16
Office equipment – others	21
Office equipment – computers	6
Vehicles	11

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

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 profit or loss.

3.17. Intangible assets and amortisation
Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortization

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Computer software is amortised on straight line basis over a period of Six years and mining lease is amortised over the period of mining agreement.

3.18. Inventories
Inventories are valued as follows:

• Raw materials, fuel, stores & spare parts and packing materials:
Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

• Work-in- progress (WIP), finished goods and stock-in-trade:
Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

3.19. Cash and cash equivalents

Cash comprises cash on hand, in bank and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.20. Cash flow statement
Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

3.21. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

3.22. Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use those are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the statement of Profit & Loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the statement of Profit &Loss and reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3.23. Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

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 recognized 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.

Defined contribution plans
The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans
For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:
• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
• net interest expense or income; and
• re-measurement

Other long-term employee benefits
Other long term employee benefit comprises of compensated absences, recognized based on the present value of defined obligation which is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted as current employee cost. Re-measurements of compensated absences is recognized in the Statement of profit and loss.

3.24. Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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).

3.25. Contingent liabilities & Contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the restated financial information. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

3.26. Mines restoration provision
An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs arising from restoration at closure of the mines and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The costs are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown under "Other Expenses" in the Statement of Profit and Loss.

3.27. Segment reporting
An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

3.25. Financial instruments

a. Initial recognition
Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

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 asset or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognized immediately in profit or loss.

b. Subsequent measurement

(i) Financial assets carried at amortized cost: A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income: A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

(iii) Financial assets at fair value through profit or loss: A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities: Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

c. Derecognition

Financial assets
The Company derecognizes 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. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition 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 recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

Financial liabilities
The Company derecognizes 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 derecognized and the consideration paid and payable is recognized in profit or loss.

d. Impairment

The Company applies expected credit loss model for recognising impairment loss on financial assets measured at amortised cost and debt instruments at Fair Value through Other Comprehensive Income (FVTOCI).

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit- impaired includes the following observable data:
– significant financial difficulty of the borrower or issuer;
– the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.
The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:
– debt securities that are determined to have low credit risk at the reporting date; and
– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

4. Critical accounting judgements and key sources of estimation uncertainty.

In the application of the Company's accounting policies, which are described in Note 4, the management 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 areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

4.1 Provision and contingent liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

4.2 Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. As at March 31, 2018 the management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

4.3 Investment in equity instruments of subsidiary and associate companies

The Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

4.4 Mines restoration obligation
In determining the fair value of the Mines Restoration Obligation, assumptions and estimates are made in relation to discount rates, the expected cost of mines restoration and the expected timing of those costs.

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

5. Restated Consolidated Statement of Property, plant and equipment

Particulars	Freehold land	Building	Plant and equipment	Railway Siding	Vehicles	Office equipment	Furniture and Fixtures	Total
Carrying amount								
As at June 30, 2018	1,784.60	4,639.17	10,073.26	692.56	126.33	47.02	4.10	17,367.04
As at March 31, 2018	1,760.94	4,680.48	10,279.08	704.59	119.75	46.10	4.24	17,595.18
As at March 31, 2017	1,577.60	2,112.71	7,304.11	577.44	83.61	42.00	4.17	11,701.64
As at March 31, 2016	1,489.44	2,193.11	7,959.90	617.70	71.84	31.44	3.85	12,367.28
As at March 31, 2015 (Proforma)	1,213.20	2,229.07	7,134.51	657.96	59.56	20.23	4.26	11,318.79
As at March 31, 2014 (Proforma)	884.66	2,280.88	7,637.20	698.22	64.69	19.79	4.87	11,590.31

Particulars	Freehold land	Building	Plant and equipment	Railway Siding	Vehicles	Office equipment	Furniture and Fixtures	Total
Cost								
As at April 1, 2013 (Proforma)	**878.01**	**2,771.31**	**11,384.84**	**821.36**	**100.59**	**56.59**	**12.03**	**16,024.73**
Additions during the year	6.65	92.25	92.99	26.27	13.14	3.48	0.28	**235.06**
Deductions / adjustments	-	-	-	-	(4.34)	-	-	**(4.34)**
As at March 31, 2014 (Proforma)	**884.66**	**2,863.56**	**11,477.83**	**847.63**	**109.39**	**60.07**	**12.31**	**16,255.45**
Additions during the year	318.54	11.39	9.81	-	6.85	3.59	0.06	**350.24**
Deductions / adjustments	-	-	-	-	(4.34)	-	-	**(4.34)**
Additions on account of Merger (refer note 1 below)	10.00	26.10	130.40	-	1.10	0.04	0.30	**167.94**
As at March 31, 2015 (Proforma)	**1,213.20**	**2,901.05**	**11,618.04**	**847.63**	**113.00**	**63.70**	**12.67**	**16,769.29**

Particulars	Freehold land	Building	Plant and equipment	Railway Siding	Vehicles	Office equipment	Furniture and Fixtures	Total
Accumulated depreciation								
As at April 1, 2013 (Proforma)	-	**504.40**	**3,257.09**	**109.65**	**38.54**	**36.45**	**6.78**	**3,952.91**
Additions during the year	-	78.28	583.54	39.76	9.12	3.83	0.66	**715.19**
Deductions / adjustments	-	-	-		(2.96)			**(2.96)**
As at March 31, 2014 (Proforma)	-	**582.68**	**3,840.63**	**149.41**	**44.70**	**40.28**	**7.44**	**4,665.14**
Depreciation for the year	-	79.50	582.70	40.26	9.24	2.79	0.77	**715.26**
Deductions / Adjustments	-	-	-		(1.30)	-	-	**(1.30)**
Additions on account of Merger (refer note 1 below)	-	9.80	60.20		0.80	0.40	0.20	**71.40**
As at March 31, 2015 (Proforma)	-	**671.98**	**4,483.53**	**189.67**	**53.44**	**43.47**	**8.41**	**5,450.50**

Particulars	Freehold land	Building	Plant and equipment	Railway Siding	Vehicles	Office equipment	Furniture and Fixtures	Total
Cost or deemed cost								
As at April 1, 2015	**1,212.20**	**2,229.07**	**7,134.51**	**657.96**	**59.56**	**20.69**	**4.36**	**11,318.35**
Additions during the year	287.24	59.92	1,515.37		19.79	14.15	0.16	**1,896.63**
Deductions / adjustments	-	-	-	-	2.29	-	-	**2.29**
Deductions on account of Merger (refer note 5 below)	(10.00)	(16.30)	(70.20)		(0.30)		(0.10)	**(96.90)**
As at March 31, 2016	**1,489.44**	**2,272.69**	**8,579.68**	**657.96 #**	**81.34**	**34.84**	**4.42**	**13,120.37**
Additions during the year	88.16	-	3.40	-	26.14	14.96	0.84	**133.50**
Deductions / adjustments	-	-	-	-	(6.87)	-	-	**(6.87)**
As at March 31, 2017	**1,577.60**	**2,272.69**	**8,583.08**	**657.96**	**100.61**	**49.80**	**5.26**	**13,247.00**
Additions during the year	183.34	2,649.28	3,680.17	168.88	52.14	9.09	0.59	**6,743.49**
Deductions / adjustments	-	-	(39.45)	-	(6.74)	-	-	**(46.19)**
As at March 31, 2018	**1,760.94**	**4,921.97**	**12,223.80**	**826.84**	**146.01**	**58.89**	**5.85**	**19,944.30**
Additions during the year	23.66	-	6.50		**10.87**	2.21	-	**43.24**
Deductions / adjustments	-	-	-			-	-	**-**
As at June 30, 2018	**1,784.60**	**4,921.97**	**12,230.30**	**826.84**	**156.88**	**61.10**	**5.85**	**19,987.54**

Annexure V Notes to restated consolidated financial information

Particulars	Freehold land	Building	Plant and equipment	Railway Siding	Vehicles	Office equipment	Furniture and Fixtures	Total
Accumulated depreciation								
As at April 1, 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation for the year	-	79.58	619.78	40.26	9.68	3.40	0.57	**753.27**
Deductions / Adjustments	-	-	-	-	(0.18)	-	-	**(0.18)**
As at March 31, 2016	**-**	**79.58**	**619.78**	**40.26**	**9.50**	**3.40**	**0.57**	**753.09**
Depreciation for the year	-	80.40	659.19	40.26	12.01	4.40	0.52	**796.78**
Deductions / Adjustments	-	-	-	-	(4.51)	-	-	**(4.51)**
As at March 31, 2017	**-**	**159.98**	**1,278.97**	**80.52**	**17.00**	**7.80**	**1.09**	**1,545.36**
Depreciation for the year	-	81.51	665.75	41.73	14.06	4.99	0.52	**808.56**
Deductions / Adjustments	-	-	-	-	(4.80)	-	-	**(4.80)**
As at March 31, 2018	**-**	**241.49**	**1,944.72**	**122.25**	**26.26**	**12.79**	**1.61**	**2,349.12**
Depreciation for the year	**-**	41.31	212.32	**12.03**	**4.29**	1.29	0.14	**271.38**
Deductions / Adjustments	**-**	-	-			-	-	**-**
As at June 30, 2018	**-**	**282.80**	**2,157.04**	**134.28**	**30.55**	**14.08**	**1.75**	**2,620.50**

Notes:

1 Sriba Industries Limited (SIL) was a wholly-owned subsidiary of Penna Cement Industries Limited and was engaged in generation and sale of power.

Pursuant to the Scheme of Amalgamation (“the Scheme”) of Sriba Industries Limited (SIL) (CIN: U40109TG1997PLC027846), with the Company as sanctioned by the Hon’ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh. The entire business and all the assets and liabilities, duties and obligations of SIL have been transferred to and vested in the Company with effect from October 1, 2014 (the appointed date).

The Scheme has, accordingly, been given effect to in these financial statements as under:
(a) All the Assets, Liabilities of SIL have been transferred to the Company at value appearing in the books of accounts of SIL as on October 1, 2014. Excess of liabilities over assets amounting to Rs. 2.3 millions is credited to Capital Reserve.

(b) As SIL was a wholly-owned subsidiary of PCIL, no shares have been allotted to the shareholders upon the scheme becoming effective.

In view of the amalgamation of SIL with the Company w.e.f October 1, 2014, the figures for the current year are not comparable with those of the previous year.

2 Details of borrowing cost capitalized:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Borrowing cost capitalisation		576.40	137.10	142.60	74.60	152.90

Annexure V Notes to restated consolidated financial information

3 Certain property, plant and equipment are pledged as collateral against borrowings, the details related to which have been described in note 17 on 'borrowings'.

4 PCIL Power and Holdings Limited (PPHL or Resulting Company) was a wholly-owned subsidiary of Penna Cement Industries Limited. It was initiated to carry the business of power generation, Investment and finance.

As per the Scheme of Arrangement sanctioned by the Hon’ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh, the company has transferred the business segment of Gas power including strategic investments in power & alumina business and corporate management services to PPHL whose equity shares are not listed in any stock exchange in India or abroad.

The Scheme became effective from February 1, 2016 (with an appointed date of April 1, 2015) when the sanction of the Hon’ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh and filing of the certified copy of the same with the Registrar of Companies, Hyderabad. The Scheme of Arrangement has been accounted for in terms of the Court Orders and alterations or modifications as approved by the Board of Directors of the Company and the Resulting Company as provided for in the Scheme.

All the assets pertaining to the Gas power business segment including strategic investments in power and alumina business and corporate management services of the Company, on the appointed date, have been transferred to the Resulting Company.

The excess of assets over liabilities relating to the demerged undertaking has been transferred as at April 1, 2015 and adjusted in terms of the Scheme against the General reserve and retained earnings.

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

6. Restated Consolidated Statement of Goodwill on consolidation and other intangible assets

Particulars	Goodwill on consolidation	Other intangible asset		Total
		Computer software	Mining lease	
Carrying amount				
As at June 30, 2018	1.80	0.94	7.88	8.82
As at March 31, 2018	1.80	2.55	7.96	10.51
As at March 31, 2017	0.05	9.12	8.05	17.17
As at March 31, 2016	0.05	15.70	8.10	23.80
As at March 31, 2015 (Proforma)	0.05	22.30	8.80	31.10
As at March 31, 2014 (Proforma)	-	28.80	5.70	34.50

Particulars	Goodwill on consolidation	Other intangible asset		Total
		Computer software	Mining lease	
Balance As at April 1, 2013 (Proforma)	**-**	**39.80**	**6.30**	**46.10**
Additions during the year	-	0.50	-	0.50
Deductions	-	-	-	-
Balance As at March 31, 2014 (Proforma)	**-**	**40.30**	**6.30**	**46.60**
Additions during the year	0.05	-	3.50	3.50
Deductions	-	-	-	-
Balance As at March 31, 2015 (Proforma)	**0.05**	**40.30**	**9.80**	**50.10**

Particulars	Goodwill on consolidation	Other intangible asset		Total
		Computer software	Mining lease	
Accumulated amortisation and impairment				
Balance As at April 1, 2013 (Proforma)	**-**	**5.00**	**-**	5.00
Amortisation for the year	-	6.50	0.60	7.10
Deductions	-	-	-	-
Balance As at March 31, 2014 (Proforma)	**-**	**11.50**	**0.60**	**12.10**
Amortisation for the year	-	6.50	0.40	6.90
Deductions	-	-	-	-
Balance As at March 31, 2015 (Proforma)	**-**	**18.00**	**1.00**	**19.00**

Particulars	Goodwill on consolidation	Other intangible asset		Total
		Computer software	Mining lease	
Cost or deemed cost				
Balance As at April 1, 2015	**0.05**	**22.30**	**7.00**	29.30
Additions during the year	-	-	1.90	1.90
Deductions	-	-	(0.30)	(0.30)
Balance As at March 31, 2016	**0.05**	**22.30**	**8.60**	**30.90**
Additions during the year	-	-	-	-
Deductions	-	-	-	-
Balance As at March 31, 2017	**0.05**	**22.30**	**8.60**	**30.90**
Additions during the year	1.75	-	-	-
Deductions	-	-	-	-
Balance As at March 31, 2018	**1.80**	**22.30**	**8.60**	**30.90**
Additions during the year				
Deductions				
Balance As at June 30, 2018	**1.80**	**22.30**	**8.60**	**30.90**

Particulars	Goodwill on consolidation	Other intangible asset		Total
		Computer software	Mining lease	
Accumulated amortisation and impairment				
Balance As at April 1, 2015	**-**	**-**	**-**	-
Amortisation for the year	-	-	**0.50**	0.50
Deductions	-	6.60	-	6.60
Balance As at March 31, 2016	**-**	**6.60**	**0.50**	**7.10**
Amortisation for the year	-	6.58	0.09	6.67
Deductions	-	-	(0.04)	(0.04)
Balance As at March 31, 2017	**-**	**13.18**	**0.55**	**13.73**
Amortisation for the year	-	6.57	0.09	6.66
Deductions	-		-	-
Balance As at March 31, 2018	**-**	**19.75**	**0.64**	**20.39**
Amortisation for the year		1.61	0.08	1.69
Deductions				
Balance As at June 30, 2018	**-**	**21.36**	**0.72**	**22.08**

7. Restated Consolidated Statement of Investments

Particulars	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015 (Proforma)		As at March 31, 2014 (Proforma)	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
Investments in Equity Instruments												
(i) Unquoted investments in associates (Using equity method of accounting)												
Parasakthi Cement Industries Limited (Fully paid up) (Face value ₹ 10 per share)	13,200,000	763.55	13,200,000	765.11	13,200,000	846.13	13,200,000	777.18	13,200,000	783.27	13,200,000	744.63
Anrak Aluminium Limited (Fully paid up) (Face value ₹ 10 per share)	-	-	-	-	-	-	-	-	693,177,412	7,671.32	605,627,482	6,594.19
Pioneer Power Limited (Fully paid up) (Face value ₹ 10 per share)	-	-	-	-	-	-	-	-	27,998,648	286.65	-	-
Pioneer Power Corporation Limited (Fully paid up) (Face value ₹ 10 per share)	-	-	-	-	-	-	-	-	8,522,469	1,808.44	7,022,469	1,672.04
Anrak Seaports Limited (Fully paid up) (Face value ₹ 10 per share)	-	-	-	-	-	-	-	-	-	-	10,000	1.32
Pioneer Genco Limited (Fully paid up) (Face value ₹ 10 per share)	-	-	-	-	-	-	-	-	8,203,427	777.89	-	-
Marwar Cement Limited (Fully paid up) (Face value ₹ 10 per share)	-	-	-	-	-	-	-	-	-	-	15,140,000	154.33
		763.55		765.11		846.13		777.18		11,327.57		9,166.51
(ii) Unquoted investment (measured at fair value though other comprehensive income)												
Other equity investments												
Pioneer Genco Limited (Fully paid up) (Face value ₹ 10 per share)	-	-	-	-	-	-	-	-	-	-	7,224,281	599.90
Andhra Pradesh Gas Power Corporation Limited (Fully paid up) (Face value ₹ 10 per share)	536,000	21.47	536,000	21.47	536,000	17.01	536,000	17.01	536,000	17.01	536,000	17.01
M/s Sunder Chemicals & Minerals	-	0.10	-	0.10	-	0.10	-	-	-	0.02	-	-
New York Group Holding LLC (formally known as Penna Holdings USA LLC)	-	-	-	-	-	-	-	-	-	249.60	-	208.50
		21.57		21.57		17.11		17.01		266.63		825.41
Aggregate value of investments		**785.12**		**786.68**		**863.24**		**794.19**		**11,594.20**		**9,991.92**
Aggregate carrying value of un-quoted investments		785.12		786.68		863.24		794.19		11,594.20		9,991.92
Aggregate amount of impairment in value of investments		59.01		59.01		63.47		63.47		63.47		957.47

7.1. Details of the associates

Name of the entity	Principal activity	Place of incorporation and principal place of business	Proportion of As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Associates								
Parasakthi Cement Industries Limited	Cement manufacture	India	50%	50%	50%	50%	50%	50%
Anrak Aluminium Limited	Yet to commence operations	India	-	-	-	-	46.86%	43.77%
Anrak Seaports Limited	Yet to commence operations	India	-	-	-	-	-	20%
Pioneer Power Corporation Limited	Power Generation	India	-	-	-	-	27.56%	22.71%
Pioneer Power Limited	Power Generation	India	-	-	-	-	36.84%	-
Pioneer Genco Limited	Power Generation	India	-	-	-	-	20.40%	-
Marwar Cement Limited	Yet to commence operations	India	-	-	-	-	-	37.21%

Notes

- All of the above associates are accounted for using the equity method in these consolidated financial statements.

Annexure V Notes to restated consolidated financial information

7.1.1. Parasakti Cement Industries Limited

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current assets	2,394.27	2,351.63	2,084.85	2,187.99	2,358.66	2,422.53
Current assets	980.96	889.96	1,178.44	1,109.21	1,028.62	1,128.46
Non-current liabilities	(1,221.64)	(994.17)	(1,010.52)	(1,492.63)	(1,492.07)	(1,457.14)
Current liabilities	(778.61)	(576.74)	(366.32)	(631.16)	(739.37)	(952.10)
	1,374.98	**1,670.68**	**1,886.45**	**1,173.41**	**1,155.84**	**1,141.75**

Particulars	For the period ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Revenue	9,640.97	3,930.59	3,793.57	3,704.14	3,418.86	3,101.90
Profit/(loss) for the period/year	(3.13)	101.96	137.91	119.82	116.88	(80.34)
Other comprehensive income for the period/year	-	-	-	-	-	-
Total comprehensive income for the period/year	(3.13)	101.96	137.91	119.82	116.88	(80.34)
Dividends received from the associate during the period/year	-	132.00	-	66.00	19.80	20.50

Reconciliation of the above summarised financial information to the carrying amount of the interest in Parasakti Cement Industries Limited recognised in the consolidated financial statements:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Net assets of the associate	1,374.98	1,670.68	1,886.45	1,173.41	1,155.84	1,141.75
Proportion of the Group's ownership interest in associate	50%	50%	50%	50%	50%	50%
Proportionate net assets	687.49	835.34	943.23	586.71	577.92	570.88
Carrying amount of the Group's interest in associate	763.55	765.11	846.13	777.18	783.27	744.63

7.1.2. Anrak Aluminium Limited

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current assets	-	-	-	-	48,977.81	45,019.24
Current assets	-	-	-	-	2,366.32	1,897.56
Non-current liabilities	-	-	-	-	(32,207.62)	(28,878.38)
Current liabilities	-	-	-	-	(3,086.66)	(3,464.47)
	-	**-**	**-**	**-**	**16,049.85**	**14,573.95**

Particulars	For the period ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Revenue	-	-	-	-	1,552.38	85.14
Profit/(loss) for the period/year	-	-	-	-	59.39	(485.07)
Other comprehensive income for the period/year	-	-	-	-	-	-
Total comprehensive income for the period/year	-	-	-	-	59.39	(485.07)
					-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in Anrak Aluminium Limited recognised in the consolidated financial statements:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Net assets of the associate	-	-	-	-	16,049.85	14,573.95
Proportion of the Group's ownership interest in associate	-	-	-	-	46.86%	43.87%
Proportionate net assets	-	-	-	-	7,520.96	6,393.59
Carrying amount of the Group's interest in associate	-	-	-	-	7,671.32	6,594.19

7.1.3. Anrak Seaports Limited

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current assets	-	-	-	-	-	5.00
Current assets	-	-	-	-	-	1.62
Non-current liabilities	-	-	-	-	-	-
Current liabilities	-	-	-	-	-	(0.06)
	-	**-**	**-**	**-**	**-**	**6.56**

Particulars	For the perriod ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Revenue	-	-	-	-	-	-
Profit/(loss) for the period/year	-	-	-	-	-	(0.01)
Other comprehensive income for the period/year	-	-	-	-	-	-
Total comprehensive income for the period/year	-	-	-	-	-	(0.01)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Anrak Seaports Limited recognised in the consolidated financial statements:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Net assets of the associate	-	-	-	-	-	6.56
Proportion of the Group's ownership interest in associate	-	-	-	-	-	20%
Proportionate net assets	-	-	-	-	-	1.31
Carrying amount of the Group's interest in associate	-	-	-	-	-	1.32

Annexure V Notes to restated consolidated financial information

7.1.4. Pioneer Power Corporation Limited

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current assets	-	-	-	-	3,367.49	3,360.86
Current assets	-	-	-	-	416.70	322.76
Non-current liabilities	-	-	-	-	(165.14)	(297.95)
Current liabilities	-	-	-	-	(680.66)	(648.62)
	-	**-**	**-**	**-**	**2,938.39**	**2,737.05**

Particulars	For the period ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Revenue	-	-	-	-	310.08	297.68
Profit/(loss) for the period/year	-	-	-	-	154.58	45.60
Other comprehensive income for the period/year	-	-	-	-	-	-
Total comprehensive income for the period/year	-	-	-	-	154.58	45.60
Dividends received from the associate during the period/year	-	-	-	-	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in Pioneer Power Corporation Limited recognised in the consolidated financial statements:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Net assets of the associate	-	-	-	-	2,938.39	2,737.05
Proportion of the Group's ownership interest in associate	-	-	-	-	27.56%	22.71%
Proportionate net assets	-	-	-	-	809.82	621.58
Carrying amount of the Group's interest in associate	-	-	-	-	1,808.44	1,672.04

7.1.5. Pioneer Power Limited

Particulars	As at March 31, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current assets	-	-	-	-	1,686.67	-
Current assets	-	-	-	-	1,018.85	-
Non-current liabilities	-	-	-	-	(191.77)	-
Current liabilities	-	-	-	-	(786.22)	-
	-	**-**	**-**	**-**	**1,727.53**	**-**

Particulars	For the year ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Revenue	-	-	-	-	137.99	-
Profit/(loss) for the period/year	-	-	-	-	35.38	-
Other comprehensive income for the period/year	-	-	-	-	-	-
Total comprehensive income for the period/year	-	-	-	-	35.38	-
Dividends received from the associate during the period/year	-	-	-	-	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in Pioneer Power Limited recognised in the consolidated financial statements:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Net assets of the associate	-	-	-	-	1,727.53	-
Proportion of the Group's ownership interest in associate	-	-	-	-	36.84%	-
Proportionate net assets	-	-	-	-	636.42	-
Carrying amount of the Group's interest in associate	-	-	-	-	286.65	-

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

7.1.6. Marwar Cement Limited

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current assets	-	-	-	-	-	419.06
Current assets	-	-	-	-	-	1.32
Non-current liabilities	-	-	-	-	-	(0.33)
Current liabilities	-	-	-	-	-	(3.88)
	-	**-**	**-**	**-**	**-**	**416.17**

Particulars	For the period ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Revenue	-	-	-	-	-	9.41
Profit/(loss) for the period/year	-	-	-	-	-	0.35
Other comprehensive income for the period/ year	-	-	-	-	-	-
Total comprehensive income for the period/year	-	-	-	-	-	0.35
Dividends received from the associate during the period/ year	-	-	-	-	-	-

Reconciliation of the above summarised financial information to the carrying amount of the interest in Marwar Cement Limited recognised in the consolidated financial statements:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Net assets of the associate	-	-	-	-	-	416.17
Proportion of the Group's ownership interest in associate	-	-	-	-	-	37.21%
Proportionate net assets	-	-	-	-	-	154.86
Carrying amount of the Group's interest in associate	-	-	-	-	-	154.33

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

7.1.7. Pioneer Genco Limited

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current assets	-	-	-	-	5,423.96	
Current assets	-	-	-	-	555.68	
Non-current liabilities	-	-	-	-	(1,082.29)	
Current liabilities	-	-	-	-	(1,417.96)	
	-	**-**	**-**	**-**	**3,479.39**	**-**

Particulars	For the period ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Revenue	-	-	-	-	543.28	
Profit/(loss) for the period/year	-	-	-	-	178.04	
Other comprehensive income for the period/year	-	-	-	-	-	
Total comprehensive income for the period/year	-	-	-	-	178.04	
Dividends received from the associate during the period/year	-	-	-	-	-	-
					36.32	
					1.89	

Reconciliation of the above summarised financial information to the carrying amount of the interest in Pioneer Genco Limited recognised in the consolidated financial statements:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Net assets of the associate	-	-	-	-	3,479.39	-
Proportion of the Group's ownership interest in associate	-	-	-	-	20.40%	-
Proportionate net assets	-	-	-	-	709.80	-
Carrying amount of the Group's interest in associate	-	-	-	-	777.89	-

Annexure V Notes to restated consolidated financial informatior

8. Restated Consolidated Statement of Loans

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current						
(Considered good, unsecured)						
Security deposit	266.50	251.60	242.98	152.69	271.86	271.88
Advance for investment (Refer note below)	827.74	827.74	832.74	20.01	1,737.34	131.30
Total	**1,094.24**	**1,079.34**	**1,075.72**	**172.70**	**2,009.20**	**403.18**

Note:
Advance for investment represents advance given for the purchase of Compulsory Redeemable Preference Share of Anrak Aluminium Limited from L&T Infrastructure Finance Company Limited.

9. Restated Consolidated Statement of Other Financial assets

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current						
Fixed Deposits with maturity more than 12 months	154.17	151.90	142.80	132.9	31.50	-
Total	**154.17**	**151.90**	**142.80**	**132.90**	**31.50**	**-**
Current						
Earnest Money Deposit	5.27	12.46	39.59	9.83	11.31	2.87
Total	**5.27**	**12.46**	**39.59**	**9.83**	**11.31**	**2.87**

10. Restated Consolidated Statement of Other assets

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non current						
Prepayments	349.31	349.31	349.40	-	-	-
Capital advances	2,351.76	2,097.78	775.76	652.44	1,077.04	1,117.30
Total	**2,701.07**	**2,447.09**	**1,125.16**	**652.44**	**1,077.04**	**1,117.30**
Current						
Advances to supplier (Refer note 36)	1,414.34	956.46	1,840.25	1,003.58	2,736.76	2,984.62
Balance with government authorities	372.50	655.65	781.38	893.22	582.73	2.67
Advances to employees	13.44	10.58	9.84	11.03	8.47	10.17
Prepayments	71.85	79.16	33.54	41.68	42.11	36.39
Others	50.35	20.21	22.16	21.12	23.36	24.63
Total	**1,922.48**	**1,722.06**	**2,687.17**	1970.63	3393.43	3058.48

Notes:
Other advances as at June 30, 2018 includes amount recoverable from shareholders amounting to ₹ 45.11 on account of share issue expense for proposed Initial Public Offer ('IPO'). These receivables includes fees paid to Bankers, Stock Exchanges, Securities Exchange Board of India (SEBI), Lawyers, Auditors, etc., in connection with the IPO of the Company. As per offer agreement between the Company and the selling shareholders, upon successful completion of the offer, all expenses with respect to the IPO will be borne by the selling shareholders in proportion to their respective Offered Shares sold pursuant to the Offer. Accordingly, the Company has classified the expenses incurred in connection with the IPO as receivable from selling shareholders under other current assets.

Annexure V Notes to restated consolidated financial informatior
11. Restated Consolidated Statement of Inventories

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Inventories						
Raw materials	85.19	182.92	62.34	63.24	129.84	73.40
Work-in-progress	388.77	145.70	232.24	275.11	247.81	367.30
Finished goods	125.39	55.46	46.03	72.72	104.30	195.07
Stores and spares	899.55	937.65	1,230.51	722.72	552.35	484.49
Goods in transit	-	-	312.00	-	275.55	981.89
Fuel and packing material	549.41	467.77	851.98	1,036.71	380.76	198.08
Total	**2,048.31**	**1,789.50**	**2,735.10**	**2,170.50**	**1,690.61**	**2,300.23**

Notes:
The cost of inventories recognised as an expense during the quarter was ₹ 2,362.99 millions (for the year ended March 31, 2018: ₹ 9,428.1; millions for the year ended March 31, 2017: ₹ 10,817.4 millions; for the year ended March 31, 2016: ₹ 10,949.2 millions; for the year ended March 31, 2015 (Proforma): ₹ 11,152 millions; for the year ended March 31, 2014 (Proforma): ₹ 10,936.2 millions)

12. Restated Statement of Trade receivables

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Current						
Trade receivables						
- Considered good - secured	126.71	13.10	34.50	36.70	48.60	48.60
- Considered good - unsecured,	1,479.68	889.28	816.47	1,070.57	1,467.60	951.37
- Credit impaired	16.20	9.09	8.60	11.18	15.00	9.80
	1,622.59	911.47	859.57	1,118.45	1,531.20	1,009.77
Less: Provision for doubtful receivables	(16.20)	(9.09)	(8.60)	(11.18)	(15.00)	(9.80)
Total	**1,606.39**	**902.38**	**850.97**	**1,107.27**	**1,516.20**	**999.97**

Notes:
1 Trade receivables are dues in respect of goods sold and services rendered in the normal course of business.
2 The average credit period on sale is 30 days. No interest is charged on trade receivables for delay payments.
3 The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a detailed analysis of trade receivables by individual departments.
4 Refer note 36 for dues by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.

5 Movement in the expected credit loss allowance:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of the year	9.09	8.60	11.18	15.00	9.80	11.48
Recognized during the year	7.11	0.49	-	-	5.20	1.68
Reversed during the year	-	-	(2.58)	(3.82)	-	
Balance at end of the year	16.20	9.09	8.60	11.18	15.00	9.80

6 Ageing for trade receivables:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Less than 180 days	1,565.24	892.88	842.07	1,099.47	1,506.50	990.77
More than 180 days	41.15	9.50	8.90	7.80	9.70	9.20

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

13. Restated Consolidated Statement of Cash and cash equivalents and other bank balances

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Cash and cash equivalents						
Cash on hand	5.27	2.02	1.72	1.51	6.69	1.45
Balances with Banks						
- current account	297.00	264.14	202.27	720.59	555.98	323.40
Total	**302.27**	**266.16**	**203.99**	**722.10**	**562.67**	**324.85**
Other bank balances						
Deposits held as margin money for bank guarantees	172.88	168.63	344.38	162.32	194.05	140.89
Total	**172.88**	**168.63**	**344.38**	**162.32**	**194.05**	**140.89**

14. Restated Consolidated Statement of Equity Share capital

Particulars	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015 (Proforma)		As at March 31, 2014 (Proforma)	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Equity Share capital												
Authorised share capital:												
Equity Shares of ₹ 10 each with voting rights	150,000,000	1,500.00	150,000,000	1,500.00	75,000,000	750.00	75,000,000	750.00	75,000,000	750.00	75,000,000	750.00
Issued share capital:												
Equity Shares of ₹ 10 each with voting rights	133,800,000	1,338.00	13,380,000	133.80	13,380,000	133.80	13,380,000	133.80	13,380,000	133.80	13,380,000	133.80
Subscribed and Paid-up share capital:												
Equity Shares of ₹ 10 each with voting rights	133,800,000	1,338.00	13,380,000	133.80	13,380,000	133.80	13,380,000	133.80	13,380,000	133.80	13,380,000	133.80
Total	**133,800,000**	**1,338.00**	**13,380,000**	**133.80**	**13,380,000**	**133.80**	**13,380,000**	**133.80**	**13,380,000**	**133.80**	**13,380,000**	**133.80**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period/ year

Particulars	Number	Amount
As at April 1, 2013 (Proforma)	**13,380,000**	**133.80**
Issued during the year	-	-
As at March 31, 2014 (Proforma)	**13,380,000**	**133.80**
Issued during the year	-	-
As at March 31, 2015 (Proforma)	**13,380,000**	**133.80**
Issued during the year	-	-
As at March 31, 2016	**13,380,000**	**133.80**
Issued during the year	-	-
As at March 31, 2017	**13,380,000**	**133.80**
Issued during the year	-	-
As at March 31, 2018	**13,380,000**	**133.80**
Issued during the period	120,420,000	1,204.20
As at June 30, 2018	**133,800,000**	**1,338.00**

Details of shares held by each shareholder holding more than 5% shares

	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015 (Proforma)		As at March 31, 2014 (Proforma)	
Class of shares / Name of shareholder	**Numbers**	**% holding**	**Numbers**	**% holding**	**Numbers**	**% holding**	**Numbers**	**% holding**	**Numbers**	**% holding**	**Numbers**	**% holding**
Equity shares with voting rights												
Shri. P. Prathap Reddy, Partner, Pioneer Builders	70,094,800	52.39	7,009,480	52.39	7,009,480	52.39	7,009,480	52.39	7,009,480.00	52.39	7,009,480	52.39
M/s P. R. Cement Holdings Ltd	44,701,100	33.41	4,470,110	33.41	4,460,110	33.33	4,460,110	33.33	4,460,110.00	33.33	4,460,110	33.33
Shri. P. Prathap Reddy	13,635,000	10.19	1,363,500	10.19	1,358,500	10.15	1,358,500	10.15	1,358,500.00	10.15	1,358,500	10.15

Terms / rights attached to the equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuring Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Annexure V Notes to restated consolidated financial information

15. Restated Consolidated Statement of Other equity

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
General reserve	350.00	350.00	350.00	350.00	1,512.73	2,056.73
Debenture redemption reserve	245.00	245.00	350.00	350.00	350.00	-
Retained earnings	8,190.67	9,267.99	7,681.84	5,946.33	17,119.43	16,408.88
Reserve for equity instrument through other comprehensive income	(59.01)	(59.01)	(63.47)	(63.47)	(63.47)	(957.47)
State investment subsidy	-	-	-	-	2.00	2.00
Reserve on account of merger	-	-	-	-	2.30	-
Foreign currency translation reserve	-	-	-	-	1,372.20	1,078.10
Statutory reserve	-	-	-	-	32.40	32.80
Total	**8,726.66**	**9,803.98**	**8,318.37**	**6,582.86**	**20,327.59**	**18,621.04**

15.1. General reserve

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period/year	350.00	350.00	350.00	1,512.73	2,056.73	1,706.73
Addition during the period/year	-	-	-	350.00	350.00	350.00
Transfer from State Investment Subsidy	-	-	-	2.00	-	-
Transfer from Reserve for equity instrument through other comprehensive income	-	-	-	-	(894.00)	-
Transfer from Reserve on account of Merger	-	-	-	2.29	-	-
Transfer on account of Scheme of Arrangement	-	-	-	(1,517.02)	-	-
Total balance at the end of period/year	**350.00**	**350.00**	**350.00**	**350.00**	**1,512.73**	**2,056.73**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

15.2. Debenture redemption reserve

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period/year	245.00	350.00	350.00	350.00	-	-
Transferred from General Reserve	-	(105.00)	-	-	350.00	-
Total balance at the end of period/year	**245.00**	**245.00**	**350.00**	**350.00**	**350.00**	**-**

15.3. State investment subsidy

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period/year	-	-	-	2.00	2.00	2.00
Addition during the period/year	-	-	-	-	-	-
Transferred to General Reserve	-	-	-	(2.00)	-	-
Total balance at the end of period/year	**-**	**-**	**-**	**-**	**2.00**	**2.00**

15.4. Reserve for equity instrument through other comprehensive income

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period/year	(59.01)	(63.47)	(63.47)	(63.47)	(957.47)	(957.47)
Addition during the period/year	-	-	-	-	-	-
Transferred to general reserve	-	-	-	-	894.00	-
Reversal during the period/year	-	4.46	-	-	-	-
Total balance at the end of period/year	**(59.01)**	**(59.01)**	**(63.47)**	**(63.47)**	**(63.47)**	**-**

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

15.5. Reserve on account of Merger

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period/year	-	-	-	2.30	-	-
Addition during the period/year	-	-	-	-	2.30	-
Transfer to general reserve	-	-	-	(2.30)	-	-
Total balance at the end of period/year	**-**	**-**	**-**	**-**	**2.30**	**-**

15.6. Foreign currency translation reserve

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period/year	-	-	-	1,372.20	1,078.10	502.00
Foreign currency translation reserve generated during the period/year	-	-	-	-	294.10	576.10
Transfer to general reserve	-	-	-	(1,372.20)	-	-
Total balance at the end of period/year	**-**	**-**	**-**	**-**	**1,372.20**	**1,078.10**

15.7. Statutory reserve

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period/year	-	-	-	32.40	32.80	32.80
Foreign currency translation reserve generated during the period/ year	-	-	-	-	(0.40)	-
Transfer to general reserve	-	-	-	(32.40)	-	-
Total balance at the end of period/year	**-**	**-**	**-**	**-**	**32.40**	**32.80**

15.8. Retained earnings

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period/year	9,267.99	7,681.84	5,946.33	17,119.43	16,408.88	16,462.25
Profit during the period/year	120.97	1,566.65	1,815.71	2,693.82	1,452.45	332.43
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	5.91	(5.00)	0.30	5.40	(2.70)	3.40
Payment of dividends on equity shares and tax thereon	-	(80.50)	(80.50)	(80.50)	(39.20)	(39.20)
Transfer to general revere	-	-	-	(350.00)	(350.00)	(350.00)
Transfer to debenture redemption reserve	-	105.00	-	-	(350.00)	-
Transfer on account of Scheme of arrangement	-	-	-	(13,441.82)	-	-
Issue of bonus share	(1,204.20)	-	-	-	-	-
Total balance at the end of period/year	**8,190.67**	**9,267.99**	**7,681.84**	**5,946.33**	**17,119.43**	**16,408.88**

Retained earnings reflect surplus/deficit after taxes in the profit or loss. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

16. Restated Consolidated Statement of Non-controlling interests

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period/year	256.30	257.00	258.50	259.20	0.50	0.50
Share of profit / (loss) for the period/year	(0.23)	(0.70)	(1.50)	(0.70)	258.70	-
Total balance at the end of period/year	**256.07**	**256.30**	**257.00**	**258.50**	**259.20**	**0.50**

16.1 Summarised financial information of Subsidiaries below represents amount before intragroup eliminations

Name of the entity	Principal activity	Place of incorporation and principal place of business	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Pioneer Cement Industries Ltd.	Yet to commence operations	India	100%	100%	100%	100%	100%	99.75%
Marwar Cement Limited	Yet to commence operations	India	78.91%	78.91%	60.17%	60.17%	60.17%	-
Penna Global Investments FZ - LLC	Investment in subsidiary and other companies	UAE	-	-	-	-	100%	100%
PCIL Power & Holdings Ltd.	Power Generation	India	-	-	-	-	100%	-

16.1.1 Pioneer Cement Industries Ltd.

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current assets	1,490.77	1,465.23	1,412.05	1,358.40	1,033.15	264.06
Current assets	44.47	47.87	17.34	36.50	79.65	20.75
Non-current liabilities	-	-	-	-	-	-
Current liabilities	(296.22)	(16.43)	(587.77)	(552.56)	(268.47)	(82.28)
Net assets of the subsidiary	1,239.02	1,496.67	841.62	842.34	844.33	202.53
Attributable to:						
- Owner of the company	1,239.02	1,496.67	841.62	842.34	844.33	202.02
- Non-Controlling Interest	-	-	-	-	-	0.51

Particulars	For the period ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Revenue	2.64	10.04	9.42	6.54	2.83	1.01
Expense	4.25	21.40	10.54	8.39	5.10	0.38
Profit/(loss) for the period/year	(1.61)	(11.36)	(1.12)	(1.85)	(2.27)	0.63
Other comprehensive income for the period/year	-	-	-	-	-	-
Total comprehensive income for the period/year	(1.61)	(11.36)	(1.12)	(1.85)	(2.27)	0.63
Attributable to:						
- Owner of the company	(1.61)	(11.36)	(1.12)	(1.85)	(2.27)	0.63
- Non-Controlling Interest	-	-	-	-	-	-

16.1.2 Marwar Cement Limited

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current assets	1,205.70	1,180.16	1,124.53	1,084.79	782.75	-
Current assets	43.20	51.55	16.30	29.51	73.61	-
Non-current liabilities	-	-	-	-	(200.00)	-
Current liabilities	28.32	(591.04)	(496.84)	(466.54)	(6.84)	-
Net assets of the subsidiary	1,277.22	640.67	643.99	647.76	649.52	-
Attributable to:						
- Owner of the company	1,007.85	505.55	387.49	389.76	390.82	-
- Non-Controlling Interest	269.37	135.12	256.50	258.00	258.70	-

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

16. Restated Consolidated Statement of Non-controlling interests

16.1.2 Marwar Cement Limited

Particulars	For the period ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Revenue	2.64	10.04	9.42	6.04	2.65	-
Expense	3.83	15.12	10.69	9.01	8.45	-
Profit/(loss) for the period/year	(1.09)	(3.33)	(3.76)	(1.76)	(3.91)	-
Other comprehensive income for the period/year	-	-	-	-	-	-
Total comprehensive income for the period/year	(1.09)	(3.33)	(3.76)	(1.76)	(3.91)	-
Attributable to:						
- Owner of the company	(0.86)	(2.63)	(2.26)	(1.06)	(2.35)	-
- Non-Controlling Interest	(0.23)	(0.70)	(1.50)	(0.70)	(1.56)	-

16.1.3 Penna Global Investments FZ - LLC

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current assets	-	-	-	-	-	-
Current assets	-	-	-	-	6,596.91	6,304.29
Non-current liabilities	-	-	-	-	-	-
Current liabilities	-	-	-	-	(0.28)	(0.26)
Net assets of the subsidiary	-	-	-	-	6,596.63	6,304.03
Attributable to:						
- Owner of the company	-	-	-	-	6,596.63	6,304.03
- Non-Controlling Interest	-	-	-	-	-	-

Particulars	For the period ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Revenue	-	-	-	-	-	1.82
Expense	-	-	-	-	2.00	120.64
Profit/(loss) for the period/year	-	-	-	-	(2.00)	(118.82)
Other comprehensive income for the period/year	-	-	-	-	-	-
Total comprehensive income for the period/year	-	-	-	-	(2.00)	(118.82)
Attributable to:						
- Owner of the company	-	-	-	-	(2.00)	(118.82)
- Non-Controlling Interest	-	-	-	-	-	-

16.1.4 PCIL Power & Holdings Ltd.

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current assets	-	-	-	-	1.00	-
Current assets	-	-	-	-	0.55	-
Non-current liabilities	-	-	-	-	-	-
Current liabilities	-	-	-	-	(1.46)	-
Net assets of the subsidiary	-	-	-	-	0.09	-
Attributable to:						
- Owner of the company	-	-	-	-	0.09	-
- Non-Controlling Interest	-	-	-	-	-	-

Particulars	For the period ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Revenue	-	-	-	-	0.03	-
Expense					0.03	
Profit/(loss) for the period/year	-	-	-	-	-	-
Other comprehensive income for the period/year	-	-	-	-	-	-
Total comprehensive income for the period/year	-	-	-	-	-	-
Attributable to:						
- Owner of the company	-	-	-	-	-	-
- Non-Controlling Interest	-	-	-	-	-	-

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

17. Restated Consolidated Statement of Borrowings

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non Current						
Secured – at amortised cost						
Debentures	-	140.00	245.00	350.00	350.00	-
Term loans						
- from banks	6,459.24	5,183.84	2,713.43	1,762.20	1,625.60	2,253.46
- from others	3,584.38	3,700.00	2,736.10	1,135.90	1,249.40	
Unsecured – at amortised cost						
Sales tax deferment loan	1,122.42	1,088.13	1,200.73	1,282.02	1,311.65	1,232.21
Total	**11,166.04**	**10,111.97**	**6,895.26**	**4,530.12**	**4,536.65**	**3,485.67**
Secured – at amortised cost						
Loans repayable on demand						
- from banks	1,850.36	1,786.01	1,348.78	1,655.34	1,456.99	1,495.42
Buyers Credit	1,451.97	291.60	781.48	618.84	409.22	421.35
Total	**3,302.33**	**2,077.61**	**2,130.26**	**2,274.18**	**1,866.21**	**1,916.77**

17.1. Terms and conditions:

Non-Convertible Debentures

S. No	Name of the borrowing	Pertaining to balance as at	Carrying rate of interest	Repayment Schedule/Redemption	Security	Repayment default/ Prepayment, if any
1	Non-Convertible Debentures	June 30, 2018 March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015	12.25%	Jun-17 to Jun-19	Secured by way of first charge, having pari passu rights, on the Company's movable and immovable assets (save and except stocks and book debt), both present and future,	None

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

Term Loans from Banks

S. No	Name of the borrowing	Pertaining to balance as at	Carrying rate of interest	Repayment Schedule/Redemption	Security	Repayment default/ Prepayment, if any
1	Bank of Maharashtra	March 31, 2017, March 31, 2016, March 31, 2015	Base Rate + 2%	Jun-15 to Mar-19	Secured by way of first charge, having pari passu rights, on the Company's movable and immovable assets (save and except stocks and book debt), both present and future, in favour of Company's lenders/trustees, subject to prior charge on the movable assets in favour of Sate Bank of India, IDBI Bank Ltd and YES Bank Ltd for their working capital facilities. They are further secured by personal guarantee of Shri P. Prathap Reddy, Chairman and Managing Director of the Company.	Prepayment made in Financial year 2017-18
2	Dhanlaxmi Bank Limited	March 31, 2017, March 31, 2016, March 31, 2015	Base Rate + 1%	Jun-17 to Mar-23		Prepayment made in Financial year 2017-18
3	The South Indian Bank Limited	March 31, 2017, March 31, 2016, March 31, 2015	Base Rate + 2%	Jun-17 to Mar-23		Prepayment made in Financial year 2017-18
4	Yes Bank Limited	March 31, 2017, March 31, 2016, March 31, 2015	Base Rate + 1.50%	Jun-17 to Mar-23		Prepayment made in Financial year 2017-18
5	Yes Bank Limited	March 31, 2017, March 31, 2016, March 31, 2015	Base Rate + 1.50%	Jun-17 to Mar-23		Prepayment made in Financial year 2017-18
6	Yes Bank Limited	March 31, 2017,	MCLR + 2.30%	Jun -19 to May-25		Prepayment made in Financial year 2017-18
7	Yes Bank Limited	June 30, 2018 March 31, 2018	MCLR + 2.25%	Jun- 19 to Mar-27		None
8	Yes Bank Limited	June 30, 2018 March 31, 2018	MCLR + 1.75%	Sep-18 to Dec-20		None
9	Syndicate Bank	March 31, 2014,	PLR	Nov-11 to Aug-16		None
10	State Bank of India	March 31, 2014,	Base Rate + 3.85%	Jun-14 to Sept-16		None

Other Loan from Bank

S. No	Name of the borrowing	Pertaining to balance as at	Carrying rate of interest	Repayment Schedule/Redemption	Security	Repayment default/ Prepayment, if any
1	ICICI Bank Limited	June 30. 2018, March 31, 2018	8.20%	Oct-17 to Sept-19	Vehicle loan is secured by first and exclusive charge on vehicle.	None

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

OTHER Loans from Financial Institutions

S. No	Name of the borrowing	Pertaining to balance as at	Carrying rate of interest	Repayment Schedule/Redemption	Security	Repayment default/ Prepayment, if any
1	L&T Finance Limited	March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014	PLR - 2.75%	Jan-13 to Feb-18	Secured by way of first charge, having pari passu rights, on the Company’s movable and immovable assets (save and except stocks and book debt), both present and future, in favour of Company's lenders/trustees, subject to prior charge on the movable assets in favour of Sate Bank of India, IDBI Bank Ltd and YES Bank Ltd for their working capital facilities. They are further secured by personal guarantee of Shri P. Prathap Reddy, Chairman and Managing Director of the Company.	Prepayment made in Financial year 2017-18
2	L&T Infrastructure Finance Corporation Limited	March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014	PLR - 2.75%	Jan-13 to Feb-18		Prepayment made in Financial year 2017-18
3	L&T Infrastructure Finance Corporation Limited	March 31, 2017, March 31, 2016, March 31, 2015	PLR - 3%	Sep-14 to Dec-20		Prepayment made in Financial year 2017-18
4	L&T Infrastructure Finance Corporation Limited	March 31, 2017, March 31, 2016,	PLR - 3%	Jun-16 to May-20		Prepayment made in Financial year 2017-18
5	L&T Infrastructure Finance Corporation Limited	March 31, 2017,	PLR - 3.75%	Jun-17 to Mar-23		Prepayment made in Financial year 2017-18
6	L&T Finance Limited	March 31, 2017,	PLR - 3.75%	Jun-17 to Mar-23		Prepayment made in Financial year 2017-18
7	L&T Finance Limited	June 30, 2018, March 31, 2018	PLR - 4.40%	Jun - 19 to Mar-27		None
8	Hero FinCorp Limited	March 31, 2017, March 31, 2016,	12.25%	Aug-16 to Apr-20		Prepayment made in Financial year 2017-18
9	Hero FinCorp Limited	June 30, 2018, March 31, 2018	SBI MCLR + 3%	Jun - 19 to Mar-27		None

Other Borrowings

S. No	Name of the borrowing	Pertaining to balance as at	Carrying rate of interest	Repayment Schedule/Redemption	Security	Repayment default/ Prepayment, if any
1	Sales Tax Deferment Loan	June 30, 2018 March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014	Not applicable	Mar-15 to Mar-24	Unsecured.	None

Annexure V Notes to restated consolidated financial information

18. Restated Consolidated Statement of Other financial liabilities

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non Current						
Deposit received from dealers	1,414.49	1,317.00	375.81	1,251.17	426.55	600.56
Capital Creditors	2,020.98	1,073.65	1,234.68	797.10	904.86	548.70
Total	**3,435.47**	**2,390.65**	**1,610.49**	**2,048.27**	**1,331.41**	**1,149.26**
Current						
Current maturities of long-term debt						
- from banks	263.40	16.27	-	452.15	737.48	978.62
- from others	517.38	389.30	347.07	1,014.10	714.60	442.20
Interest accrued but not due on borrowings	20.24	20.24	3.22	2.09	0.97	-
Others	162.11	175.08	152.67	191.22	268.65	331.53
Total	**963.13**	**600.89**	**502.96**	**1,659.56**	**1,721.70**	**1,752.35**

19. Restated Consolidated Statement of Provisions

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non Current						
Provision for Employee benefits (Refer Note 33)						
- Gratuity	4.65	16.76	13.29	15.46	7.65	27.50
- Unveiled Leave and compensated absences	34.27	43.26	38.60	31.47	44.84	38.68
	38.92	60.02	51.89	46.93	52.49	66.18
- Provision towards mine closure (refer note below)	3.52	3.43	2.27	3.89	1.85	1.66
Total	**42.44**	**63.45**	**54.16**	**50.82**	**54.34**	**67.84**
Current						
Provision for Employee benefits (Refer Note 33)						
- Gratuity	0.73	2.18	4.74	2.60	2.30	2.50
- Unveiled Leave and compensated absences	11.67	0.26	1.19	-	-	-
	12.40	2.44	5.93	2.60	2.30	2.50
- Provision towards mine closure (refer note below)	0.28	0.30	0.20	0.20	0.20	-
Total	**12.68**	**2.74**	**6.13**	**2.80**	**2.50**	**2.50**

Note:
Movement in provision towards mine closure:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	larch 31, 2015 (Proforma)	March 31, 2014 (Proforma)
Balance at beginning of the year	3.73	2.47	4.09	2.05	1.66	0.47
Recognized during the year	0.07	1.26	-1.62	2.04	0.39	1.19
Balance at end of the year	**3.80**	**3.73**	**2.47**	**4.09**	**2.05**	**1.66**

20. Restated Consolidated Statement of Deferred tax balances

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Deferred tax assets	55.43	38.62	38.82	244.53	30.15	123.61
Deferred tax liabilities	2,825.59	2,815.83	2,767.92	2,911.37	2,406.63	2,311.22
Net deferred tax liabilities	**2,770.16**	**2,777.21**	**2,729.10**	**2,666.84**	**2,376.48**	**2,187.61**

Annexure V Notes to restated consolidated financial information

20.1. Deferred tax assets / (liabilities) in relation to:

Particulars	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
As at June 30, 2018				
Deferred tax assets				
Provision allowed under tax on payment basis	15.06	17.51	(3.18)	29.39
Provision for doubtful debts	3.14	2.48	-	5.62
Fair valuation of investments	20.42	-	-	20.42
Total	**38.62**	**19.99**	**(3.18)**	**55.43**
Deferred tax liabilities				
Property, plant and equipment	2,211.31	3.88	-	2,215.19
Fair valuation of long term liabilities	586.88	24.06	-	610.94
Share in profit of associates	17.64	(18.18)	-	(0.54)
Total	**2,815.83**	**9.76**	**-**	**2,825.59**
Net deferred tax liabilities	**2,777.21**	**(10.23)**	**3.18**	**2,770.16**
As at March 31, 2018				
Deferred tax assets				
Provision allowed under tax on payment basis	13.77	1.04	0.25	15.06
Provision for doubtful debts	2.97	0.17	-	3.14
Fair valuation of investments	22.08	-	(1.66)	20.42
Total	**38.82**	**1.21**	**(1.41)**	**38.62**
Deferred tax liabilities				
Property, plant and equipment	2,045.80	165.51	-	2,211.31
Fair valuation of long term liabilities	698.26	(111.38)	-	586.88
Share in profit of associates	23.86	(6.22)	-	17.64
Total	**2,767.92**	**47.91**	**-**	**2,815.83**
Net deferred tax liabilities	**2,729.10**	**46.70**	**1.41**	**2,777.21**
As at March 31, 2017				
Deferred tax assets				
Provision allowed under tax on payment basis	10.89	3.03	(0.15)	13.77
Minimum alternative tax credit	207.80	(207.80)	-	-
Provision for doubtful debts	3.87	(0.90)	-	2.97
Fair valuation of investments	21.97	0.11	-	22.08
Total	**244.53**	**(205.56)**	**(0.15)**	**38.82**
Deferred tax liabilities				
Property, plant and equipment	2,244.70	(198.90)	-	2,045.80
Fair valuation of long term liabilities	645.94	52.32	-	698.26
Share in profit of associates	20.73	3.13	-	23.86
Total	**2,911.37**	**(143.45)**	**-**	**2,767.92**
Net deferred tax liabilities	**2,666.84**	**62.11**	**0.15**	**2,729.10**
As at March 31, 2016				
Deferred tax assets				
Minimum alternative tax credit	-	207.80	-	207.80
Provision allowed under tax on payment basis	3.38	10.37	(2.86)	10.89
Fair valuation of investments	21.57	0.40	-	21.97
Provision for doubtful debts	5.20	(1.32)	-	3.87
Total	**30.15**	**9.45**	**(2.86)**	**244.53**
Deferred tax liabilities				
Property, plant and equipment	1,727.02	517.68	-	2,244.70
Fair valuation of long term liabilities	633.32	12.62	-	645.94
Share in profit of associates	46.29	(25.56)	-	20.73
Total	**2,406.63**	**504.74**	**-**	**2,911.37**
Net deferred tax liabilities	**2,376.48**	**495.29**	**2.86**	**2,666.84**
As at March 31, 2015 (Proforma)				
Deferred tax assets				
Provision allowed under tax on payment basis	8.30	(6.31)	1.39	3.38
Fair valuation of investments	21.57	-	-	21.57
Provision for doubtful debts	3.33	1.87	-	5.20
	33.20	**(4.44)**	**1.39**	**30.15**
Deferred tax liabilities				
Fair valuation of long term liabilities	700.42	(67.10)	-	633.32
Property, plant and equipment	1,610.80	116.22	-	1,727.02
Share in profit of associates	(90.41)	136.70	-	46.29
Total	**2,220.81**	**185.82**	**-**	**2,406.63**
Net deferred tax liabilities	**2,187.61**	**190.26**	**(1.39)**	**2,376.48**
As at March 31, 2014 (Proforma)				
Deferred tax assets				
Provision allowed under tax on payment basis	6.25	3.82	(1.77)	8.30
Provision for doubtful debts	3.90	(0.57)	-	3.33
Fair valuation of investments	21.57	-	-	21.57
Share in profit of associates	-	90.41	-	90.41
	31.72	**93.66**	**(1.77)**	**123.61**
Deferred tax liabilities				
Property, plant and equipment	1,583.90	26.90	-	1,610.80
Fair valuation of long term liabilities	676.79	23.63	-	700.42
Total	**2,260.69**	**50.53**	**-**	**2,311.22**
Net deferred tax liabilities	**2,228.97**	**(43.13)**	**1.77**	**2,187.61**

(All amounts in ₹ millions except otherwise specified)

21. Restated Consolidated Statement of Trade payables

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Current						
Trade payables						
- Payable to micro and small enterprise	-	-	-	-	-	-
- Others	500.25	500.56	1,062.84	664.83	1,627.61	1,223.57
Total	**500.25**	**500.56**	**1,062.84**	**664.83**	**1,627.61**	**1,223.57**

The average credit period on purchases of goods is 30 to 60 days. No interest is charged on the trade payables for delayed payments.

22. Restated Consolidated Statement of Income tax asset and liabilities

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Current tax liabilities						
Income tax payable (net of advance tax)	32.40	505.63	597.69	835.66	625.33	159.66
	32.40	**505.63**	**597.69**	**835.66**	**625.33**	**159.66**

23. Restated Consolidated Statement of Other current liabilities

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Advances from customers	181.10	41.46	216.67	64.53	1.40	-
Duties and taxes payable	378.75	421.24	486.55	265.14	426.03	305.73
Total	**559.85**	**462.70**	**703.22**	**329.67**	**427.43**	**305.73**

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

24. Restated Consolidated Statement of Revenue from operations

Particulars	For the quarter ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Sale of manufactured products	4,545.86	18,016.55	17,878.61	17,381.70	16,509.63	15,434.47
Sale of power	19.70	381.75	626.42	1,617.46	1,322.35	984.99
Sale of traded goods	-	-	298.28	-	407.50	-
Total	**4,565.56**	**18,398.30**	**18,803.31**	**18,999.16**	**18,239.48**	**16,419.46**

25. Restated Consolidated Statement of Other income

Particulars	For the quarter ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Recurring						
Interest income earned on						
- Bank deposits	2.74	24.20	32.81	21.37	17.98	13.62
- Security deposits	-	15.00	15.59	17.16	24.21	23.88
Other non-operating income						
- Miscellaneous income	0.17	4.71	11.49	1.37	1.42	4.06
Non-Recurring						
Interest income earned on						
- Deferred income	-	-	-	-	130.61	130.61
Other gains or losses:						
- Net foreign exchange gains	-	31.92	21.80	-	-	-
- Gain on Sale / disposal of property, plant and equipment's (net)	-	-	-	0.08	0.23	29.28
Other non-operating income						
- Government Incentive	-	-	-	467.52	444.30	68.11
- Provision no longer required written back	-	-	2.59	-	-	1.68
Total	**2.91**	**75.83**	**84.28**	**507.50**	**618.75**	**271.24**

Note
Above mentioned other income has arisen out of normal business activities.

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

26. Restated Consolidated Statement of Cost of materials consumed

Particulars	For the quarter ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Cost of raw material consumed						
Al-Laterite	90.02	257.24	247.46	207.38	248.07	325.52
Bauxite	11.16	74.84	40.50	39.17	29.33	-
Iron Ore	13.20	56.71	63.87	71.08	105.24	105.57
Pond Ash	2.52	4.67	3.22	4.01	1.24	-
Dolomite	2.73	12.06	16.45	12.04	4.25	-
Red Mud	10.94	25.43	23.83	46.38	16.36	5.55
Gypsum	83.83	283.03	257.79	244.15	208.04	210.66
Limestone	214.37	931.94	825.58	674.93	614.18	657.51
Slag	21.25	128.27	126.77	107.27	85.54	71.95
Fly Ash	107.51	321.95	253.99	257.42	327.54	234.42
Coal Consumed	222.79	858.41	691.90	1,157.70	1,369.11	1,508.33
Nature gas	-	-	-	-	52.48	-
Total	**780.32**	**2,954.55**	**2,551.36**	**2,821.53**	**3,061.38**	**3,119.51**

27. Restated Consolidated Statement of Employee benefits expense

Particulars	For the quarter ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Salaries, allowances and bonus	195.19	668.34	659.30	556.29	497.93	436.65
Contribution to provident and other funds	9.18	61.65	34.04	72.94	41.54	52.66
Staff welfare expenses	36.50	51.97	50.22	40.87	38.81	30.41
Total	**240.87**	**781.96**	**743.56**	**670.10**	**578.28**	**519.72**

28. Restated Consolidated Statement of Finance costs

Particulars	For the quarter ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Interest costs						
Interest on bank overdrafts and loans	262.17	498.96	614.88	540.14	608.55	539.95
Interest on convertible debenture	5.81	32.66	42.76	42.99	34.18	-
Other interest expense	3.10	18.68	56.38	5.81	48.06	25.05
Other financial liabilities measured at amortised cost	(23.20)	395.22	(146.20)	1.30	329.76	66.65
Bank Charges	12.03	67.42	25.97	26.74	48.47	31.53
Total	**259.91**	**1,012.94**	**593.79**	**616.98**	**1,069.02**	**663.18**

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

29. Restated Consolidated Statement of Other expenses

Particulars	For the quarter ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Power and fuel	1,246.88	3,716.03	3,595.76	3,498.27	3,517.17	4,054.64
Consumption of stores and spares	130.64	343.02	394.23	318.29	278.98	331.69
Consumption of packing material	169.65	599.77	554.11	514.90	592.26	588.40
Repair and maintenance - Machinery	41.82	161.37	157.67	157.20	131.36	143.81
Repair and maintenance - Building	12.98	42.75	13.01	21.63	15.28	12.46
Repair and maintenance - Others	13.23	58.48	52.78	41.49	39.00	36.12
Rent	28.11	105.87	109.94	110.29	120.89	96.97
Insurance expenses	12.56	42.05	50.78	41.31	35.86	40.24
Directors' Remuneration	25.42	116.16	109.13	155.27	106.31	51.92
Payments to auditors [Refer note (i) below]	0.38	1.77	1.48	1.30	1.20	0.80
Printing and stationery	0.84	2.32	3.08	2.33	1.97	2.15
Communication	1.10	10.88	10.77	8.98	8.82	9.58
Travelling and conveyance	21.38	79.22	89.19	72.87	79.32	72.59
Legal and professional	2.98	86.46	72.53	80.44	60.58	165.94
Rates and taxes	10.66	59.97	116.44	33.21	26.53	20.97
Bank Charges	5.49	21.78	3.34	3.15	6.59	4.75
Security service charges	14.00	45.82	51.31	44.50	38.55	36.83
Office maintenance	20.15	98.21	67.30	58.46	49.62	41.53
Sales commission and brokerage	18.09	79.99	77.84	62.27	58.80	78.48
Advertisement and publicity	15.72	125.98	114.52	112.71	106.55	85.38
Expenditure on corporate social responsibility	22.12	64.81	73.99	34.02	29.79	6.82
Net foreign exchange loss	61.62	-	-	16.00	13.66	80.70
Loss on sale / disposal of property, plant and equipment's (Net)	-	0.81	0.24	-	-	-
Provision for bad and doubtful debts	7.11	0.49	-	96.43	5.20	-
Miscellaneous expenses	14.51	122.28	92.89	82.62	56.83	91.56
Total	**1,897.44**	**5,986.29**	**5,812.33**	**5,567.94**	**5,381.12**	**6,054.33**

Note
(i) Payments to auditors includes:

Particulars	For the quarter ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
(a) Statutory auditor						
- Statutory audit	0.38	1.50	1.00	1.00	1.00	0.60
- Certification and other Services	0.05	0.20	0.30	0.10	0.10	0.10
(b) Cost auditor	0.04	0.10	0.10	0.10	0.10	0.10
Total	**0.47**	**1.80**	**1.40**	**1.20**	**1.20**	**0.80**

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

30. Restated Consolidated Summary Statement of Income Taxes

30.1. Income tax expense
The major components of income tax expense are as under:

30.1.1 Profit or loss section

Particulars	For the quarter ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
In respect of the current period/ year	32.40	505.60	809.40	835.76	684.80	159.66
In respect of prior period/years	-	91.01	3.51	61.53	0.47	(74.18)
Minimum alternative tax credit	-	-	-	(207.80)	-	
Deferred tax	(10.13)	48.36	(146.48)	495.29	190.27	(43.29)
Total income tax expense	**22.27**	**644.97**	**666.43**	**1,184.78**	**875.54**	**42.19**

30.1.2 Other comprehensive income section

Particulars	For the quarter ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Deferred tax	(3.18)	0.25	(0.15)	(2.86)	1.39	(1.77)
Total	**(3.18)**	**0.25**	**(0.15)**	**(2.86)**	**1.39**	**(1.77)**

30.2 The income tax expense for the period/year can be reconciled to the accounting profit as follows:

Particulars	For the quarter ended June 30 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
(a) Profit before tax	143.24	2,211.62	2,481.85	3,878.60	2,327.99	374.62
(b) Enacted tax rate in India	34.944%	34.608%	34.608%	34.608%	33.990%	33.990%
(c) Expected tax expenses (a*b)	50.05	765.40	858.92	1,342.31	791.28	127.33
(d) Other than temporary differences						
Effect of income that is exempt from taxation	0.18	(45.70)	-	(22.80)	(19.80)	-
Effect of expenses that are not deductible in determining taxable profit	(12.96)	16.00	18.10	6.90	3.80	0.50
Minimum alternative tax credit	-	-	-	(207.80)	-	
Effect of additional expenses allowed	-	(134.10)	(120.60)	(238.40)	(71.90)	5.00
Effect on deferred tax balances due to the change in income tax rate	-	-	-	164.81	-	-
Effect of tax on share in profit of associates	(18.18)	(6.22)	3.13	(25.56)	136.70	(90.41)
Effect of previous year adjustments	-	91.00	0.29	192.00	109.20	(81.90)
Others	-	(41.16)	(93.56)	(29.54)	(72.35)	79.90
Total adjustments	**(30.96)**	**(120.18)**	**(192.64)**	**(160.39)**	**85.65**	**(86.91)**
(e) Tax expenses after adjustments (c+e)	19.09	645.22	666.28	1,181.92	876.93	40.42
(f) Tax expenses recognised in Profit or Loss	19.09	645.22	666.28	1,181.92	876.93	40.42

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

31. Restated Consolidated Statement of Earnings per share

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Basic Earnings Per Share						
Restated profit for the period/year (a)	121.20	1,567.35	1,816.92	2,694.52	1,193.75	332.43
Weighted average number of equity shares for Basic EPS	133,800,000	13,380,000	13,380,000	13,380,000	13,380,000	13,380,000
Effect of bonus share	-	120,420,000	120,420,000	120,420,000	120,420,000	120,420,000
Weighted average number of equity shares for Basic EPS (b)	133,800,000	133,800,000	133,800,000	133,800,000	133,800,000	133,800,000
Total Basic Earnings Per Share of ₹ 10 each (a / b)	**0.91**	**11.71**	**13.58**	**20.14**	**8.92**	**2.48**
Dilutive Earnings Per Share						
Restated profit for the period/year (c)	121.20	1,567.35	1,816.92	2,694.52	1,193.75	332.43
Weighted average number of equity shares for Dilutive EPS	133,800,000	13,380,000	13,380,000	13,380,000	13,380,000	13,380,000
Effect of bonus share	-	120,420,000	120,420,000	120,420,000	120,420,000	120,420,000
Weighted average number of equity shares for Dilutive EPS (d)	133,800,000	133,800,000	133,800,000	133,800,000	133,800,000	133,800,000
Total Diluted Earnings Per Share of ₹ 10 each (c / d)	**0.91**	**11.71**	**13.58**	**20.14**	**8.92**	**2.48**

Note:
(i) Earning per share has been computed in accordance with Ind AS 33 -Earnings per Share.

32. Financial instruments

32.01 Capital Management

The Company's objective when managing capital is to:

a. Safeguard its ability to continue as going concern so that the Company is able to provide maximum return to stakeholders and benefits for other stakeholders; and
b. Maintain an optimal capital structure to reduce the cost of capital.

The Company maintains its financial framework to support the pursuit of value growth for shareholders, while ensuring a secure financial base. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's financial management committee reviews the capital structure on a regular basis. As part of this review, the committee considers the cost of capital, risks associated with each class of capital requirements and maintenance of adequate liquidity.

32.01.1 Gearing Ratio

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Debt (refer note (i))	15,249.15	12,595.15	9,372.59	8,270.55	4,649.70	6,823.26
Less: cash and bank balances	475.15	434.79	548.37	884.42	756.72	465.74
Net Debt (I)	**14,774.00**	**12,160.36**	**8,824.22**	**7,386.13**	**3,892.98**	**6,357.52**
Total equity (II)	**10,320.73**	**10,194.08**	**8,709.17**	**6,975.16**	**20,720.59**	**18,755.34**
Net debt to equity ratio (I/II)	143.15%	119.29%	101.32%	105.89%	18.79%	33.90%

Note:
(i) Debt is defined as long-term borrowings (including current maturities of long term borrowing) and short-term borrowing as described in notes 17 and 18).

32.02 Categories of financial instruments

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Financial assets						
Measured at amortised cost						
(a) Trade receivables	1,606.39	902.38	850.97	1,107.27	1,516.20	999.97
(b) Cash and cash equivalents	302.27	266.16	203.99	722.10	562.67	324.85
(c) Other bank balances	172.88	168.63	344.38	162.32	194.05	140.89
(d) Loans	1,094.24	1,079.34	1,075.72	172.70	2,009.20	403.18
(e) Other financial assets	159.44	164.36	182.39	142.73	42.81	2.87
Measured at FVTOCI						
(a) Investments in equity instruments designated upon initial recognition	21.57	21.57	17.11	17.01	266.63	825.41
Financial liabilities						
Measured at amortised cost						
(a) Borrowings	15,249.15	12,595.15	9,025.52	7,151.37	6,402.86	5,749.51
(b) Trade payables	500.25	500.56	1,062.84	664.83	1,627.61	1,223.57
(c) Other financial liabilities	3,617.82	2,585.97	2,113.45	3,360.76	3,053.11	2,554.54

32.03 Financial risk management objectives

The Company’s principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company’s principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company’s senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

32.04 Market Risk

The Company's activities expose it primarily to the financial risks of change in interest rate and foreign currency exchange rates. Financial instruments affected by market risk include borrowings. The sensitivity analysis in the following sections relate to the position as at June 30, 2018, March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 (Proforma) and March 31, 2014 (Proforma). The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at June 30, 2018, March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 (Proforma) and March 31, 2014 (Proforma).

32.05 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company does not enter into any interest rate swaps.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company’s profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase / decrease in interest rate	Effect on profit before tax
As at June 30, 2018	+1%	(21.55
	-1%	21.55
As at March 31, 2018	+1%	(49.00
	-1%	49.00
As at March 31, 2017	+1%	(61.00
	-1%	61.00
As at March 31, 2016	+1%	(52.00
	-1%	52.00
As at March 31, 2015 (Proforma)	+1%	(56.00
	-1%	56.00
As at March 31, 2014 (Proforma)	+1%	(47.00
	-1%	47.00

32.06 Foreign currency risk management

The Company undertakes transactions denominated in foreign currency; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Liabilities						
United states dollars (USD)	1,451.97	291.60	781.48	618.84	409.22	421.35

32.06.1 Foreign currency sensitivity analysis

The Company is mainly exposed to the currency of USD. As per management's assessment of reasonable possible changes in the exchange rate of +/- 5% between USD-INR currency pair, sensitivity of profit or loss only on outstanding foreign currency denominated monetary items at the period end is presented below:

USD sensitivity at year end

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Liabilities						
Weakening of INR by 5%	73.48	14.60	39.10	30.90	20.50	21.10
Strengthening of INR by 5%	(73.48	(14.60)	(39.10)	(30.90)	(20.50)	(21.10)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the period/year.

32.07 Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

No single customer accounted for more than 3% of the revenue as of June 30, 2018, March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 (Proforma) and March 31, 2014 (Proforma) and there is no significant concentration of credit risk.

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

32.08 Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the

As at June 30, 2018	Weighted average effective interest rate (%)	Less than 1 year	1 year – 5 years	More than 5 years	Total	Carrying Amount
Borrowings (including Current maturities of long term debt)	12.17%	4,083.11	8,413.58	3,670.94	**16,167.63**	15,249.15
Trade payables	-	498.29	-	-	**498.29**	500.25
Other financial liabilities	-	749.19	4,577.74	-	**5,326.93**	3,617.82
Total		**5,330.59**	**12,991.32**	**3,670.94**	**21,992.85**	**19,367.22**

As at March 31, 2018	Weighted average effective interest rate (%)	Less than 1 year	1 year – 5 years	More than 5 years	Total	Carrying Amount
Borrowings (including Current maturities of long term debt)	11.00%	2,483.00	8,119.70	2,492.10	**13,094.80**	12,595.15
Trade payables	-	500.50	-	-	**500.50**	500.56
Other financial liabilities	-	189.50	3,462.10	-	**3,651.60**	2,585.97
Total		**3,173.00**	**11,581.80**	**2,492.10**	**17,246.90**	**15,681.68**

As at March 31, 2017	Weighted average effective interest rate (%)	Less than 1 year	1 year – 5 years	More than 5 years	Total	Carrying Amount
Borrowings (including Current maturities of long term debt)	11.88%	2,477.40	5,068.40	2,595.00	**10,140.80**	9,372.59
Trade payables	-	1,063.00	-	-	**1,063.00**	1,062.84
Other financial liabilities	-	740.70	2,868.10	-	**3,608.80**	1,766.38
Total		**4,281.10**	**7,936.50**	**2,595.00**	**14,812.60**	**12,201.81**

As at March 31, 2016	Weighted average effective interest rate (%)	Less than 1 year	1 year – 5 years	More than 5 years	Total	Carrying Amount
Borrowings (including Current maturities of long term debt)	11.88%	3695	3254.4	1443.3	**8,392.70**	8,270.55
Trade payables	-	480.3	-	-	**480.30**	664.83
Other financial liabilities	-	652.9	2187.9	-	**2,840.80**	2,241.58
Total		**4,828.20**	**5,442.30**	**1,443.30**	**11,713.80**	**11,176.96**

As at March 31, 2015 (Proforma)	Weighted average effective interest rate (%)	Less than 1 year	1 year – 5 years	More than 5 years	Total	Carrying Amount
Borrowings (including Current maturities of long term debt)	11.88%	3318.5	4491.2	1118.5	**8,928.20**	7,854.94
Trade payables	-	1032.7	**-**	**-**	**1,032.70**	1,627.61
Other financial liabilities	-	583.9	2098.9	**-**	**2,682.80**	1,601.03
Total		**4,935.10**	**6,590.10**	**1,118.50**	**12,643.70**	**11,083.58**

As at March 31, 2014 (Proforma)	Weighted average effective interest rate (%)	Less than 1 year	1 year – 5 years	More than 5 years	Total	Carrying Amount
Borrowings (including Current maturities of long term debt)	11.88%	3383.1	4631.9	823.9	**8,838.90**	6,823.26
Trade payables	-	1130.1	**-**	**-**	**1,130.10**	1,223.57
Other financial liabilities	-	272.3	2509.3	**-**	**2,781.60**	2,901.61
Total		**4,785.50**	**7,141.20**	**823.90**	**12,750.60**	**10,948.44**

32.09 Fair value measurement

This note provides information about how the Company determines fair values of financial assets and financial liabilities

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on recurring basis:

Financial assets / Financial liabilities	Fair values						Fair value hierarchy	Valuation technique(s) and key input(s)
	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)		
Investment in								
- Andhra Pradesh Gas Power Corporation Limited	21.47	21.47	17.01	17.01	17.01	17.01	Level 3	Income approach
- Pioneer Genco Limited	-	-	-	-	-	599.90	Level 3	Income approach
- New York Group Holding LLC (formally known as Penna Holdings USA LLC)	-	-	-	-	249.60	208.50	Level 3	Income approach
- M/s Sunder Chemicals & Minerals	0.10	0.10	0.10	-	0.02	-	Level 3	Income approach

Reconciliation of level 3 fair value measurement	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Opening balance	21.57	17.11	17.01	266.63	825.41	825.41
Total gain or losses recognised in other comprehensive income	-	4.46	-	-	-	-
Change in classification of investment to associate	-	-	-	-	(599.90)	-
Additional investment during the period/year	-	-	0.10	-	41.12	-
Disposal of investment	-	-	-	(249.62)	-	-
Closing balance	21.57	21.57	17.11	17.01	266.63	825.41

Management considers that the carrying amounts of financial assets and financial liabilities recognized in the restated consolidated financial information approximate their fair values.

33. Employee benefit plans

i) Defined Contribution Plan
The Company's contribution to provident fund recognised in the Statement of Profit or Loss under the head employee benefits expense.

Particular	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Contribution to provident fund	13.65	47.89	42.25	39.00	35.88	33.94

ii) Defined Benefit Plans:
Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

b) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The funds of the defined benefit plans are held with LIC.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

(2) Change in bond yields
A decrease in government bond yields will increase plan liabilities.

(3) Inflation risk
Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(4) Life expectancy
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

c) Significant Actuarial Assumptions
The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Discount rate(s)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Expected rate(s) of salary increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Mortality table used	LIC(2006-08)	LIC(2006-08)	LIC(2006-08)	LIC(2006-08)	LIC(2006-08)	LIC(1994-96)
Mortality rate during employment	3.00%	3.00%	3.00%	3.00%	1-5% depending	1-5% depending

33. Employee benefit plans

d) Defined benefit plans – as per actuarial valuation

Particulars	Funded Plan - Gratuity					
	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
I. Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:						
Current Service Cost	2.97	12.08	7.17	7.02	5.46	6.09
Past service cost and (gains)/losses from settlements	-	-	-	-	-	-
Net interest expense	2.23	7.97	7.67	6.54	6.17	5.07
Expected Return on plan assets	(0.06)	(2.10)	(6.68)	(6.05)	(5.30)	(3.89)
Components of defined benefit costs recognised in profit or loss	**5.14**	**17.95**	**8.16**	**7.51**	**6.33**	**7.27**
Remeasurement on the net defined benefit liability						
Return on plan assets (excluding amount included in net interest expense)	-	-	-	-	-	-
Actuarial (gains)/loss arising form changes in financial assumptions	-	-	-	-	-	-
Actuarial (gains)/loss arising form changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gains)/loss arising form experience adjustments	9.09	(0.47)	0.44	8.25	(4.10)	5.16
Components of defined benefit costs recognised in other comprehensive income	**9.09**	**(0.47)**	**0.44**	**8.25**	**(4.10)**	**5.16**
Total	**14.23**	**17.48**	**8.60**	**15.76**	**2.23**	**12.43**
II. Net Asset/(Liability) recognised in the Balance Sheet						
Present value of defined benefit obligation	111.21	118.76	106.60	95.86	81.75	77.45
Fair value of plan assets	(105.83)	(99.82)	(88.57)	(77.80)	(71.80)	(47.45)
Surplus/(Deficit)	**5.38**	**18.94**	**18.03**	**18.06**	**9.95**	**30.00**
Current portion of the above	4.65	2.18	4.74	2.60	2.30	2.50
Non current portion of the above	0.73	16.76	13.29	15.46	7.65	27.50
III. Change in the obligation						
Present value of defined benefit obligation at the beginning of the year	118.76	106.60	95.86	81.75	77.45	63.04
Expenses Recognised in Profit and Loss Account						
- Current Service Cost	2.97	12.08	7.17	7.02	5.46	6.09
- Past Service Cost	-	-	-	-	-	-
- Interest Expense (Income)	2.23	7.97	7.67	6.54	6.17	5.07
Recognised in Other Comprehensive Income						
Remeasurement gains / (losses)						
- Actuarial Gain (Loss) arising from:						
i. Financial Assumptions	-	-	-	-	-	-
ii. Demographic Assumptions	-	-	-	-	-	-
iii. Experience Adjustments	9.09	(0.47)	0.44	8.25	(4.10)	5.16
Benefit payments	(21.84)	(7.42)	(4.54)	(7.70)	(3.23)	(1.91)
Present value of defined benefit obligation at the end of the year	**111.21**	**118.76**	**106.60**	**95.86**	**81.75**	**77.45**
IV. Change in fair value of assets during the year						
Fair value of plan assets at the beginning of the year	99.82	88.57	77.80	71.80	47.45	44.62
Expenses Recognised in Profit and Loss Account						
- Expected return on plan assets	0.06	2.10	6.68	6.05	5.30	3.89
Recognised in Other Comprehensive Income						
Remeasurement gains / (losses)						
- Actual Return on plan assets in excess of the expected return	-	-	-	-	-	-
Contributions by employer (including benefit payments recoverable)	8.93	14.23	13.05	7.65	22.28	0.85
Benefit payments	(2.98)	(5.08)	(8.96)	(7.70)	(3.23)	(1.91)
Fair value of plan assets at the end of the year	**105.83**	**99.82**	**88.57**	**77.80**	**71.80**	**47.45**

V. The Major categories of plan assets:

The Company has group gratuity scheme with Life Insurance Corporation of India with the fund name of Penna Cement Industries Limited Employee Group Gratuity Fund.

33. Employee benefit plans

e) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Changes in assumption	Impact on defined benefit obligation	
		Increase in assumption	Decrease in assumption
Discount rate			
As at June 30, 2018	1.00%	6.80	7.67
As at March 31, 2018	1.00%	7.07	7.99
As at March 31, 2017	1.00%	9.33	11.25
As at March 31, 2016	1.00%	8.73	10.59
As at March 31, 2015 (Proforma)	1.00%	7.43	9.05
As at March 31, 2014 (Proforma)	1.00%	5.69	6.58
Salary growth rate			
As at June 30, 2018	1.00%	7.43	6.72
As at March 31, 2018	1.00%	8.53	7.67
As at March 31, 2017	1.00%	10.95	9.56
As at March 31, 2016	1.00%	10.31	8.93
As at March 31, 2015 (Proforma)	1.00%	8.84	7.59
As at March 31, 2014 (Proforma)	1.00%	6.56	5.69
Rate of employee turnover			
As at June 30, 2018	1.00%	1.86	2.07
As at March 31, 2018	1.00%	2.01	2.23
As at March 31, 2017	1.00%	9.33	11.25
As at March 31, 2016	1.00%	8.73	10.59
As at March 31, 2015 (Proforma)	1.00%	7.43	9.05
As at March 31, 2014 (Proforma)	1.00%	6.27	5.92

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

ii) The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

f) Plan Assets

The Company has group gratuity scheme with Life Insurance Corporation of India with the fund name of Penna Cement Industries Limited Employee Group Gratuity Fund. The fair value of Company's plan asset by category are as follows:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Deposits with Insurance companies	-	99.82	88.57	77.80	71.80	47.45

g) Experience adjustments

Particulars	For the period ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
		Gratuity				
1. Defined Benefit Obligation	111.21	118.76	106.60	95.86	81.75	77.45
2. Fair value of plan assets	105.83	99.82	88.57	77.80	71.80	47.45
3. Surplus/(Deficit)	(5.38)	(18.94)	(18.03)	(18.06)	(9.95)	(30.00)
4. Experience adjustment on plan liabilities (gain)/loss	9.09	(0.47)	0.44	8.25	(4.10)	5.16
5. Experience adjustment on plan assets (gain)/loss	-	-	-	-	-	-

i) The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

j) The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

k) The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

34. Contingent liabilities and commitments

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Contingent liabilities (to the extent not provided for)						
In respect of						
- Bank guarantees	346.37	359.70	292.70	217.90	231.00	292.80
- Letter of credits	585.81	785.00	77.30	200.80	296.90	484.30
- Indirect taxes	501.30	491.61	598.36	583.98	504.59	459.98
- Income tax	136.74	122.50	110.00	-	-	-
- Others (Refer note (iii) below)	45.60	45.60	45.60	45.60	45.60	45.20

Notes:

i) It is not practicable to estimate the timings of cash outflows, if any, in respect of above matters, pending resolution of appellate / court proceedings.

ii) A demand for Rs. 45.6 millions was raised by APCPDCL, towards power consumed from APGPCL. The Company is of the opinion that the surplus power from APGPCL is distributable among shareholders of APGPCL, which is under dispute and appeal is pending with High Court of Telangana & Andhra Pradesh. Till the disposal of the appeal, the company is not accepting the said liability. The Company backed by a legal opinion believes that it has a good case and accordingly no provision has been made in the accounts.

iii) The Company has extended following Corporate Guarantee

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
On behalf of M/s Pioneer Genco Limited to IDFC Limited	-	-	-	-	330.00	459.80
On behalf of M/s Pioneer Power Corporation Limited to IDFC Limited	-	-	-	-	297.20	407.60

Capital Commitments:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	3,527.00	4,526.80	2,288.50	1,523.40	832.70	702.00

Annexure V Notes to restated consolidated financial information

35. Segment reporting

35.1 Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods manufactured. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segment. No operating segments have been aggregated in arriving at the reportable segments of the Company.

Specifically, the Company's reportable segments under Ind AS 108 are :

(a) Cement
(b) Thermal Power

35.2 Segment revenue and results

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Segment revenue						
Cement	4,546.02	18,016.55	18,176.89	17,381.70	16,917.13	15,434.47
Thermal Power	313.46	1,548.29	1,077.21	2,096.06	1,966.93	2,013.29
	4,859.48	19,564.84	19,254.10	19,477.76	18,884.06	17,447.76
Inter Segment Revenue	(293.92)	(1,166.54)	(450.79)	(478.60)	(644.58)	(1,028.30)
Total	**4,565.56**	**18,398.30**	**18,803.31**	**18,999.16**	**18,239.48**	**16,419.46**
Segment profit/(loss)						
Cement	403.91	2,881.29	2,873.10	3,309.52	2,494.42	1,050.19
Thermal Power	64.99	451.75	153.89	725.20	319.01	267.48
	468.90	3,333.04	3,026.99	4,034.72	2,813.43	1,317.67
Inter Segment Revenue	-67.10	(235.29)	(104.58)	(106.55)	(171.36)	(285.11)
Total	**401.80**	**3,097.75**	**2,922.41**	**3,928.17**	**2,642.07**	**1,032.56**
Unallocated expenses						
Finance costs	259.91	1,012.94	593.79	616.98	1,069.02	663.18
Other income	2.91	75.83	84.28	507.50	618.75	271.24
Restated share in profit of associates	(1.56)	50.98	68.95	59.91	136.19	-266.00
Restated profit before tax	**143.24**	**2,211.62**	**2,481.85**	**3,878.60**	**2,327.99**	**374.62**
Depreciation and amortization						
Cement	248.51	716.72	705.05	656.17	624.66	625.19
Thermal Power	24.56	98.50	98.40	97.60	97.50	97.10
Total	**273.07**	**815.22**	**803.45**	**753.77**	**722.16**	**722.29**

35.3 Segment assets and liabilities

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Segment assets						
Cement	30,909.44	27,466.89	23,276.98	20,180.81	33,446.55	29,232.10
Thermal Power	2,196.04	2,220.60	1,724.30	1,857.10	1,843.70	1,774.20
Total assets	**33,105.48**	**29,687.49**	**25,001.28**	**22,037.91**	**35,290.25**	**31,006.30**
Segment liabilities						
Cement	22,190.26	18,963.91	15,792.61	14,294.05	13,770.16	10,672.16
Thermal Power	594.49	529.50	499.50	768.70	799.50	1,578.80
Total liabilities	**22,784.75**	**19,493.41**	**16,292.11**	**15,062.75**	**14,569.66**	**12,250.96**

35.4 The Company does not have revenue and non-current assets from countries other than country in which the Company is domicile i.e. India.

35.5 No single customer contribute 10% or more to the Company's revenue for the quater ended June 30, 2018 and years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 (Proforma) and March 31, 2014 (Proforma).

Annexure V Notes to restated consolidated financial information

36. Related party transactions and balances

In compliance with Ind AS 24 - "Related Party Disclosures", the required disclosures are given in the table below:

a. List of related parties

Related Party	Nature of Relationship					
	June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)	March 31, 2014 (Proforma)
Parasakti Cement Industries Limited	Associate	Associate		Associate	Associate	Associate
Pioneer Genco Limited	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Associate	Party having significant influence
Pioneer Power Corporation Limited	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Associate	Party having significant influence
Pioneer Power Limited	-	-	-	-	Associate	-
Anrak Aluminium Limited	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Associate	Associate
Lakshmi Jalavidyut (Krishna) Limited	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Associate	Party having significant influence
Krishna Hydro Energy ltd	-	-	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence
Pioneer Builders Ltd	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence
Sriba Industries (Merged with Penna Cement Industries Limited on September 1, 2014 and demerged on April 1, 2015)	-	-	-	Party having significant influence	Party having significant influence	Party having significant influence
Pioneer Holiday Resorts Limited	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence
P.R Energy Holding Ltd	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence
Pioneer Builders	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence
Mr. P. Prathap Reddy (Chairman and Managing Director)	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel
Mr. Bezawada Vikram (Executive Director)	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel
Mr. D. Lakshmi Kantham (Director- Technical)	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel
Mr. Petluru Venugopal Reddy (Director- Finance & CFO)	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel
Mr. Rajkumar Singh (Company Secretary)	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel
Mrs. P.V. Lakshmi (wife of Mr. P Prathap Reddy)	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel
Mr. P. Ramesh Reddy (brother of Mr. P Prathap Reddy)	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	-	-
Sanvira Industries Ltd	-	-	-	-	Relative of key management personnel	-
Mr.Ashok Jain	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel
Mrs.Saroj Jain	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel
Mrs. Deepthi Reddy	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel

Annexure V Notes to restated consolidated financial information

b. Related party transactions

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Transactions during the year						
Sale of products						
Associates						
Lakshmi Jalavidyut (Krishna) Limited	-	-	-	-	0.90	-
Pioneer Genco Limited	-	-	-	-	0.13	-
Pioneer Power Corporation Limited	-	-	-	-	0.36	-
Anrak Aluminium Limited	-	0.50	-	-	49.00	89.10
Sale of products						
Parties having Significant Influence						
Pioneer Genco Limited	-	-	-	-	-	0.10
Lakshmi Jalavidyut (Krishna) Limited	-	-	0.40	1.30	-	10.00
Krishna Hydro Energy Limited	0.09	-	0.10	1.20	2.00	0.20
Pioneer Builders Limited	1.12	11.20	46.10	35.50	21.35	26.80
Pioneer Power Corporation Limited	0.07	-	-	0.40	-	0.20
Sriba Industries	-	-	-	0.30	-	-
Pioneer Holiday Resorts Limited	0.26	0.80	0.10	-	0.80	0.30
Relatives of key management personnel						
Sanvira Industries Ltd	-	-	-	-	7.74	-
Mr. P. Prathap Reddy	-	-	-	-	0.60	-
Mr.P.Ramesh Reddy	-	-	-	0.30	0.10	-
Investment						
Associate						
Anrak Aluminium Limited	-	-	-	-	875.50	1,064.10
Party having Significant Influence						
Pioneer Builders Limited	-	-	-	-	117.00	-
Advance to suppliers						
Associates						
Pioneer Genco Limited	12.00	-	-	-	146.05	-
Pioneer Power Corporation Limited	-	-	-	-	0.60	700.00
Parties having Significant Influence						
Pioneer Genco Limited	-	-	-	20.00	-	1,044.00
P.R Energy Holding Limited	-	-	-	-	954.00	-
Pioneer Builders Limited	316.37	63.80	25.20	46.30	-	23.00
Pioneer Genco Limited	-	-	37.40	-	-	-
Sriba Industries	-	-	-	-	-	50.80
Freight charges						
Party having Significant Influence						
P.R Energy Holding Limited	-	-	-	0.10	0.95	0.90
Pioneer Builders Limited	-	-	-	-	513.06	479.80

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

Annexure V Notes to restated consolidated financial information

b. Related party transactions

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Service received						
Party having Significant Influence						
Pioneer Builders Limited	309.34	1,224.90	731.30	578.20	73.43	-
Key management personnel						
Mr. P. Prathap Reddy	-	0.30	0.30	-	-	-
Rent expense						
Party having Significant Influence						
Pioneer Builders	1.03	-	4.10	4.10	4.04	4.00
Key management personnel						
Mr. P. Prathap Reddy	0.33	-	-	0.30	0.30	0.30
Mr. Chhotu Ram Chouhan	-	-	0.10	0.10	0.10	0.10
Relatives of key management personnel						
Mrs. P.V Lakshmi	5.87	21.10	20.70	20.50	14.98	17.60
Mrs. Deepthi Reddy	0.35	1.40	1.40	1.30	1.30	1.30
Purchase of freehold land						
Key management personnel						
Mr. Badrilal Chouhan	-	-	-	11.25	-	-
Mr. Motilal Chouhan	-	-	-	20.70	-	-
Mr. Sidhkanwar Chouhan	-	-	-	9.01	-	-
Other Payables						
Associates						
Parasakthi Cement Industries Limited	-	-	2.00	50.00	31.70	-
Anrak Aluminium Limited	-	-	-	-	1,405.64	403.50

c. Related party outstanding balances

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Other Payables						
Party having Significant Influence						
P.R Energy Holding Limited	-	-	-	-	0.10	0.20
Pioneer Builders Limited	-	-	-	48.50	134.60	15.40
Pioneer Builders	-	-	0.30	0.30	0.30	0.30
Key management personnel						
Mr. P. Prathap Reddy	-	71.50	74.10	120.80	77.50	21.00
Relatives of key management personnel						
Mrs. P.V Lakshmi	-	1.60	1.20	1.20	1.14	0.90
Mrs. Deepthi Reddy	-	0.10	-	0.10	0.10	0.10
Associates						
Parasakthi Cement Industries Limited	-	-	83.70	81.70	31.70	-
Anrak Aluminium Limited	-	-	-	-	288.43	404.30
Investment						
Associates						
Parasakthi Cement Industries Limited	166.00	166.00	166.00	166.00	166.00	166.00
Anrak Aluminium Limited	-	-	-	-	5,054.58	4,179.10

Annexure V Notes to restated consolidated financial information

c. Related party outstanding balances

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Trade receivables						
Associates						
Lakshmi Jalavidyut (Krishna) Limited	-	-	-	-	23.70	-
Pioneer Power Corporation Limited	-	-	-	-	2.42	-
Pioneer Genco Limited	-	-	-	-	0.58	0.40
Parties having Significant Influence						
Krishna Hydro Energy Limited	18.85	18.80	-	-	26.95	24.90
Lakshmi Jalavidyut (Krishna) Limited	25.45	25.50	-	-	-	22.80
Pioneer Builders Limited	1.12	-	73.10	30.50	46.00	-
Pioneer Holiday Resorts Limited	0.26	-	0.50	0.40	0.40	0.30
Sanvira Industries Ltd	-	-	-	-	3.48	-
Pioneer Power Corporation Limited	0.07	-	-	0.10	-	2.10
Relatives of key management personnel						
Mr. P. Prathap Reddy	-	-	-	-	0.60	-
Mr. P. Ramesh Reddy	0.46	0.50	0.50	0.40	0.10	-
Advances to suppliers						
Associates						
Pioneer Genco Limited	39.35	-	-	-	615.85	20.00
Pioneer Power Corporation Limited	-	-	-	-	490.59	-
Party having Significant Influence						
Pioneer Power Corporation Limited	-	-	-	-	-	490.59
Pioneer Builders Limited	102.18	44.40	84.70	136.10	77.00	123.30
Pioneer Genco Limited	-	27.40	27.40	20.00	-	891.80
P.R Energy Holding Limited	-	-	-	-	1,006.92	-
Sriba Industries	-	-	-	-	-	78.20
Other Assets						
Party having Significant Influence						
Pioneer Builders Limited	-	-	-	-	89.90	-
Other Advances						
Relatives of key management personnel						
Mrs. P.V. Lakshmi	10.00	10.00	10.00	10.00	10.00	10.00

d. Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the period/year was as follows:

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Short-term benefits (refer note below)	30.00	120.30	114.20	160.20	105.80	51.90
Total	30.00	120.30	114.20	160.20	105.80	51.90

Note:
The above figures do not include provisions for compensated absenses and gratuity, as separate actuarial valuation are not available.

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - VI

Consolidated Statement of Material Adjustments to Audited Financial Statements

1. Material regroupings

Appropriate adjustments have been made in the Restated Consolidated Statement of Assets and Liabilities, Profit and Loss and Cash Flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the Company as at and for quarter ended June 30, 2018.

2. Material adjustments

The summary of results of restatements made in the audited consolidated financial statements for the respective years and its impact on the profits of the Company is as follows:

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Profit after tax for the period/year as per audited financial statements	109.18	1,454.60	1,753.90	2,699.20	1,737.60	474.10
Add/less: adjustments on account of:						
Fair valuation of liabilities (Refer note 1)	-	-	-	1.00	(194.12)	72.64
Allowance for doubtful debt (Refer note 2)	-	8.60	2.60	3.81	(3.20)	1.68
Mines restoration obligation (Refer note 3)	-	-	-	(0.20)	1.76	(0.23)
Amortization of transaction cost on borrowings (Refer note 5)	-	-	-	3.20	(0.38)	(3.18)
Provision for employee benefits (Refer note 6)	-	-	18.10	(8.50)	22.05	(11.60)
Restated share of Profit / (loss) of associates (Refer note 7)	-	24.43	(14.29)	(12.37)	(37.90)	(266.00)
Reversal of deferred tax liabilities (Refer note 8)	-	69.36	52.10	(12.25)	-	-
Deferred tax on share in profit of associate	17.70	6.22	(3.86)	25.56	(136.70)	90.41
Tax impact on above items	-	2.98	7.16	(0.24)	60.63	(21.96)
Restated profit after tax	**126.88**	**1,566.19**	**1,815.71**	**2,699.21**	**1,449.74**	**335.86**

Notes on material adjustments:

1. Fair valuation of liabilities
Under Ind AS, non-current financial liabilities in the form of long term interest free deposits from dealers and capital creditors have been accounted at fair value on the date of transition and subsequently measured at amortized cost using the effective interest rate method.

2. Allowance for doubtful debt
Under Indian GAAP, Provision for doubtful trade receivables were created based on actual loss, however on transition to Ind AS, allowance of trade receivables has been done based on expected credit loss method.

3. Mines restoration obligation
As per Ind AS 37, the Company has created provision for mines restoration obligation for restoration, rehabilitation and environmental costs to be incurred at closure of the mines. Correspondingly, Mining right has been recognised as a tangible assets.

4. Fair valuation of investment
Under Indian GAAP, long term investments were measured at cost less permanent diminution in value of investment. Under Ind AS, investments other than investments in subsidiaries and associates have been classified as Fair Value Through Other Comprehensive Income. Upto the year ended March 31, 2016, Investment in Andhra Pradesh Gas Power Corporation Limited was carried at cost i.e. ₹ 80.5 million. On the date of transition date i.e. April 1, 2015, the investment was fair value through other comprehensive income at ₹ 17.0 million recognising an expense for ₹ 63.5 million. Assuming the same valuation existed as at April 1, 2014, the Investment has been valued at Rs ₹ 17.0 million as at April 1, 2014.

5. Amortisation of transaction cost on borrowings
Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

6. Provision for employee benefits
Provision for employee benefits has been restated by the Company as per the requirements of Ind AS 19.

7. Restated share of Profit / (loss) of associates
Share of loss in associate has been restated to include the impact of Ind AS adjustment for the year ended March 31, 2015 (Proforma) and March 31, 2014 (Proforma), Further For the year ended March 31, 2016, March 31, 2017, March 31, 2018 and period ended June 30, 2018, share in profit of associate has been adjusted for the dividend distributed (including dividend distribution tax).

8. Reversal of deferred tax liabilities
Deferred tax liability has been restated for the period ended June 30, 2018 and year ended March 31, 2018, March 31, 2017 and March 31, 2016.

3. Opening reserve reconciliation

Particulars	As at March 31, 2013 (Proforma)
Total reserve as per audited financial statements	**17,212.15**
Fair valuation of liabilities (Refer note 1)	1,976.41
Allowance for doubtful debt (Refer note 2)	(11.48)
Mines restoration obligation (Refer note 3)	0.47
Amortization of processing & upfront fees (Refer note 5)	9.79
Fair valuation of investment (Refer note 4)	(957.47)
Provision for employee benefits (Refer note 6)	(18.40)
Restated share of loss of associates (Refer note 7)	177.04
Tax impact on above items	(639.61)
Total reserve as per restated financial statements	**17,748.90**

ANNEXURE - VII

Restated Consolidated Statement of Dividend

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Number of equity shares outstanding (In Numbers)	13,380,000	13,380,000	13,380,000	13,380,000	13,380,000	13,380,000
Face Value (₹)	10	10	10	10	10	10
Amount	133.80	133.80	133.80	133.80	133.80	133.80
Final Dividend						
Rate of Dividend (%)	0%	50%	50%	50%	25%	25%
Dividend per Equity Share (₹)	-	5.00	5.00	5.00	2.50	2.50
Dividend paid	-	66.90	66.90	66.90	33.50	33.50
Dividend Distribution Tax	-	13.62	13.62	13.62	5.69	5.69

ANNEXURE - VIII

Restated Consolidated Statement of Capitalisation

Particulars	Pre-Issue	Post Issue
	As at June 30, 2018	Amount after considering the issue
Borrowings		
Short-term borrowings	3302.33	
Long-term borrowings	11,166.04	
Add: Current maturities of long-term borrowings	780.78	
Total borrowings - (a)	**15,249.15**	-
Shareholders' funds		
Share Capital	1,338.00	
Other Equity	8,982.73	
Total Shareholder's funds - (b)	**10,320.73**	**-**
Total borrowings / Shareholder's funds - (a/b)	**1.48**	
Long-term borrowings / shareholders' fund	**1.16**	

Notes:
1. The above ratios have been computed on the basis of Restated Consolidated Financial Information.
2. Shareholder fund post issue can be calculated only on the conclusion of the book building process.

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - IX

Restated Consolidated Statement of Accounting Ratios

Particulars		June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)	March 31, 2014 (Proforma)
Restated profit for the period/year	A	120.97	1,566.65	1,815.42	2,693.82	1,452.45	332.43
Restated profit for the period/year attributable to owner of the company	B	121.20	1,567.35	1,816.92	2,694.52	1,193.75	332.43
Weighted average number of equity shares outstanding during the period/ year used for Computing basic earnings per share / dilutive earnings per share	C	133,800,000	13,380,000	13,380,000	13,380,000	13,380,000	13,380,000
Bonus issue (refer note 7)		-	120,420,000	120,420,000	120,420,000	120,420,000	120,420,000
Weighted average number of equity shares outstanding during the period/ year used for Computing basic earnings per share / dilutive earnings per share	D	133,800,000	133,800,000	133,800,000	133,800,000	133,800,000	133,800,000
Net worth at the end of the period/year (refer note 6 below)	**E**	**10,320.73**	**10,194.08**	**8,709.17**	**6,975.16**	**20,720.59**	**18,755.34**
Number of equity shares outstanding at the end of the period/year	**F**	**133,800,000**	**13,380,000**	**13,380,000**	**13,380,000**	**13,380,000**	**13,380,000**
Pre bonus issue							
Basic earnings per share (Rs.) (Face value of Rs. 10 per equity share) (Refer Note 3(a))	G=B/C	0.91	117.14	135.79	201.38	89.22	24.85
Diluted earnings per share (Rs.) (Face value of Rs. 10 per equity share) (Refer Note 3(b))	H=B/C	0.91	117.14	135.79	201.38	89.22	24.85
Return on Net Worth (%) (Refer Note 3(c))	I=A/E	1.17%	15.37%	20.84%	38.62%	7.01%	1.77%
Net asset value per equity share (Rs.) (Face value of Rs. 10 per equity share) (Refer Note 3(d))	J=E/F	77.14	761.89	650.91	521.31	1548.62	1401.74
Post bonus issue							
Basic earnings per share (Rs.) (Face value of Rs. 10 per equity share) (Refer Note 3(a))	K=B/D	0.91	11.71	13.58	20.14	8.92	2.48
Diluted earnings per share (Rs.) (Face value of Rs. 10 per equity share) (Refer Note 3(b))	L=B/C	0.91	11.71	13.58	20.14	8.92	2.48
Return on Net Worth (%) (Refer Note 3(c))	M=A/E	1.17%	15.37%	20.84%	38.62%	7.01%	1.77%
Net asset value per equity share (Rs.) (Face value of Rs. 10 per equity share) (Refer Note 3(d))	N=D/E	77.14	76.19	65.09	52.13	154.86	140.17

Notes:

1. The figures disclosed above are based on the restated consolidated financial information of the Group.
2. The above statement should be read with the notes to Restated Consolidated Statement of Assets and Liabilities, Restated Consolidated Statement of Profits and Loss and Restated Statement of Cash Flows appearing in Annexures I, Annexure II and Annexure III respectively.
3. The ratios have been computed as below:

(a) Basic Earnings per share (Rs.) — Restated profit for the year attributable to owner of the company / Weighted average number of equity shares outstanding during the period/year

(b) Diluted earnings per share (Rs.) — Restated profit for the year attributable to owner of the company / Weighted average number of dilutive equity shares outstanding during the period/year

(c) Return on net worth (%) — Restated profit for the year / Net worth at the end of the period/year

(d) Net asset value per share (Rs.) — Net worth at the end of the year / Total number of equity shares outstanding at the end of the period/year

4. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the period/year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting 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. Total number of equity shares outstanding at the beginning and end of the period/year is determined by considering the total number of fully paid up equity shares as at the period/year end.
6. Net worth for ratios mentioned in note 3(c) and 3(d) represents the aggregate of the paid up share capital, other equity (excluding revaluation reserve) and non-controlling interest as stated in Restated Consolidated Statement of Share capital, Restated Consolidated Statement of Other equity and Restated Consolidated Statement of non-controlling interest.
7. The shareholders in their meeting dated June 14, 2018 have approved a bonus issue of equity shares by capitalisation of the amounts carried under free reserves of the Company in the ratio of 9 equity shares for every 1 equity shares held by the shareholders as on the record date.
8. Accounting ratios for the quarter ended June 30, 2018 are not annualised.

Penna Cement Industries Limited
(All amounts in ₹ crores except otherwise specified)

ANNEXURE - X
Restated Consolidated Statement of Tax Shelters

	Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
A	Restated profit before tax	143.24	2,211.62	2,481.85	3,878.60	2,327.99	374.62
B	Normal tax rate	34.608%	34.608%	34.608%	34.608%	33.99%	33.99%
C	Tax thereon at the above rate (A * B)	49.57	765.40	858.92	1,342.31	791.28	127.33
D	**Tax impact of permanent differences due to:**						
	Effect of income that is exempt from taxation	0.18	(45.70)	-	(22.80)	(19.80)	-
	Effect of expenses that are not deductible in determining taxable profit	(12.96)	16.00	18.10	6.90	3.80	0.50
	Minimum alternative tax credit	-	-	-	(207.80)	-	-
	Effect of additional expenses allowed	-	(134.10)	(120.60)	(238.40)	(71.90)	5.00
	Effect of previous year adjustments	-	91.00	(14.80)	192.00	109.20	(81.90)
	Others	(17.70)	(47.88)	(75.04)	109.71	61.57	(6.97)
	Total	**(30.48)**	**(120.68)**	**(192.34)**	**(160.39)**	**82.87**	**(83.37)**
E	**Tax impact of Timing differences due to:**						
	Property, plant and equipment	(28.31)	(165.51)	198.90	(557.77)	(116.22)	(26.71)
	Fair valuation of long term liabilities	(30.80)	111.38	(52.32)	(24.15)	67.10	(23.63)
	Provision allowed under tax on payment basis	21.01	1.29	3.18	13.42	(4.92)	2.05
	Fair valuation of investments	0.23	(1.66)	0.11	0.79	-	-
	Provision for doubtful debts	2.54	0.17	(0.90)	(1.25)	1.87	(0.57)
	Minimum alternative tax credit	-	-	-	207.80	-	-
	Effect of tax on share in profit of associates	18.19	6.22	(2.64)	25.19	(136.71)	90.38
	Impact of change in tax rate	30.45	-	-	51.34	-	-
	Total	**13.31**	**(48.11)**	**146.33**	**(284.63)**	**(188.88)**	**41.52**
F	**Net adjustments (D + E)**	**(17.17)**	**(168.79)**	**(46.01)**	**(445.02)**	**(106.01)**	**(41.85)**
G	**Adjusted tax liability (C+F)**	**32.40**	**596.61**	**812.91**	**897.29**	**685.27**	**85.48**

Notes:
1. The aforesaid Restated Consolidated Statement of Tax Shelter has been prepared as per the Restated Consolidated Statement of profit and loss of the Company.
2. Income tax rate includes surcharge, education cess and secondary higher education cess as applicable for the period/years concerned.

INDEPENDENT AUDITOR'S REPORT ON RESTATED STANDALONE FINANCIAL INFORMATION

Date: November 1, 2018

To

The Board of Directors
Penna Cement Industries Limited
Lakshmi Nivas
705, Road No 3
Banjara Hills
Hyderabad - 500034

Dear Sirs,

1. We have examined, as appropriate (refer paragraphs 4, 5 and 6 below), the attached Restated Standalone Financial Information of **M/s Penna Cement Industries Limited** (the "Company"), which comprise of the Restated Ind AS Standalone Statement of Assets and Liabilities as at June 30, 2018, March 31, 2018, 2017, 2016, 2015 and 2014, the Restated Ind AS Standalone Statement of Profit and Loss (including other comprehensive income), the Restated Ind AS Standalone Statement of Changes in Equity and the Restated Ind AS Standalone Statement of Cash Flows for the years ended June 30, 2018, March 31, 2018, 2017, 2016, 2015 and 2014 and the Restated Ind AS Standalone Statement of Significant Accounting Policies and Notes for the respective periods as approved by the Board of Directors of the Company at their meeting held on November 01st, 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) Companies Act, 2013, as amended and the Rules thereunder ("the Act"); and

   a) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time in pursuance of provisions of Securities and Exchange Board of India Act, 1992 ("ICDR Regulations"); and

   b) 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. **Management Responsibilities**

The preparation of the Restated Standalone Financial Information is the responsibility of the management of the Company for the purpose set out in paragraph 12 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.

3. **Auditor's Responsibilities**

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. 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 November 01st, 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.

d) The requirements of the ICDR Regulations and other applicable laws.

4. The Restated Standalone Financial Information have been under Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015, as amended, read with section 133 of the Act and have been compiled by the company's management from:

a) Audited Standalone financial statements of the Company for the period ended June 30, 2018, March 31st, 2018 and March 31st, 2017 prepared in accordance with the Indian Accounting Standards specified under section 133 of the Act and other accounting principles generally accepted in India which have been approved by the Board of directors at their meetings held on November 01st, 2018, May 9th, 2018 and May 29th,2017 respectively.

b) Audited standalone financial statements of the Company as at and for the years ended March 31, 2016, 2015 and 2014, prepared in accordance with Indian GAAP which have been approved by the Board of Directors at their meetings held on May 27th, 2016, July 23rd, 2015 and June 19th, 2014 respectively.

The Restated Standalone Financial Information also contains the proforma standalone Ind AS financial statements as at and for the years ended March 31, 2016, 2015 and 2014. These proforma standalone Ind AS financial statements have been prepared by making Ind AS adjustments to the audited Indian GAAP financial statements as at and for the years ended March 31, 2015 and 2014 which have been approved by the Board of Directors at their meetings held on at their meetings held on July 23rd, 2015 and June 19th, 2014 respectively.

5. Based on our examination, we report that:

   a) The Restated Ind AS Standalone Statement of Assets and Liabilities of the Company as at June 30, 2018, March 31, 2018, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure-I to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure- VI: Material Adjustments to Restated Standalone Financial Information and Notes thereon.

   b) The Restated Ind AS Standalone Statement of Profits and Loss (including other comprehensive income) of the Company for the period ended June 30, 2018, March 31, 2018, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure-II to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure- VI: Material Adjustments to Restated Standalone Financial Information and Notes thereon.

   c) The Restated Ind AS Standalone Statement of Changes in Equity of the Company for the period ended June 30, 2018, March 31, 2018, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure-III to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure- VI: Material Adjustments to Restated Standalone Financial Information and Notes thereon.

   d) The Restated Ind AS Standalone Statement of Cash Flows of the Company for the period ended June 30, 2018, March 31, 2018, 2017, 2016, 2015 and 2014 examined by us, as set out in Annexure-IV to this report are after making adjustments and regrouping/reclassifications as in our opinion were appropriate and more fully described in Annexure- VI: Material Adjustments to Restated Standalone Financial Information and Notes thereon.

6. Based on the above and according to the information and explanations provided to us, we further report that the Restated Standalone Financial Information:

   a) have been made after incorporating adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods;

b) have been made after incorporating adjustments for the material amounts in the respective financial years to which they relate;

c) do not contain any extraordinary items that need to be disclosed in the Restated Standalone Financial information.

d) do not contain any qualifications in the Auditors' Report which require any corrective adjustments in the Restated Financial Information. However, there are comments relating to disputed dues reported in CARO for the financial years ended March 31, 2018, 2017, 2016, 2015 and 2014. Refer Annexure 1 of this report.

7. We have also examined the following restated standalone other financial information of the Company set out in the following Annexures, proposed to be included in the DRHP, prepared by the management and approved by the Board of Directors on June 7th, 2018 for the years ended March 31, 2018, 2017, 2016, 2015 and 2014. In respect of the years ended March 31, 2018, 2017, 2016, 2015 and 2014.

   a) Restated Standalone Statement of Property, Plant and Equipment included in Note 5 of Annexure V;
   b) Restated Standalone Statement of Capital Work in Progress included in Note 5 of Annexure V;
   c) Restated Standalone Statement of Intangible Assets included in Note 6 of Annexure V;
   d) Restated Standalone Statement of Investments (Financial Assets) included in Note 7 of Annexure V;
   e) Restated Standalone Statement of Loans (Financial Assets) included in Note 8 of Annexure V;
   f) Restated Standalone Statement of Deferred Tax Liabilities (net) included in Note 19 of Annexure V;
   g) Restated Standalone Statement of Other Non-Current Assets included in Note 9 of Annexure V;
   h) Restated Standalone Statement of Inventories included in Note 10 of Annexure V;
   i) Restated Standalone Statement of Trade Receivables included in Note 11 of Annexure V;
   j) Restated Standalone Statement of Cash and Cash Equivalents included in Note 12 of Annexure V;
   k) Restated Standalone Statement of Bank Balances Other than Cash and Cash Equivalents included in Note 12 of Annexure V;
   l) Restated Standalone Statement of Other Current Financial Assets included in Note 13 of Annexure V;
   m) Restated Standalone Statement of Other Current Assets included in Note 9 of Annexure V;
   n) Restated Standalone Statement of Equity Share Capital included in Note 14 of Annexure V;
   o) Restated Standalone Statement of Other Equity included in Note 15 of Annexure V;
   p) Restated Standalone Statement of Long Term Borrowings included in Note 16 of

Annexure V;

q) Restated Standalone Statement of Other Non-Current Financial Liabilities included in Note 17 of Annexure V;
r) Restated Standalone Statement of Long Term Provisions included in Note 18 of Annexure V;
s) Restated Standalone Statement of Short Term Borrowings included in Note 16 of Annexure V;
t) Restated Standalone Statement of Trade Payables included in Note 20 of Annexure V;
u) Restated Standalone Statement of Other Current Financial Liabilities included in Note 17 of Annexure V;
v) Restated Standalone Statement of Short Term Provisions included in Note 18 of Annexure V;
w) Restated Standalone Statement of Other Current Liabilities included in Note 22 of Annexure V;
x) Restated Standalone Statement of Revenue from Operations included in Note 23 of Annexure V;
y) Restated Standalone Statement of Other Income included in Note 24 of Annexure V;
z) Restated Standalone Statement of Cost of Material Consumed included in Note 25 of Annexure V;
aa) Restated Standalone Statement of Employee Benefit Expenses included in Note 26 of Annexure V;
bb) Restated Standalone Statement of Finance Costs included in Note 27 of Annexure V.
cc) Restated Standalone Statement of Other Expenses included in Note 28 of Annexure V.
dd) Restated Standalone Statement of Segment Reporting included in Note 34 of Annexure V;
ee) Standalone Statement of Related Party Transaction included in Note 35 of Annexure V;
ff) Material Adjustments to Restated Standalone Financial Information – Annexure VI;
gg) Statement of Dividend Paid to the Restated Standalone Financial Statements - Annexure VII;
hh) Restated Standalone Statement of Capitalization – Annexure VIII;
ii) Restated Standalone Statement of Accounting Ratios – Annexure IX
jj) Statement of Tax Shelter – Annexure X;

8. According to the information and explanations given to us, in our opinion, the Restated Standalone Financial Information and the above Restated Standalone other financial information contained in Annexures I to X accompanying this report, read with Summary of Significant Accounting Policies disclosed in Annexure-V have been prepared in accordance with the Act, the 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. 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.

11. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

12. 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 Hyderabad in connection with the proposed offer of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For C. Ramachandram & Co.,
Chartered Accountants
Firm's Registration No.: 002864S

C. Ramachandram
Partner
Membership Number: 025834

Place: Hyderabad
Date: November 1,2018

Annexure-I : Disputed dues reported in CARO during the respective years

Year 2017-18

Name of the statute	Nature of the dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Income Tax Department	Disallowance of additional depreciation on Air Pollution Equipment	26,36,350	Assessment year 2010-11	CIT (Appeals)
	Disallowance under Section 37 and 14A	5,10,64,480	Assessment year 2013-14	ITAT
	Disallowance under Section 37 and 14A	6,88,03,650	Assessment year 2014-15	ITAT
Excise Duty	Input credit on Clean Energy Cess	51,05,000	Sep-15 to March-18	CESTAT, Hyderabad
	Industrial/Institutional sale	88,86,579	April -07 to Feb-09	Commissioner, Hyderabad
		3,99,66,429	April-12 to April-13	CESTAT, Hyderabad
		2,80,24,214	Apr-12	Supreme Court
		6,72,51,991	April-14 to June-16	Commissioner,Tirupati
Customs Duty	Customs Duty on Coal	22,71,49,964	May-13	Larger Bench -Supreme Court
	Freight Not Inclusive in Assessable Value	4,60,90,649	Sep 15 to March 18	Commissioner(Appeals) Hyderabad and CESTAT, Hyderabad
Service Tax	Service Tax Credit on Freight (GTA)	1,45,30,310	Feb -08 to May -17	Commissioner, Tirupati
	Service Tax Credit on Freight (GTA)	1,24,09,515	Mar-07 to Jan-10	Commissioner, Hyderabad
	Service tax credits on demurrage charges	41,95,503	Aug-17	Commissioner, Hyderabad
Sales Tax	Penalty for Entry Tax on Dumper 2006-07 & 2007-08	80,05,000	2006-07, 2007-08	High court of AP
	TNGST 1996-97- Excess of Stock transfer price over sale price	1,06,000	1996-97	High court of Tamilnadu
	Entry Tax on goods	2,99,00,000	2014-15 to 2017-18	ACLTU Ananthapur, AP.
Total		**61,41,25,634**		

Year 2016-17

Name of the statute	Nature of the dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Income Tax Department	Disallowance of ROC fee & Licence fee & foreign travel	42,78,341	Assessment year 2008-09	Appealed to ITAT
	Disallowance	4,44,467	Assessment year 2010-11	
	Disallowance	25,57,190	Assessment year 2011-12	
	Disallowance	3,39,06,244	Assessment year 2013-14	Appealed to CIT(A)
	Disallowance	6,88,04,650	Assessment year 2014-15	
	Total	**10,99,90,892**		
Excise Duty	Clinker supplied to SEZ	73,67,757	Feb - 13 to Oct -13	Commissioner, Tirupathi
	Clinker supplied to SEZ	1,19,12,267	Mar - 12 to Jan - 13	CESTAT, Hyderabad
	Inputs/Capital Goods	9,59,58,222	Jan - 09 to Dec - 10	CESTAT, Hyderabad
	Inputs/Capital Goods	3,26,943	Jul - 01 to Feb - 02	CESTAT, Hyderabad
	Inputs/Capital Goods	2,11,834	May - 09 to Nov -11	CESTAT, Hyderabad
	Input credit on Clean Energy Cess	67,50,000	April - 10 to Feb -15	CESTAT, Hyderabad
	Industrial/Institutional Sale	88,86,579	April - 07 to Feb - 09	Commissioner, Hyderabad

	Industrial/Institutional Sale	1,07,68,730	Mar - 07 to Feb - 09	CESTAT, Hyderabad
	Industrial/Institutional Sale	5,97,79,383	Nov - 13 to Mar - 16	Commissioner, Tirupathi
	Self-Consumption/Govt. Supplies	1,28,53,639	Mar - 07 to Jul - 09	CESTAT, Hyderabad
	Self-Consumption/Govt. Supplies	2,80,24,214	Aug - 09 to Feb - 12	Supreme Court
	F.O.R Based Dispatches	4,30,26,921	April - 15 to Feb -16	CESTAT, Hyderabad
Customs Duty	Customs Duty on Coal	22,71,49,964	Mar - 12 to Dec - 12	Larger Bench - Supreme Court
Service Tax	Service Tax Credit on Freight (GTA)	5,47,37,755	Jan - 09 to Dec – 10	CESTAT, Hyderabad
	Service Tax Credit on Freight (GTA)	1,45,30,310	Aug - 06 to Sep - 10	Commissioner, Tirupathi
	TOTAL	**58,22,80,518**		
Sales Tax	Disputed tax for 1996-97 Assessment Houser TNGST @ 16%	1,07,200	1996-97	Appeal pending with T N High Court
	ITC Dispute Tax 2008-09	41,18,956	2008-09	ADC Remanded, AC(CT) Passed Order, on 01-10-14
	ITC Dispute Tax 2009-10	72,05,627	2009-10	ADC Remanded, AC(CT) Passed Order, on 01-10-14

	ITC Dispute Tax 2009-10	46,97,089	2009-10	ADC Remanded, AC(CT) Passed Order, on 01-10-14
Total		**1,61,28,872**		

Year 2015-16

Name of the statute	**Nature of the dues**	**Amount in Rs.**	**Period to which the amount relates**	**Forum where dispute is pending**
Excise	Clinker Supplied to SEZ	2,57,68,624	Nov -07 to DEC -14	Commissioner of Hyderabad
	Clinker Supplied to SEZ	4,99,17,335	Apr -11 to DEC -14	Commissioner of Tirupathi
	Inputs/Capital Goods	15,33,65,354	Jul -01 to Aug -12	CESTAT, Hyderabad
	Input credit on Clean Energy Cess	6,97,22,673	April-2010 to Aug-2015	Commissioner of Tirupathi
	Self Consumption/Govt. Supplies	74,68,233	Apr -07 to Feb -09	Commissioner of Hyderabad
	Self Consumption/Govt. Supplies	3,97,48,018	Mar -07 to Jan -13	CESTAT, Hyderabad
	Self Consumption/Govt. Supplies	4,04,69,501	Feb -13 to June-15	Commissioner of Tirupathi
	Self Consumption/Govt. Supplies	1,40,12,107	Aug 2009 to Feb 2012	Supreme Court of India
	F.O.R Based Despataches	2,53,58,121	April 2010 to Mar-2015	Commissioner of Hyderabad
Customs Duty	Customs Duty on Coal	12,04,65,150	Mar -12 to Dec -12	Excise Larger Bench Chennai
Service tax	Service Tax Credit on Freight (GTA)	1,95,23,792	Aug -06 to Sep -10	Commissioner of Hyderabad/Tirupathi
	Input credit on Dealer Commission	19,46,557	Aug-2011 to Feb 2016	Commissioner Hyderabad
CST	Ineligibility of C form 2001-02 @ diff Tax -12%	85,663	2001-02	DC(CT), ANANTHAPUR
TNGST	Regular Tax	1,07,200	1996-97	High Court of Tamil Nadu
VAT	ITC Dispute Tax	41,18,956	2008-09	AC(CT) Passed orders On 01-10-2014
	ITC Dispute Tax	72,05,627	2009-10	AC(CT) Passed orders On 01-10-2014
	ITC Dispute Tax	46,97,089	2010-11	AC(CT) Passed orders On 01-10-2014
	Total	**58,39,80,000**		

Year 2014-15

Name of the statute	Nature of the dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Excise	Inputs/Capital Goods	15,09,07,811	2011	CESTAT, Bangalore
	Self-Consumption/Govt. Supplies	74,68,233	2009	Commissioner, Hyderabad
	Self-Consumption/Govt. Supplies	2,80,21,214	2012	Supreme Court
	Self-Consumption/Govt. Supplies	3,99,66,426	2012-13	CESTAT, Bangalore
	Self-Consumption/Govt. Supplies	1,88,03,260	2014	Commissionerate, Tirupathi
Customs Duty	Customs Duty on Coal	12,04,65,150	2013	CESTAR, Bangalore
Service Tax	Service Tax Credit on Freights(GTA)	1,45,30,250	2007-11	Commissioner, Tirupathi
	Service Tax Credit on Freights(GTA)	5,15,90,000	2009	Commissioner, Hyderabad
	Service Tax Credit on Freights(GTA)	49,93,482	2010	Commissioner, Hyderabad
Total		**50,45,90,000**		

Year 2013-14

Name of the statute	Nature of the dues	Amount in Rs.	Period to which the amount relates	Forum where dispute is pending
Excise	Service Tax Credit on Freight (GTA)	2,80,000	Apr-09 to Dec-09	Commissioner, Tirupathi
	Service Tax Credit on Freight (GTA)	1,95,00,000	Aug-06 to Sep-10	CESTAT, Hyderabad
	Clinker Supplied to SEZ Developer	4,80,00,000	Nov-07 to Feb-14	CESTAT, Hyderabad
	Cement supplied to SEZ unit	2,00,000	Dec-08	CESTAT, Hyderabad
	Inputs/Capital Goods	15,34,00,000	Jul-01 to Aug-12	CESTAT, Hyderabad
	Self-Consumption/Govt. Supplies	7,50,000	April-07 to Feb-09	Commissioner, Hyderabad
	Self-Consumption/Govt. Supplies	9,00,00,000	Mar-07 to Jan-13	CESTAT, Hyderabad
	Self-Consumption/Govt. Supplies	3,70,000	Mar-12 to Jan-13	Commissioner, Tirupathi
	Self-Consumption/Govt. Supplies	7,40,000	Feb-13 to Oct-13	CESTAT, Hyderabad
Customs Duty	Customs Duty on Coal	12,05,00,000	Mar - 12 to Dec - 12	Larger Bench - Supreme Court
Service Tax	Interest on Service tax	1,00,000	Nov-97 to Jun-98	CESTAT, Hyderabad
CST	Ineligibility of C-form	1,00,000	20001-02	DC(CT), Anantapur
APVAT	Input Tax Credit	3,00,000	2004-05	ADC, Kurnool
APVAT	Input Tax Credit	65,00,000	2005-06	ADC, Kurnool
TNGST	Regular Tax	1,00,000	1996-97	High Court of Tamil Nadu
Total		**46,00,000**		

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - I

Restated Standalone Statement of Assets and Liabilities

Particular	Note of Annexure V	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
ASSETS							
1 Non-current assets							
a. Property, plant and equipment	5	16,747.88	16,997.06	11,137.62	11,821.56	10,996.73	11,568.39
b. Capital work-in-progress		4,600.07	2,420.41	2,890.74	1,442.77	1,532.48	1,024.35
c. Intangible assets	6	2.50	4.13	10.76	17.40	24.10	30.70
d. Financial assets							
i. Investments	7	1,436.08	1,436.08	766.20	766.20	7,167.68	5,562.73
ii. Loans	8	1,094.24	1,079.24	1,075.72	172.70	2,009.20	403.18
f. Other non-current assets	9	2,302.43	2,048.56	1,308.16	814.36	971.27	1,203.74
Total non-current assets		**26,183.20**	**23,985.48**	**17,189.20**	**15,034.99**	**22,701.46**	**19,793.09**
2 Current assets							
a. Inventories	10	2,048.31	1,789.50	2,735.10	2,170.50	1,690.61	2,300.23
b. Financial assets							
i. Trade receivables	11	1,606.39	902.38	850.97	1,107.27	1,484.90	970.07
ii. Cash and cash equivalents	12	297.89	239.66	202.29	687.70	374.17	66.35
iii. Bank balances other than (ii) above	12	172.88	168.63	344.38	162.32	194.05	140.89
iv. Other financial assets	13	5.22	12.46	39.59	9.83	11.21	2.87
c. Other current assets	9	1,918.37	1,700.76	2,671.57	1,968.63	3,406.55	3,063.76
Total current assets		**6,049.06**	**4,813.39**	**6,843.90**	**6,106.25**	**7,161.49**	**6,544.17**
Total assets (1+2)		**32,232.26**	**28,798.87**	**24,033.10**	**21,141.24**	**29,862.95**	**26,337.26**
EQUITY AND LIABILITIES							
1 Equity							
a. Equity share capital	14	1,338.00	133.80	133.80	133.80	133.80	133.80
b. Other equity	15	8,113.02	9,205.20	7,633.26	5,968.86	15,198.99	13,765.31
Total equity		**9,451.02**	**9,339.00**	**7,767.06**	**6,102.66**	**15,332.79**	**13,899.11**
LIABILITIES							
2 Non-current liabilities							
a. Financial liabilities							
i. Borrowings	16	11,166.04	10,111.97	6,895.26	4,530.12	4,536.65	3,485.67
ii. Other financial liabilities	17	3,435.47	2,390.65	1,610.68	2,048.27	1,325.38	1,240.96
b. Provisions	18	42.44	63.45	54.16	48.98	54.34	67.84
c. Deferred tax liabilities (net)	19	2,770.90	2,759.57	2,705.54	2,646.91	2,331.89	2,278.02
Total non-current liabilities		**17,414.85**	**15,325.64**	**11,265.64**	**9,274.28**	**8,248.26**	**7,072.49**
3 Current liabilities							
a. Financial liabilities							
i. Borrowings	16	3,302.33	2,077.61	2,130.26	2,274.18	1,866.21	1,916.77
ii. Trade payables	20						
- Payable to micro and small enterprise		-	-	-	-	-	-
- Others		498.28	491.36	1,060.94	663.13	1,627.41	1,223.57
iii. Other financial liabilities	17	961.20	594.89	502.36	1,659.26	1,734.72	1,757.73
b. Provisions	18	12.40	2.44	5.93	2.60	2.30	2.50
c. Current tax liabilities (net)	21	32.40	505.63	597.69	835.66	625.33	159.36
d. Other current liabilities	22	559.78	462.30	703.22	329.47	425.93	305.73
Total current liabilities		**5,366.39**	**4,134.23**	**5,000.40**	**5,764.30**	**6,281.90**	**5,365.66**
Total liabilities (2+3)		**22,781.24**	**19,459.87**	**16,266.04**	**15,038.58**	**14,530.16**	**12,438.15**
Total equity and liabilities (1+2+3)		**32,232.26**	**28,798.87**	**24,033.10**	**21,141.24**	**29,862.95**	**26,337.26**

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Place :
Date :

For and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN: 02086809

Sanjeev Kumar Aggarwal
Chief Financial Officer

Raj Kumar Singh
Company Secretary
MNO: 14265

Place

Date :

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - II

Restated Standalone Statement of Profit and Loss

	PARTICULARS	Note of Annexure V	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
1	Revenue from operations	23	4,565.56	18,398.30	18,803.31	18,999.16	18,239.48	16,419.46
2	Other income	24	0.27	197.83	74.88	567.00	635.75	288.98
3	**Total income (1+2)**		**4,565.83**	**18,596.13**	**18,878.19**	**19,566.16**	**18,875.23**	**16,708.44**
4	**Expenses**							
	Cost of materials consumed	25	780.32	2,954.55	2,551.36	2,821.53	3,061.38	3,119.51
	Purchase of stock in trade		-	-	287.07	-	399.79	-
	Changes in inventories of finished goods and work-in-progress		(313.00)	77.11	69.56	4.28	210.26	(103.37)
	Employee benefits expense	26	240.51	781.26	743.56	670.10	578.28	519.72
	Excise duty paid		-	636.53	2,300.97	2,256.75	2,181.99	2,040.78
	Freight charges		1,285.06	4,048.80	3,312.54	2,996.59	3,062.39	3,033.72
	Finance costs	27	259.91	1,012.84	593.69	616.88	1,069.02	663.19
	Depreciation and amortisation expense	5 and 6	272.99	815.09	803.32	757.87	721.76	721.71
	Other expenses	28	1,893.38	5,966.16	5,807.51	5,559.99	5,376.53	5,954.72
	Total expenses		**4,419.17**	**16,292.34**	**16,469.58**	**15,683.99**	**16,661.40**	**15,949.98**
5	**Restated profit before tax (3-4)**		**146.66**	**2,303.79**	**2,408.61**	**3,882.17**	**2,213.83**	**758.46**
6	**Tax expense:**	29						
	- Current tax		32.40	596.61	813.31	897.19	685.27	85.18
	- Less: Minimum alternative tax credit		-	-	-	(207.80)	-	-
	- Deferred tax		8.15	54.28	(149.31)	519.95	55.27	47.28
	Total tax expense		40.55	650.89	664.00	1,209.34	740.54	132.46
7	**Restated profit for the period / year (5-6)**		**106.11**	**1,652.90**	**1,744.61**	**2,672.83**	**1,473.29**	**626.00**
8	**Other Comprehensive Income**							
	Items that will not be reclassified to profit or loss							
	i. Remeasurement of the defined benefit plans		9.09	(5.17)	0.44	8.25	(4.10)	5.20
	ii. Equity instruments through other comprehensive income		-	4.46	-	-	-	-
	iii. Income tax relating to items that will not be reclassified to profit or loss		(3.18)	0.25	(0.15)	(2.86)	1.39	(1.77)
	Total other comprehensive (loss)/ income for the period / year (net of tax)		**5.91**	**(0.46)**	**0.29**	**5.39**	**(2.71)**	**3.43**
9	**Total Comprehensive income for the period / year (7+8)**		**112.02**	**1,652.44**	**1,744.90**	**2,678.22**	**1,470.58**	**629.43**
10	**Earnings per equity share (₹ 10 each) :**	30						
	Basic EPS (₹)		0.79	12.35	13.04	19.98	11.01	4.68
	Diluted EPS (₹)		0.79	12.35	13.04	19.98	11.01	4.68

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Place :
Date :

For and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN: 02086809

Sanjeev Kumar Aggarwal
Chief Financial Officer

Raj Kumar Singh
Company Secretary
MNO: 14265

Place :
Date :

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - III

Restated Standalone Statement of Changes in Equity

A. Equity Share Capital

Particular	Numbers	Amount
As at April 1, 2013 (Proforma)	13,380,000	133.80
Changes during the year	-	-
As at March 31, 2014 (Proforma)	13,380,000	133.80
Changes during the year	-	-
As at March 31, 2015 (Proforma)	13,380,000	133.80
Changes during the year	-	-
As at March 31, 2016	13,380,000	133.80
Changes during the year	-	-
As at March 31, 2017	13,380,000	133.80
Changes during the year	-	-
As at March 31, 2018	13,380,000	133.80
Changes during the period	120,420,000	1,204.20
As at June 30, 2018	133,800,000	1,338.00

B. Other Equity

Particulars	Reserves and Surplus					Items of Other comprehensive income	Total
	State investment subsidy	Debenture redemption reserve	Reserve on account of merger	General reserve	Retained earnings	Equity instrument through other comprehensive income	
Balance as at April 1, 2013 (Proforma)	**2.00**	**-**		**1,706.69**	**11,529.86**	**(63.47)**	**13,175.08**
Restated profit for the year	-	-	-	-	626.00	-	626.00
Remeasurement gains on defined benefit plans, net of tax	-	-	-	-	3.43	-	3.43
Payment of dividends (including dividend distribution tax)	-	-	-	-	(39.20)	-	(39.20)
Transfer to general reserve	-	-	-	350.00	(350.00)	-	-
Balance as at March 31, 2014 (Proforma)	**2.00**	**-**	**-**	**2,056.69**	**11,770.09**	**(63.47)**	**13,765.31**
Restated profit for the year	-	-	-	-	1,473.29	-	1,473.29
Remeasurement losses on defined benefit plans, net of tax	-	-	-	-	(2.71)	-	(2.71)
Addition during the year	-	-	2.30	-	-	-	2.30
Payment of dividends (including dividend distribution tax)	-	-	-	-	(39.20)	-	(39.20)
Transfer to debenture redemption reserve	-	350.00	-	-	(350.00)	-	-
Transfer to general reserve	-	-	-	350.00	(350.00)	-	-
Balance as at March 31, 2015 (Proforma)	**2.00**	**350.00**	**2.30**	**2,406.69**	**12,501.47**	**(63.47)**	**15,198.99**
Restated profit for the year	-	-	-	-	2,672.83	-	2,672.83
Remeasurement gains on defined benefit plans, net of tax	-	-	-	-	5.39	-	5.39
Payment of dividends (including dividend distribution tax)	-	-	-	-	(80.50)	-	(80.50)
Transfer to general reserve	(2.00)	-	(2.30)	354.30	(350.00)	-	-
Transfer on account of Scheme of Arrangement	-	-	-	(2,410.99)	(9,416.86)	-	(11,827.85)
Balance as at March 31, 2016	**-**	**350.00**	**-**	**350.00**	**5,332.33**	**(63.47)**	**5,968.86**
Restated profit for the year	-	-	-	-	1,744.61	-	1,744.61
Remeasurement gains on defined benefit plans, net of tax	-	-	-	-	0.29	-	0.29
Payment of dividends (including dividend distribution tax)	-	-	-	-	(80.50)	-	(80.50)
Balance as at March 31, 2017	**-**	**350.00**	**-**	**350.00**	**6,996.73**	**(63.47)**	**7,633.26**
Restated profit for the year	-	-	-	-	1,652.90	-	1,652.90
Remeasurement losses on defined benefit plans, net of tax	-	-	-	-	(4.92)	-	(4.92)
Payment of dividends (including dividend distribution tax)	-	-	-	-	(80.50)	-	(80.50)
Transfer from debenture redemption reserve	-	(105.00)	-	105.00	-	-	-
Reversal during the year	-	-	-	-	-	4.46	4.46
Balance as at March 31, 2018	**-**	**245.00**	**-**	**455.00**	**8,564.21**	**(59.01)**	**9,205.20**
Restated profit for the period	-	-	-	-	106.11	-	106.11
Remeasurement losses on defined benefit plans, net of tax	-	-	-	-	5.91	-	5.91
Issue of bonus share during the period	-	-	-	-	(1,204.20)	-	(1,204.20)
Balance as at June 30, 2018	**-**	**245.00**	**-**	**455.00**	**7,472.03**	**(59.01)**	**8,113.02**

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Place :
Date :

For and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN: 02086809

Sanjeev Kumar Aggarwal
Chief Financial Officer

Raj Kumar Singh
Company Secretary
MNO: 14265

Place :
Date :

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - IV

Restated Standalone Statement of Cash Flows

PARTICULARS	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
A. CASH FLOW FROM OPERATING ACTIVITIES						
Restated profit for the period / year	**106.11**	**1,652.90**	**1,744.61**	**2,672.83**	**1,473.29**	**626.00**
Adjustments for:						
Tax expense	40.55	650.89	664.00	1,209.34	740.54	132.46
Depreciation and amortisation expense	272.99	815.09	803.32	757.87	721.76	721.71
Loss/(gain) on sale of property, plant and equipment (net)	-	0.81	0.24	(0.08)	(0.23)	(29.28)
Remeasurement of the defined benefit plans	5.91	(4.92)	0.29	5.39	(2.71)	3.43
Interest income	(0.10)	(29.20)	(39.00)	(32.53)	(39.59)	(37.50)
Dividend income	-	(132.00)	-	(66.00)	(19.80)	(20.54)
Finance costs	259.91	1,012.84	593.69	616.88	1,069.02	663.19
Operating profit before working capital changes	**685.37**	**3,966.41**	**3,767.15**	**5,163.70**	**3,942.28**	**2,059.47**
Movements in working capital						
(Increase) / Decrease in trade receivables	(704.01)	(51.41)	256.30	361.84	(514.63)	177.46
(Increase) / Decrease in inventories	(258.81)	945.60	(564.60)	(499.78)	609.62	(998.28)
(Increase) / Decrease in loans	(515.50)	(1,457.28)	(1,570.98)	(1,618.10)	(1,381.89)	172.41
(Increase) / Decrease in other assets	(221.86)	1,146.56	(885.00)	(245.31)	(395.95)	(2,349.53)
Increase / (Decrease) in trade payables and other current liabilities	95.50	(759.45)	733.84	(1,011.89)	469.77	1,136.06
(Decrease) / Increase in provision and other non-current liabilities	109.64	551.77	(720.65)	731.95	(517.47)	892.99
Cash generated from / (used in) operation	**(809.67)**	**4,342.20**	**1,016.06**	**2,882.41**	**2,211.73**	**1,090.58**
Income taxes paid (net of refunds)	(502.45)	(688.92)	(843.34)	(681.58)	(220.70)	(105.55)
Net cash generated from / (used in) operating activities	**(1,312.12)**	**3,653.28**	**172.72**	**2,200.83**	**1,991.03**	**985.03**
B. CASH FLOW FROM INVESTING ACTIVITIES						
Net proceed / (payment) from property, plant and equipment and intangible assets	(1,000.64)	(5,619.11)	(978.78)	(1,579.28)	(392.97)	101.40
Net proceeds / (payments) from investment	-	(665.42)	-	(126.08)	(1,602.85)	(983.16)
Interest received	0.10	29.20	39.00	32.53	39.59	37.50
Dividend received	-	132.00	-	66.00	19.80	20.54
Net cash used in investing activities	**-1,000.54**	**(6,123.33)**	**(939.78)**	**(1,606.83)**	**(1,936.43)**	**(823.72)**
C. CASH FLOW FROM FINANCING ACTIVITIES						
Net proceeds from long term borrowings	1,429.28	3,275.21	1,245.96	7.64	1,082.24	(300.20)
Net proceeds from short term borrowings	1,224.72	(52.65)	(143.92)	407.97	(50.56)	637.27
Dividend Paid	-	(80.50)	(80.50)	(80.50)	(39.20)	(39.20)
Interest Paid	(283.11)	(634.64)	(739.89)	(615.58)	(739.26)	(596.53)
Net cash generated from / (used in) financing activities	**2,370.89**	**2,507.42**	**281.65**	**(280.47)**	**253.22**	**(298.66)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**58.23**	**37.37**	**(485.41)**	**313.53**	**307.82**	**(137.35)**
Cash and cash equivalents at the beginning of the period / year	239.66	202.29	687.70	374.17	66.35	203.70
Cash and cash equivalents at the end of the period / year *	**297.89**	**239.66**	**202.29**	**687.70**	**374.17**	**66.35**
* Cash and cash equivalents at the end of the year comprises (refer note no.12)						
i) Cash on hand	2.47	1.42	1.12	1.01	0.89	1.05
ii) Balances with banks	295.42	238.24	201.17	686.69	373.28	65.30

Note:
The above statement should be read with the basis of preparation and Significant Accounting policies appearing in Note 3.1 of Annexure V of Notes to the Restated Standalone Financial Information and Statement of adjustments to Audited Standalone Financial Statement appearing in Annexure VI.

In term of our report attached

For C.Ramachandhram & Co.,
Chartered Accountants
Firm Registration No. 002864S

C. Ramachandhram
Partner Membership No. 0253834

Place :
Date :

For and on behalf of the Board of Directors

P. Prathap Reddy
Chairman and Managing Director
DIN: 00093176

Bezawada Vikram
Executive Director
DIN: 02086809

Sanjeev Kumar Aggarwal
Chief Financial Officer

Raj Kumar Singh
Company Secretary
MNO: 14265

Place :
Date :

Penna Cement Industries Limited

ANNEXURE - V

Notes to restated standalone financial information

1. General Information

Penna Cement Industries Limited ('the Company') is a public limited company incorporated in India having its registered office at Hyderabad, Telangana, India. The Company is primarily engaged in the manufacturing and selling of cement, cement related products and Power.

2. Applicability of new and revised Ind AS:

2.1. Amendments to Ind AS that are notified and adopted by the Group

As per Companies (Indian Accounting Standards) (Amendment) Rules, 2018 dated March 28, 2018, Ministry of Corporate Affairs (MCA) has notified the new revenue standard Ind AS 115, Revenue from Contracts with Customers and also brought in amendment to existing Ind AS. The Rules became effective from reporting periods beginning on or after April 1, 2018.

• New revenue standard Ind AS 115 supersedes the existing standards Ind AS 18 – "Revenue" and Ind AS 11 – "Construction Contracts". The new standard provides a control-based revenue recognition model and provides a five step application principle to be followed for revenue recognition:

i. Identification of the contracts with the customer

ii. Identification of the performance obligations in the contract

iii. Determination of the transaction price

iv. Allocation of transaction price to the performance obligations in the contract (identified in step ii)

v. Recognition of revenue when the Company satisfies a performance obligation.

• Appendix B, (Foreign Currency Transactions and Advance Considerations) to Ind AS 21, "The Effects of Changes in Foreign Exchange Rates" has been notified. The appendix clarifies that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of related asset, expense or income, should be the date on which an entity has received or paid an advance consideration in a foreign currency.

Based on the assessment carried out by the management, the aforesaid amendments did not have any impact on the Restated Standalone Financial Information.

3. Significant accounting policies

3.1 Basis of preparation of financial statements

The Restated Standalone Statement of Assets and Liabilities of the Company as at June 30,2018, March 31, 2018, March 31, 2017 and March 31, 2016 and the Restated Standalone Statement of Profit and Loss, the Restated Standalone Statement of Changes in Equity and the Restated Standalone Cash flow Statement for the quarter ended June 30, 2018 and for the years ended March 31, 2018, March 31, 2017 and March 31, 2016 and Restated Other Standalone Financial Information (together referred as 'Restated Standalone Financial Information') has been prepared under Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules as amended from time to time. The Company has elected to present all five years as per Ind AS/ Proforma Ind AS, instead of Indian GAAP. The restated standalone financial information for the years ended March 31, 2015 and 2014 has 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. For the purpose of Proforma Ind AS standalone financial information for the years ended March 31, 2015 and 2014, the Company has followed the same accounting policy and accounting policy choices (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on transition date i.e. April 1,2015. Accordingly, suitable restatement adjustments (both re-measurements and reclassifications) in the accounting heads are made to the Proforma Ind AS Standalone financial information as of and for the years ended March 31, 2015 and 2014 following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions) consistent with that used at the date of transition to Ind AS (i.e. April 1, 2015).

The Restated Financial Information (including Restated Standalone Ind AS financial information for the quarter ended June 30, 2018 and for the years ended March 31, 2018, March 31, 2017 and March 31, 2016 and Restated Standalone Proforma Ind AS financial information for the year ended March 31, 2015 and 2014) have been compiled by the Company from the Special Purpose Audited Interim Standalone Financial Statements of the Company as at and for the quarter ended June 30, 2018 and Audited Standalone Financial Statements of the Company as at and for the years ended March 31, 2018 and March 31, 2017 prepared under Ind AS and as at and for the years ended March 31, 2016, 2015 and 2014 prepared under the previous generally accepted accounting principles followed in India ('Previous GAAP or Indian GAAP'). For all periods up to and including the year ended March 31, 2016, the Company prepared its audited standalone financial information in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). The standalone financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. The date of transition to Ind AS is April 1, 2015.

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of Restated Financial Information under Accounting Standards notified under Previous GAAP to Ind AS of Restated Shareholders' equity as at March 31, 2016, 2015 and 2014 and of the Restated Statement of Profit and loss and other comprehensive Income for the year ended March 31, 2016, 2015 and 2014. Reconciliation of the same is disclosed in Annexure - VI .

The restated standalone financial information are presented in Indian Rupees (INR) and all values are rounded to the nearest millions, expect where otherwise indicated.

The Restated Standalone Financial Information have been prepared by the management in connection with the proposed listing of equity shares of the Company, to be filed by the Company with SEBI, in accordance with the requirements of:

a) Section 26 of the Companies Act, 2013;

b) The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 issued by the Securities and Exchange Board of India ("SEBI") on August 26, 2009, as amended to date in pursuance of provisions of Securities and Exchange Board of India Act, 1992 read along with SEBI circular No. SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 2016 (together referred to as the "SEBI regulations"); and

c) Guidance note on reports in company prospectuses (Revised 2016).

These Restated Financial statements have been prepared using presentation and disclosure requirements of the Schedule III of Companies Act, 2013.

3.2. Operating cycle

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:
An asset is classified as current when it satisfies any of the following criteria:
a) it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realized within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:
A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

3.3. Measurement of fair values
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 under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
– Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
– Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

3.4 Revenue recognition
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the amount can be reliably measured. Revenue is measured at the fair value of consideration received or receivable taking into account the amount of discounts, volume rebates and VAT/ GST are recognised when all significant risks and rewards of ownership of the goods sold are transferred.

3.4.1 Sale of goods
Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:
• the Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
• the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
• the amount of revenue can be measured reliably;
• it is probable that the economic benefits associated with the transaction will flow to the Company; and
• the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3.4.2 Sale of power

Revenue from Generation, Transmission and Distribution of power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year. The Company determines surplus/deficit (i.e. excess/shortfall of/in aggregate gain over Return on Equity entitlement) for the year in respect of its regulated operations based on the principles laid down under the relevant Tariff Regulations/Tariff Orders as notified by respective State Regulatory Commissions. In respect of such surplus/deficit, appropriate adjustments as stipulated under the regulations are made during the year. Further, any adjustments that may arise on annual performance review by respective State Regulatory Commissions under the aforesaid Tariff Regulations/Tariff Orders is made after the completion of such review take or pay.

3.4.3 Dividend and interest income

• Dividend income from investment is recognised when the shareholder's right to receive the payment has been established (provided that it is probable that
the economic benefits will flow to the Company and the amount of income can be measured reliably).

• Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

3.5 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.

Operating Lease: Lease rentals are charged or recognised in the Statement of Profit and Loss on a straight-line basis over the lease term, except where the payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

Finance Lease: Assets held under finance leases are recognised 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 charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Company's policy on borrowing costs.

Further, at the inception of above arrangement, the Company determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.6 Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.7 Borrowing 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 profit or loss in the period in which they are incurred.

3.8 Taxation

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 restated standalone financial information 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.

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 deferred tax asset to be utilized.

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.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

Current and deferred tax expense for the year
Current and deferred tax expense is recognised in the 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.

3.9 Earnings per share
Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

3.10 Property, plant and equipment (PPE) and deprecation
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 and borrowings costs attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by the Company, or the number of production or similar units expected to be obtained from the asset by the Company. The Company has componentised its PPE and has separately assessed the life of major components.

In case of certain classes of PPE, the Company uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management's best estimation of obtaining economic benefits from those classes of assets. Such classes of assets and their estimated useful lives are as under:

Particulars	Useful life
Buildings - factory	30
Buildings – non-factory	61
Plant and equipment	19
Railway siding	21
Furniture & fixtures	16
Office equipment – others	21
Office equipment – computers	6
Vehicles	11

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

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 profit or loss.

3.11 Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortization

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Computer software is amortised on straight line basis over a period of Six years and mining lease is amortised over the period of mining agreement.

3.12 Inventories
Inventories are valued as follows:

- Raw materials, fuel, stores & spare parts and packing materials:
  Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

- Work-in- progress (WIP), finished goods and stock-in-trade:
  Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

3.13 Cash and cash equivalents
Cash comprises cash on hand, in bank and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

3.14 Cash flow statement
Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

3.15 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

3.16 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use those are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the statement of Profit & Loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the statement of Profit &Loss and reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

3.17 Investments in subsidiaries and associates

The Company's investment in its Subsidiaries and associates are carried at cost. On disposal of investment in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts (including corresponding value of dilution in deemed investment) are recognized in the Statement of Profit and Loss.

3.18 Employee benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences.

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 recognized 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.

Defined contribution plans
The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans
For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:
• service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
• net interest expense or income; and
• re-measurement

Other long-term employee benefits
Other long term employee benefit comprises of compensated absences, recognized based on the present value of defined obligation which is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted as current employee cost. Re-measurements of compensated absences is recognized in the Statement of profit and loss.

3.19 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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).

3.20 Contingent liabilities & Contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the restated financial information. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

3.21 Mines restoration provision
An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs arising from restoration at closure of the mines and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The costs are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown under "Other Expenses" in the Statement of Profit and Loss.

3.22 Financial instruments

a. Initial recognition
Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

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 asset or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognized immediately in profit or loss.

b. Subsequent measurement

(i) Financial assets carried at amortized cost: A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income: A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

(iii) Financial assets at fair value through profit or loss: A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities: Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

c. Derecognition
Financial assets
The Company derecognizes 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. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition 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 recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

Financial liabilities
The Company derecognizes 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 derecognized and the consideration paid and payable is recognized in profit or loss.

d. Impairment

The Company applies expected credit loss model for recognising impairment loss on financial assets measured at amortised cost and debt instruments at Fair Value through Other Comprehensive Income (FVTOCI).

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.
Evidence that a financial asset is credit- impaired includes the following observable data:
– significant financial difficulty of the borrower or issuer;
– the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.
The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:
– debt securities that are determined to have low credit risk at the reporting date; and
– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).
In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses
Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

4. Critical accounting judgements and key sources of estimation uncertainty.

In the application of the Company's accounting policies, which are described in Note 4, the management 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 areas of estimation uncertainty and critical judgements that the management has made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

4.1 Provision and contingent liability
On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable.

4.2 Useful lives of depreciable assets

Management reviews the useful lives of depreciable assets at each reporting date. As at March 31, 2018 the management assessed that the useful lives represent the expected utility of the assets to the Company. Further, there is no significant change in the useful lives as compared to previous year.

4.3 Investment in equity instruments of subsidiary and associate companies

The Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and the Company is confident that the investments do not require any impairment.

4.4 Mines restoration obligation
In determining the fair value of the Mines Restoration Obligation, assumptions and estimates are made in relation to discount rates, the expected cost of mines restoration and the expected timing of those costs.

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - V

Notes to restated standalone financial information

5. Restated Standalone Statement of Property, plant and equipment

Particulars	Freehold land	Building	Plant and equipment	Railway Siding	Vehicles	Office equipment	Furniture and fixtures	Total
Carrying amount								
As at June 30, 2018	1,168.72	4,636.76	10,073.31	692.55	125.31	47.18	4.05	16,747.88
As at March 31, 2018	1,165.23	4,678.07	10,279.13	704.58	119.60	46.26	4.19	16,997.06
As at March 31, 2017	1,016.09	2,110.20	7,304.16	577.43	83.46	42.16	4.12	11,137.62
As at March 31, 2016	946.33	2,190.50	7,959.95	617.69	71.69	31.60	3.80	11,821.56
As at March 31, 2015 (Proforma)	893.29	2,226.36	7,134.56	657.95	59.41	20.85	4.31	10,996.73
As at March 31, 2014 (Proforma)	862.65	2,280.87	7,637.25	698.21	64.54	20.05	4.82	11,568.39

Particulars	Freehold land	Building	Plant and equipment	Railway Siding	Vehicles	Office equipment	Furniture and fixtures	Total
Cost								
As at April 1, 2013 (Proforma)	**856.00**	**2,771.30**	**11,384.90**	**821.40**	**100.50**	**56.70**	**12.00**	**16,002.80**
Additions during the year	6.65	92.25	92.99	26.27	13.14	3.48	0.28	**235.06**
Deductions / adjustments	-	-	-	-	(4.34)	-	-	**(4.34)**
As at March 31, 2014 (Proforma)	**862.65**	**2,863.55**	**11,477.89**	**847.67**	**109.30**	**60.18**	**12.28**	**16,233.52**
Additions during the year	20.64	8.69	9.81	-	6.85	3.59	0.06	**49.64**
Deductions / adjustments	-	-	-	-	(4.34)	-	-	**(4.34)**
Additions on account of Merger (refer note 1 below)	10.00	26.10	130.40	-	1.10	0.40	0.30	**168.30**
As at March 31, 2015 (Proforma)	**893.29**	**2,898.34**	**11,618.10**	**847.67**	**112.91**	**64.17**	**12.64**	**16,447.12**

Particulars	Freehold land	Building	Plant and equipment	Railway Siding	Vehicles	Office equipment	Furniture and fixtures	Total
Accumulated depreciation								
As at April 1, 2013 (Proforma)	-	**504.40**	**3,257.10**	**109.70**	**38.60**	**36.40**	**6.80**	**3,953.00**
Additions during the year	-	78.28	583.54	39.76	9.12	3.73	0.66	**715.09**
Deductions / adjustments	-	-	-	-	(2.96)	-	-	**(2.96)**
As at March 31, 2014 (Proforma)	-	**582.68**	**3,840.64**	**149.46**	**44.76**	**40.13**	**7.46**	**4,665.13**
Depreciation for the year	-	79.50	582.70	40.26	9.24	2.79	0.67	**715.16**
Deductions / Adjustments	-	-	-	-	(1.30)	-	-	**(1.30)**
Additions on account of Merger (refer note 1 below)	-	9.80	60.20	-	0.80	0.40	0.20	**71.40**
As at March 31, 2015 (Proforma)	- -	**671.98**	**4,483.54**	**189.72**	**53.50**	**43.32**	**8.33**	**5,450.39**

Particulars	Freehold land	Building	Plant and equipment	Railway Siding	Vehicles	Office equipment	Furniture and fixtures	Total
Cost or deemed cost								
As at April 1, 2015	**893.29**	**2,226.36**	**7,134.56**	**657.95**	**59.41**	**20.85**	**4.31**	**10,996.73**
Additions during the year	63.04	59.92	1,515.37	-	19.79	14.15	0.16	**1,672.43**
Deductions / adjustments	-	-	-	-	2.29	-	-	**2.29**
Deductions on account of Merger (refer note 5 below)	(10.00)	(16.30)	(70.20)	-	(0.30)	-	(0.10)	**(96.90)**
As at March 31, 2016	**946.33**	**2,269.98**	**8,579.73**	**657.95**	**81.19**	**35.00**	**4.37**	**12,574.55**
Additions during the year	69.76	-	3.40	-	26.14	14.96	0.84	**115.10**
Deductions / adjustments	-	-	-	-	(6.87)	-	-	**(6.87)**
As at March 31, 2017	**1,016.09**	**2,269.98**	**8,583.13**	**657.95**	**100.46**	**49.96**	**5.21**	**12,682.78**
Additions during the year	149.14	2,649.28	3,680.17	168.88	52.14	9.09	0.59	**6,709.29**
Deductions / adjustments	-	-	(39.45)	-	(6.74)	-	-	**(46.19)**
As at March 31, 2018	**1,165.23**	**4,919.26**	**12,223.85**	**826.83**	**145.86**	**59.05**	**5.80**	**19,345.88**
Additions during the period	3.49	-	6.50	-	9.98	2.21	-	**22.18**
Deductions / adjustments	-	-	-	-	-	-	-	**-**
As at June 30, 2018	**1,168.72**	**4,919.26**	**12,230.35**	**826.83**	**155.84**	**61.26**	**5.80**	**19,368.06**

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - V

Notes to restated standalone financial information

5. Restated Standalone Statement of Property, plant and equipment

Particulars	Freehold land	Building	Plant and equipment	Railway Siding	Vehicles	Office equipment	Furniture and fixtures	Total
Accumulated depreciation								
As at April 1, 2015	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Depreciation for the year	-	79.48	619.78	40.26	9.68	3.40	0.57	**753.17**
Deductions / Adjustments	-	-	-	-	(0.18)	-	-	**(0.18)**
As at March 31, 2016	**-**	**79.48**	**619.78**	**40.26**	**9.50**	**3.40**	**0.57**	**752.99**
Depreciation for the year	-	80.30	659.19	40.26	12.01	4.40	0.52	**796.68**
Deductions / Adjustments	-	-	-	-	(4.51)	-	-	**(4.51)**
As at March 31, 2017	**-**	**159.78**	**1,278.97**	**80.52**	**17.00**	**7.80**	**1.09**	**1,545.16**
Depreciation for the year	-	81.41	665.75	41.73	14.06	4.99	0.52	**808.46**
Deductions / Adjustments	-	-	-	-	(4.80)	-	-	**(4.80)**
As at March 31, 2018	**-**	**241.19**	**1,944.72**	**122.25**	**26.26**	**12.79**	**1.61**	**2,348.82**
Depreciation for the period	-	41.31	212.32	12.03	4.27	1.29	0.14	**271.36**
Deductions / Adjustments	-	-	-	-	-	-	-	**-**
As at June 30, 2018	**-**	**282.50**	**2,157.04**	**134.28**	**30.53**	**14.08**	**1.75**	**2,620.18**

Notes:

1 Sriba Industries Limited (SIL) was a wholly-owned subsidiary of Penna Cement Industries Limited and was engaged in generation and sale of power.

Pursuant to the Scheme of Amalgamation ("the Scheme") of Sriba Industries Limited (SIL) (CIN: U40109TG1997PLC027846), with the Company as sanctioned by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh. The entire business and all the assets and liabilities, duties and obligations of SIL have been transferred to and vested in the Company with effect from October 1, 2014 (the appointed date).

The Scheme has, accordingly, been given effect to in these financial statements as under:
(a) All the Assets, Liabilities of SIL have been transferred to the Company at value appearing in the books of accounts of SIL as on October 1, 2014. Excess of liabilities over assets amounting to Rs. 2.3 millions is credited to Capital Reserve.

(b) As SIL was a wholly-owned subsidiary of PCIL, no shares have been allotted to the shareholders upon the scheme becoming effective.

In view of the amalgamation of SIL with the Company w.e.f October 1, 2014, the figures for the current year are not comparable with those of the previous year.

2 Details of borrowing cost capitalized:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Borrowing cost capitalisation	48.81	576.40	137.10	142.60	74.60	152.90

3 Certain property, plant and equipment are pledged as collateral against borrowings, the details related to which have been described in note 16 on 'borrowings'.

ANNEXURE - V

Notes to restated standalone financial information

5. Restated Standalone Statement of Property, plant and equipment

4 PCIL Power and Holdings Limited (PPHL or Resulting Company) was a wholly-owned subsidiary of Penna Cement Industries Limited. It was initiated to carry the business of power generation, investment and finance.

As per the Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh, the company has transferred the business segment of Gas power including strategic investments in power & alumina business and corporate management services to PPHL whose equity shares are not listed in any stock exchange in India or abroad.

The Scheme became effective from February 1, 2016 (with an appointed date of April 1, 2015) when the sanction of the Hon'ble High Court of Judicature at Hyderabad for the State of Telangana and Andhra Pradesh and filing of the certified copy of the same with the Registrar of Companies, Hyderabad. The Scheme of Arrangement has been accounted for in terms of the Court Orders and alterations or modifications as approved by the Board of Directors of the Company and the Resulting Company as provided for in the Scheme.

All the assets pertaining to the Gas power business segment including strategic investments in power and alumina business and corporate management services of the Company, on the appointed date, have been transferred to the Resulting Company.

The excess of assets over liabilities relating to the demerged undertaking has been transferred as at April 1, 2015 and adjusted in terms of the Scheme against the General reserve and retained earning of the Company.

ANNEXURE - V

Notes to restated standalone financial information

6. Restated Standalone Statement of Intangible assets

Particulars	Computer software	Mining rights	Total
Carrying amount			
As at June 30, 2018	0.94	1.56	2.50
As at March 31, 2018	2.55	1.58	4.13
As at March 31, 2017	9.12	1.64	10.76
As at March 31, 2016	15.70	1.70	17.40
As at March 31, 2015 (Proforma)	22.30	1.80	24.10
As at March 31, 2014 (Proforma)	28.80	1.90	30.70

Particulars	Computer software	Mining rights	Total
Cost			
Balance as at April 1, 2013 (Proforma)	**39.80**	**2.00**	**41.80**
Additions during the year	0.50	-	0.50
Deductions	-	-	-
Balance as at March 31, 2014 (Proforma)	**40.30**	**2.00**	**42.30**
Additions during the year	-	-	-
Deductions	-	-	-
Balance as at March 31, 2015 (Proforma)	**40.30**	**2.00**	**42.30**

Particulars	Computer software	Mining rights	Total
Accumulated amortisation			
Balance as at April 1, 2013 (Proforma)	**5.00**	-	**5.00**
Amortisation for the year	6.50	0.10	6.60
Deductions	-	-	-
Balance as at March 31, 2014 (Proforma)	**11.50**	**0.10**	**11.60**
Amortisation for the year	6.50	0.10	6.60
Deductions	-	-	-
Balance as at March 31, 2015 (Proforma)	**18.00**	**0.20**	**18.20**

Particulars	Computer software	Mining rights	Total
Cost or deemed cost			
Balance as at April 1, 2015	**22.30**	**1.80**	**24.10**
Additions during the year	-	-	-
Deductions	-	-	-
Balance as at March 31, 2016	**22.30**	**1.80**	**24.10**
Additions during the year	-	-	-
Deductions	-	-	-
Balance as at March 31, 2017	**22.30**	**1.80**	**24.10**
Additions during the year	-	-	-
Deductions	-	-	-
Balance as at March 31, 2018	**22.30**	**1.80**	**24.10**
Additions during the period	-	-	-
Deductions	-	-	-
Balance as at June 30, 2018	**22.30**	**1.80**	**24.10**

Particulars	Computer software	Mining rights	Total
Accumulated amortisation			
Balance as at April 1, 2015	-	-	-
Amortisation for the year	-	-	-
Deductions	6.60	0.10	6.70
Balance as at March 31, 2016	**6.60**	**0.10**	**6.70**
Amortisation for the year	6.58	0.06	6.64
Deductions	-	-	-
Balance as at March 31, 2017	**13.18**	**0.16**	**13.34**
Amortisation for the year	6.57	0.06	6.63
Deductions	-	-	-
Balance as at March 31, 2018	**19.75**	**0.22**	**19.97**
Amortisation for the period	1.61	0.02	1.63
Deductions	-	-	-
Balance as at June 30, 2018	**21.36**	**0.24**	**21.60**

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - V

Notes to restated standalone financial information

7. Restated Standalone Statement of Investments

Particulars	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015 (Proforma)		As at March 31, 2014 (Proforma)	
	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount	Units	Amount
Investments in Equity Instruments												
Unquoted investment (measured at cost)												
(i) Investments in subsidiaries												
Pioneer Cement Industries Limited (Fully paid up) (Face value ₹ 10 per share)	124,861,078	1,248.61	124,861,078	1,248.61	58,319,047	583.19	58,319,047	583.19	58,319,047	583.19	19,913,170	199.13
Penna Global Investments FZ – LLC (Fully paid up) (Face value 1,000 Dirhams per share)	-	-	-	-	-	-	-	-	86,465	1,001.40	86,465	1,001.40
PCIL Power & Holdings Limited (Fully paid up) (Face value ₹ 10 per share)	-	-	-	-	-	-	-	-	50,000	0.50	-	-
		1,248.61		1,248.61		583.19		583.19		1,585.09		1,200.53
(ii) Investments in associates												
Parasakthi Cement Industries Limited (Fully paid up) (Face value ₹ 10 per share)	13,200,000	166.00	13,200,000	166.00	13,200,000	166.00	13,200,000	166.00	13,200,000	166.00	13,200,000	166.00
Anrak Aluminium Limited (Fully paid up) (Face value ₹ 10 per share)	-	-	-	-	-	-	-	-	489,609,930	5,104.60	402,060,000	4,179.10
Pioneer Power Limited (Fully paid up) (Face value ₹ 10 per share)	-	-	-	-	-	-	-	-	27,998,648	280.00	-	-
Pioneer Power Corporation Limited (Fully paid up) (Face value ₹ 10 per share)	-	-	-	-	-	-	-	-	15,00,000	15.00	-	-
Anrak Seaports Limited (Fully paid up) (Face value ₹ 10 per share)	-	-	-	-	-	-	-	-	-	-	10,000.00	0.10
		166.00		166.00		166.00		166.00		5,565.58		4,345.19
Unquoted investment (measured at fair value though other comprehensive income)												
(i) Other equity investments												
Andhra Pradesh Gas Power Corporation Limited (Fully paid up) (Face value ₹ 10 per share)	536,000	21.47	536,000	21.47	536,000	17.01	536,000	17.01	536,000	17.01	536,000	17.01
		21.47		21.47		17.01		17.01		17.01		17.01
Aggregate value of investments		**1,436.08**		**1,436.08**		**766.20**		**766.20**		**7,167.68**		**5,562.73**
Aggregate carrying value of un-quoted investments		1,436.08		1,436.08		766.20		766.20		7,167.68		5,562.73
Aggregate amount of impairment in value of investments		59.01		59.01		63.47		63.47		63.47		63.47

Details of the subsidiaries / associates

Name of the entity	Principal activity of the entity	Place of incorporation and principal place of business	Proportion of ownership interest/ voting rights held by the Company (%)				
			As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Subsidiaries							
Pioneer Cement Industries Limited	Yet to commence operations	India	100%	100%	100%	100%	100%
Penna Global Investments FZ - LLC	Investment company	UAE	-	-	-	100%	100%
PCIL Power & Holdings Limited	Power generation	India	-	-	-	100%	-
Associates							
Parasakthi Cement Industries Limited	Cement manufacture	India	50%	50%	50%	50%	50%
Anrak Aluminium Limited	Yet to commence operations	India	-	-	-	33.10%	29.12%
Anrak Seaports Limited	Yet to commence operations	India	-	-	-	-	20%
Pioneer Power Limited	Power generation	India	-	-	-	36.84%	-
Pioneer Power Corporation Limited (Refer note below)	Power generation	India	-	-	-	4.85%	-

Note:
The Company also holds 22.71% of ownership interest in Pioneer Power Corporation Limited through Penna Global Investments FZ - LLC and accordingly, it has been classified as an associate company.

8. Restated Standalone Statement of Loans

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non-current						
(Considered good, unsecured)						
Security deposit	266.50	251.50	242.98	152.69	271.86	271.88
Advance for investment (Refer note below)	827.74	827.74	832.74	20.01	1,737.34	131.30
Total	**1,094.24**	**1,079.24**	**1,075.72**	**172.70**	**2,009.20**	**403.18**

Note:
Advance for investment represents advance given for the purchase of Compulsory Redeemable Preference Share of Anrak Aluminium Limited from L&T Infrastructure Finance Company Limited.

ANNEXURE - V

Notes to restated standalone financial information

9. Restated Standalone Statement of Other assets

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non current						
Prepayments	349.31	349.31	349.40	-	-	-
Capital advances	1,953.12	1,699.25	958.76	814.36	971.27	1,203.74
Total	**2,302.43**	**2,048.56**	**1,308.16**	**814.36**	**971.27**	**1,203.74**
Current						
Advances to supplier (Refer note 35)	1,656.88	941.36	1,826.65	1,002.58	2,736.66	2,984.62
Balance with government authorities	126.14	649.75	779.38	892.22	596.15	8.15
Advances to employees	13.44	10.58	9.84	11.03	8.47	10.17
Prepayments	71.59	78.86	33.54	41.68	41.91	36.19
Others (Refer note below)	50.32	20.21	22.16	21.12	23.36	24.63
Total	**1,918.37**	**1,700.76**	**2,671.57**	**1,968.63**	**3,406.55**	**3,063.76**

Note:
Other advances as at June 30, 2018 includes amount recoverable from shareholders amounting to ₹ 45.11 on account of share issue expense for proposed Initial Public Offer ('IPO'). These receivables includes fees paid to Bankers, Stock Exchanges, Securities Exchange Board of India (SEBI), Lawyers, Auditors, etc., in connection with the IPO of the Company. As per offer agreement between the Company and the selling shareholders, upon successful completion of the offer, all expenses with respect to the IPO will be borne by the selling shareholders in proportion to their respective Offered Shares sold pursuant to the Offer. Accordingly, the Company has classified the expenses incurred in connection with the IPO as receivable from selling shareholders under other current assets.

10. Restated Standalone Statement of Inventories

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Inventories						
- Raw materials	85.19	182.92	62.34	63.24	129.84	73.40
- Work-in-progress	388.77	145.70	232.24	275.11	247.81	367.30
- Finished goods	125.39	55.46	46.03	72.72	104.30	195.07
- Stores and spares	899.55	937.65	1,230.51	722.72	552.35	484.49
- Goods in transit	-	-	312.00	-	275.55	981.89
- Fuel and packing material	549.41	467.77	851.98	1,036.71	380.76	198.08
Total	**2,048.31**	**1,789.50**	**2,735.10**	**2,170.50**	**1,690.61**	**2,300.23**

Notes:
The cost of inventories recognised as an expense during the year in respect of continuing operations was ₹ 2,362.99 millions (for the year ended March 31, 2018: ₹ 9,428.1 millions; for the year ended March 31, 2017: ₹ 10,817.4 millions; for the year ended March 31, 2016: ₹ 10,949.2 millions; for the year ended March 31, 2015 (Proforma): ₹ 11,152 millions; for the year ended March 31, 2014 (Proforma): ₹ 10,936.2 millions)

11. Restated Standalone Statement of Trade receivables

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Current						
Trade receivables						
- Considered good - secured	126.71	13.10	34.50	36.70	48.60	48.60
- Considered good - unsecured,	1,479.68	889.28	816.47	1,070.57	1,436.30	921.47
- Credit impaired	16.20	9.09	8.60	11.18	15.00	9.80
	1,622.59	911.47	859.57	1,118.45	1,499.90	979.87
Less: Allowance for doubtful receivables	(16.20)	(9.09)	(8.60)	(11.18)	(15.00)	(9.80)
Total	**1,606.39**	**902.38**	**850.97**	**1,107.27**	**1,484.90**	**970.07**

Notes:
1 Trade receivables are dues in respect of goods sold and services rendered in the normal course of business.
2 The average credit period on sale is 30 days. No interest is charged on trade receivables for delay payments.
3 The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a detailed analysis of trade receivables by individual departments.
4 Refer note 35 for dues by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member.
5 Movement in the expected credit loss allowance:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of the period / year	9.09	8.60	11.18	15.00	9.80	-
Recognized during the period / year	7.11	0.49	-	-	5.20	9.80
Reversed during the period / year	-	-	(2.58)	(3.82)	-	-
Balance at end of the period / year	**16.20**	**9.09**	**8.60**	**11.18**	**15.00**	**9.80**

6 Ageing for trade receivables:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Less than 180 days	1,565.24	892.88	842.07	1,099.47	1,475.20	960.87
More than 180 days	41.15	9.50	8.90	7.80	9.70	9.20

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - V

Notes to restated standalone financial information

12. Restated Standalone Statement of Cash and cash equivalents and other bank balances

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Cash and cash equivalents						
Cash on hand	2.47	1.42	1.12	1.01	0.89	1.05
Balances with Banks						
- current account	295.42	238.24	201.17	686.69	373.28	65.30
Total	**297.89**	**239.66**	**202.29**	**687.70**	**374.17**	**66.35**
Other bank balances						
Deposits held as margin money for bank guarantees	172.88	168.63	344.38	162.32	194.05	140.89
Total	**172.88**	**168.63**	**344.38**	**162.32**	**194.05**	**140.89**

13. Restated Standalone Statement of other financial assets

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Earnest money deposit	5.22	12.46	39.59	9.83	11.21	2.87
Total	**5.22**	**12.46**	**39.59**	**9.83**	**11.21**	**2.87**

ANNEXURE - V

Notes to restated standalone financial information

14. Restated Standalone Statement of Equity share capital

Particulars	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015 (Proforma)		As at March 31, 2014 (Proforma)	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Equity share capital												
Authorised share capital:												
Equity Shares of ₹ 10 each with voting rights	150,000,000	1,500.00	150,000,000	1,500.00	75,000,000	750.00	75,000,000	750.00	75,000,000	750.00	75,000,000	750.00
Issued share capital:												
Equity Shares of ₹ 10 each with voting rights	133,800,000	1,338.00	13,380,000	133.80	13,380,000	133.80	13,380,000	133.80	13,380,000	133.80	13,380,000	133.80
Subscribed and Paid-up share capital:												
Equity Shares of ₹ 10 each with voting rights	133,800,000	1,338.00	13,380,000	133.80	13,380,000	133.80	13,380,000	133.80	13,380,000	133.80	13,380,000	133.80
Total	**133,800,000**	**1,338.00**	**13,380,000**	**133.80**	**13,380,000**	**133.80**	**13,380,000**	**133.80**	**13,380,000**	**133.80**	**13,380,000**	**133.80**

Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period.

Particulars	Number of share	Amount
As at April 1, 2013 (Proforma)	**13,380,000**	**133.80**
Issued during the year	-	-
As at March 31, 2014 (Proforma)	**13,380,000**	**133.80**
Issued during the year	-	-
As at March 31, 2015 (Proforma)	**13,380,000**	**133.80**
Issued during the year	-	-
As at March 31, 2016	**13,380,000**	**133.80**
Issued during the year	-	-
As at March 31, 2017	**13,380,000**	**133.80**
Issued during the year	-	-
As at March 31, 2018	**13,380,000**	**133.80**
Issued during the period	120,420,000	1,204.20
As at June 30, 2018	**133,800,000**	**1,338.00**

Details of shares held by each shareholder holding more than 5% shares

Class of shares / Name of shareholder	As at June 30, 2018		As at March 31, 2018		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015 (Proforma)		As at March 31, 2014 (Proforma)	
	Number	% holding	Number	% holding	Number	% holding	Number	% holding	Number	% holding	Number	% holding
Equity shares with voting rights												
Shri. P. Prathap Reddy	13,635,000	10.19	1,363,500	10.19	1,358,500	10.15	1,358,500	10.15	1,358,500	10.15	1,358,500	10.15
M/s P. R. Cement Holdings Ltd	44,701,100	33.41	4,470,110	33.41	4,460,110	33.33	4,460,110	33.33	4,460,110	33.33	4,460,110	33.33
Shri. P. Prathap Reddy, Partner, Pioneer Builders	70,094,800	52.39	7,009,480	52.39	7,009,480	52.39	7,009,480	52.39	7,009,480	52.39	7,009,480	52.39

Terms / rights attached to the equity shares

The Company has only one class of equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuring Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

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Notes to restated standalone financial information

15. Restated Standalone Statement of Other equity

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
General reserve	350.00	350.00	350.00	350.00	2,406.69	2,056.69
Debenture redemption reserve	245.00	245.00	350.00	350.00	350.00	-
Retained earnings	7,577.03	8,669.21	6,996.73	5,332.33	12,501.47	11,770.09
Reserve for equity instrument through other comprehensive income	(59.01)	(59.01)	(63.47)	(63.47)	(63.47)	(63.47)
State investment subsidy	-	-	-	-	2.00	2.00
Reserve on account of Merger	-	-	-	-	2.30	-
Total	**8,113.02**	**9,205.20**	**7,633.26**	**5,968.86**	**15,198.99**	**13,765.31**

1. **General reserve**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period / year	350.00	350.00	350.00	2,406.69	2,056.69	1,706.69
Transferred from retained earnings	-	-	-	350.00	350.00	350.00
Transfer from state investment subsidy	-	-	-	2.00	-	-
Transfer from reserve on account of merger	-	-	-	2.30	-	-
Transfer on account of scheme of arrangement	-	-	-	(2,410.99)	-	-
Total balance at the end of period / year	**350.00**	**350.00**	**350.00**	**350.00**	**2,406.69**	**2,056.69**

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

2. **Debenture redemption reserve**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period / year	245.00	350.00	350.00	350.00	-	-
Transferred from retained earnings	-	(105.00)	-	-	350.00	
Total balance at the end of period / year	**245.00**	**245.00**	**350.00**	**350.00**	**350.00**	**-**

3. **State investment subsidy**

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period / year	-	-	-	2.00	2.00	-
Addition during the period / year	-	-	-	-	-	2.00
Transferred to general reserve	-	-	-	(2.00)		-
Total balance at the end of period / year	**-**	**-**	**-**	**-**	**2.00**	**2.00**

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

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Notes to restated standalone financial information

4. Reserve for equity instrument through other comprehensive income

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period / year	(59.01)	(63.47)	(63.47)	(63.47)	(63.47)	-
Addition during the period / year	-	-	-	-	-	(63.47)
Reversal during the period / year	-	4.46	-	-	-	-
Total balance at the end of period / year	**(59.01)**	**(59.01)**	**(63.47)**	**(63.47)**	**(63.47)**	**(63.47)**

5. Reserve on account of merger

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period / year	-	-	-	2.30	-	-
Addition during the period / year	-	-	-	-	2.30	-
Transfer to general reserve	-	-	-	(2.30)	-	-
Total balance at the end of period / year	**-**	**-**	**-**	**-**	**2.30**	**-**

6. Retained earnings

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of period / year	8,669.21	6,996.73	5,332.33	12,501.47	11,770.09	11,529.86
Profit during the period / year	106.11	1,652.90	1,744.61	2,672.83	1,473.29	626.00
Other comprehensive income arising from remeasurement of defined benefit obligation, net of income tax	5.91	(4.92)	0.29	5.39	(2.71)	3.43
Payment of dividends on equity shares and tax thereon	-	(80.50)	(80.50)	(80.50)	(39.20)	(39.20)
Transfer to general reserve	-	-	-	(350.00)	(350.00)	(350.00)
Transfer to debenture redemption reserve	-	105.00	-	-	(350.00)	-
Transfer on account of Scheme of Arrangement	-	-	-	(9,416.86)	-	-
Issue of bonus share during the period	(1,204.20)	-	-	-	-	-
Total balance at the end of period / year	**7,577.03**	**8,669.21**	**6,996.73**	**5,332.33**	**12,501.47**	**11,770.09**

Retained earnings reflect surplus/deficit after taxes in the profit or loss. The amount that can be distributed by the Company as dividends to its equity shareholders is determined based on the balance in this reserve and also considering the requirements of the Companies Act, 2013.

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

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Notes to restated standalone financial information

16. Restated Standalone Statement of Borrowings

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non Current						
Secured – at amortised cost						
Debentures	-	140.00	245.00	350.00	350.00	-
Term loans						
- from banks	6,459.24	5,177.24	3,205.13	1,758.40	1,625.60	2,253.46
- from others	3,584.38	3,706.60	2,244.40	1,139.70	1,249.40	-
Unsecured – at amortised cost						
Sales tax deferment loan	1,122.42	1,088.13	1,200.73	1,282.02	1,311.65	1,232.21
Total	**11,166.04**	**10,111.97**	**6,895.26**	**4,530.12**	**4,536.65**	**3,485.67**
Current						
Secured – at amortised cost						
Loans repayable on demand						
- from banks	1,850.36	1,786.01	1,348.78	1,655.34	1,456.99	1,495.42
Buyers Credit	1,451.97	291.60	781.48	618.84	409.22	421.35
Total	**3,302.33**	**2,077.61**	**2,130.26**	**2,274.18**	**1,866.21**	**1,916.77**

16.1. Terms and conditions:

Non-convertible debentures

S. No	Name of the borrowing	Pertaining to balance as at	Carrying rate of interest	Repayment Schedule/Redemption	Security	Repayment default/ Prepayment, if any
1	Non-Convertible Debentures	March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015	12.25%	Jun-17 to Jun-19	Secured by way of first charge, having paripassu rights, on the Company's movable and immovable assets (save and except stocks and book debt), both present and future,	None

Term loans from banks

S. No	Name of the borrowing	Pertaining to balance as at	Carrying rate of interest	Repayment Schedule/Redemption	Security	Repayment default/ Prepayment, if any
2	Bank of Maharashtra	March 31, 2017, March 31, 2016, March 31, 2015	Base Rate + 2%	Jun-15 to Mar-19	Secured by way of first charge, having paripassu rights, on the Company's movable and immovable assets (save and except stocks and book debt), both present and future, in favour of Company's lenders/trustees, subject to prior charge on the movable assets in favour of Sate Bank of India, IDBI Bank Ltd and YES Bank Ltd for their working capital facilities. They are further secured by personal guarantee of Shri P. Prathap Reddy, Chairman and Managing Director of the Company.	Prepayment made in Financial year 2017-18
3	Dhanlaxmi Bank Limited	March 31, 2017, March 31, 2016, March 31, 2015	Base Rate + 1%	Jun-17 to Mar-23		Prepayment made in Financial year 2017-18
4	The South Indian Bank Limited	March 31, 2017, March 31, 2016, March 31, 2015	Base Rate + 2%	Jun-17 to Mar-23		Prepayment made in Financial year 2017-18
5	Yes Bank Limited	March 31, 2017, March 31, 2016, March 31, 2015	Base Rate + 1.50%	Jun-17 to Mar-23		Prepayment made in Financial year 2017-18
6	Yes Bank Limited	March 31, 2017, March 31, 2016, March 31, 2015	Base Rate + 1.50%	Jun-17 to Mar-23		Prepayment made in Financial year 2017-18
7	Yes Bank Limited	March 31, 2017,	MCLR + 2.30%	Jun -19 to May-25		Prepayment made in Financial year 2017-18
8	Yes Bank Limited	March 31, 2018,	MCLR + 2.25%	Jun- 19 to Mar-27		None
9	Yes Bank Limited	March 31, 2018,	MCLR + 1.75%	Sep-18 to Dec-20		None
10	Syndicate Bank	March 31, 2014,	PLR	Nov-11 to Aug-16		None
11	State Bank of India	March 31, 2014,	Base Rate + 3.85%	Jun-14 to Sept-16		None

Penna Cement Industries Limited
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Notes to restated standalone financial information

Other loan from bank

S. No	Name of the borrowing	Pertaining to balance as at	Carrying rate of interest	Repayment Schedule/Redemption	Security	Repayment default/ Prepayment, if any
10	ICICI Bank Limited	March 31, 2018,	8.20%	Oct-17 to Sept-19	Vehicle loan is secured by first and exclusive charge on vehicle.	None

Other loans from financial institutions

S. No	Name of the borrowing	Pertaining to balance as at	Carrying rate of interest	Repayment Schedule/Redemption	Security	Repayment default/ Prepayment, if any
11	L&T Finance Limited	March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014	PLR - 2.75%	Jan-13 to Feb-18	Secured by way of first charge, having paripassu rights, on the Company's movable and immovable assets (save and except stocks and book debt), both present and future, in favour of Company's lenders/trustees, subject to prior charge on the movable assets in favour of Sate Bank of India, IDBI Bank Ltd and YES Bank Ltd for their working capital facilities. They are further secured by personal guarantee of Shri P. Prathap Reddy, Chairman and Managing Director of the Company.	Prepayment made in Financial year 2017-18
12	L&T Infrastructure Finance Corporation Limited	March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014	PLR - 2.75%	Jan-13 to Feb-18		Prepayment made in Financial year 2017-18
13	L&T Infrastructure Finance Corporation Limited	March 31, 2017, March 31, 2016, March 31, 2015	PLR - 3%	Sep-14 to Dec-20		Prepayment made in Financial year 2017-18
14	L&T Infrastructure Finance Corporation Limited	March 31, 2017, March 31, 2016,	PLR - 3%	Jun-16 to May-20		Prepayment made in Financial year 2017-18
15	L&T Infrastructure Finance Corporation Limited	March 31, 2017,	PLR - 3.75%	Jun-17 to Mar-23		Prepayment made in Financial year 2017-18
16	L&T Finance Limited	March 31, 2017,	PLR - 3.75%	Jun-17 to Mar-23		Prepayment made in Financial year 2017-18
17	L&T Finance Limited	March 31, 2018,	PLR - 4.40%	Jun - 19 to Mar-27		None
18	Hero FinCorp Limited	March 31, 2017, March 31, 2016,	12.25%	Aug-16 to Apr-20		Prepayment made in Financial year 2017-18
19	Hero FinCorp Limited	March 31, 2018,	SBI MCLR + 3%	Jun - 19 to Mar-27		None

Other Borrowings

S. No	Name of the borrowing	Pertaining to balance as at	Carrying rate of interest	Repayment Schedule/Redemption	Security	Repayment default/ Prepayment, if any
20	Sales Tax Deferment Loan	March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015, March 31, 2014	Not applicable	Mar-15 to Mar-24	Unsecured	None

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

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Notes to restated standalone financial information

17. Restated Standalone Statement of Other financial liabilities

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non Current						
Deposit received from dealers	1,414.49	1,317.00	375.81	1,251.17	426.55	600.56
Capital creditors	2,020.98	1,073.65	1,234.87	797.10	898.83	640.40
Total	**3,435.47**	**2,390.65**	**1,610.68**	**2,048.27**	**1,325.38**	**1,240.96**
Current						-
Current maturities of long-term debt						
- from banks	263.40	16.27	-	452.15	737.48	978.62
- from others	517.38	389.30	347.07	1,014.10	714.60	442.20
Interest accrued but not due on borrowings	20.24	20.24	3.22	2.09	0.97	-
Others	160.18	169.08	152.07	190.92	281.67	336.91
Total	**961.20**	**594.89**	**502.36**	**1,659.26**	**1,734.72**	**1,757.73**

18. Restated Standalone Statement of Provisions

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Non Current						
Provision for employee benefits (Refer note 32)						
- Gratuity	4.65	16.76	13.29	15.46	7.65	27.50
- Unveiled Leave and compensated absences	34.27	43.26	38.60	31.47	44.84	38.68
	38.92	60.02	51.89	46.93	52.49	66.18
Provision towards mine closure (Refer note below)	3.52	3.43	2.27	2.05	1.85	1.66
Total	**42.44**	**63.45**	**54.16**	**48.98**	**54.34**	**67.84**
Current						
Provision for employee benefits (Refer note 32)						
- Gratuity	0.73	2.18	4.74	2.60	2.30	2.50
- Unveiled Leave and compensated absences	11.67	0.26	1.19	-	-	-
Total	**12.40**	**2.44**	**5.93**	**2.60**	**2.30**	**2.50**

Note:
Movement in provision towards mine closure:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Balance at beginning of the period / year	3.43	2.27	2.05	1.85	1.66	-
Recognized during the period / year	0.09	1.16	0.22	0.20	0.19	1.66
Balance at end of the period / year	**3.52**	**3.43**	**2.27**	**2.05**	**1.85**	**1.66**

19. Restated Standalone Statement of Deferred tax balances

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Deferred tax assets (a)	55.43	38.62	38.82	244.53	30.15	33.20
Deferred tax liabilities (b)	2,826.33	2,798.19	2,744.36	2,891.44	2,362.04	2,311.22
Net deferred tax liabilities (b-a)	**2,770.90**	**2,759.57**	**2,705.54**	**2,646.91**	**2,331.89**	**2,278.02**

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

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Notes to restated standalone financial information

19. Restated Standalone Statement of Deferred tax balances

19.1. Deferred tax assets / (liabilities) in relation to:

Particulars	Opening balance	Recognised in profit or loss	Recognised in other comprehensive income	Closing balance
As at June 30, 2018				
Deferred tax assets				
Provision allowed under tax on payment basis	15.06	17.51	(3.18)	29.39
Provision for doubtful debts	3.14	2.48	-	5.62
Fair valuation of investments	20.42	-	-	20.42
Total	**38.62**	**19.99**	**(3.18)**	**55.43**
Deferred tax liabilities				
Property, plant and equipment	2,211.31	4.08	-	2,215.39
Fair valuation of long term liabilities	586.88	24.06	-	610.94
Total	**2,798.19**	**28.14**	**-**	**2,826.33**
Net deferred tax liabilities	**2,759.57**	**8.15**	**3.18**	**2,770.90**
As at March 31, 2018				
Deferred tax assets				
Provision allowed under tax on payment basis	13.77	(0.62)	1.91	15.06
Provision for doubtful debts	2.97	0.17	-	3.14
Fair valuation of investments	22.08	-	(1.66)	20.42
Total	**38.82**	**(0.45)**	**0.25**	**38.62**
Deferred tax liabilities				
Property, plant and equipment	2,046.10	165.21	-	2,211.31
Fair valuation of long term liabilities	698.26	(111.38)	-	586.88
Total	**2,744.36**	**53.83**	**-**	**2,798.19**
Net deferred tax liabilities	**2,705.54**	**54.28**	**(0.25)**	**2,759.57**
As at March 31, 2017				
Deferred tax assets				
Provision allowed under tax on payment basis	10.89	3.03	(0.15)	13.77
Minimum alternative tax credit	207.80	(207.80)	-	-
Provision for doubtful debts	3.87	(0.90)	-	2.97
Fair valuation of investments	21.97	0.11	-	22.08
Total	**244.53**	**(205.56)**	**(0.15)**	**38.82**
Deferred tax liabilities				
Property, plant and equipment	2,245.50	(199.40)	-	2,046.10
Fair valuation of long term liabilities	645.94	52.32	-	698.26
Total	**2,891.44**	**(147.08)**	**-**	**2,744.36**
Net deferred tax liabilities	**2,646.91**	**58.48**	**0.15**	**2,705.54**
As at March 31, 2016				
Deferred tax assets				
Minimum alternative tax credit	-	207.80	-	207.80
Provision allowed under tax on payment basis	3.38	10.37	(2.86)	10.89
Fair valuation of investments	21.57	0.40	-	21.97
Provision for doubtful debts	5.20	(1.33)	-	3.87
Total	**30.15**	**217.24**	**(2.86)**	**244.53**
Deferred tax liabilities				
Property, plant and equipment	1,728.72	516.78	-	2,245.50
Fair valuation of long term liabilities	633.32	12.62	-	645.94
Total	**2,362.04**	**529.40**	**-**	**2,891.44**
Net deferred tax liabilities	**2,331.89**	**312.16**	**2.86**	**2,646.91**
As at March 31, 2015 (Proforma)				
Deferred tax assets				
Provision allowed under tax on payment basis	8.30	(6.31)	1.39	3.38
Fair valuation of investments	21.57	-	-	21.57
Provision for doubtful debts	3.33	1.87	-	5.20
	33.20	**(4.44)**	**1.39**	**30.15**
Deferred tax liabilities				
Fair valuation of long term liabilities	700.42	(67.10)	-	633.32
Property, plant and equipment	1,610.80	117.92		1,728.72
Total	**2,311.22**	**50.82**	**-**	**2,362.04**
Net deferred tax liabilities	**2,278.02**	**55.26**	**(1.39)**	**2,331.89**
As at March 31, 2014 (Proforma)				
Deferred tax assets				
Provision allowed under tax on payment basis	6.25	3.82	(1.77)	8.30
Provision for doubtful debts	3.90	(0.57)	-	3.33
Fair valuation of investments	21.57	-	-	21.57
	31.72	**3.25**	**(1.77)**	**33.20**
Deferred tax liabilities				
Property, plant and equipment	1,583.90	26.90		1,610.80
Fair valuation of long term liabilities	676.79	23.63	-	700.42
Total	**2,260.69**	**50.53**	**-**	**2,311.22**
Net deferred tax liabilities	**2,228.97**	**47.28**	**1.77**	**2,278.02**

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Notes to restated standalone financial information

20. Restated Standalone Statement of Trade payables

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Current						
Trade Payables						
- Payable to micro and small enterprise	-	-	-	-	-	-
- Others	498.28	491.36	1,060.94	663.13	1,627.41	1,223.57
Total	**498.28**	**491.36**	**1,060.94**	**663.13**	**1,627.41**	**1,223.57**

The average credit period on purchases of goods is 30 to 60 days. No interest is charged on the trade payables for delayed payments.

21. Restated Standalone Statement of Income tax asset and liabilities

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Current tax liabilities						
Income tax payable (net of advance tax)	32.40	505.63	597.69	835.66	625.33	159.36
Total	**32.40**	**505.63**	**597.69**	**835.66**	**625.33**	**159.36**

22. Restated Standalone Statement of Other current liabilities

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Advances from customers	181.10	41.46	216.67	64.53	-	-
Duties and taxes payable	378.68	420.84	486.55	264.94	425.93	305.73
Total	**559.78**	**462.30**	**703.22**	**329.47**	**425.93**	**305.73**

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Notes to restated standalone financial information

23. Restated Standalone Statement of Revenue from operations

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Sale of manufactured products	4,545.86	18,016.55	17,878.61	17,381.70	16,509.63	15,434.47
Sale of power	19.70	381.75	626.42	1,617.46	1,322.35	984.99
Sale of traded goods	-	-	298.28	-	407.50	-
Total	**4,565.56**	**18,398.30**	**18,803.31**	**18,999.16**	**18,239.48**	**16,419.46**

24. Restated Standalone Statement of Other income

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Recurring						
Interest income earned on						
- Bank deposits	0.10	14.20	23.41	15.37	15.38	13.62
- Security deposits	-	15.00	15.59	17.16	24.21	23.88
Dividend income						
- Dividend income	-	132.00	-	66.00	19.80	20.54
Other non-operating income						
- Miscellaneous income	0.17	4.71	11.49	0.87	1.22	1.26
Non - Recurring						
Interest income earned on						
- Deferred income	-	-	-	-	130.61	130.61
Other gains or losses:						
- Net foreign exchange gains	-	31.92	21.80	-	-	-
- Gain on sale / disposal of property, plant and equipments (net)	-	-	-	0.08	0.23	29.28
Other non-operating income						
- Government incentive	-	-	-	467.52	444.30	68.11
- Provision no longer required written back	-	-	2.59	-	-	1.68
Total	**0.27**	**197.83**	**74.88**	**567.00**	**635.75**	**288.98**

Note
Above mentioned other income has arisen out of normal business activities.

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

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Notes to restated standalone financial information

25. Restated Standalone Statement of Cost of materials consumed

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Cost of raw materials consumed						
- Al-Laterite	90.02	257.24	247.46	207.38	248.07	325.52
- Bauxite	11.16	74.84	40.50	39.17	29.33	-
- Iron Ore	13.20	56.71	63.87	71.08	105.24	105.57
- Pond Ash	2.52	4.67	3.22	4.01	1.24	-
- Dolomite	2.73	12.06	16.45	12.04	4.25	-
- Red Mud	10.94	25.43	23.83	46.38	16.36	5.55
- Gypsum	83.83	283.03	257.79	244.15	208.04	210.66
- Limestone	214.37	931.94	825.58	674.93	614.18	657.51
- Slag	21.25	128.27	126.77	107.27	85.54	71.95
- Fly Ash	107.51	321.95	253.99	257.42	327.54	234.42
- Coal Consumed	222.79	858.41	691.90	1,157.70	1,369.11	1,508.33
- Natural gas	-	-	-	-	52.48	-
Total	**780.32**	**2,954.55**	**2,551.36**	**2,821.53**	**3,061.38**	**3,119.51**

26. Restated Standalone Statement of Employee benefits expense

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Salaries, allowances and bonus	194.83	667.64	659.30	556.29	497.93	436.65
Contribution to provident and other funds	9.18	61.65	34.04	72.94	41.54	52.66
Staff welfare expenses	36.50	51.97	50.22	40.87	38.81	30.41
Total	**240.51**	**781.26**	**743.56**	**670.10**	**578.28**	**519.72**

27. Restated Standalone Statement of Finance costs

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Interest costs						
- Interest on bank overdrafts and loans	262.17	498.96	614.88	540.14	608.55	539.95
- Interest on convertible debenture	5.81	32.66	42.76	42.99	34.18	-
- Other interest expense	3.10	18.58	56.28	5.71	48.06	25.05
- Other financial liabilities measured at amortised cost	(23.20)	395.22	(146.20)	1.30	329.76	66.66
Bank charges	12.03	67.42	25.97	26.74	48.47	31.53
Total	**259.91**	**1,012.84**	**593.69**	**616.88**	**1,069.02**	**663.19**

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

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Notes to restated standalone financial information

28. Restated Standalone Statement of Other expenses

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Power and fuel	1,246.88	3,715.03	3,599.33	3,499.97	3,523.13	4,075.64
Consumption of stores and spares	130.64	343.02	394.23	318.29	278.98	331.69
Consumption of packing material	169.65	599.77	554.11	514.90	592.26	588.40
Repair and maintenance - plant and equipment	41.82	161.37	157.67	157.20	131.36	143.81
Repair and maintenance - building	12.98	42.75	13.01	21.63	15.28	12.46
Repair and maintenance - others	10.86	52.01	43.33	33.81	31.95	36.88
Rent	28.07	105.57	109.84	110.19	120.49	96.67
Insurance expenses	12.53	42.05	50.78	41.31	35.86	40.24
Directors' remuneration	25.42	116.73	111.04	155.27	105.76	51.92
Payments to auditors [Refer note (i) below]	0.38	1.77	1.38	1.20	1.20	0.80
Printing and stationery	0.84	2.32	3.08	2.33	1.97	2.15
Communication	1.10	10.88	10.77	8.98	8.82	9.58
Travelling and conveyance	21.38	79.22	89.19	72.87	79.32	72.59
Legal and professional	2.22	86.36	72.43	80.34	60.28	45.94
Rates and taxes	10.15	48.67	116.34	33.11	25.93	20.77
Bank charges	5.49	21.78	3.34	3.15	6.59	4.75
Security service charges	14.00	45.82	51.31	44.50	38.55	36.83
Office maintenance	20.15	97.18	66.85	58.04	48.97	40.77
Sales commission and brokerage	18.09	79.99	77.84	62.27	58.80	78.48
Advertisement and publicity	15.69	125.48	114.52	112.71	106.55	85.38
Expenditure on corporate social responsibility	22.12	64.81	73.99	34.02	29.79	6.82
Net foreign exchange loss	61.62	-	-	16.00	13.66	80.70
Loss on sale / disposal of property, plant and equipment (net)	-	0.81	0.24	-	-	-
Allowance for bad and doubtful debts	7.11	0.49	-	96.43	5.20	-
Miscellaneous expenses	14.19	122.28	92.89	81.47	55.83	91.45
Total	**1,893.38**	**5,966.16**	**5,807.51**	**5,559.99**	**5,376.53**	**5,954.72**

Note

(i) Payments to auditors includes:

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
(a) Statutory auditor						
- Statutory audit	0.38	1.50	1.00	1.00	1.00	0.60
- Certification and other services	0.05	0.20	0.30	0.10	0.10	0.10
(b) Cost auditor	0.04	0.10	0.10	0.10	0.10	0.10
Total	**0.47**	**1.80**	**1.40**	**1.20**	**1.20**	**0.80**

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

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Notes to restated standalone financial information

29. Restated Standalone Statement of Income Taxes

29.1.Income tax expense

The major components of income tax expense are as under:

29.1.1 Profit or loss section

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Current tax						
- current period / year	32.40	505.60	809.80	835.66	684.80	159.36
- prior years	-	91.01	3.51	61.53	0.47	(74.18)
Minimum alternative tax credit		-	-	(207.80)	-	-
Deferred tax	8.15	54.28	(149.31)	519.95	55.27	47.28
Total	**40.55**	**650.89**	**664.00**	**1,209.34**	**740.54**	**132.46**

29.1.2 Other comprehensive income section

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Deferred tax	(3.18)	0.25	(0.15)	(2.86)	1.39	(1.77)
Total	**(3.18)**	**0.25**	**(0.15)**	**(2.86)**	**1.39**	**(1.77)**

29.2 The income tax expense for the period / year can be reconciled to the accounting profit as follows:

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
(a) Profit before tax	146.66	2,303.79	2,408.61	3,882.17	2,213.83	758.46
(b) Enacted tax rate in India	34.944%	34.608%	34.608%	34.608%	33.990%	33.990%
(c) Expected tax expenses (a*b)	51.25	797.30	833.57	1,343.54	752.48	257.80
(d) Other than temporary differences						
Effect of income that is exempt from taxation	0.18	(45.70)	-	(22.80)	(19.80)	-
Effect of expenses that are not deductible in determining taxable profit	-	16.00	18.10	6.90	3.80	0.50
Minimum alternative tax credit	-	-	-	(207.80)	-	-
Expenses allowed	(14.06)	(134.10)	(120.60)	(238.40)	(71.90)	(5.00)
Effect of previous year adjustments	-	91.00	(14.80)	192.00	109.20	(81.90)
Others	-	(73.36)	(52.42)	133.04	(31.85)	(40.71)
Total adjustments	**(13.88)**	**(146.16)**	**(169.72)**	**(137.06)**	**(10.55)**	**(127.11)**
(e) Tax expenses after adjustments (c+d)	37.37	651.14	663.85	1,206.48	741.93	130.69
(f) Tax expenses recognised in Profit or Loss	37.37	651.14	663.85	1,206.48	741.93	130.69

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Notes to restated standalone financial information

30. Restated Standalone Statement of Earnings per share

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Basic Earnings Per Share						
Restated profit for the period / year (a)	106.11	1,652.90	1,744.61	2,672.83	1,473.29	626.00
Weighted average number of equity shares for Basic EPS	133,800,000	13,380,000	13,380,000	13,380,000	13,380,000	13,380,000
Effect of bonus share	-	120,420,000	120,420,000	120,420,000	120,420,000	120,420,000
Weighted average number of equity shares for Basic EPS (b)	133,800,000	133,800,000	133,800,000	133,800,000	133,800,000	133,800,000
Total Basic Earnings Per Share of ₹ 10 each (a/b)	**0.79**	**12.35**	**13.04**	**19.98**	**11.01**	**4.68**
Diluted Earnings Per Share						
Restated profit for the period / year (c)	106.11	1,652.90	1,744.61	2,672.83	1,473.29	626.00
Weighted average number of equity shares for diluted EPS	133,800,000	13,380,000	13,380,000	13,380,000	13,380,000	13,380,000
Effect of bonus share	-	120,420,000	120,420,000	120,420,000	120,420,000	120,420,000
Weighted average number of equity shares for Basic EPS (b)	133,800,000	133,800,000	133,800,000	133,800,000	133,800,000	133,800,000
Total Diluted Earnings Per Share of ₹ 10 each (c/d)	**0.79**	**12.35**	**13.04**	**19.98**	**11.01**	**4.68**

Note:
(i) Earning per share has been computed in accordance with Ind AS 33 -Earnings per Share.

31 Financial instruments

31.01 Capital Management
The Company's objective when managing capital is to:

a. Safeguard its ability to continue as going concern so that the Company is able to provide maximum return to stakeholders and benefits for other stakeholders; and
b. Maintain an optimal capital structure to reduce the cost of capital.

The Company maintains its financial framework to support the pursuit of value growth for shareholders, while ensuring a secure financial base. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company's financial management committee reviews the capital structure on a regular basis. As part of this review, the committee considers the cost of capital, risks associated with each class of capital requirements and maintenance of adequate liquidity.

31.01.1 Gearing Ratio

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Debt (refer note (i))	15,249.15	12,595.15	9,372.59	8,270.55	7,854.94	6,823.26
Less: cash and bank balances	297.89	239.66	202.29	687.70	374.17	66.35
Net Debt (I)	**14,951.26**	**12,355.49**	**9,170.30**	**7,582.85**	**7,480.77**	**6,756.91**
Total equity (II)	**9,451.02**	**9,339.00**	**7,767.06**	**6,102.66**	**15,332.79**	**13,899.11**
Net debt to equity ratio (I/II) (in percentage)	158.20%	132.30%	118.07%	124.25%	48.79%	48.61%

Note:
(i) Debt is defined as long-term borrowings (including current maturities of long term borrowing) and short-term borrowings as described in notes 16 and 17).

31.02 Categories of financial instruments

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Financial assets						
Measured at amortised cost						
(a) Trade receivables	1,606.39	902.38	850.97	1,107.27	1,484.90	970.07
(b) Cash and cash equivalents	297.89	239.66	202.29	687.70	374.17	66.35
(c) Other bank balances	172.88	168.63	344.38	162.32	194.05	140.89
(d) Loans	1,094.24	1,079.24	1,075.72	172.70	2,009.20	403.18
(e) Other financial assets	5.22	12.46	39.59	9.83	11.21	2.87
Measured at FVTOCI						
(a) Investments in equity instruments designated upon initial recognition	21.47	21.47	17.01	17.01	17.01	17.01
Financial liabilities						
Measured at amortised cost						
(a) Borrowings	15,249.15	12,595.15	9,372.59	8,270.55	7,854.94	6,823.26
(b) Trade payables	498.28	491.36	1,060.94	663.13	1,627.41	1,223.57
(c) Other financial liabilities	3,615.89	2,579.97	1,765.97	2,241.28	1,608.02	1,577.87

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Notes to restated standalone financial information

31.03 Financial risk management objectives

The Company’s principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance and support Company's operations. The Company’s principal financial assets include inventory, trade and other receivables, cash and cash equivalents and refundable deposits that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company’s senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarized below.

31.04 Market Risk

The Company's activities expose it primarily to the financial risks of change in interest rate and foreign currency exchange rates. Financial instruments affected by market risk include borrowings. The sensitivity analysis in the following sections relate to the position as at June 30, 2018, March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 (proforma) and March 31, 2014(proforma) . The sensitivity analyses have been prepared on the basis that the amount of net debt and the ratio of fixed to floating interest rates of the debt.

The below assumption has been made in calculating the sensitivity analysis:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held as at June 30, 2018, March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 (proforma) and March 31, 2014 (proforma).

31.04.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. The Company does not enter into any interest rate swaps.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company’s profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase / decrease in interest rate	Effect on profit before tax
As at June 30, 2018	+1%	(21.55)
	-1%	21.55
As at March 31, 2018	+1%	(48.90)
	-1%	48.90
As at March 31, 2017	+1%	(60.60)
	-1%	60.60
As at March 31, 2016	+1%	(52.00)
	-1%	52.00
As at March 31, 2015 (Proforma)	+1%	(56.00)
	-1%	56.00
As at March 31, 2014 (Proforma)	+1%	(47.00)
	-1%	47.00

31.05 Foreign currency risk management

The Company undertakes transactions denominated in foreign currency; consequently, exposures to exchange rate fluctuations arise. The carrying amounts of the Company's foreign currency denominated monetary assets and liabilities at the end of the reporting period are as follows:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Liabilities						
United states dollars (USD)	1,451.97	291.60	781.48	618.84	409.22	421.35

31.05.1 Foreign currency sensitivity analysis

The Company is mainly exposed to the currency of USD. As per management's assessment of reasonable possible changes in the exchange rate of +/- 5% between USD-INR currency pair, sensitivity of profit or loss only on outstanding foreign currency denominated monetary items at the period end is presented below:

USD sensitivity at period / year end

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Liabilities						
Weakening of INR by 5%	73.48	14.60	39.10	30.90	20.50	21.10
Strengthening of INR by 5%	(73.48)	(14.60)	(39.10)	(30.90)	(20.50)	(21.10)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the period / year.

31.06 Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

No single customer accounted for more than 3% of the revenue as of June 30, 2018, March 31, 2018, 2017, 2016, 2015 (proforma) and 2014 (proforma) and there is no significant concentration of credit risk

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

31.07 Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The information included in the tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows. The contractual maturity is based on the earliest date on which the Company may be required to pay.

As at June 30, 2018	Weighted average effective interest rate (%)	Less than 1 year	1 year – 5 years	More than 5 years	Total	Carrying Amount
Borrowings (including Current maturities of long term debt)	12.17%	4,083.11	8,413.58	3,670.94	**16,167.63**	15,249.15
Trade payables	-	498.29	-	-	**498.29**	498.28
Other financial liabilities	-	745.21	4,577.74	-	**5,322.95**	3,615.89
Total		**5,326.61**	**12,991.32**	**3,670.94**	**21,988.87**	**19,363.32**

As at March 31, 2018	Weighted average effective interest rate (%)	Less than 1 year	1 year – 5 years	More than 5 years	Total	Carrying Amount
Borrowings (including Current maturities of long term debt)	11%	2,483.21	8,119.70	2,492.10	**13,095.01**	12,595.15
Trade payables	-	491.36	-	-	**491.36**	491.36
Other financial liabilities	-	189.30	3,462.10	-	**3,651.40**	2,579.97
Total		**3,163.87**	**11,581.80**	**2,492.10**	**17,237.77**	**15,666.48**

As at March 31, 2017	Weighted average effective interest rate (%)	Less than 1 year	1 year – 5 years	More than 5 years	Total	Carrying Amount
Borrowings (including Current maturities of long term debt)	11.88%	2,477.36	5,068.40	2,595.00	**10,140.76**	9,372.59
Trade payables	-	1,060.94	-	-	**1,060.94**	1,060.94
Other financial liabilities	-	155.30	2,868.10	-	**3,023.40**	1,765.97
Total		**3,693.60**	**7,936.50**	**2,595.00**	**14,225.10**	**12,199.50**

As at March 31, 2016	Weighted average effective interest rate (%)	Less than 1 year	1 year – 5 years	More than 5 years	Total	Carrying Amount
Borrowings (including Current maturities of long term debt)	11.88%	3,694.98	3,254.40	1,443.30	**8,392.68**	8,270.55
Trade payables	-	663.13	-	-	**663.13**	663.13
Other financial liabilities	-	188.40	2,187.90	-	**2,376.30**	2,241.28
Total		**4,546.51**	**5,442.30**	**1,443.30**	**11,432.11**	**11,174.96**

As at March 31, 2015 (Proforma)	Weighted average effective interest rate (%)	Less than 1 year	1 year – 5 years	More than 5 years	Total	Carrying Amount
Borrowings (including Current maturities of long term debt)	11.88%	3,318.41	4,491.20	1,118.50	**8,928.11**	7,854.94
Trade payables	-	1,627.41	-	-	**1,627.41**	1,627.41
Other financial liabilities	-	377.10	2,098.90	-	**2,476.00**	1,608.02
Total		**5,322.92**	**6,590.10**	**1,118.50**	**13,031.52**	**11,090.37**

As at March 31, 2014 (Proforma)	Weighted average effective interest rate (%)	Less than 1 year	1 year – 5 years	More than 5 years	Total	Carrying Amount
Borrowings (including Current maturities of long term debt)	11.88%	3,383.07	4,631.90	823.90	8,838.87	6,823.26
Trade payables	-	1,223.57	-	-	1,223.57	1,223.57
Other financial liabilities	-	269.30	2,509.30	-	2,778.60	1,577.87
Total		**4,875.94**	**7,141.20**	**823.90**	**12,841.04**	**9,624.70**

31.08 Fair value measurement

This note provides information about how the Company determines fair values of financial assets and financial liabilities

Fair value of the Company's financial assets and financial liabilities that are measured at fair value on recurring basis:

Financial assets / Financial liabilities	Fair values						Fair value hierarchy	Valuation technique(s) and key input(s)
	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)		
Investment in Andhra Pradesh Gas Power Corporation Limited	21.47	21.47	17.01	17.01	17.01	17.01	Level 3	Income approach

Reconciliation of level 3 fair value measurement

	For the year ended March 31, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Opening balance	21.47	17.01	17.01	17.01	17.01	17.01
Gain or losses recognised in other comprehensive income	-	4.46	-	-	-	-
Closing balance	**21.47**	**21.47**	**17.01**	**17.01**	**17.01**	**17.01**

All gains and losses included in other comprehensive income relate to investment in Andra Pradesh Gas Power Corporation Limited held at the end of the reporting period and are reported under "Equity instruments through other comprehensive income".

Management considers that the carrying amounts of financial assets and financial liabilities recognized in the restated standalone financial information approximate their fair values.

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Notes to restated standalone financial information

32 Employee benefit plans

i) Defined Contribution Plan
The Company's contribution to provident fund recognised in the Statement of Profit or Loss under the head employee benefits expense.

Particular	For the year ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Contribution to provident fund	13.65	47.89	42.25	39.00	35.88	33.94

ii) Defined Benefit Plans:
Gratuity

a) The Company operates a gratuity plan covering qualifying employees. The benefit payable is the greater of the amount calculated as per the Payment of Gratuity Act, 1972 or the Company scheme applicable to the employee. The benefit vests upon completion of five years of continuous service and once vested it is payable to employees on retirement or on termination of employment. In case of death while in service, the gratuity is payable irrespective of vesting. The Company makes annual contribution to the group gratuity scheme administered by the Life Insurance Corporation of India through its Gratuity Trust Fund.

b) Through its defined benefit plans the Company is exposed to a number of risks, the most significant of which are detailed below:

(1) Asset volatility

The plan liabilities are calculated using a discount rate set with references to government bond yields; if plan assets under perform compared to the government bonds discount rate, this will create or increase a deficit. The funds of the defined benefit plans are held with LIC.

As the plans mature, the Company intends to reduce the level of investment risk by investing more in assets that better match the liabilities.

(2) Change in bond yields
A decrease in government bond yields will increase plan liabilities.

(3) Inflation risk
Defined benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although caps on the level of inflationary increases are in place to protect the plan against extreme inflation).

(4) Life expectancy
The majority of the plan's obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the plan's liabilities. This is particularly significant in the Company's defined benefit plans, where inflationary increases result in higher sensitivity to changes in life expectancy.

c) Significant Actuarial Assumptions
The significant actuarial assumptions used for the purposes of the actuarial valuations were as follows:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Discount rate(s)	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Expected rate(s) of salary increase	4.00%	4.00%	4.00%	4.00%	4.00%	4.00%
Mortality table used	LIC(2006-08)	LIC(2006-08)	LIC(2006-08)	LIC(2006-08)	LIC(2006-08)	LIC(1994-96)
Mortality rate during employment	3.00%	3.00%	3.00%	3.00%	1-5% depending	1-5% depending

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

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Notes to restated standalone financial information

32 Employee benefit plans

d) Defined benefit plans – as per actuarial valuation

Particulars	Funded Plan - Gratuity					
	As at June 30, 2018	**As at March 31, 2018**	**As at March 31, 2017**	**As at March 31, 2016**	**As at March 31, 2015 (Proforma)**	**As at March 31, 2014 (Proforma)**
I. Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows:						
Current Service Cost	2.97	12.08	7.17	7.02	5.46	6.09
Past service cost and (gains)/losses from settlements	-	-	-	-	-	-
Net interest expense	2.23	7.97	7.67	6.54	6.17	5.07
Expected Return on plan assets	(0.06)	(2.10)	(6.68)	(6.05)	(5.30)	(3.89)
Components of defined benefit costs recognised in profit or loss	**5.14**	**17.95**	**8.16**	**7.51**	**6.33**	**7.27**
Remeasurement on the net defined benefit liability						
Return on plan assets (excluding amount included in net interest expense)	-	-	-	-	-	-
Actuarial (gains)/loss arising form changes in financial assumptions	-	-	-	-	-	-
Actuarial (gains)/loss arising form changes in demographic assumptions	-	-	-	-	-	-
Actuarial (gains)/loss arising form experience adjustments	9.09	(5.17)	0.44	8.25	(4.10)	5.16
Components of defined benefit costs recognised in other comprehensiv	**9.09**	**(5.17)**	**0.44**	**8.25**	**(4.10)**	**5.16**
Total	**14.23**	**12.78**	**8.60**	**15.76**	**2.23**	**12.43**
II. Net Asset/(Liability) recognised in the Balance Sheet						
Present value of defined benefit obligation	111.21	118.76	106.60	95.86	81.75	77.45
Fair value of plan assets	(105.83)	(99.82)	(88.57)	(77.80)	(71.80)	(47.45)
Surplus/(Deficit)	**5.38**	**18.94**	**18.03**	**18.06**	**9.95**	**30.00**
Current portion of the above	0.73	2.18	4.74	2.60	2.30	2.50
Non current portion of the above	4.65	16.76	13.29	15.46	7.65	27.50
III. Change in the obligation						
Present value of defined benefit obligation at the beginning of the year	118.76	106.60	95.86	81.75	77.45	63.04
Expenses Recognised in Profit and Loss Account						
- Current Service Cost	2.97	12.08	7.17	7.02	5.46	6.09
- Past Service Cost	-	-	-	-	-	-
- Interest Expense (Income)	2.23	7.97	7.67	6.54	6.17	5.07
Recognised in Other Comprehensive Income						
Remeasurement gains / (losses)						
- Actuarial Gain (Loss) arising from:						
i. Financial Assumptions	-	-	-	-	-	-
ii. Demographic Assumptions	-	-	-	-	-	-
iii. Experience Adjustments	9.09	(5.17)	0.44	8.25	(4.10)	5.16
Benefit payments	(21.84)	(2.72)	(4.54)	(7.70)	(3.23)	(1.91)
Present value of defined benefit obligation at the end of the year	**111.21**	**118.76**	**106.60**	**95.86**	**81.75**	**77.45**
IV. Change in fair value of assets during the year						
Fair value of plan assets at the beginning of the year	99.82	88.57	77.80	71.80	47.45	44.62
Expenses Recognised in Profit and Loss Account						
- Expected return on plan assets	0.06	2.10	6.68	6.05	5.30	3.89
Recognised in Other Comprehensive Income						
Remeasurement gains / (losses)						
- Actual Return on plan assets in excess of the expected return	-	-	-	-	-	-
Contributions by employer (including benefit payments recoverable)	8.93	14.23	13.05	7.65	22.28	0.85
Benefit payments	(2.98)	(5.08)	(8.96)	(7.70)	(3.23)	(1.91)
Fair value of plan assets at the end of the year	**105.83**	**99.82**	**88.57**	**77.80**	**71.80**	**47.45**

V. The Major categories of plan assets:

The Company has group gratuity scheme with Life Insurance Corporation of India with the fund name of Penna Cement Industries Limited Employee Group Gratuity Fund.

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Notes to restated standalone financial information

32 Employee benefit plans

e) The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Principal assumption	Changes in assumption	Impact on defined benefit obligation: Increase in assumption	Impact on defined benefit obligation: Decrease in assumption
Discount rate			
As at June 30, 2018	1.00%	6.80	7.67
As at March 31, 2018	1.00%	7.07	7.99
As at March 31, 2017	1.00%	9.33	11.25
As at March 31, 2016	1.00%	8.73	10.59
As at March 31, 2015 (Proforma)	1.00%	7.43	9.05
As at March 31, 2014 (Proforma)	1.00%	5.69	6.58
Salary growth rate			
As at June 30, 2018	1.00%	7.43	6.72
As at March 31, 2018	1.00%	8.53	7.67
As at March 31, 2017	1.00%	10.95	9.56
As at March 31, 2016	1.00%	10.31	8.93
As at March 31, 2015 (Proforma)	1.00%	8.84	7.59
As at March 31, 2014 (Proforma)	1.00%	6.56	5.69
Rate of employee turnover			
As at June 30, 2018	1.00%	1.86	2.07
As at March 31, 2018	1.00%	2.01	2.23
As at March 31, 2017	1.00%	9.33	11.25
As at March 31, 2016	1.00%	8.73	10.59
As at March 31, 2015 (Proforma)	1.00%	7.43	9.05
As at March 31, 2014 (Proforma)	1.00%	6.27	5.92

Notes:

i) The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the Balance sheet.

ii) The methods and types of assumptions used in preparing the sensitivity analyses did not change compared to previous period.

f) Plan Assets

The Company has group gratuity scheme with Life Insurance Corporation of India with the fund name of Penna Cement Industries Limited Employee Group Gratuity Fund. The fair value of Company's plan asset by category are as follows:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Deposits with Insurance companies	105.83	99.82	88.57	77.80	71.80	47.45

g) Experience adjustments

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
	Gratuity					
1. Defined Benefit Obligation	111.21	118.76	106.60	95.86	81.75	77.45
2. Fair value of plan assets	105.83	99.82	88.57	77.80	71.80	47.45
3. Surplus/(Deficit)	(5.38)	(18.94)	(18.03)	(18.06)	(9.95)	(30.00)
4. Experience adjustment on plan liabilities (gain)/loss	9.09	(5.17)	0.44	8.25	(4.10)	5.16
5. Experience adjustment on plan assets (gain)/loss	-	-	-	-	-	-

i) The expected rate of return on plan assets is based on the average long term rate of return expected on investments of the fund during the estimated term of obligation.

j) The estimate of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market

k) The current service cost and the net interest expense for the year are included in the employee benefits expense in profit or loss of the expense for the year.

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Notes to restated standalone financial information

33 Contingent liabilities and commitments

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Contingent liabilities (to the extent not provided for)						
In respect of						
- Bank guarantees	346.37	359.70	292.70	217.90	231.00	292.80
- Letter of credits	585.81	785.00	77.30	200.80	296.90	484.30
- Indirect taxes	501.30	491.61	598.36	583.98	504.59	459.98
- Income tax	136.74	122.50	110.00	-	-	-
- Others (Refer note (ii) below)	45.60	45.60	45.60	45.60	45.60	45.20

Notes:

i) It is not practicable to estimate the timings of cash outflows, if any, in respect of above matters, pending resolution of appellate / court proceedings.

ii) A demand for Rs. 45.60 millions was raised by APCPDCL, towards power consumed from APGPCL. The Company is of the opinion that the surplus power from APGPCL is distributable among shareholders of APGPCL, which is under dispute and appeal is pending with High Court of Telangana & Andhra Pradesh. Till the disposal of the appeal, the company is not accepting the said liability. The Company backed by a legal opinion believes that it has a good case and accordingly no provision has been made in the accounts.

iii) The Company has extended following Corporate Guarantee

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
On behalf of M/s Pioneer Genco Limited to IDFC Limited	-	-	-	-	330.00	459.80
On behalf of M/s Pioneer Power Corporation Limited to IDFC Limited	-	-	-	-	297.20	407.60

Capital Commitments:

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	3,527.00	4,526.80	2,288.50	1,523.40	832.70	702.00

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Notes to restated standalone financial information

34 Segment reporting

34.1 Information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of segment performance focuses on the types of goods manufactured. The CODM reviews revenue and gross profit as the performance indicator for all of the operating segment. No operating segments have been aggregated in arriving at the reportable segments of the Company.

Specifically, the Company's reportable segments under Ind AS 108 are :

(a) Cement
(b) Thermal Power

34.2 Segment revenue and results

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Segment revenue						
Cement	4,545.86	18,016.55	18,176.89	17,381.70	16,993.59	15,451.73
Thermal Power	313.46	1,548.29	1,077.21	2,096.06	1,890.47	1,996.03
	4,859.32	19,564.84	19,254.10	19,477.76	18,884.06	17,447.76
Inter Segment Revenue	(293.76)	(1,166.54)	(450.79)	(478.60)	(644.58)	(1,028.30)
Total	**4,565.56**	**18,398.30**	**18,803.31**	**18,999.16**	**18,239.48**	**16,419.46**
Segment profit/(loss)						
Cement	408.41	2,902.34	2,878.11	3,313.40	2,499.45	1,150.30
Thermal Power	64.99	451.75	153.89	725.20	319.01	267.48
	473.40	3,354.09	3,032.00	4,038.60	2,818.46	1,417.78
Inter Segment Result	(67.10)	(235.29)	(104.58)	(106.55)	(171.36)	(285.11)
Total	**406.30**	**3,118.80**	**2,927.42**	**3,932.05**	**2,647.10**	**1,132.67**
Unallocated expenses						
Finance costs	(259.91)	(1,012.84)	(593.69)	(616.88)	(1,069.02)	(663.19)
Other income	0.27	197.83	74.88	567.00	635.75	288.98
Restated profit before tax	**146.66**	**2,303.79**	**2,408.61**	**3,882.17**	**2,213.83**	**758.46**
Depreciation and amortization						
Cement	248.43	716.57	704.85	660.23	624.21	624.55
Thermal Power	24.56	98.52	98.47	97.64	97.55	97.16
Total	**272.99**	**815.09**	**803.32**	**757.87**	**721.76**	**721.71**

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

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Notes to restated standalone financial information

34.3 Segment assets and liabilities

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Segment assets						
Cement	30,036.22	26,578.27	22,308.80	19,284.14	28,019.25	24,563.06
Thermal Power	2,196.04	2,220.60	1,724.30	1,857.10	1,843.70	1,774.20
Total assets	**32,232.26**	**28,798.87**	**24,033.10**	**21,141.24**	**29,862.95**	**26,337.26**
Segment liabilities						
Cement	22,186.75	18,930.37	15,766.54	14,269.88	13,341.16	11,064.75
Thermal Power	594.49	529.50	499.50	768.70	1,189.00	1,373.40
Total liabilities	**22,781.24**	**19,459.87**	**16,266.04**	**15,038.58**	**14,530.16**	**12,438.15**

34.4 The Company does not have revenue and non-current assets from countries other than country in which the Company is domicile i.e. India.

34.5 No single customer contribute 10% or more to the Company's revenue for the quarter ended June 30, 2018 and for the years ended March 31, 2018, March 31, 2017, March 31, 2016, March 31, 2015 (Proforma) and March 31, 2014 (Proforma).

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(All amounts in ₹ millions except otherwise specified)

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Notes to restated standalone financial information

35. Related party transactions and balances
In compliance with Ind AS 24 - "Related Party Disclosures", the required disclosures are given in the table below:

a. List of related parties:

Related Party	Nature of Relationship					
	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Pioneer Cement Industries Limited	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary
Marwar Cement Limited	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Subsidiary	Associate
Penna Global Investments FZ LLC (upto April 1, 2015)	-	-	-	-	Subsidiary	Subsidiary
PCIL Power and Holdings Limited	-	-	-	-	Subsidiary	-
Parasakthi Cement Industries Limited	Associate	Associate	Associate	Associate	Associate	Associate
Pioneer Genco Limited	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Associate	Party having significant influence
Pioneer Power Corporation Limited	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Associate	Party having significant influence
Anrak Aluminium Limited	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Associate	Associate
Lakshmi Jalavidyut (Krishna) Limited	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Associate	Party having significant influence
Krshna Hydro Energy Limited	-	-	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence
Pioneer Builders Limited	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence
Sriba Industries (Merged with Penna Cement Industries Limited on September 1, 2014 and demerged on April 1, 2015)	-	-	-	Party having significant influence	Party having significant influence	Party having significant influence
Pioneer Holiday Resorts Limited	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence
P.R Energy Holding Limited	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence
Pioneer Builders	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence	Party having significant influence
Mr. P. Prathap Reddy (Chairman and Managing Director)	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel
Mr. Bezawada Vikram (Executive Director)	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel
Mr. D. Lakshmi Kantham (Director- Technical)	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel
Mr. Petluru Venugopal Reddy (Director- Finance) (w.e.f. June 29, 2013)	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel
Mr. Rajkumar Singh (Company Secretary)	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel	Key Management Personnel
Mrs. P.V. Lakshmi (wife of Mr. P Prathap Reddy)	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel
Mr. P. Ramesh Reddy (brother of Mr. P Prathap Reddy)	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	-	-
Sanvira Industries Ltd	-	-	-	-	Relative of key management personnel	-
Mrs. Deepthi Reddy	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel	Relative of key management personnel

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b. Related party transactions

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Transactions during the year						
Sale of products						
Associates						
Lakshmi Jalavidyut (Krishna) Limited	-	-	-	-	0.90	-
Pioneer Genco Limited	-	-	-	-	0.13	-
Pioneer Power Corporation Limited	-	-	-	-	0.36	-
Anrak Aluminium Limited	-	-	-	-	49.00	89.10
Parties having Significant Influence						
Pioneer Genco Limited	-	-	-	-	-	0.10
Lakshmi Jalavidyut (Krishna) Limited	-	-	0.40	1.30	-	10.00
Krishna Hydro Energy Limited	0.09	-	0.10	1.20	2.00	0.20
Pioneer Builders Limited	1.12	11.20	46.10	35.50	21.35	26.80
Pioneer Power Corporation Limited	0.07	-	-	0.40	-	0.20
Anrak Aluminium Limited	-	0.50	-	-	-	-
Sriba Industries	-	-	-	0.30	-	-
Pioneer Holiday Resorts Limited	0.26	0.80	0.10	-	0.08	0.30
Relatives of key management personnel						
Mr.P.Ramesh Reddy	-	-	-	0.30	0.10	-
Mr. P. Prathap Reddy	-	-	-	-	0.60	-
Sanvira Industries Ltd	-	-	-	-	7.74	-
Investment						
Subsidiary						
PCIL Power and Holdings Limited	-	-	-	-	0.50	-
Pioneer Cement Industries Limited	-	665.40	-	-	384.06	90.00
Associate						
Anrak Aluminium Limited	-	-	-	-	875.50	1,064.10
Party having Significant Influence						
Pioneer Builders Limited	-	-	-	-	117.00	-
Advance to suppliers						
Subsidiary						
Pioneer Cement Industries Limited	-	80.90	35.00	288.60	563.12	242.50
Associates						
Pioneer Genco Limited	12.00	-	-	-	146.05	-
Pioneer Power Corporation Limited	-	-	-	-	0.59	700.00
Parties having Significant Influence						
Pioneer Genco Limited	-	-	-	20.00	-	1,044.00
P.R Energy Holding Limited	-	-	-	-	954.00	-
Pioneer Builders Limited	316.37	63.80	25.20	46.30	-	23.00
Pioneer Genco Limited	-	-	37.40	-	-	-
Sriba Industries	-	-	-	-	-	50.80
Freight charges						
Party having Significant Influence						
P.R Energy Holding Limited	-	-	-	0.10	0.95	0.90
Pioneer Builders Limited	-	-	-	-	513.06	479.80
Service received						
Party having Significant Influence						
Pioneer Builders Limited	309.34	1,229.10	731.30	578.02	73.43	-
Key management personnel						
Mr. P. Prathap Reddy	-	0.30	0.30	-	-	-

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Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Rent expense						
Party having Significant Influence						
Pioneer Builders	1.03	-	4.10	4.10	4.04	4.00
Key management personnel						
Mr. P. Prathap Reddy	0.33	-	-	0.30	0.30	0.30
Relatives of key management personnel						
Mrs. P.V Lakshmi	5.87	21.10	20.70	20.50	14.98	17.60
Mrs. Deepthi Reddy	0.35	1.40	1.40	1.30	1.30	1.30
Other Payables						
Associates						
Parasakthi Cement Industries Limited	-	-	2.00	50.00	31.70	-
Anrak Aluminium Limited	-	-	-	-	1,405.64	403.50

c. Related party outstanding balances

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Other Payables						
Party having Significant Influence						
P.R Energy Holding Limited	-	-	-	-	0.10	0.20
Pioneer Builders Limited	-	-	-	48.50	17.60	15.40
Pioneer Builders	-	-	0.30	0.30	0.30	0.30
Key management personnel						
Mr. P. Prathap Reddy	-	71.50	74.10	120.80	77.50	21.00
Relatives of key management personnel						
Mrs. P.V Lakshmi	-	1.60	1.20	1.20	1.14	0.90
Mrs. Deepthi Reddy	-	0.10	-	0.10	0.10	0.10
Associates						
Parasakthi Cement Industries Limited	-	-	83.70	81.70	31.70	-
Anrak Aluminium Limited	-	-	-	-	288.43	404.30
Pioneer Builders Limited	-	-	-	-	117.00	-
Investment						
Subsidiaries						
Pioneer Cement Industries Limited	1,248.61	1,248.61	583.19	583.19	583.19	-
Penna Global Investments FZ-LLC	-	-	-	-	1,001.41	1,001.41
PCIL Power and Holdings Limited	-	-	-	-	0.50	-
Associates						
Parasakthi Cement Industries Limited	166.00	166.00	166.00	166.00	166.00	166.00
Anrak Aluminium Limited	-	-	-	-	5,054.58	4,179.10
Trade receivables						
Associates						
Lakshmi Jalavidyut (Krishna) Limited	-	-	-	-	23.70	-
Pioneer Power Corporation Limited	-	-	-	-	2.42	-
Pioneer Genco Limited	-	-	-	-	0.58	0.40
Parties having Significant Influence						
Krishna Hydro Energy Limited	18.85	18.80	-	-	26.95	24.90
Lakshmi Jalavidyut (Krishna) Limited	25.45	25.50	-	-	-	22.80
Pioneer Builders Limited	1.12	-	73.10	30.50	46.00	-
Pioneer Holiday Resorts Limited	0.26	-	0.50	0.40	0.40	0.30
Sanvira Industries Ltd	-	-	-	-	3.48	-
Pioneer Power Corporation Limited	0.07	-	-	0.10	-	2.10
Relatives of key management personnel						
Mr. P. Prathap Reddy	-	-	-	-	0.60	-
Mr. P. Ramesh Reddy	0.46	0.50	0.50	0.40	0.10	-

ANNEXURE - V

Notes to restated standalone financial information

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
Advances to suppliers						
Subsidiary						
Pioneer Cement Industries Limited	0.50	0.50	585.00	550.10	261.50	82.00
Associates						
Pioneer Genco Limited	39.35	-	-	-	615.85	20.00
Pioneer Power Corporation Limited	-	-	-	-	490.59	-
Party having Significant Influence						
Pioneer Power Corporation Limited	-	-	-	-	-	490.59
Pioneer Builders Limited	102.18	44.40	84.70	136.10	77.00	123.30
Pioneer Genco Limited	-	27.40	27.40	20.00	-	891.80
P.R Energy Holding Limited	-	-	-	-	1,006.92	-
Sriba Industries	-	-	-	-	-	78.20
Other Assets						
Party having Significant Influence						
Pioneer Builders Limited	-	-	-	-	89.90	-
Other Advances						
Relatives of key management personnel						
Mrs. P.V. Lakshmi	10.00	10.00	10.00	10.00	10.00	10.00

d. Compensation of key management personnel

The remuneration of directors and other members of key management personnel during the year was as follows:

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Short-term benefits	30.00	120.30	113.20	158.40	105.80	51.90
Total	30.00	120.30	113.20	158.40	105.80	51.90

Note:
The above figures do not include provisions for compensated absenses and gratuity, as separate actuarial valuation are not available.

ANNEXURE - VI

Standalone Statement of Material Adjustments to Audited Financial Statements

1. Material regroupings

Appropriate adjustments have been made in the Restated Standalone Statement of Assets and Liabilities, Profit and Loss and Cash Flows, wherever required, by a reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows in order to bring them in line with the groupings as per the audited financials of the Company as at and for year quarter ended June 30, 2018.

2. Material adjustments

The summary of results of restatements made in the audited standalone financial statements for the respective years and its impact on the profits of the Company is as follows:

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Profit after tax for the year as per audited financial statements	112.02	1,571.50	1,665.00	2,691.40	1,584.30	592.20
Add/less: adjustments on account of:						
Fair valuation of liabilities (Refer note 1)	-	-	-	1.00	(194.12)	72.64
Allowance for doubtful debt (Refer note 2)	-	8.60	2.59	3.81	(3.20)	1.68
Mines restoration obligation (Refer note 3)	-	-	-	(0.20)	1.76	(0.23)
Amortization of transaction cost on borrowings (Refer note 5)	-	-	-	3.20	(0.84)	(3.18)
Provision for employee benefits (Refer note 6)	-	-	18.06	(8.50)	22.05	(11.60)
Reversal of deferred tax liabilities (Refer note 7)	-	69.36	52.10	(12.25)	-	-
Tax impact on above items	-	2.98	7.15	(0.24)	60.63	(22.08)
Restated profit after tax	**112.02**	**1,652.44**	**1,744.90**	**2,678.22**	**1,470.58**	**629.43**

Notes on material adjustments:

1. Fair valuation of liabilities
   Under Ind AS, non-current financial liabilities in the form of long term interest free deposits from dealers and capital creditors have been accounted at fair value on the date of transition and subsequently measured at amortized cost using the effective interest rate method.

2. Allowance for doubtful debt
   Under Indian GAAP, Provision for doubtful trade receivables were created based on actual loss, however on transition to Ind AS, allowance of trade receivables has been done based on expected credit loss method.

3. Mines restoration obligation
   As per Ind AS 37, the Company has created provision for mines restoration obligation for restoration, rehabilitation and environmental costs to be incurred at closure of the mines. Correspondingly, Mining right has been recognised as a tangible assets.

4. Fair valuation of investment
   Under Indian GAAP, long term investments were measured at cost less permanent diminution in value of investment. Under Ind AS, investments other than investments in subsidiaries and associates have been classified as Fair Value Through Other Comprehensive Income. Upto the year ended March 31, 2016, Investment in Andhra Pradesh Gas Power Corporation Limited was carried at cost i.e ₹ 80.5 millions. On the date of transition date i.e. April 1, 2015, the investment was fair value through other comprehensive income at ₹ 17 millions recognising an expense for ₹ 63.5 millions. Assuming the same valuation existed as at April 1, 2014, the Investment has been valued at Rs ₹ 17 millions as at April 1, 2014.

5. Amortisation of transaction cost on borrowings
   Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

6. Provision for employee benefits
   Provision for employee benefits has been restated by the Company as per the requirements of Ind AS 19.

7. Reversal of deferred tax
   Deferred tax liability has been restated for the year ended March 31, 2018, March 31, 2017 and March 31, 2016.

3. Opening reserve reconciliation as at April 1, 2013

Particulars	As at April 1, 2013 (Proforma)
Total reserve as per audited financial statements	**11,921.40**
Fair valuation of liabilities (Refer note 1)	1,976.41
Allowance for doubtful debt (Refer note 2)	(11.48)
Mines restoration obligation (Refer note 3)	0.47
Amortization of processing & upfront fees (Refer note 5)	9.79
Fair valuation of investment (Refer note 4)	(63.50)
Provision for employee benefits (Refer note 6)	(18.40)
Tax impact on above items	(639.61)
Total reserve as per restated financial statements	**13,175.08**

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - VII

Restated Standalone Statement of Dividend

Particulars	For the quarter ended June 30, 2018	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015 (Proforma)	For the year ended March 31, 2014 (Proforma)
Number of equity shares outstanding (In Numbers)	133,800,000	13,380,000	13,380,000	13,380,000	13,380,000	13,380,000
Face Value (₹)	10	10	10	10	10	10
Amount	1,338.00	133.80	133.80	133.80	133.80	133.80
Final Dividend						
Rate of Dividend (%)	-	50%	50%	50%	25%	25%
Dividend per Equity Share (₹)	-	5.00	5.00	5.00	2.50	2.50
Dividend paid	-	66.90	66.90	66.90	33.50	33.50
Dividend Distribution Tax	-	13.62	13.62	13.62	5.69	5.69

ANNEXURE - VIII

Restated Standalone Statement of Capitalisation

Particulars	Pre-Issue	Post Issue
	As at June 30, 2018	Amount after considering the issue
Borrowings		
Short-term borrowings	3,302.33	-
Long-term borrowings	11,166.04	-
Add: Current maturities of long-term borrowings	780.78	-
Total borrowings - (a)	15,249.15	-
Shareholders' funds		
Share Capital	1,338.00	-
Other Equity	8,113.02	-
Total Shareholder's funds - (b)	**9,451.02**	**-**
Total borrowings / Shareholder's funds - (a/b)	**1.61**	-
Long-term borrowings / shareholders' fund	**1.26**	-

Notes:
1. The above ratios have been computed on the basis of Restated Standalone Financial Information.
2. Shareholder fund post issue can be calculated only on the conclusion of the book building process.

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - IX

Restated Standalone Statement of Accounting Ratios

Particulars		June 30, 2018	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015 (Proforma)	March 31, 2014 (Proforma)
Restated profit after tax	A	106.11	1,652.90	1,744.61	2,672.83	1,473.29	626.00
Weighted average number of equity shares outstanding during the period / year used for Computing basic earnings per share / dilutive earnings per share	B	133,800,000	13,380,000	13,380,000	13,380,000	13,380,000	13,380,000
Effect of issue of bonus issue (refer note 7)		-	120,420,000	120,420,000	120,420,000	120,420,000	120,420,000
Weighted average number of equity shares outstanding during the period / year used for Computing basic earnings per share / dilutive earnings per share	C	133,800,000	133,800,000	133,800,000	133,800,000	133,800,000	133,800,000
Net worth at the end of the period / year (refer note 6)	**D**	**9,451.02**	**9,339.00**	**7,767.06**	**6,102.66**	**15,332.79**	**13,899.11**
Number of equity shares outstanding at the end of the period / years (refer note 5)	**E**	**133,800,000**	**133,800,000**	**133,800,000**	**133,800,000**	**133,800,000**	**133,800,000**
Pre Bonus Issue							
Basic earnings per share (Rs.) (Face value of Rs. 10 per equity share) (Refer Note 3(a))	F=A/B	0.79	123.54	130.39	199.76	110.11	46.79
Diluted earnings per share (Rs.) (Face value of Rs. 10 per equity share) (Refer Note 3(b))	G=A/B	0.79	123.54	130.39	199.76	110.11	46.79
Return on Net Worth (%) (Refer Note 3(c))	H=A/D	1.12%	17.70%	22.46%	43.80%	9.61%	4.50%
Net asset value per equity share (Rs.) (Face value of Rs. 10 per equity share) (Refer Note 3(d))	I=D/B	70.64	697.98	580.50	456.10	1,145.95	1,038.80
Post Bonus issue							
Basic earnings per share (Rs.) (Face value of Rs. 10 per equity share) (Refer Note 3(a))	J=A/C	0.79	12.35	13.04	19.98	11.01	4.68
Diluted earnings per share (Rs.) (Face value of Rs. 10 per equity share) (Refer Note 3(b))	K=A/C	0.79	12.35	13.04	19.98	11.01	4.68
Return on Net Worth (%) (Refer Note 3(c))	L=A/D	1.12%	17.70%	22.46%	43.80%	9.61%	4.50%
Net asset value per equity share (Rs.) (Face value of Rs. 10 per equity share) (Refer Note 3(d))	M=D/E	70.64	69.80	58.05	45.61	114.59	103.88

Notes:

1. The figures disclosed above are based on the restated standalone financial information of the Company.
2. The above statement should be read with the notes to Restated Standalone Statement of Assets and Liabilities, Restated Standalone Statement of Profits and Loss and Restated Statement of Cash Flows appearing in Annexures I, Annexure II and Annexure III respectively.
3. The ratios have been computed as below:

(a) Basic Earnings per share (Rs.) — Restated profit after tax / Weighted average number of equity shares outstanding during the period / year

(b) Diluted earnings per share (Rs.) — Restated profit after tax / Weighted average number of diluted equity shares outstanding during the period / year

(c) Return on net worth (%) — Restated profit after tax / Net worth at the end of the period / year

(d) Net asset value per share (Rs.) — Net worth at the end of the year / Total number of equity shares outstanding at the end of the period / year

4. Weighted average number of equity shares is the number of equity shares outstanding at the beginning of the year adjusted by the number of equity shares issued during the year multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
5. Total number of equity shares outstanding at the beginning and end of the year is determined by considering the total number of fully paid up equity shares as at the year end.
6. Net worth for ratios mentioned in note 3(c) and 3(d) represents the aggregate of the paid up share capital and other equity (excluding revaluation reserve) as stated in Restated Standalone Statement of equity share capital and Restated Standalone Statement of other equity.
7. The shareholders in their meeting dated June 14, 2018 have approved a bonus issue of equity shares by capitalisation of the amounts carried under free reserves of the Company in the ratio of 9 equity shares for every 1 equity shares held by the shareholders as on the record date.
8. Accounting ratios for the quarter ended June 30, 2018 are not annualised.

Penna Cement Industries Limited
(All amounts in ₹ millions except otherwise specified)

ANNEXURE - X
Restated Standalone Statement of Tax Shelters

Particulars	As at June 30, 2018	As at March 31, 2018	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015 (Proforma)	As at March 31, 2014 (Proforma)
A Restated profit before tax	146.66	2,303.79	2,408.61	3,882.17	2,213.83	758.46
B Normal tax rate	34.944%	34.608%	34.608%	34.608%	33.990%	33.990%
C Tax thereon at the above rate (A * B)	51.25	797.30	833.57	1,343.54	752.48	257.80
D Tax impact of permanent differences due to:						
- Effect of income that is exempt from taxation	0.18	(45.70)	-	(22.80)	(19.80)	-
- Effect of expenses that are not deductible in determining taxable profit	-	16.00	18.10	6.90	3.80	0.50
- Minimum alternative tax credit	-	-	-	(207.80)	-	-
- Expenses allowed	(14.06)	(134.10)	(120.60)	(238.40)	(71.90)	(5.00)
- Effect of previous year adjustments	-	91.00	(14.80)	192.00	109.20	(81.90)
- Others	-	(73.36)	(52.42)	133.04	(31.85)	(40.71)
Total	**(13.88)**	**(146.16)**	**(169.72)**	**(137.06)**	**(10.55)**	**(127.11)**
E Tax impact of temporary differences due to:						
- Property, plant and equipment	(25.38)	(165.21)	199.40	(556.88)	(117.93)	(26.90)
- Fair valuation of long term liabilities	(29.93)	111.38	(52.32)	(24.15)	67.10	(23.63)
- Provision allowed under tax on payment basis	20.97	(2.53)	3.18	13.42	(7.70)	5.59
- Fair valuation of investments	0.20	1.66	0.11	0.40	-	-
- Provision for doubtful debts	2.53	0.17	(0.91)	(0.86)	1.87	(0.57)
- Minimum alternative tax credit	-	-	-	207.80	-	-
- Impact of change in tax rate	26.64	-	-	50.98	-	-
Total	**(4.97)**	**(54.53)**	**149.46**	**(309.29)**	**(56.66)**	**(45.51)**
F Net adjustments (D + E)	**(18.85)**	**(200.69)**	**(20.26)**	**(446.35)**	**(67.21)**	**(172.62)**
G Adjusted tax liability (C+F)	**32.40**	**596.61**	**813.31**	**897.19**	**685.27**	**85.18**

Notes:
1. The aforesaid Restated Standalone Statement of Tax Shelter has been prepared as per the Restated Standalone Statement of profit and loss of the Company.
2. Income tax rate includes surcharge, education cess and secondary higher education cess as applicable for the period/years concerned.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our Restated Consolidated Financial Statements and our Restated Standalone Financial Statements on pages 211 and 273, respectively.

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 13 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant Factors Affecting our Results of Operations" on pages 14 and 333, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

Unless otherwise indicated or the context otherwise requires, the financial information included herein is based on our Restated Consolidated Financial Statements included in this Draft Red Herring Prospectus. For further information, see "Financial Statements" on page 210.

Unless the context otherwise requires, in this section, references to "we", "us", or "our" refers to Penna Cement Industries Limited on a consolidated basis and references to "the Company" or "our Company" refers to Penna Cement Industries Limited on a standalone basis.

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the report "Report on the Indian Cement Industry" dated August 2018 (the "**F&S Report**") prepared and issued by Frost & Sullivan India Private Limited commissioned by us. Unless otherwise indicated, all financial, operational, industry and other related information derived from the F&S Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

Overview

We are one of the largest privately held cement companies in India in terms of cement production capacity. We are also among the leading cement players in south India, with a strong brand recall and extensive distribution network. (*Source: F&S Report*) Incorporated in 1991, with over two decades of operations, we have been able to leverage our brand, strategically located integrated manufacturing facilities and extensive distribution network to successfully expand our business in west and east India markets, and we intend to further expand into north, central and other east India markets through a phased expansion plan.

We have four integrated manufacturing facilities and two grinding units spread across the states of Andhra Pradesh, Telangana and Maharashtra, with an aggregate cement production capacity of 10.00 million tonne per annum ("**MMTPA**") as of June 30, 2018, and we are in the process of increasing such capacity to 16.50 MMTPA which is expected to be operational by Fiscal 2021. As of March 31, 2018, our cement and clinker production capacity represented 5.81% and 5.02%, respectively, of the total cement production and clinker production capacity, respectively, in south India, comprising the states of Andhra Pradesh, Telangana, Tamil Nadu, Karnataka and Kerala (*Source: F&S Report*). We are also in the process of increasing our aggregate clinker production capacity from 5.30 MMTPA as of June 30, 2018 to 10.80 MMTPA, which is expected to be operational by Fiscal 2021. Our integrated manufacturing facilities and grinding units are strategically located, with road, railway and sea route access to a number of markets, including Hyderabad, Amravati, Bengaluru, Chennai, Pune, Mumbai and Cochin. In Fiscal 2018 and in the three months ended June 30, 2018, we distributed 83.64% and 88.30%, respectively, of our cement products through rail and distributed 16.36% and 11.70%, respectively, of our cement products through road. Our integrated manufacturing facilities are also located in close proximity to captive limestone mines. Our facilities located at Boyareddypalli, Ganeshpahad, Tandur and Patas have dedicated railway sidings which enable transportation of clinker, cement and coal. We have also received an in-principle approval for setting up a dedicated railway siding at our Krishnapatnam unit.We have developed streamlined manufacturing processes and logistics management through designated split-grinding operations for our various facilities.

We have strategically focused on developing port-based logistics infrastructure to ensure efficient, reliable and cost-effective distribution. We have set up one of the largest port based grinding units in Asia at the Krishnapatnam port (*Source: F&S Report*), with an automated ship-loading facility as well as a packing terminal at the Cochin port. We are in the process of setting up three additional port-based packing terminals in India and intend to set up a packing terminal in Sri Lanka. In order to further bolster our port-based distribution strategy, we have acquired a self-discharging cement carrying vessel with a maximum cargo capacity of 25,500 tonnes and also have entered into a long term contract of affreightment with Penna Shipping Limited for four self-discharging cement carrying vessels, each with a maximum cargo capacity of 15,000 tonnes. The strategic location of our various facilities and our port based logistics infrastructure provides us with several competitive advantages, including (i) providing strategic access to south, west and east India; (ii) enabling us to cost-effectively target markets in east, south and west India, including Kolkata, Bhubaneswar, Cuttack, Cochin, Pune and Mumbai; and (iii) commence export of cement to Sri Lanka and export of clinker to Bangladesh. Our port based logistics infrastructure enables us to manage cost efficiencies in the transportation of our cement products to new markets as well as in the procurement of imported coal through the ports.

We have established stable and cost-effective raw material supplies including limestone, gypsum and fly ash, as well as coal for our integrated manufacturing facilities. Limestone is procured from our captive limestone mines, for which we have entered into long term mining leases. As of March 31, 2018, our Company's captive limestone mines had aggregate residual reserves of 475.10 million MT of limestone. We optimize our coal procurement by sourcing coal and pet coke from the international markets and through coal linkages with The Singareni Colliery Company Limited ("**SCCL**") located in the state of Telangana.

Our integrated manufacturing facilities are supplemented by auxiliary infrastructure, including a 77.00 MW captive power plant at our Ganeshpahad facility primarily used for captive consumption, and waste heat recovery ("**WHR**") units with a current aggregate capacity of 17.00 MW, which we intend to increase to 59.00 MW, expected to be operational by Fiscal 2021. In Fiscal 2018 and in the three months ended June 30, 2018, we met 73.87% and 74.55%, respectively, of our power requirements through our captive sources, thereby enabling us to effectively manage our power cost.

Our integrated manufacturing facilities are ISO 9001:2015 certified for quality, ISO 14001: 2015 certified for environmental management systems and OHSAS 18001:2007 certified for occupational hazard and safety management systems. In addition, we have applied for the Sri Lanka Standard Institution ("**SLSI**") certification for our Krishnapatnam unit. We were also awarded the *National Energy Conservation Award 2016* by the Bureau of Energy Efficiency, Ministry of Power, Government of India for efficient utilization and conservation of energy in the cement sector.

Our cement products include ordinary portland cement ("**OPC**") (including '*Penna Premium OPC 53 Grade Cement*' and '*Penna Premium OPC 43 Grade Cement*'), portland pozzolana cement ("**PPC**") and portland slag cement ("**PSC**"). We market and sell our products under the *Penna* brand, which has, over the last two decades, developed significant market presence in south India.

We have developed a strong distribution network across India comprising 3,492 dealers and distributors, as of September 30, 2018. We have been able to develop long-standing relationships with institutional customers, including large infrastructure and real estate companies, such as Larsen & Toubro Limited, Aparna Enterprises Limited, JMC Projects (India) Limited, Brigade Enterprises Limited, Gannon Dunkerley and Company Limited, Shobha Limited, Visaka Industries Limited and Puravankara Limited.

Our Company has been consistently profitable since commencement of operations, on a standalone basis. Our EBITDA and restated profit for the year have grown at a CAGR of 22.20% and 47.34%, respectively, from Fiscal 2014 to Fiscal 2018. In Fiscal 2018, our revenue from operations, EBITDA and restated profit for the year were ₹ 18,398.30 million, ₹ 3,912.97 million and ₹ 1,566.65 million, respectively while in the three months ended June 30, 2018, our revenue from operations, EBITDA and restated profit for the period were ₹ 4,565.56 million, ₹ 674.87 million and ₹ 120.97 million, respectively. Our cement sales have grown at a CAGR of 3.08% from 3.75 million MT in Fiscal 2014 to 4.24 million MT in Fiscal 2018 and were 1.14 million MT in the three months ended June 30, 2018.

In Fiscal 2018, we were among the leading cement players in India in terms of EBITDA per tonne (*Source: F&S Report*). Our EBITDA per tonne was ₹ 923.51 and ₹ 591.01 in Fiscal 2018 and in the three months ended June 30 2018, respectively. The average EBITDA per tonne in Fiscal 2018 for companies contributing to more than 90% of the market capitalization of the publicly listed companies in the Indian cement industry as of June 15, 2018 (comprising UltraTech Cement Limited, Shree Cement Limited, Ambuja Cement Limited, ACC Limited, Dalmia Bharat Cement Limited, Ramco Cements Limited, JK Cement Limited, The India Cements Limited, JK Lakshmi Cement Limited, Birla Corporation Limited, Orient Cement Limited, Heidelberg Cement India Limited and Mangalam Cement Limited (collectively, the "**F&S Indian Cement Industry**")) was ₹ 874. (*Source: F&S Report*)

The following table provides certain key performance indicators of our business:

S. No.	Key Performance Indicators	Fiscal					Three months ended June 30, 2018
		2014	2015	2016	2017	2018	
1.	Cement Production (in million MT)	3.73	3.59	3.55	3.89	4.28	1.17
2.	Clinker Production (in million MT)	3.25	2.83	2.90	3.17	3.46	1.08
3.	Cement Sales (in million MT)	3.75	3.60	3.54	3.88	4.24	1.14
4.	OPC sales (as % of total cement sales volume)	62.40%	54.29%	56.39%	58.04%	59.08%	61.82%
5.	PPC sales (as % of total cement sales volume)	29.03%	36.67%	32.52%	30.61%	33.30%	37.65%
6.	PSC sales (as % of total cement sales volume)	8.57%	9.04%	11.09%	11.34%	7.62%	0.53%

S. No.	Key Performance Indicators	Fiscal					Three months ended June 30, 2018
		2014	2015	2016	2017	2018	
7.	Power consumption (in million units)(1)	341.97	293.67	296.82	328.88	350.31	101.81
8.	Coal and pet coke consumption (in million MT)	0.79	0.66	0.61	0.56	0.59	0.17
9.	EBITDA per tonne (in ₹)(2)	467.56	934.40	1,321.54	960.19	923.51	591.01
10.	EBITDA margin (%)(3)	12.20%	20.95%	27.96%	22.58%	22.03%	14.78%

(1) One unit represents one KWH.
(2) EBITDA per tonne represents EBITDA (revenue from operations less excise duty, raw materials costs, freight charges/ logistics costs, power and fuel expenses, employee benefit expenses/ labour expenses and other expenses) divided by total cement sales volume.
(3) EBITDA margin represents EBITDA (revenue from operations less excise duty, raw materials costs, freight charges/ logistics costs, power and fuel expenses, employee benefit expenses/ labour expenses and other expenses) divided by revenue from operations (less excise duty).

Presentation of Financial Information

Transition from Indian GAAP to Ind AS Financial Statements

The Ministry of Corporate Affairs, GoI pursuant to a notification dated February 16, 2015 set out the timelines for the implementation of Ind AS. Pursuant to the notification, we were required to prepare our financial statements in accordance with Ind AS from April 1, 2015, as required under Section 133 of the Companies Act, 2013 read with circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016. Accordingly, our Company has prepared its restated financial statements in accordance with Ind AS with effect from April 1, 2015 (together with the restated financial statements for corresponding periods in previous years). However, for purposes of this Draft Red Herring Prospectus, we have elected to present the three months ended June 30, 2018 and Fiscals 2018, 2017, 2016, 2015 and 2014 under Ind AS/ proforma Ind AS.

The audited standalone and consolidated statement of assets and liabilities as at June 30, 2018 and March 31, 2018 and 2017 (including comparative audited financial statements as at March 31, 2016) and the audited standalone and consolidated statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the three months ended June 30, 2018 and the years ended March 31, 2018 and 2017 (including comparative audited financial statements for the year ended March 31, 2016), together with the notes, schedules and annexures thereto, have been prepared in accordance with Ind AS prescribed under section 133 of the Companies Act read with the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016, as amended (collectively, the "**Ind AS Financial Statements**"). The audited standalone and consolidated statement of assets and liabilities as at March 31, 2016, 2015 and 2014 and the audited standalone and consolidated statement of profit and loss and statement of cash flows for the years ended March 31, 2016, 2015 and 2014, together with the notes, schedules and annexures thereto, were prepared in accordance with accounting standards prescribed under section 133 of the Companies Act, read with the Companies (Accounts) Rules 2014, and the other relevant provisions of the Companies Act (collectively, the "**Indian GAAP Financial Statements**").

The restated financial statements for the years ended March 31, 2015 and 2014 has been prepared on proforma basis in accordance with requirements of SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 and Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India. For the purpose of the proforma Ind AS financial information for the years ended March 31, 2015 and 2014, we have followed the same accounting policy (both mandatory exceptions and optional exemptions availed as per Ind AS 101) as initially adopted on transition date *i.e.* April 1, 2015. Accordingly, suitable restatement adjustments (both re-measurements and reclassifications) in the accounting heads are made to the proforma Ind AS financial information as of and for the years ended March 31, 2015 and 2014 following accounting policies and accounting policy choices (both mandatory exceptions and optional exemptions) consistent with that used at the date of transition to Ind AS (*i.e.* April 1, 2015). For further information, see "*Financial Statements*" on page 210. The Ind AS Financial Statements and the Indian GAAP Financial Statements have been restated in accordance with the SEBI ICDR Regulations, the Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India and Section 26 of Companies Act, 2013, as amended ("**Restated Financial Statements**").

Ind AS varies in many respects from Indian GAAP under which our financial statements are currently prepared and presented, and has different accounting policies for certain items under Indian GAAP. Accordingly, our Ind AS financial statements will not be comparable with our historical Indian GAAP financial statements.

The Ministry of Corporate Affairs notified Ind AS 115 '*Revenue from Contracts with Customers*' with effect retrospectively from April 1, 2018. Ind AS 115 supersedes the existing standard Ind AS 18 – "Revenue" and Ind AS 11 – "Construction Contracts" and provides a control based revenue recognition model and a five step application principle for revenue recognition comprising (i) identification of the contracts with the customer; (ii) identification of the performance obligations in the contract; (iii) determination of the transaction price; (iv) allocation of transaction price to the performance obligations in the contract; and recognition of revenue when the company satisfies a performance obligation. We have adopted Ind AS 115 with effect from April 1, 2018 and believe that the adoption of Ind AS 115 did not have a significant impact on our recognition of revenues and the preparation and presentation of information related to our financial performance.

Further, the Ministry of Corporate Affairs has also notified Ind AS 21 '*The Effects of Changes in Foreign Exchange Rates*', which clarifies that the date of the transaction, for the purpose of determining the exchange rate to use on initial recognition of related asset, expense or income, should be the date on which an entity has received or paid an advance consideration in a foreign currency. We have adopted Ind AS 21 with effect from April 1, 2018 and believe that the adoption of Ind AS 21 did not have a significant impact on the preparation and presentation of information related to our financial performance.

For further information, see "*Restated Financial Information - Notes to Restated Consolidated Financial Information - Recent Accounting Pronouncements*" on page 211.

Significant Factors Affecting Our Results of Operations and Financial Condition

Demand for cement products

The global cement production is forecasted to grow from 4.5 billion tonnes in 2018 to 5.2 billion tonnes in 2023 at a CAGR of 3.0%. In 2017, the per capita cement consumption in India was much lower at 220 kilograms compared with the global average of 580 kilograms. India was the second largest producer and consumer of cement globally accounting for 7% of the global cement demand in Fiscal 2017. Cement demand in India has grown at a CAGR of 3.9% between Fiscal 2014 and Fiscal 2018 and was 296 million tonnes in Fiscal 2018. The demand for cement in India is expected to further grow at CAGR of 8.2% between Fiscal 2018 and Fiscal 2023, resulting in India to become one of the fastest growing markets. primarily driven by infrastructure investment by the Government of India and focus on affordable housing. Further, rapid urbanisation, increased infrastructure spending by the Government of India and initiatives such as 'Pradhan Mantri Awas Yojana', 'Atal Mission for Rejuvenation and Urban Transformation' ("**AMRUT**") mission, 'Bharatmala Pariyojana', 'Sagar Mala' and a number of metro projects across major cities in India are expected to further increase the cement demand in Fiscal 2018 and Fiscal 2019. (*Source: F&S Report*) Our ability to benefit from these proposed initiatives will be significant to our results of operations and financial condition.

We rely on the demand for cement and are directly affected by the cyclical nature of the construction industry, especially in the areas of residential construction, commercial property construction and infrastructure project development. Our cement sales volume and prices are influenced by growth in segments such as housing, infrastructure, commercial and industrial segments. The demand and supply of cement and construction of new capacity are also affected by factors such as availability of limestone and other raw materials, general economic environment, state and central Government spending on various sectors including construction, infrastructure and housing, perception of prospective demand and the cost of capital. In addition, fiscal, tax and other policies of national and state governments have the effect of stimulating or discouraging construction activity. Accordingly, our results of operations are cyclical, with periods of growth typically followed by downturns.

Availability and cost of raw materials, coal, power and fuel

Our business and operating margins are significantly dependent on the availability and price of raw materials, such as limestone, gypsum, fly ash and slag, coal, pet coke and water, used in our manufacturing process. Raw materials also represent a significant portion of our expenses. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, cost of materials consumed was ₹ 2,821.53 million, ₹ 2,551.36 million, ₹ 2,954.55 million and ₹ 780.32 million, respectively and represented 14.85%, 13.57%, 16.06% and 17.09%, respectively, of our revenue from operations in such periods. Adverse price fluctuations in raw materials could therefore have a negative impact on our results of operations.

Our competitiveness, costs and profitability depend, in part, on our ability to source and maintain a stable and sufficient supply of raw material, coal and power at acceptable prices. We currently rely on limited domestic suppliers to provide certain raw materials, including gypsum, fly ash and slag, as well as electricity and support services. While we have obtained long term leases for limestone mines, our leases are subject to various terms and conditions which provides for the relevant authorities with the right to impose fines or restrictions, revoke mining leases or change the amount of royalties payable for mining the mines. Further, in case any of the leases are revoked or not renewed upon expiration, or significant restrictions on the usage of the leases are imposed or applicable environmental standards are substantially increased or royalties are increased to significant levels, our ability to operate our manufacturing facilities adjacent to the affected limestone mining sites could be disrupted until alternative limestone sources are located, which could materially and adversely affect our business, financial condition and results of operations.

Typically, power and fuel expenses constitute the largest portion of our operating expenses. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, the power and fuel (including coal consumed for power generation) accounted for 29.68%, 26.03%, 28.04% and 33.22%, respectively, of our total expenses. Increases in the global prices for coal, have in the past resulted in increases in our cost of power and fuel expenses. We currently import United States origin coal and pet coke from suppliers in the

Asia and Europe and also source coal through coal linkages with The Singareni Colliery Company Limited ("**SCCL**"). The cost of coal accounted for 52.39%, 49.21%, 57.18% and 60.16%, respectively, of our total cost of materials consumed in Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018. We have in the past few years purchased all of our coal requirements in the spot market, and have not protected ourselves against the risk of coal price fluctuations by entering into long-term supply contracts. In addition, as majority of our annual coal requirement is sourced from coal mines located outside of India, we are exposed to the risk of increases in freight rates and foreign exchange. If we are unable to obtain adequate supplies of coal and raw materials (such as gypsum, slag and fly ash) or power and fuel in a timely manner or on acceptable commercial terms, or if there are significant increases in the cost of these supplies, our business and results of operations may be materially and adversely affected.

The supply of raw coal and raw material could be disrupted for reasons beyond our control, including extreme weather conditions, fire, natural catastrophes or raw material supply disruptions, including by way of changes in governmental policy and judicial intervention. For instance, on October 24, 2017, the Supreme Court of India banned the use of pet coke in the states of Uttar Pradesh, Haryana and Rajasthan with effect from November 1, 2017. While the restriction was subsequently relaxed for use of pet coke in the cement industry. Subsequently, the Supreme Court vide its order dated July 26, 2018 has imposed limited import of pet coke and has clarified that import of pet coke should be permitted only in those industries where pet coke is used as a feedstock or in the manufacturing process, and not as a fuel. Such industries being cement, lime kiln, calcium carbide and gasification. In addition, in the past, several states such as Uttar Pradesh, Bihar and Rajasthan have imposed a ban on sand mining resulting in decrease in the demand and price for cement.

Competition

The cement industry in India continues to be highly fragmented as compared to other cement producing countries. We operate and sell our products in highly competitive markets. Competition occurs principally on the basis of price, quality and brand name.

National and regional players characterize the cement industry in India. Accordingly, we face competition from regional players including The India Cements Limited, Ramco Cements Limited, Heidelberg Cement India Limited, Orient Cement Limited, My Home Industries Private Limited and Sagar Cement Limited. In addition, we also face competition from national players such as UltraTech Limited, Ambuja Cement Limited, ACC Limited and Dalmia Cement (Bharat) Limited. (*Source: F&S Report*) For further information on our competition, see "*Our Business – Competition*" on page 166. Some of our competitors may have greater financial and marketing resources, larger manufacturing capacities, more cost efficient production processes or stronger relationships with distributors, agents or retail chains in key markets for our products. Some of our competitors may also benefit from government-sponsored programs that subsidize their manufacturing costs or provide them with marketing or other advantages. In order to remain competitive, we are required to focus on reducing manufacturing, transportation and distribution costs and improve our operating efficiencies.

Competition from existing and new cement manufacturers could drive prices for our products lower. Our market position will also depend on effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including new products, pricing strategy of competitors, changes in consumer preferences and general economic, political and social conditions in the markets in which we do business. Increasing competition could also result in price and supply volatility.

In addition, the Indian cement industry is extremely fragmented with approximately 85 national and regional players operating in the Indian cement market, as of March 31, 2018. Though the market share of cement production of the top eight cement manufacturers was approximately 59% in Fiscal 2018, the remaining market share was spread among approximately 77 cement manufacturers. (*Source: F&S Report*) Accordingly, small, regional and local manufacturers have in the past tried to gain market share by discounting their prices, putting pressure on us and other leading cement companies to lower prices as well, so as to maintain their respective market shares. Further, the Indian cement industry has seen increased consolidation among the top cement manufacturers who are following the inorganic route (through acquiring assets/ increasing shareholding in peer companies) for expansion with an aim for geographical diversification, higher asset utilization, better economies of scale and scope (*Source: F&S Report*). Consolidation in the Indian cement industry and an increase in the number of larger competitors may also adversely affect our results of operations. As cement manufacturers consolidate and become larger, and as they gain greater access to debt and equity financing, we expect that we will face greater competition, which may lead to lower margins and adversely affect our results of operations.

Capacity utilization and capacity expansion

Our operating margins and profitability depends on capacity utilization as higher capacity utilization results in increased manufacturing volumes, and enables us to achieve greater economies of scale. Manufacturing levels are affected by the number of lost days due to scheduled and unscheduled facility shutdowns. As part of our expansion plans, we have made and will continue to, significant capacity additions on an incremental basis, through expansion of our facilities as well as commissioning new facilities, improving material handling and other operational efficiencies. For further information on our expansion plans, see "*Our Business – Expansion Plans*" on page. Our expansion plans however remain subject to various uncertainties, including increased costs of equipment, any unforeseen delays in implementing such expansion plans, any defects in design and improper installation. These factors could lead to a delay in the implementation of our capacity expansion plans and planned commercial production schedules for such expended capacities. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, we incurred capital expenditure on fixed assets, including capital advances, of ₹ 1,462.90 million, ₹ 1,280.38 million, ₹ 7,403.40 million and ₹ 1,531.71 million, respectively. While we have incurred significant capital expenditures in connection with the implementation of our capacity expansion projects, future capacity expansion plans will require substantial additional capital expenditures.

Our actual production levels and utilization rates may differ significantly from the estimated manufacturing capacities of our facilities. Our capacity utilization rates are also affected by our product mix, as we may produce a particular type of product that may not result in optimal use of our manufacturing capacities. Our capacity utilization for cement was 51%, 56%, 61% and 67% in Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, respectively, and our capacity utilization for clinker was 55%, 60%, 65% and 81%, respectively, in the same periods. For further information on our aggregate capacity and capacity utilization, see "*Our Business – Facilities*" and "*Our Business – Capacity Utilization*" on pages 156 and 136, respectively. Further, in Fiscal 2018, our capacity utilization was higher in comparison with the regional (south India) average capacity utilization, however, our capacity utilization was lower than the average capacity utilization for the Indian cement industry in the same period. (*Source: F&S Report*)

Following the expansion of our manufacturing facilities, we believe we will be able to handle larger volumes and increase our revenue generation capacity. To remain profitable we must maintain optimum levels of capacity utilization at our facilities. Attaining and maintaining such levels of utilization requires considerable planning and expenditure. Our optimum capacity utilization is focussed on manufacturing blended cement while meeting customer requirements for our OPC products. The share of our blended cement (PPC and PSC together) accounted for 43.61%, 41.96%, 40.92% and 38.18% in Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, respectively, while OPC accounted for 56.39%, 58.04%, 59.08% and 61.82%, respectively, in the same periods. If we are unable to achieve and maintain optimum levels of capacity utilization at our facilities in the future, our financial condition and results of operations may be adversely affected.

Further, increase in our capacity utilization is also dependent on our ability to reach our customers through other means, including sea. In March 2018, we commissioned one of the largest port based grinding units in Asia at the Krishnapatnam port (*Source: F&S Report*), with an automated ship-loading facility as well as a packing terminal at the Cochin port. We have acquired a self-discharging cement carrying vessel with a maximum cargo capacity of 25,500 tonnes and also have entered into long term lease with a related party for four self-discharging cement carrying vessels, each having a maximum cargo capacity of 15,000 tonnes, for port based shipping which will streamline the loading and unloading processes at packing terminals. For further information on our port based logistics infrastructure and distribution, see "*Our Business – Our Strategies - Focus on port based logistics infrastructure and distribution while deepening presence in south India and expanding presence in east and west India along with increasing exports*" on page 20. The ability to develop and leverage port based logistics infrastructure and distribution remains a key component to access markets, which cannot be services through road thereby affecting our capacity utilization.

Working Capital Requirements

We require significant working capital for our business operations, particularly to maintain and operate our manufacturing facilities. We also require significant amounts of capital to market and distribute our products and enhance existing products. As of September 30, 2018, we had outstanding indebtedness of ₹ 19,383.14 million, majority of which are subject to floating interest rates. Any fluctuations in interest rates may directly impact the interest costs of such working capital facilities and, in particular, any increase in interest rates could adversely affect our results of operations. In addition, a significant portion of our expected cash flow may be used in repayment of interest on our indebtedness, thereby reducing the funds available to us for use in our general business operations. In addition, our existing level of indebtedness and non-fund based facilities may also restrict our ability to obtain additional financing for capital expenditures, expansions or general corporate purposes and may cause us to be particularly vulnerable during any general economic downturn.

Seasonality and weather conditions

Our business operations are dependent on the weather conditions, resulting in the demand for cement to be seasonal in nature. Weather conditions, particularly the monsoon season, characterized with heavy rains, landslides, floods, may affect the level of activity in the construction industry resulting in reduced demand for cement, concrete and building materials. As a result, we typically experience a reduction in our sales volume between June to August, which is usually the monsoon season in south India. We expect our results of operations will continue to be affected by seasonality in the future. Our results of operations for any quarter in a given year may not, therefore, be comparable with other quarters in that year.

Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of our Company and our subsidiaries (collectively referred as "the Group"). The Group has investments in associates which are accounted using equity method in these consolidated financial statements. Subsidiaries are entities controlled by our Company. Our Company controls an entity when it is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are consolidated from the date of their acquisition, being the date on which our Company obtains control and continue to be consolidated until the date that such control ceases.

The consolidated financial statements are prepared using uniform accounting policies consistently for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as our Company's standalone financial statements except otherwise stated. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. The consolidated financial statements have been prepared by combining the financial statements of our Company and our subsidiaries on a line-by-line basis by adding together the book values of like items of assets, liabilities, equity, income, expenses and cash flow after eliminating in full intra-group assets, liabilities, equity, income, expenses and cash flow relating to intra-group transactions and unrealized profits. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Such unrealized profit/ losses are fully attributed to our Company. Profit or loss and each component of other comprehensive income are attributed to the owners of our Company and to the non-controlling interests. Total comprehensive income is attributed to the owners of our Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of our Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in the consolidated statement of profit and loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill) and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to the consolidated statement of profit and loss or transferred to another category of equity as specified/permitted by applicable Ind AS).

The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate.

Non-controlling interest

Non-controlling interests represent the proportion of income, other comprehensive income and net assets in subsidiaries that is not attributable to our Company's shareholders.

Non-controlling interests are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of the interest at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

Goodwill on Consolidation

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the cash generating unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash generating unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in Consolidated Statement of Profit and Loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the Profit and Loss.

Investments in Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results, assets and liabilities of associates are incorporated in the 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 'Non-current Assets Held for Sale and Discontinued Operations'. Under the equity method, an investment in an associate is initially recognised in the consolidated financial statement at cost and adjusted thereafter to recognize the Group's share of profit or loss and other comprehensive income of the associate. Distributions received from an associate reduces the carrying amount of investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate (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 recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has legal or constructive obligations or made payments on behalf of the associate.

Unrealized gains on transactions between the group and its associates are eliminated to the extent of the Group's interest in associates. Unrealized losses are also eliminated to the extent of Group's interest unless the transaction provides evidence of an impairment of the asset transferred.

If an associate uses accounting policies other than those of the Group accounting policies for like transactions and events in similar circumstances, adjustments are made to make the associate's financial statements confirm to the Group's accounting policies before applying the equity method, unless, in case of an associate where it is impracticable do so.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, 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 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 Group recognise impairment loss with respect to the Group's investment in an associate. 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 when the investment is classified as held for sale. When the Group retains a interest in the former associate 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 its fair value on initial recognition in accordance with Ind AS 109 'Financial Instruments'. The difference between the carrying amount of the associate 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 is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to the consolidated statement of profit and loss o the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to the consolidated statement of profit and loss (as a reclassification adjustment) when the equity method is discontinued.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to the consolidated 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 the consolidated statement of profit and loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Operating Cycle

All the assets and liabilities have been classified as current or non-current as per our Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realized in, or is intended for sale or consumption in, our Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realized within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in our Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) our Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Measurement of Fair Values

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 under current market conditions.

Our Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
– Level 2: inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.
– Level 3: inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to our Company and the amount can be reliably measured. Revenue is measured at the fair value of consideration received or receivable taking into account the amount of discounts, volume rebates and VAT/ GST are recognised when all significant risks and rewards of ownership of the goods sold are transferred.

Sale of Goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- our Company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- our Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to our Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sale of Power

Revenue from generation, transmission and distribution of power is recognised on an accrual basis and includes unbilled revenues accrued upto the end of the accounting year. Our Company determines surplus/deficit (i.e. excess/shortfall of/in aggregate gain over Return on Equity entitlement) for the year in respect of its regulated operations based on the principles laid down under the relevant Tariff Regulations/Tariff Orders as notified by respective State Regulatory Commissions. In respect of such surplus/deficit, appropriate adjustments as stipulated under the regulations are made during the year. Further, any adjustments that may arise on annual performance review by respective State Regulatory Commissions under the aforesaid Tariff Regulations/Tariff Orders is made after the completion of such review take or pay.

Dividend and interest income

Dividend income from investment is recognised when the shareholder's right to receive the payment has been established (provided that it is probable that the economic benefits will flow to our Company and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

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.

Operating Lease: Lease rentals are charged or recognised in the Statement of Profit and Loss on a straight-line basis over the lease term, except where the payment are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increase.

Finance Lease: Assets held under finance leases are recognised as assets of our 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 charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Statement of Profit and Loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with our Company's policy on borrowing costs.

Further, at the inception of above arrangement, our Company determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, our Company separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If our Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using our Company's incremental borrowing rate. Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Foreign currencies

In preparing the financial statements of our Company, transactions in currencies other than our Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

Borrowing 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 profit or loss in the period in which they are incurred .

Taxation

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. Our 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 restated standalone financial information 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.

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 deferred tax asset to be utilized.

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 our Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with asset will be realised.

Current and Deferred Tax Expense For The Year

Current and deferred tax expense is recognised in the Statement of Profit and Loss except when they relate to items that are recognised in other comprehensive income or directly in equity.

Property, Plant and Equipment (PPE) and Depreciation

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 and borrowings costs attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with our Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed in Schedule II to the Act or as per technical assessment.

Depreciable amount for PPE is the cost of PPE less its estimated residual value. The useful life of PPE is the period over which PPE is expected to be available for use by our Company, or the number of production or similar units expected to be obtained from the asset by our Company. Our Company has componentised its PPE and has separately assessed the life of major components.

In case of certain classes of PPE, our Company uses different useful lives than those prescribed in Schedule II to the Act. The useful lives have been assessed based on technical advice, taking into account the nature of the PPE and the estimated usage of the asset on the basis of management's best estimation of obtaining economic benefits from those classes of assets. Such classes of assets and their estimated useful lives are as under:

Particulars	**Useful life**
Building – factory	30
Building – non- factory	61
Plant and equipment	19
Railway siding	21
Furniture and fixtures	16

Office equipment - others	21
Office equipment – computers	6
Vehicles	11

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the date of deduction/disposal.

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 profit or loss.

Intangible assets and amortization

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

Amortization

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Computer software is amortised on straight line basis over a period of Six years and mining lease is amortised over the period of mining agreement

Inventories

Inventories are valued as follows:

- Raw materials, fuel, stores & spare parts and packing materials:

Valued at lower of cost and net realisable value (NRV). However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis.

- Work-in- progress (WIP), finished goods and stock-in-trade:

Valued at lower of cost and NRV. Cost of Finished goods and WIP includes cost of raw materials, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on weighted average basis.

Cash and Cash Equivalents

Cash comprises cash on hand, in bank and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.

Government Grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where our Company receives non-monetary grants, the asset and the grant are accounted at fair value and recognised in the statement of profit and loss over the expected useful life of the asset.

Impairment of Non-Financial Assets

The carrying amounts of our Company's non-financial assets, inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use those are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized in the statement of Profit & Loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the statement of Profit and Loss and reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Employee Benefits

Employee benefits include provident fund, employee state insurance scheme, gratuity fund and compensated absences

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 recognized 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.

Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

Other Long-Term Employee Benefits

Other long term employee benefit comprises of compensated absences, recognized based on the present value of defined obligation which is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These are accounted as current employee cost. Re-measurements of compensated absences is recognized in the Statement of profit and loss.

Provisions

Provisions are recognised when our Company has a present obligation (legal or constructive) as a result of a past event, it is probable that our Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. 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).

Contingent Liabilities and Contingent Assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the restated financial information. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Mines Restoration Provision

An obligation for restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing extraction from mines. Costs arising from restoration at closure of the mines and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the Statement of Profit and Loss over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The costs are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown under "Other Expenses" in the Statement of Profit and Loss.

Segment Reporting

An operating segment is a component of our Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by our Company's Chief Operating Decision Maker ("**CODM**") to make decisions for which discrete financial information is available. Based on the management approach as defined in Ind AS 108, the CODM evaluates our Company's performance and allocates resources based on an analysis of various performance indicators by business segments and geographic segments.

Financial Instruments

Initial Recognition

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

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 asset or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Subsequent Measurement

i. Financial assets carried at amortized cost: A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through other comprehensive income: A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Our Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

iii. Financial assets at fair value through profit or loss: A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

iv. Financial liabilities: Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition

Financial Assets

Our Company derecognizes 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. If our Company retains substantially all the risks and rewards of ownership of a transferred financial asset, our Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition 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 recognized in other comprehensive income and accumulated in equity is recognized in profit or loss if such gain or loss would have otherwise been recognized in profit or loss on disposal of that financial asset.

Financial Liabilities

Our Company derecognizes financial liabilities when, and only when, our Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the
financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Impairment

Our Company applies expected credit loss model for recognising impairment loss on financial assets measured at amortised cost and debt instruments at Fair Value through Other Comprehensive Income (FVTOCI).

At each reporting date, our Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:
– significant financial difficulty of the borrower or issuer;
– the restructuring of a loan or advance by our Company on terms that our Company would not consider otherwise;
– it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
– the disappearance of an active market for a security because of financial difficulties.

Our Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:
– debt securities that are determined to have low credit risk at the reporting date; and
– other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument. 12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which our Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, our Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on our Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of Expected Credit Losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to our Company in accordance with the contract and the cash flows that our Company expects to receive).

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of our Company's accounting policies, the management of our 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 areas of estimation uncertainty and critical judgements that the management has made in the process of applying our Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Provision and Contingent Liability

On an ongoing basis, Company reviews pending cases, claims by third parties and other contingencies. For contingent losses that are considered probable, an estimated loss is recorded as an accrual in financial statements. Loss Contingencies that are considered possible are not provided for but disclosed as Contingent liabilities in the financial statements. Contingencies the likelihood of which is remote are not disclosed in the financial statements. Gain contingencies are not recognized until the contingency has been resolved and amounts are received or receivable

Useful Lives of Depreciable Assets

Management reviews the useful lives of depreciable assets at each reporting date. As at March 31, 2018 the management assessed that the useful lives represent the expected utility of the assets to our Company. Further, there is no significant change in the useful lives as compared to previous year.

Investment in Equity Instruments of Subsidiary and Associate Companies

Our Company assessed the investment in equity instrument of subsidiary and associate companies carried at cost for impairment testing. These companies are expected to generate positive cash flows in the future years. Detailed analysis has been carried out on the future projections and our Company is confident that the investments do not require any impairment.

Mines Restoration Obligation

In determining the fair value of the Mines Restoration Obligation, assumptions and estimates are made in relation to discount rates, the expected cost of mines restoration and the expected timing of those costs.

Principal Components of Income and Expenditure

Revenue

Our revenue comprises (i) revenue from operations, and (ii) other income.

Revenue from Operations

Revenue from operations comprises (i) sale of manufactured products, (ii) sale of power, and (iii) sale of traded goods.

Other Income

Other operating income includes, amongst others, (i) interest income earned on bank deposits and security deposits; (ii) other gains or losses in relation to net foreign exchange gains and gain on sale/ disposal of property, plant and equipment; and (iii) other non-operating income including miscellaneous income comprising government incentive.

Expenses

Our expenses comprise (i) costs of materials consumed, (ii) purchases of stock in trade, (iii) changes in inventories of finished goods and work-in-progress, (iv) employee benefit expenses, (v) excise duty paid, (vi) freight charges, (vii) finance costs, (viii) depreciation and amortization expenses, and (ix) other expenses.

Costs of Materials Consumed

Costs of materials consumed comprises cost of raw material consumed comprising al-laterite, bauxite, iron ore, pond ash, dolomite, red mud, gypsum, limestone, slag, fly ash, coal consumed and natural gas.

Purchases of Stock In Trade

Purchases of stock-in-trade comprises imported coal

Changes in Inventories of Finished Goods and Work-In-Progress

Changes in inventories of finished goods, work-in-progress and stock-in trade comprises (i) Clinker; (ii) raw meal; (iii) fine coal; (iv) ground slag; (v) crushed limestone; (vi) unfinished cement; and (vii) fly ash.

Employee Benefits Expense

Employee benefits expense comprises (i) salaries, allowances and bonus; (ii) contribution to provident and other funds; and (iii) staff welfare expenses.

Excise Duty Paid

Excise duty paid on sale of manufactured goods.

Freight Charges

Freight charges comprises (i) primary freight on clinker and cement; and (ii) secondary freight on cement.

Finance Costs

Finance costs comprise interest costs on interest on bank overdrafts and loans (other than those from related party), interest on convertible debenture, other interest expense and other financial liabilities measured at amortised cost along with bank charges.

Depreciation and Amortization Expenses

Depreciation and amortization comprises (i) depreciation on plant and equipment; (ii) depreciation on buildings; and (iii) depreciation on railway sliding and other assets.

Other Expenses

Other expenses includes, amongst others (i) power and fuel; (ii) consumption of packing material; (iii) consumption of stores and spares; (iv) advertisement and publicity; (v) rent; (vi) repair and maintenance for machinery; (vii) rates and taxes; (viii) directors' remuneration and (viii) miscellenoues expenses.

Results of Operations

The following table sets forth certain information with respect to our results of operations on a consolidated basis for the periods indicated:

Particulars	Three months ended June 30, 2018		Fiscal 2018		Fiscal 2017		Fiscal 2016	
	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)	(₹ million)	Percentage of Total Income (%)
Income								
Revenue from operations	4,565.56	99.94%	18,398.30	99.59%	18,803.31	99.55%	18,999.16	97.40%
Other income	2.91	0.06%	75.83	0.41%	84.28	0.45%	507.50	2.60%
Total Income	**4,568.47**	**100.00%**	**18,474.13**	**100.00%**	**18,887.59**	**100.00%**	**19,506.66**	**100.00%**
Expenses								
Cost of material consumed	780.32	17.08%	2,954.55	15.99%	2,551.36	13.51%	2,821.53	14.46%
Purchase of stock in trade	-	-	-	-	287.10	1.52%	-	-
Changes in inventories of finished goods and work-in-progress	(313.00)	(6.85)%	77.11	0.42%	69.56	0.37%	4.28	0.02%
Employee benefit expenses	240.87	5.27%	781.96	4.23%	743.56	3.94%	670.10	3.44%
Excise duty paid	-	-	636.50	3.45%	2,301.00	12.18%	2,256.80	11.57%
Freight charges	1,285.06	28.13%	4,048.92	21.92%	3,312.54	17.54%	2,996.57	15.36%
Finance costs	259.91	5.69%	1,012.94	5.48%	593.79	3.14%	616.98	3.16%
Depreciation and amortization expense	273.07	5.98%	815.22	4.41%	803.45	4.25%	753.77	3.86%
Other expenses	1,897.44	41.53%	5,986.29	32.40%	5,812.33	30.77%	5,567.94	28.54%
Total expenses	**4,423.67**	**96.83%**	**16,313.49**	**88.30%**	**16,474.69**	**87.22%**	**15,687.97**	**80.42%**
Restated share in profit of associates	**(1.56)**	**(0.03)%**	**50.98**	**0.28%**	**68.95**	**0.37%**	**59.91**	**0.31%**
Restated profit before tax	**143.24**	**3.14%**	**2,211.62**	**11.97%**	**2,481.85**	**13.14%**	**3,878.60**	**19.88%**
Tax expense								
- Current tax	32.40	0.71%	596.61	3.23%	812.91	4.30%	897.29	4.60%
- Less: Minimum alternative tax credit	-	-	-	-	-	-	(207.80)	(1.07)%
- Deferred tax	(10.13)	(0.22)%	48.36	0.26%	(146.48)	(0.78)%	495.29	2.54%
Total tax expense	**22.27**	**0.49%**	**644.97**	**3.49%**	**666.43**	**3.53%**	**1,184.78**	**6.07%**
Restated profit for the period/year	**120.97**	**2.65%**	**1,566.65**	**8.48%**	**1,815.42**	**9.61%**	**2,693.82**	**13.81%**
Other comprehensive income								
Items that will not be reclassified to profit or loss								
Remeasurement of the defined benefit plans	9.09	0.20%	(5.17)	(0.03)%	0.44	0.00%	8.25	0.04%
Equity instruments through other comprehensive income	-	-	4.46	0.02%	-	-	-	-
Income tax relating to items that will not be reclassified to profit or loss	(3.18)	(0.07)%	0.25	0.001%	(0.15)	(0.00)%	(2.86)	(0.01)%
Total Comprehensive Income for the period/ year	**126.88**	**2.78%**	**1,566.19**	**8.48%**	**1,815.74**	**9.61%**	**2,699.21**	**13.84%**

Reconciliation of Earnings Before Interest, Taxes, Depreciation and Amortization Expenses ("EBITDA") margin to revenue from operations

Particulars	For the three months ended June 30, 2018	For the year ended at March 31,		
		2018	2017	2016
	(₹ million, except percentages)			
Revenue from Operations	4,565.56	**18,398.30**	**18,803.31**	**18,999.16**
Less: Excise Duty	-	636.50	2,301.00	2,256.80
Less: Raw materials cost (cost of materials consumed plus purchase of stock-in-trade and change in inventory)	467.32	3,031.66	2,908.02	2,825.81
Less: Freight charges	1,285.06	4,048.92	3,312.54	2,996.57
Less: Power and Fuel Expenses	1,246.88	3,716.03	3,595.76	3,498.27
Less: Employee benefit expenses	240.87	781.96	743.56	670.10
Less: other expenses	650.56	2,270.26	2,216.57	2,069.67
EBITDA	**674.87**	**3,912.97**	**3,725.86**	**4,681.94**
EBITDA margin (EBITDA as a percentage of our revenue from operations less excise duty)	**14.78%**	**22.03%**	**22.58%**	**27.96%**

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

Three Months Ended June 30, 2018

Income

Total income in the three months ended June 30, 2018 was ₹ 4,568.47 million.

Revenue from Operations

Revenue from operations was ₹ 4,565.56 million in the three months ended June 30, 2018. Revenue from operations contributed 99.94% of our total income in the three months ended June 30, 2018.

Other Income

In the three months ended June 30, 2018, other income was ₹ 2.91 million. Other income contributed 0.06% of our total income in the three months ended June 30, 2018.

Expenses

In the three months ended June 30, 2018, total expenses were ₹ 4,423.67 million, or 96.83% of our total income in such period.

Cost of Materials Consumed

Cost of materials consumed were ₹ 780.32 million in the three months ended June 30, 2018. In the three months ended June 30, 2018, the cost of materials consumed included coal consumed of ₹ 222.79 million, limestone of ₹ 214.37 million and fly ash of ₹ 107.51 million. As a percentage of total income, cost of materials consumed was 17.08% in the three months ended June 30, 2018.

Purchase of Stock in Trade

Purchase of stock in trade were nil in the three months ended June 30, 2018.

Changes in Inventories of Finished Goods and Work-in-Progress

Changes in inventories of finished goods and work-in-progress were ₹ (313.00) million in the three months ended June 30, 2018 on account of higher amount of semi-finished and finished goods held as inventory at the end of the period. As a percentage of total income, changes in inventories of finished goods and work-in-progress was (6.85)% in the three months ended June 30, 2018.

Employee Benefit Expenses

Employee benefits expenses were ₹ 240.87 million in the three months ended June 30, 2018. As a percentage of total income, employee benefit expenses was 5.27% in the three months ended June 30, 2018.

Salaries, allowances and bonus amounted to ₹ 195.19 million in the three months ended June 30, 2018, while contribution to provident and other funds was ₹ 9.18 million in the three months ended June 30, 2018. Staff welfare expenses were ₹ 36.50 million in the three months ended June 30, 2018.

Excise Duty Paid

Excise duty paid was nil million in the three months ended June 30, 2018.

Freight charges

Freight charges were ₹ 1,285.06 million in the three months ended June 30, 2018. As a percentage of total income, freight charges were 28.13% in the three months ended June 30, 2018.

Finance Costs

Finance costs were ₹ 259.91 million in the three months ended June 30, 2018. In the three months ended June 30, 2018, finance costs included primarily interest on bank overdrafts and loans of ₹ 262.17 million. As a percentage of total income, finance cost was 5.69% in the three months ended June 30, 2018.

Depreciation and Amortization Expenses

Depreciation and amortization expenses in the three months ended June 30, 2018 were ₹ 273.07 million. As a percentage of total income, depreciation and amortization costs were 5.98% in the three months ended June 30, 2018.

Other Expenses

Other expenses were ₹ 1,897.44 million in the three months ended June 30, 2018. As a percentage of total income, other expenses were 41.53% in the three months ended June 30, 2018.

In the three months ended June 30, 2018, other expenses mainly included power and fuel expense amounting to ₹ 1,246.88 million, consumption of packing material amounting to ₹ 169.65 million and consumption of stores and spares amounting to ₹ 130.64 million.

Restated Profit before Tax

For the reasons discussed above, restated profit before tax was ₹ 143.24 million in the three months ended June 30, 2018.

Tax Expense

Current tax expenses in the three months ended June 30, 2018 were ₹ 32.40 million. In addition, there was a deferred tax credit of ₹ 10.13 million in the three months ended June 30, 2018.

Restated Profit for the Period

For the various reasons discussed above, and following adjustments for tax expense, restated profit for the period was ₹ 120.97 million in the three months ended June 30, 2018.

Earnings before Interest, Taxes, Depreciation and Amortisation (EBITDA)

EBITDA was ₹ 674.87 million in the three months ended June 30, 2018. EBITDA margin (EBITDA as a percentage of our revenue from operations less excise duty) was 14.78% in the three months ended June 30, 2018.

Fiscal 2018 compared to Fiscal 2017

Income

Total income marginally decreased by 2.19% from ₹ 18,887.59 million in Fiscal 2017 to ₹ 18,474.13 million in Fiscal 2018 due to decrease in sale of traded goods, sale of power and interest income earned on bank deposits and security deposits.

Revenue from Operations

Revenues from operations marginally decreased by 2.15% from ₹ 18,803.31 million in Fiscal 2017 to ₹ 18,398.30 million in Fiscal 2018, primarily due to decrease in sale of traded goods from ₹ 298.28 million in Fiscal 2017 to nil in Fiscal 2018 and sale of power by 39.06% from ₹ 626.42 million in Fiscal 2017 to ₹ 381.57 million in Fiscal 2018 on account of reduction of sale of power to third parties. This decrease was marginally offset by an increase in sale of manufactured products by 0.77% from ₹ 17,878.61 million in Fiscal 2017 to ₹ 18,016.55 million in Fiscal 2018 due to an increase in sales volume by 9.19% from 3.88 million MT in Fiscal 2017 and 4.24 million MT in Fiscal 2018.

Other Income

Other income decreased by 10.03% from ₹ 84.28 million in Fiscal 2017 to ₹ 75.83 million in Fiscal 2018, primarily due to a decrease in interest income earned on bank deposits and security deposits by 19.01% from ₹ 48.40 million in Fiscal 2017 to ₹ 39.20 million in Fiscal 2018 on account of decrease in interest bearing security deposits and decrease in other non-operating income including miscellaneous income comprising scrap sales by 59.01% from ₹ 11.49 million in Fiscal 2017 to ₹ 4.71 million in Fiscal 2018. The decrease was offset by an increase in net foreign exchange gains by 46.42% from ₹ 21.80 million in Fiscal 2017 to ₹ 31.92 million in Fiscal 2018.

Expenses

Total expenses marginally decreased by 0.98% from ₹ 16,474.69 million in Fiscal 2017 to ₹ 16,313.49 million in Fiscal 2018, primarily due to a significant decrease in excise duty on account of implementation of GST which resulted in GST being netted off with sales compared to excise duty which was separately recorded in the profit and loss statement and purchase of stock in trade. The decrease was offset by an increase in freight charges due to change in freight condition from 'to pay' (where-in freight charges are paid directly to the third party transporter and not the company) to 'paid' (where-in freight charges are paid to the company, who in-turn pay the third party transporter) on account of GST resulting in an increase in the cost of freight and cost of material consumed majorly on account of increase in cost of coal and limestone.

Cost of Materials Consumed

Cost of materials consumed increased by 15.80% from ₹ 2,551.36 million in Fiscal 2017 to ₹ 2,954.55 million in Fiscal 2018 primarily due to an increase in sales volume by 9.19% from 3.88 million MT in Fiscal 2017 and 4.24 million MT in Fiscal 2018. In addition, the cost of coal increased on account of increase in foreign exchange currency rate for United States Dollar and the cost of limestone also increased due to levy of District Mineral Fund by the state Government of Telangana.

Purchase of Stock in Trade

Purchase of stock in trade decreased from ₹ 287.10 million in Fiscal 2017 to nil in Fiscal 2018.

Changes in Inventories of Finished Goods and Work-in-Progress

Changes in inventories of finished goods and work-in-progress increased by 10.85% from ₹ 69.56 million in Fiscal 2017 to ₹ 77.11 million in Fiscal 2018.

Employee Benefit Expenses

Employee benefit expense marginally increased by 5.16% from ₹ 743.56 million in Fiscal 2017 to ₹ 781.96 million in Fiscal 2018, primarily due to an increase in salaries, allowances and bonus by 1.37% from ₹ 659.30 million in Fiscal 2017 to ₹ 668.34 million in Fiscal 2018 on account of increase in the number of employees and salary increment.

Excise Duty Paid

Excise duty paid significantly decreased from ₹ 2,301.00 million in Fiscal 2017 to ₹ 636.50 million in Fiscal 2018, primarily on account of implementation of GST which resulted in GST being netted off with sales compared to excise duty which was separately recorded in the profit and loss statement and purchase of stock in trade.

Freight charges

Freight charges increased by 22.23% from ₹ 3,312.54 million in Fiscal 2017 to ₹ 4,048.92 million in Fiscal 2018, primarily due to a change in freight charges due to change in freight condition from 'to pay' (where-in freight charges are paid directly to the third party transporter and not the company) to 'paid' (where-in freight charges are paid to the company, who in-turn pay the third party transporter) on account of GST resulting in an increase in the cost of freight. In addition, freight charges also increased due to an increase in sales volume by 9.19% from 3.88 million MT in Fiscal 2017 and 4.24 million MT in Fiscal 2018.

Finance Costs

Finance costs significantly increased by 70.59% from ₹ 593.79 million in Fiscal 2017 to ₹ 1,012.94 million in Fiscal 2018, primarily due to an increase in other financial liabilities, comprising of long term borrowing, capital creditors and interest-free sales tax deferment loan being measured at amortised cost under Ind AS from income of ₹ 146.20 million in Fiscal 2017 to expense of ₹ 395.22 million in Fiscal 2018. This increase was majorly offset by a decrease in the interest on bank overdrafts, loans and debentures by 19.16% from ₹ 657.64 million in Fiscal 2017 to ₹ 531.62 million in Fiscal 2018.

Depreciation and Amortization Expense

Depreciation and amortisation expense marginally increased from ₹ 803.45 million in Fiscal 2017 to ₹ 815.22 million in Fiscal 2018, primarily due to capitalisation of our packing terminal at Cochin and grinding units at Krishnapatnam and Pune amounting to ₹ 748.04 million, ₹ 3,211.96 million and ₹ 2,306.51 million, respectively.

Other Expenses

Other expenses marginally increased by 2.99% from ₹ 5,812.33 million in Fiscal 2017 to ₹ 5,986.29 million in Fiscal 2018, primarily due to an increase in power and fuel expenses by 3.34% from ₹ 3,595.76 million in Fiscal 2017 to ₹ 3,716.03 million in Fiscal 2018. The increase was offset by a decrease in rates and taxes by 48.50 % from ₹ 116.44 million in Fiscal 2017 to ₹ 59.97 million in Fiscal 2018.

Restated Profit before Tax

For the reasons discussed above, profit before tax was ₹ 2,211.62 million in Fiscal 2018 compared to ₹ 2,481.85 million in Fiscal 2017.

Tax Expense

Current tax expenses decreased from ₹ 812.91 million in Fiscal 2017 to ₹ 596.61 million in Fiscal 2018 and deferred tax expense increased from ₹(146.48) million in Fiscal 2017 to ₹ 48.36 million in Fiscal 2018, primarily on account of capitalisation of our packing terminal at Cochin and grinding units at Patas and Krishnapatnam. The decrease in current tax was also due to decrease in receipt of exemption under Section 80-IA of the Income Tax Act from ₹ 631.14 million in Fiscal 2018 to ₹ 243.50 million in Fiscal 2017.

Restated Profit for the Year

For the various reasons discussed above, and following adjustments for tax expense, we recorded a restated profit for the year of ₹ 1,566.65 million in Fiscal 2018 compared to ₹ 1,815.42 million in Fiscal 2017.

Total Comprehensive Income for the Year

Total comprehensive income for the year was ₹ 1,566.19 million in Fiscal 2018 compared to ₹ 1,815.71 million in Fiscal 2017. Total other comprehensive income for the year (net of tax) was ₹ (0.46) million in Fiscal 2018 compared to ₹ 0.29 million in Fiscal 2017.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA was ₹ 3,912.97 million in Fiscal 2018 compared to EBITDA of ₹ 3,725.86 million in Fiscal 2017, while EBITDA margin (EBITDA as a percentage of our revenue from operations less excise duty) was 22.03% in Fiscal 2018 compared to 22.58% in Fiscal 2017.

Fiscal 2017 compared to Fiscal 2016

Income

Total income decreased by 3.17% from ₹ 19,506.66 million in Fiscal 2016 to ₹ 18,887.59 million in Fiscal 2017 primarily due to a significant decrease in the sale of power. Further, we received a sales tax incentive of ₹ 467.52 million under the Industrial Investment Promotion Policy from the state Government of Telangana in Fiscal 2016.

Revenue from Operations

Revenues from operations decreased by 1.03 % from ₹ 18,999.16 million in Fiscal 2016 to ₹ 18,803.31 million in Fiscal 2017, primarily due to a significant decrease in sale of power from ₹ 1,617.46 million in Fiscal 2016 to ₹ 626.42 million in Fiscal 2017 on account of reduction of sale of power to third parties. This decrease was offset by an increase in revenue from sale of traded goods from nil in Fiscal 2016 to ₹ 298.28 million in Fiscal 2017 and increase in sales volume by 9.53% from 3.54 million MT in Fiscal 2016 to 3.88 million MT in Fiscal 2017.

Other Income

Other income significantly decreased from ₹ 507.50 million in Fiscal 2016 to ₹ 84.28 million in Fiscal 2017, primarily due to a decrease in sales tax incentive from ₹ 467.52 million in Fiscal 2016 to nil in Fiscal 2017 under the Industrial Investment Promotion Policy from the state Government of Telangana.

Expenses

Total expenses marginally increased by 5.01% from ₹ 15,687.97 million in Fiscal 2016 to ₹ 16,474.69 million in Fiscal 2017, primarily on account of an increase in freight charges due to various factors including increased per tonne transportation cost and diesel prices, and purchase of stock in trade.

Cost of Materials Consumed

Cost of materials consumed decreased by 9.58% from ₹ 2,821.53 million in Fiscal 2016 to ₹ 2,551.36 million in Fiscal 2017 due to a decrease in the coal consumed by 40.23% from ₹ 1,157.70 million in Fiscal 2016 to ₹ 691.90 million in Fiscal 2017 on account of reduction in the generation of power on due to a decrease in the sale of power to third parties. This decrease was marginally offset by an increase in the cost of limestone consumed by 22.32% from ₹ 674.93 million in Fiscal 2016 to ₹ 825.58 million in Fiscal 2017 on account of an increase in the royalty charges on limestone along with increase in the sales volume.

Purchase of Stock in Trade

Purchase of stock in trade increased from nil in Fiscal 2016 to ₹ 287.10 million in Fiscal 2017.

Changes in Inventories of Finished Goods and Work-in-Progress

Changes in inventories of finished goods and work-in-progress increased by₹ 65.28 million from ₹ 4.28 million in Fiscal 2016 to ₹ 69.56 million in Fiscal 2017.

Employee Benefit Expenses

Employee benefit expense increased by 10.96 % from ₹ 670.10 million in Fiscal 2016 to ₹ 743.56 million in Fiscal 2017, primarily due to an increase in salaries, allowances and bonus by 18.52% from ₹ 556.29 million in Fiscal 2016 to ₹ 659.30 million in Fiscal 2017 on account of increase in number of employees and salary increments.

Excise Duty Paid

Excise duty paid marginally increased from ₹ 2,256.80 million in Fiscal 2016 to ₹ 2,301.00 million in Fiscal 2017.

Freight charges

Freight charges increased by 10.54 % from ₹ 2,996.57 million in Fiscal 2016 to ₹ 3,312.54 million in Fiscal 2017, primarily due to increase in sales volume by 9.53% from 3.54 million MT in Fiscal 2016 to 3.88 million MT in Fiscal 2017and increase in diesel prices.

Finance Costs

Finance costs marginally decreased by 3.76 % from ₹ 616.98 million in Fiscal 2016 to ₹ 593.79 million in Fiscal 2017, primarily due to a decrease in other financial liabilities, comprising long term borrowing, capital creditors and interest-free sales tax deferment loan, measured at amortised cost under Ind AS from expense of ₹ 1.30 million in Fiscal 2016 to income of ₹ 146.20 million in Fiscal 2017. This decrease was offset by an increase in the interest on bank overdrafts and loans (other than those from related party) by 13.84 % from ₹ 540.14 million in Fiscal 2016 to ₹ 614.88 million in Fiscal 2017.

Depreciation and Amortization Expense

Depreciation and amortisation expense marginally increased by 6.59% from ₹ 753.77 million in Fiscal 2016 to ₹ 803.45 million in Fiscal 2017, primarily due to higher depreciation charged in Fiscal 2017 on account of full year operations of our waste heat recovery units at Boyireddypalli and Ganeshpahad, which were capitalised in September 2015 resulting in depreciation for only half of the year in Fiscal 2016.

Other Expenses

Other expenses marginally increased by 4.39% from ₹ 5,567.94 million in Fiscal 2016 to ₹ 5,812.33 million in Fiscal 2017, primarily due to an increase in power and fuel expenses by 2.79% from ₹ 3,498.27 million in Fiscal 2016 to ₹ 3,595.76 million in Fiscal 2017, on account of increase in the use of captive power in our operations.

Restated Profit before Tax

For the reasons discussed above, restated profit before tax was ₹ 2,481.85 million in Fiscal 2017 compared to ₹ 3,878.60 million in Fiscal 2016.

Tax Expense

Current tax expenses decreased from ₹ 897.29 million in Fiscal 2016 to ₹ 812.91 million in Fiscal 2017. Deferred tax significantly decreased from deferred tax income of ₹ 146.48 million in Fiscal 2017 to deferred tax expense of ₹ 495.29 million in Fiscal 2016, due to a decrease in minimum alternative tax amounting from nil in Fiscal 2017 compared to ₹ 207.80 million in Fiscal 2016.

Restated Profit for the Year

For the various reasons discussed above, and following adjustments for tax expense, we recorded a restated profit for the year of ₹ 1,815.42 million in Fiscal 2017 compared to ₹ 2,693.82 million in Fiscal 2016.

Total Comprehensive Income for the Year

Total comprehensive income for the year was ₹ 1,815.71 million in Fiscal 2017 compared to ₹ 2,699.21 million in Fiscal 2016. Total other comprehensive income for the year (net of tax) was ₹ 0.29 million in Fiscal 2017 compared to ₹ 5.39 million in Fiscal 2016.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

EBITDA was ₹ 3,725.86 million in Fiscal 2017 compared to EBITDA of ₹ 4,681.94 million in Fiscal 2016, while EBITDA margin (EBITDA as a percentage of our revenue from operations less excise duty) was 22.58% in Fiscal 2017 compared to 27.96% in Fiscal 2016.

Liquidity and Capital Resources

We have historically financed our working capital requirements and the expansion of our business and operations primarily through funds generated from our operations, equity infusion and borrowings. From time to time, we may obtain loan facilities to finance our short term working capital requirements.

Cash Flows

The following table sets forth certain information relating to our cash flows in the periods indicated:

Particulars	Three months ended June 30, 2018	Fiscal		
		2018	2017	2016
	(₹ million)			
Net cash generated from/ (used in) operating activities	(801.33)	4,596.73	614.48	2,120.13
Net cash used in investing activities	(1,533.45)	(7,058.90)	(1,414.14)	(1,680.13)
Net cash generated from/ (used in) the financing activities	2,370.89	2,524.34	281.55	(280.57)
Net increase/(decrease) in cash and cash equivalents	36.11	62.17	(518.11)	159.43
Cash and cash equivalents at the end of the period/ year	302.27	266.16	203.99	722.10

Operating Activities

Three months ended June 30, 2018

In three months ended June 30, 2018, net cash used in operating activities was ₹ 801.33 million and the restated profit for the period and operating profit before working capital changes was ₹ 120.97 million and ₹ 680.95 million, respectively. The main working capital adjustments in three months ended June 30, 2018 were increase in trade receivables of ₹ 704.01 million, increase in inventories of ₹ 258.81 million and increase in other assets of ₹ 195.50 million. This was marginally offset by an increase in trade payables and other liabilities of ₹ 204.56 million.

Fiscal 2018

In Fiscal 2018, net cash generated from operating activities was ₹ 4,596.73 million and the restated profit before tax and operating profit before working capital changes was ₹ 1,566.65 million and ₹ 3,945.49 million, respectively. The main working capital adjustments in Fiscal 2018 was decrease in other assets of ₹ 983.23 million primarily due to decrease in advances to suppliers and decrease in inventories of ₹ 945.52 million on account of higher coal and petcoke inventory received at the end of March 2017. This was marginally offset by a decrease in trade payables and other liabilities of ₹ (539.46) million.

Fiscal 2017

In Fiscal 2017, net cash generated from operating activities was ₹ 614.48 million and the restated profit before tax and operating profit before working capital changes was ₹ 1,815.42 million and ₹ 3,762.27 million, respectively. The main working capital adjustments in Fiscal 2017 was increase in other assets of ₹ 1,105.60 million primarily due to increase in advances to suppliers. In addition, there was an increase in loans of ₹ 903.11 million, increase in inventories of ₹ 564.60 million on account of increase in stores and spares. This was marginally offset by a decrease in trade receivables of ₹ 256.30 million.

Fiscal 2016

In Fiscal 2016, net cash generated from operating activities was ₹ 2,120.13 million and the restated profit before tax and operating profit before working capital changes was ₹ 2,693.82 million and ₹ 5,274.67 million, respectively. The main working capital adjustments in Fiscal 2016 was increase in loans of ₹ 1,776.39 million on account of the scheme of arrangement (which was effective from February 1, 2016) through which our Company transferred the business segment of gas power including strategic investments in power and alumina business and corporate management services to PCIL Power and Holdings Limited, increase in inventories of ₹ 499.78 million primarily on account of higher coal and petcoke inventory received at the end of March 2016 and increase in other assets of ₹ 392.08 million. This was marginally offset by a decrease in trade receivables of ₹ 393.21 million.

Investing Activities

Three months ended June 30, 2018

Net cash used in investing activities was ₹ 1,533.45 million in three months ended June 30, 2018, primarily on net capital expenditure on property, plant and equipment and intangible assets including capital advances of ₹ 1,531.71 million.

Fiscal 2018

Net cash used in investing activities was ₹ 7,058.90 million in Fiscal 2018, primarily on account of net capital expenditure on property, plant and equipment and intangible assets including capital advances of ₹ 7,403.40 million due to additions to plant and equipment, buildings and freehold land for our proposed facilities. This was marginally offset by net proceeds from investment in bank deposits of ₹ 175.75 million and dividend received of ₹ 132.00 million.

Fiscal 2017

Net cash used in investing activities was ₹ 1,414.14 million in Fiscal 2017, primarily on account of net capital expenditure on property, plant and equipment and intangible assets including capital advances of ₹ 1,280.38 million due to additions to plant and equipment and freehold land and payments from investment in bank deposits of ₹ 182.06 million.

Fiscal 2016

Net cash used in investing activities was ₹ 1,680.13 million in Fiscal 2016, primarily on account of net capital expenditure on property, plant and equipment and intangible assets including capital advances of ₹ 1,462.90 million due to additions to buildings and freehold land and payment for investment in associates and other investments of ₹ 354.86 million on account of the scheme of arrangement (which was effective from February 1, 2016) through which our Company transferred the business segment of gas power including strategic investments in power and alumina business and corporate management services to PCIL Power and Holdings Limited.

Financing Activities

Three months ended June 30, 2018

Net cash generated from financing activities was ₹ 2,370.89 million, primarily due to net proceeds from long term borrowings of ₹ 1,429.28 million and net proceeds from short term borrowings ₹ 1,224.72 million. This was offset by interest paid of ₹ 283.11 million.

Fiscal 2018

Net cash generated from financing activities was ₹ 2,524.34 million, primarily due to net proceeds from long term borrowings of ₹ 3,275.21 million. This was significantly offset by interest paid of ₹ 617.72 million.

Fiscal 2017

Net cash generated from financing activities was ₹ 281.55 million, primarily due to net proceeds from long term borrowings of ₹ 1,245.96 million. This was significantly offset by interest paid of ₹ 739.99 million.

Fiscal 2016

Net cash used in financing activities was ₹ 280.57 million, primarily due to interest paid of ₹ 615.68 million. This was significantly offset by proceeds from short term borrowings of ₹ 407.97 million.

Indebtedness

As of June 30, 2018, our total indebtedness was ₹ 15,249.15 million (with long-term borrowings (including current maturity) of ₹ 11,946.82 million and short term borrowings of ₹ 3,302.33 million) representing a debt to equity ratio of 1.48. For further information regarding our indebtedness, see "*Financial Information*" and "*Financial Indebtedness*" on pages 210 and 362, respectively.

The following table sets forth certain information relating to our outstanding indebtedness as of June 30, 2018, and our repayment obligations in the periods indicated:

Particulars	**As of June 30, 2018 Payment due by period (₹ million)**				
	Total	**Not later than 1 year**	**1-3 years**	**3 -5 years**	**More than 5 years**
Long Term Borrowings					
Non-Convertible Debentures	140.00	140.00	-	-	-
Term loans from bank (secured)	6,838.26	379.02	1,666.90	1,666.90	3,125.44
Term loans from others (secured)	3,584.38	112.01	896.10	896.10	1,680.18
Sales tax deferment loan (secured)	1,384.18	261.76	540.19	582.23	-
Total long term borrowings	**11,946.82**	**892.79**	**3,103.19**	**3,145.23**	**4,805.62**
Short Term Borrowings					
Secured	3,302.33	3,302.33	-	-	-
Total Short Term Borrowings	**3,302.33**	**3,302.33**	**-**	**-**	**-**
Total Borrowings	**15,249.15**	**4,195.12**	**3,103.19**	**3,145.23**	**4,805.62**

Some of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Specifically, we require consent for altering our capital structure, further issuance of any shares, effecting any scheme of amalgamation or reconstitution, restructuring or changing the management, dilution of Promoters' shareholding, making corporate investments and change in constitution of the Board of Directors. For further information, see "*Risk Factors - We have incurred significant indebtedness, and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, financial condition and credit rating.*" on page 21.

Contingent Liabilities and Off-Balance Sheet Arrangements

As of June 30, 2018, our contingent liabilities that have not been provided for were as follows:

Particulars	Amount (₹ million)
Contingent liabilities (to the extent not provided for)	
Bank guarantees	346.37
Letter of credits	585.81
Indirect taxes	501.30
Income tax	136.74
Other	45.60
Total	**1,615.82**

For further information on our contingent liabilities, see "*Note 34 – Contingent Labilities and Commitments – Restated Consolidated Financial Information*" on page 262.

Except as disclosed in our Restated Standalone Financial Statements or our Restated Consolidated Financial Statements or otherwise in this Draft Red Herring Prospectus, there are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Contractual Obligations and Commitments

The following table sets forth certain information relating to future payments due under known contractual commitments as of June 30, 2018, aggregated by type of contractual obligation:

Particulars	As of June 30, 2018				
	Payment due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
	(₹ million)				
Contractual obligations (Works Contract)	3,527.00	1,925.00	1,602.00	-	-
Total Contractual Obligations	**3,527.00**	**1,925.00**	**1,602.00**	-	-

Capital Expenditures

As of March 31, 2016, 2017 and 2018 and as of June 30, 2018, our capital expenditure towards additions to fixed assets (property, plant and equipment's and intangible assets) were ₹ 1,462.90 million, ₹ 1,280.38 million, ₹ 7,404.64 million and ₹ 1,531.71 million, respectively. The following table sets forth our fixed assets as of March 31, 2016, 2017 and 2018 and as of June 30, 2018:

Particulars	As of June 30, 2018	As of March 31,		
		2018	2017	2016
	(₹ million)			
Property, plant and equipment	17,367.04	17,595.18	11,701.64	12,367.28
Intangible Assets	8.82	10.51	17.17	23.80
Capital Work in Progress	4,935.62	2,753.80	3,214.30	1,751.90
Total	**22,311.48**	**20,359.49**	**14,933.11**	**14,142.98**

We expect to meet our capital expenditure in the next three Fiscals through a mix of internal accruals and funding from financial institutions.

Related Party Transactions

We have in the past entered into transactions with our Promoters, relatives of our Promoters, Directors, enterprises over which our Directors have a significant influence, key management personnel and associate companies in the ordinary course of business. In particular, we have entered into various transactions with Pioneer Builderrs Limited in relation to, amongst others, the sale of products, investments, advances, freight charges, services received and other payables. For further information relating to our related party transactions, see "*Financial Statements*" on page 210.

Changes in Accounting Policies

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, 2015 being the transition date. For information relating to transition from Indian GAAP to Ind AS, see "*Financial Statements*" on page 210. Except as disclosed in this Draft Red Herring Prospectus, there have been no changes in our accounting policies in the last five fiscal years.

Auditor Observations

There have been no reservations/ qualifications/ adverse remarks/ matters of emphasis highlighted by our statutory auditors in their audit reports on the audited consolidated and unconsolidated financial statements for the last five Fiscals preceding the date of this Draft Red Herring Prospectus. In addition, our Statutory Auditors have made no reservations/ qualifications/ adverse remarks/ matters of emphasis in their examination reports on the Restated Financial Statements included in this Draft Red Herring Prospectus.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risks during the normal course of business. Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk and commodity risk. We are exposed to commodity risk, liquidity risk, credit risk and inflation risk and in the normal course of our business.

Credit Risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The credit risk arises principally from our operating activities (primarily trade receivables) and from our investing activities, including deposits with banks and financial institutions and other financial instruments. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by our receivables team. No single customer accounted for more than 2.00% of our revenue in three months ended June 30, 2018 and Fiscal 2018 and 2017 and there was no significant concentration of credit risk. Credit risk on cash and cash equivalent is limited as we generally transact with banks and financial institutions with high credit ratings assigned by international and domestic credit rating. In Fiscal 2016, 2017 and 2018 and in the three months ended June 30, 2018, our trade receivables were ₹ 1,107.27 million, ₹ 850.97 million, ₹ 902.38 million and ₹ 1,606.39 million, respectively.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate on account of changes in market interest rates. Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to a certain extent by borrowings and increases in interest expense may have an adverse effect on our results of operations and financial condition. Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates. Increases in interest rates would increase interest expenses relating to our outstanding floating rate borrowings and increase the cost of new debt. In addition, an increase in interest rates may adversely affect our ability to service term loans and to finance development of new projects, all of which in turn may adversely affect our results of operations. We manage our interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. We do not enter into any interest rate swaps.

Commodity Risk

We are exposed to the price risk associated with purchasing our raw materials and coal. We typically do not enter into formal or long term arrangements with our suppliers. Therefore, fluctuations in the price and availability of raw materials may affect our business and results of operations. We do not currently engage in any hedging activities against commodity price risk. Coal, which is a commodity, the price of which is determined by global supply and demand (for imports) and set by the Government of India (for domestic purchases). We import United States and South Africa origin coal and pet coke and also source coal through coal linkages with The Singareni Colliery Company Limited ("**SCCL**"). In Fiscal 2018 and in the three months ended June 30, 2018, imported coal and petcoke accounted for 66.61% and 65.51%, respectively, of our total consumption of coal and petcoke. International coal prices are volatile, and such volatility could have a material effect on our fuel and power expenses and financial condition. Similarly, crude oil prices are volatile and India relies significantly on imports to meet its requirements of crude oil, and any significant increase in the price of or shortages in the supply of crude oil could have an adverse effect on our business, logistics cost and results of operations.

Foreign Exchange Risk

We are exposed to exchange rate risk as a portion of our expenditure, such as importing coal and pet coke, are denominated in foreign currencies. Coal and pet coke that we import are paid for in foreign currency. Any depreciation in the value of the Rupee against U.S. dollar or other foreign currencies would increase the cost of our imported raw materials. The exchange rate between the Rupee and each of the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. Adverse movements in foreign exchange rates may adversely affect our results of operations and financial condition. Further, we are exposed to risks that arise due to any movements in exchange rates in the period between when a purchase order is placed by a customer on us to the time settlement is done of the Indian Rupee equivalent of the relevant foreign currency amount.

Liquidity Risk

Liquidity risk is the risk that we will encounter difficulties in meeting the obligations associated with our financial liabilities that are settled by delivering cash or another financial asset. We aim maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans.

Inflation

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

Total Turnover of each Major Industry Segment in which the Company Operated

We have one primary business activity and operate in one industry segment, which is 'the manufacture of cement'.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, there have been no other events or transactions that, to our knowledge, may be described as "unusual" or "infrequent".

Known Trends or Uncertainties

Other than as described in this Draft Red Herring Prospectus, particularly in the sections "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 14 and 333, respectively, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

New Products or Business Segments

We have not publicly announced any new products or business segments nor have there been any material increases in our revenues due to increased disbursements and introduction of new products.

Future Relationship between Cost and Income

Other than as described elsewhere in the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 14, 143 and 333, respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

Seasonality of Business

Our business exhibits seasonality of limited nature during monsoons.

Significant Dependence on a Single or Few Customers or Suppliers

Other than as described in this Draft Red Herring Prospectus, particularly in sections "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 14 and 333, respectively, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

Competitive Conditions

We operate in a competitive environment. See sections, "*Our Business*", "*Industry Overview*", "*Risk Factors*" and "*– Significant Factors Affecting our Results of Operations and Financial Condition – Competition*" on pages 143, 116, 14 and 337, respectively.

Significant Developments after June 30, 2018 that may affect our Future Results of Operations

Except as disclosed in this section including under "*– Significant Factors Affecting Our Results of Operations and Financial Condition*", "*Our Business*" and "*History and Certain Corporate Matters*" on pages 336, 143 and 171, respectively, to our knowledge no circumstances have arisen since June 30, 2018, that could materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

FINANCIAL INDEBTEDNESS

Our Company avails credit facilities in the ordinary course of business. Pursuant to our Articles of Association, subject to applicable laws and pursuant to a resolution dated May 18, 2018, passed by our Shareholders, our Board has been authorised to borrow sums in excess of the aggregate of our paid-up share capital and free reserves, up to ₹50,000 million.

As on September 30, 2018, we had outstanding secured borrowings (excluding interest) of ₹ 17,431.24 million and unsecured borrowings (excluding interest) ₹1,951.90 million. Set forth below is a brief summary of aggregate borrowings of our Company as of September 30, 2018.[(1)]

(₹ in million)

Category of borrowing	Total Sanctioned Amount	Outstanding amount as on September 30, 2018
Secured		
Term loan	12,775.00	12,010.04
Working Capital Facility	4,500.00	3,872.64
Fund based	2,350.00	2,029.48
Non-fund based	2,150.00	1,843.16
Additional Capex facility (Non fund based)	2,000.00	1,268.36
NCDs	NA	140.00
Vehicle Loan	154.61	140.20
Unsecured		
Sales Tax deferral	NA	1,951.90
Total	**19,429.61**	**19,383.14**

(1) As certified by the Statutory Auditors of our Company, C. Ramachandram & Co., Chartered Accountants, pursuant to their certificate dated November 1, 2018

Principal terms of the borrowings availed by us:

1. ***Interest:*** In terms of the loans availed by us, the interest rate is either the base rate of a specified lender and spread per annum, subject to a minimum interest rate or at rates which are mutually decided between the lender and us at the time of disbursement. The spread varies across different loans.

2. ***Tenor and repayment:*** The tenor and repayment of the facilities availed by us typically ranges from 24 months to 10 years in the manner agreed by the lenders.

3. ***Security:*** In terms of our secured borrowings, we are required to *inter-alia*:

   (a) create a first *pari passu* charge on all fixed assets of the borrower;

   (b) create a first *pari passu* charge on all current assets of the borrower, both present and future;

   (c) mortgage of immovable properties of the borrower;

   (d) hypothecation of all movables assets of the borrower;

   (e) provide a demand promissory note and letter of continuity; and

   (f) execute an undertaking cum indemnity and other miscellaneous security documents in the form approved by the lender.

   Separately, our Company and our promoters are required to provide guarantees including personal and corporate guarantees (as applicable), non-disposal undertakings and pledge of such percentage of their Equity Shareholding in our Company, Promoter Group and Associate, as may be required by the lenders in respect of the loans availed by our Company, Subsidiaries, Group Companies and Promoter Group. For details of subsisting encumbrances on Equity Shares held by our Promoters, see *"Capital Structure"*on page 76.

   Further, in respect of a loan sanctioned to one of our Subsidiaries, our Promoters are required to provide an undertaking to infuse equity in case of shortfall in capex funding and to complete the capex even in case of cost overrun by funding the same through internal accruals, sub-ordinate debt from promoters without any recourse to the assets of the Company.

   This is an indicative list and there may be additional requirements for creation of security under the various borrowing arrangements entered into by us.

4. ***Events of Default:*** Borrowing arrangements entered into by us contain standard events of default, including:

(a) default in payment of principal amount/interest as and when the same becomes due and payable;

(b) default in performance or observance of any covenant, condition, representation, warranty or provision;

(c) occurrence of any event or condition, which in the lender's opinion constitutes or could constitute a material adverse effect on our business condition or our ability to perform the obligations under the borrowing arrangements;

(d) entering into any arrangement or composition with its creditors or committing any act of insolvency, or any act the consequence of which may lead to the insolvency or winding up of our Company or our Subsidiaries;

(e) any representation, undertakings or warranties made is found to be false at any time or misleading as of the date on which the same was made or deemed to be made;

(f) ceasing or threatening to cease to carry on business or giving or threatening to give notice of intention to do so;

(g) if an event of default has occurred under any other agreement entered into by our Company or our Subsidiaries with any other person or entity;

(h) failure to get the Company's facilities rated by credit rating agency as approved by the lender, within the duration specified by the lender;

(i) non-creation of the required security as required under the loan agreement entered into between our Company or our Subsidiaries and the lender within the stipulated time; and

(j) any substantial change in our constitution or management without the previous written consent of the lenders.

This is an indicative list and there may be additional terms and conditions that may amount to an event of default under various borrowing arrangements entered into by us. Our Company and our Subsidiaries are required to ensure that the aforementioned events of default and other events of default, as specified under the various binding documents and agreements entered into by our Company or our Subsidiaries, as the case maybe, for the purpose of availing of loans, are not triggered.

5. ***Restrictive Covenants:*** We are required to intimate the banks or obtain their prior written consent, as the case may be, in the event we intend to undertake the following:

(a) Material change in the business or the management of our Company;

(b) Reconstruction or reorganization of our business;

(c) Dilution of equity shareholding of our Promoters or any change in the ownership or management control of our Company;

(d) Alteration in the Memorandum of Association and Articles of Association of our Company;

(e) Any change in our capital structure or shareholding pattern or issue securities, whether on a preferential basis or otherwise;

(f) Declaration of annual dividend;

(g) Prepayment of any indebtedness incurred by us;

(h) Register any transfer made or to be made in the capital of our Company by our promoters and their associates;

(i) Create, assume or incur any further financial indebtedness ; or

(j) Undertake guarantee obligations on behalf of any other company or person.

This is an indicative list and there may be additional restrictive covenants that require prior intimation/prior consent of the banks.

6. **Prepayment penalty/ prepayment charges:** The loans availed by us typically have prepayment provisions which allows for prepayment of the outstanding loan amount at any given point in time, subject to a prior notice to the lender or payment of the prepayment premium, as applicable, on the basis of the terms and conditions of the agreement. Prepayment premium is payable to some of the lenders at the rate of 1% of the amount of the outstanding loan being prepaid by our Company, plus applicable taxes.

For further details of financial and other covenants required to be complied with in relation to our borrrowings, see "*Risk Factors – We have incurred significant indebtedness, and an inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, financial condition and credit rating*" on page 21.

Redeemable Listed Non Convertible Debentures

Our Company has issued 350 redeemable listed non convertible debentures of ₹1,000,000 each having a tenure of five years and carrying an annual interest rate of 12.25% per annum, which are listed on the BSE. The debentures are secured by a first ranking *pari passu* charge on all fixed assets of the Company with a minimum asset cover of 1.25 times.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated in this section, there are no (i) outstanding criminal proceedings, (ii) outstanding actions taken by statutory or regulatory authorities, (iii) material litigation, in each case involving our Company, our Subsidiaries our Promoters, our Directors, or our Group Companies, (iv) outstanding claims for any direct and indirect tax liabilities in each involving our Company, our Subsidiaries, our Promoter, our Directors, our Group Companies; (v) outstanding dues to creditors of our Company as determined to be material by our Board in accordance with the SEBI ICDR Regulations; and (vii) outstanding dues to small scale undertakings and other creditors

For the purpose of material litigation in (iii) above, our Board has considered and adopted the following policy on materiality with regard to outstanding litigation to be disclosed by our Company, our Subsidiaries, our Promoter, our Directors, our Group Companies in the Draft Red Herring Prospectus:

*(a) Criminal, tax proceedings and actions by statutory authorities/ regulatory authorities: All criminal and tax proceedings, and actions by statutory/ regulatory authorities involving the Company, its Subsidiaries/ Directors/ Promoters/ Group Companies, as the case may be ("**Relevant Parties**") shall be deemed to be material;*

(b) Pre-litigation notices: Notices received by the Relevant Parties, from third parties (excluding statutory/ regulatory/ tax authorities or notices threatening criminal action) shall, in any event, not be evaluated for materiality until such time that the Relevant Parties are impleaded as defendants in litigation proceedings before any judicial forum;

(c) De minimis monetary threshold for civil litigation: Civil litigation against any of the Relevant Parties or having any bearing on the Company or any of its Subsidiaries before any judicial forum and having a monetary impact not exceeding 1% profit after tax of the last audited consolidated financial statements of the Company, on a consolidated basis as at the end of March 31, of a given financial year, shall not be considered material being ₹15.70 million. However, in the event of civil litigation wherein a monetary liability is not quantifiable, such litigation shall be considered as material only in the event that the outcome of such litigation has a bearing on the operations or performance of the Company or any of its Subsidiaries.

Further, except as stated in this section, there are no proceedings initiated against our Company for outstanding dues to material creditors and material small scale understandings.

Litigation involving our Company

Litigation against our Company

Criminal Litigation

1. A petition bearing no. C.C. 26 of 2013 has been filed by the Central Bureau of Investigation ("**CBI**"), Hyderabad before the Principal Special Judge for CBI Cases, Hyderabad against our Company, our Promoter, P. Prathap Reddy, Y.S. Jagan Mohan Reddy, V. Vijay Sai Reddy, P R Enerrgy Holding Limited (one of our Group Companies), Jagati Publications Limited, Carmel Asia Holdings Private Limited, Pioneer Holiday Resorts Limited (one of our Group Companies) and Penna Tandur Cement Company Limited (a company which subsequently amalgamated with our Company). The CBI by the way of this petition has alleged that our Company received favourable government orders *inter-alia* in the form of (i) alienation of government land in Yadiki Mandal of Anantapur District; (ii) grant of prospecting license over an extent of 304.74 Hectares in Kurnool district for a period of three years; (iii) renewal of mining lease in favour of Walchand Tandur Cement Company Limited after the acquisition of Walchand Tandur Cement Company Limited by Penna Tandur Cement Company Limited and (iv) grant of memo extending all benefits given to Blitz Hotels Private Limited in favour of Pioneer Holiday Resorts Limited including incentives in the form of exemption of impact fee, conversion charges and setback relaxations given thereon. The CBI submitted that the aforesaid favours were obtained by the Company by making a *quid pro quo* investment to the tune of ₹200 million in Jagati Publications Limited and Carmel Asia Holdings Private Limited through P R Enerrgy Holdiings Limited. Allegations were raised that a total investment of ₹1,130 million were made by the Respondents for various transacions amongst each other. Pursuant to this, our Company has filed a criminal petition against the order passed in C.C. 26 of 2013, bearing no. Crl. P. 9035 of 2015 in which our Company has prayed for quashing the proceedings against our Company in C.C. No. 26 of 2013 on the file of the Principal Special Judge, CBI, Hyderabad. By an order dated April 20, 2016, the High Court granted an interim stay on the proceedings until further orders. The matter is pending before the High Court of Judicature at Hyderabad.

2. In connection with the above, a Directorate of Enforcement Complaint bearing no. S.C. 1 of 2018 has been filed by the Assistant Director, Directorate of Enforcement, before the Metropolitan Sessions Judge - Cum - Special Court, Nampally, Hyderabad under the Prevention of Money Laundering Act, 2002, against our Company, Y.S. Jagan Mohan Reddy, V. Vijay Sai Reddy, our Promoter, P. Prathap Reddy, P R Enerrgy Holdings Limited (our Group Company), Jagati Publications

Limited, Carmel Asia Holdings Private Limited and Pioneer Holiday Resorts Limited (our Group Company), accusing our Company and others of money laundering; obtaining favourable government orders in the form of alienation of government lands and receiving proceeds of crimes. Previously, the Adjudicating Authority (Under the Prevention of Money Laundering Act, 2002), through an order in O.C. 515 of 2015, dated December 14, 2015 had ruled against our Company, accusing our Company of receiving proceeds of crime pursuant to which it was alleged that we received certain grants of land and had consequently ordered the attachment of 231.09 acres of land belonging to our Company located at Kamalapadu, Gudipadu, Kudankota and Nittor Villages of Yadaki Mandal, Anantapur District. The matter is pending before the Metropolitan Sessions Judge-Cum - Special Court.

3. A criminal petition bearing number 9560 of 2018 along with criminal petition 4913 and 4914 of 2018 has been filed by Infinite Salts Worldwide Urban Tree Concreting Solutions and Osyan Property, before the High Court of Judicature at Madras, against our Company and Krishnan Shankar. Pursuant to this criminal petition, the petitioner have prayed before the High Court of Judicature at Madras to stay the proceedings in C.C. 3091 of 2015 on the file of Chief Metropolitan Magistrate, Egmore at Allikulam, Chennai. The High Court of Madras vide an order dated April 12, 2018 have stayed the proceedings in C.C. 3091 of 2015. For details in relation to C.C. 3091 of 2015, see *"Litigation by our Company – Criminal Litigation"* on page 367.

4. A criminal petition bearing number 9559 of 2018 along with criminal petition 4911 & 4912 of 2018 has been filed by Abhinay Mehta and Abhishek Mehta, before the High Court of Judicature at Madras, against our Company and M. Krishna Shankar. Pursuant to this criminal petition, the petitioner have prayed before the High Court of Judicature at Madras to stay the proceedings in C.C. 3091 of 2015 on the file of Chief Metropolitan Magistrate, Egmore at Allikulam, Chennai. The High Court of Madras vide an order dated April 12, 2018, have stayed the proceedings in C.C. 3091 of 2015. For details in relation to C.C. 3091 of 2015, see *"Litigation by our Company – Criminal Litigation"* on page 367.

5. A criminal petition bearing number 9558 of 2018 along with Criminal M.P 4909 and 4910 of 2018 has been filed by Urban Tree Infrastructure Private Limited, before the High Court of Judicature at Madras, against our Company. Pursuant to this petition, the petitioner has prayed before the High Court of Judicature at Madras, to stay the proceedings in C.C. 3091 of 2015. Our Company had filed C.C 3091 of 2015 on the file of of Chief Metropolitan Magistrate, Egmore at Allikulam, Chennai. The High Court of Madras vide an order dated April 12, 2018, have stayed the proceedings in C.C. 3091 of 2015. For details in relation to C.C. 3091 of 2015, see *"Litigation by our Company – Criminal Litigation"* on page 367.

Civil Litigation

Nil

Action taken by Statutory or regulatory authorities

1. A complaint bearing number F. No. T-3/13/HYZO/2013 dated December 20, 2017, has been filed by the Assistant Director, Directorate of Enforcement, Adjudicating Authority, Chennai ("**Directorate of Enforcement**"), against our Promoter, P. Prathap Reddy and our Company for contravention of certain provisions of the Foreign Exchange Management Act, 1999 and the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004. Further, a show cause notice bearing no. T4/02/HYZO/SRO/2018, dated January 19, 2018 has also been issued by the Directorate of Enforcement in this regard. The Directorate of Enforcement has accused our Company and our Promoter, P. Prathap Reddy of being in contravention of the Foreign Exchange Management Act, 1999, read with the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 for receiving share certificates for certain overseas investments (i.e. an investment of ₹344,200,000 made in Pioneer Cement Industries LLC, UAE in 2004) beyond the stipulated period of six months from the date of investment. Further, the Directorate of Enforcement accused our Company of filing Annual Performance Report ("**APR**") belatedly for the investments made in the years 2005, 2006 and 2007 in Pioneer Cement Industries LLC, UAE. The Directorate of Enforcement also accused our Company of not submitting the APR for the investments made in 2008, 2009, and 2010 in Penna Global Investment FZ LLC, UAE and belated filing of APR for the investments made in 2011, 2012 and 2013 in Penna Global Investments FZ LLC, UAE. Pursuant to a reply dated March 7, 2018, our Company has responded to the show cause notice stating that the non-compliances with the Foreign Exchange Management Act, 1999, read with the Foreign Exchange Management (Transfer or Issue of any Foreign Security) Regulations, 2004 was on account of inadvertent inaction by the Company.

2. A notice No. 6/RD(SER)/209A/PCIL/2013/6462 has been issued to our Company by the Office of the Regional Director, South East Region, Ministry of Corporate Affairs, stating that based on the inspection of books of accounts and other records of our Company conducted under Section 209A of the Companies Act, 1956/Section 206(5) of the Companies Act, 2013, and with reference to the Regional Director (SER)'s Letter No.5/RD(SER)/209A/2012 dated March 8, 2018 notifying the inspection, they have noted certain violations and irregularities including *inter alia*, (i) failure to mention in the AGM notice to members (in a reasonably prominent manner) a member's entitlement to appoint his proxy to attend and vote, thereby violating Section 176(2) of the Companies Act, 1956, (ii) failure to disclose in the board report, the activities relating to exports, initiatives taken to increase exports, development of new export market etc. thereby violating Section 217(1)(e) of

the Companies Act, 1956 read with Companies (Disclosures of Particulars in the Report of Board of Directors), Rules, 1988; (iii) not including in the board report a statement containing the nature of employment, whether contractual or otherwise, other terms and conditions, nature of duties, percentage of equity shares held by the employees thereby violating Section 217(2A)(a)(iii) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975. We have been asked to submit our reply within 10 days of the date of receipt of this notice. Our Company has responded to this notice on April 10, 2018 providing the necessary clarification and the matter is still pending.

3. A letter no. ROCH/AP&TG/CSR/STACK/PCIL/013359/2017/2830 dated December 4, 2017 has been issued to our Company by the Registrar of Companies calling for information under the provisions of Section 206(1) of the Companies Act, 2013 with regard to compliance with corporate social responsibility obligations for Fiscal 2016. We have been asked to furnish information with explanations with regard to compliance with the provisions of Section 135 of the Companies Act, 2013 read with schedule VII and the Companies (Corporate Social Responsibility Policy Rules) 2014, along with documentary proof within 14 days from the date of the letter. Additionally, the Company was also directed to explain the manner in which it is in compliance with Section 134(3)(O) of the Companies Act, 2013. Our Company has responded to this letter on December 12, 2017 providing relevant information about compliance with Section 135 of the Companies Act, 2013 and providing necessary explanations along with relevant documents. The matter is still pending.

4. A letter no. ROCH/PCIL/STACK/CSR/13359/2016/267 dated April 4, 2016 has been issued to our Company by the Registrar of Companies calling for information under the provisions of Section 206(1) of the Companies Act, 2013 in the matter of compliance with corporate social responsibility obligations. We have been asked to furnish information with explanation with regard to compliance with the provisions of Section 135 of the Companies Act, 2013 read with schedule VII and the Companies (Corporate Social Responsibility Policy Rules) 2014, along with documentary proof within 15 days from the date of the letter. Our Company has responded to the letter on May 2, 2016 providing relevant information about compliance with Section 135 of the Companies Act, 2013 and providing necessary explanations along with relevant documents. The matter is still pending.

Litigation by our Company

Criminal Litigation

1. An appeal bearing 1190 of 2016 in O.C. 515 of 2015 has been filed by our Company before the Appellate Tribunal constituted under the Prevention of Money Laundering Act, 2002, New Delhi, against the Joint Director of the Directorate of Enforcement, challenging the impugned order of the Adjudicating Authority under the Prevention of Money Laundering Act, 2002, in O.C. 515 of 2015. The Adjudicating Authority through an order in O.C. 515 of 2015, dated December 14, 2015 had ruled against our Company, accusing our Company of receiving proceeds of crime pursuant to which we were alleged to have received certain grants of land and had consequently ordered the attachment of 231.09 acres of land located at Kamalapadu, Gudipadu, Kudankota and Nittor Villages of Yadaki Mandal, Anantapur District. Pursuant to this appeal, our Company has prayed to set aside the said impugned order. Our Company has also filed two miscellaneous petitions bearing M.P no. MP-PMLA-2872/HYD/2016 of 2016 and FPA-PMLA-1190/HYD/2016 of 2016 in this particular appeal. Pursuant to an order dated December 8, 2016, the Appellate Tribunal constituted under the Prevention of Money Laundering Act, 2002, New Delhi, has granted a stay. Through a miscellaneous petition bearing number MP-PMLA-2872/HYD/2016 of 2016, our Company prayed before the Appellate Authority to grant a stay on the impugned order dated December 14, 2015 passed by the Adjudicating Tribunal whereas, through the miscellaneous petition bearing M.P. no. FPA-PMLA-1190/HYD/2016 of 2016 our Company has submitted that the 231.09 acres of land located in Kamalapadu, Gudipadu, Kudankota and Nittor Villages of Yadaki Mandal, Anantapur District which was attached by the Directorate of Enforcement is essential for running the Boyareddypalli unit of our Company as well as for the common public who are using this land as road and other miscellaneous purposes and has sought to provide an alternative property of total value more than ₹78.49 million for the purpose of attachment in lieu of the properties already attached by the Directorate of Enforcement. The matter is currently pending. Further, after the completion of an investigation by the Directorate of Enforcement, the CBI, Hyderabad filed an FIR dated August 17, 2011 under sections 120-B read with Sections 420, 409, 420, 109 & 477-A of Indian Penal Code, 1860 and Section 13(2) read with Section 13(1)(c)&(d) of the Prevention of Corruption· Act, 1988.

2. A complaint petition bearing no. C.C. 3091 of 2015 has been filed by our Company before the Court of the Chief Metropolitan Magistrate, Chennai, against Infinite Salts Worldwide, Urban Tree Concreting Solutions, Osyan Property, Urban Tree Infrastructure Private Limited, Abhinay Mehta, Abhishek Mehta and Krishnan Shankar. Infinite Salts Worldwide, Urban Tree Concreting Solutions, Osyan Property, Urban Tree Infrastructure Private Limited ("**Group of Entities**") had purchased cement in bulk quantity from our Company from the year 2010 till 2013. In June, 2013, our Company verified its statements of accounts and found that there were significant differences between the accounts maintained by our Company and the accounts maintained by the accused Group of Entities. It was brought to our knowledge that the accused Group of Entities, represented by Abhinay Mehta and Abhishek Mehta, with the help of Krishna Shanker, who was working as the Sales Officer in our Company in Chennai, has fraudulently claimed an amount of ₹30,438,430 by the way of debit notes, whereas in terms of the statement of accounts maintained by our Company, no credit notes were ever issued. Pursuant to this petition, our Company has accused Abhinay Mehta (Managing partner of Infinite Salts Worldwide, Urban Tree Concreting Solutions and

Osyan Property) and Abhishek Mehta (Director of Urban Tree Infrastructure Private Limited),, of criminal conspiracy with Krishna Shanker. Our Company had also filed a complaint dated November 22, 2013 before the Commissioner of Police, Chennai which was forwarded to the CCB, Chennai. Even though the complaint *prima facie* had made out a cognizable offence, the Inspector General of Police, Team IV, CCB, Chennai, closed the complaint without registering an FIR against the accused, stating that the complaint is a business transaction between the companies. Our Company has thereafter filed a private complaint before the Court of the Chief Metropolitan Magistrate, Chennai. Pursuant to this petition, criminal petition bearing number 9558 of 2018 (Urban Tree Infrastructure Private Limited v. Penna Cement Industries Limited), 9559 of 2018 (Abhinay Mehta v. Penna Cement Industries Limited) and 9560 of 2018 (Infinite Salts Worlwide and others v. Penna Cement Industries Limited) have been filed before the High Court of Judicature at Madras against criminal petition 3091 of 2015, which have been stayed by the High Court of Judicature at Madras vide order dated April 12, 2018. Pursuant to an order dated April 12, 2018 in Crl. OP. 9559 of 2018 and Crl Mp. 4911 and 4912 of 2018, filed by Abhinay Mehta and Abhishek Mehta against our Company, the matter has been stayed and is pending before the Court of the Chief Metropolitan Magistrate Chennai.

3. For details in relation to appeal bearing number Crl. P. 9035 of 2013, see "– *Litigation against our Company – Criminal Litigation"* on page 365.

4. There are 151 cases filed by our Company pending before various forums for alleged violation of Section 138 of the Negotiable Instruments Act, 1881 for recovery of dishonour of cheques issued by the clients/ debtors of our Company which involves an aggregate sum of ₹137.83 million.

5. A writ petition bearing number W.P. 35693 of 2015 has been filed by our Company before the High Court of Judicature at Hyderabad against the Joint Director, Directorate of Enforcement. Pursuant to this writ petition, we have sought for the quashing of the Enforcement Case Information Report ("**ECIR**") bearing no. ECIR/09/HZO/2011 dated August 30, 2011 the provisional attachment order bearing number 10 of 2015 issued pursuant to the ECIR and the complaint filed by the Joint Directorate, Directorate of Enforcement and Adjudicating Authority (Prevention of Money Laundering Act). This writ petition challenges the impugned order of the Directorate of Enforcement as illegal, arbitrary and against the principles of natural justice and in violation of the provisions of the Prevention of Money Laundering Act, 2002. The High Court refused to stay on the order passed by the Directorate of Enforcement, stating that the order that will be passed by the Adjudicating Authority would be subject to outcome of the writ petition, apart from the fact that the appellants have right to challenge the said order in appropriate proceedings. The matter is pending before the High Court of Judicature at Hyderabad.

Civil Litigation

1. A writ petition bearing number W.P. (C) 11778 of 2016 has been filed by our Company before the High Court of Judicature at Hyderabad, against the Union of India, the State of Andhra Pradesh, the Director of Mines and Geology and the Assistant Directors of Mines and Geology, challenging the action of the respondents in issuing of Government Order (Manuscript Series) No. 88 dated August 7, 2011 and also challenging the Order passed by the Union of India on February 11, 2016 in Revision Application No. 02/(18)/2011/RC-II, as arbitrary, illegal, contrary to law and contrary to the provisions of Minor Mineral Concession Rules, 1960 and Mines and Minerals (Development and Regulation) Act, 1957 in violation of the provisions of the Constitution of India. Our Company had made applications for mining leases for limestone over an extent of 457.335 hectares in Kurnool District of Andhra Pradesh. The Government vide order dated, December 3, 2004 had granted the mining lease to our Company for extraction of limestone for a period of 20 years. Due to unforeseen market circumstances, our Company could not successfully establish the cement unit and commence mining operations, pursuant to which, the mining lease lapsed. Pursuant to the above, our Company filed a revision application before the Revisionary Authority of Ministry of Mines, Government of India, which was dismissed. Our Company has prayed before the High Court of Judicature at Hyderabad to direct the respondents not to process any fresh application for these limestone mines pending disposal of this writ petition. The matter is pending before the High Court of Judicature at Hyderabad.

2. A revision petition bearing number 02/(16)/2013/RCII, has been filed by our Company, before the Ministry of Mines, Government of India ("**Forum**"), against the Government of Andhra Pradesh, Director of Mines and Geology and the Assistant Director of Mines and Geology. Our Company has challenged G.O. Ms. 129 issued by the Industries and Commerce Department (M.III) dated November 6, 2013, withdrawing the mining lease granted to our Company vide G.O. Ms. 71. Pursuant to this petition our Company has submitted that the act of the Government of withdrawing the mining lease is arbitrary and illegal. The matter is pending before the Forum.

3. A writ petition number bearing W.P. (C) 36507 of 2017 has been filed by our Company before the High Court of Judicature at Hyderabad, against the State of Andhra Pradesh, the Krishnapatnam Port Company Limited, the Salt Commissioner, Ministry of Commerce and Industries, Government of India and Siddavarapu Anantha Sivarama Krishna Reddy. Our Company had entered into a Right to Use Agreement dated March 26, 2014 with the Krishnapatnam Port Trust to establish a cement grinding facility valued at ₹1,800 million. While the plant was completed, our Company was yet to complete the construction of the adjoining conveyor belt. Our Company had also obtained all requisite statutory approvals, clearances,

permits, consents and licenses from various governmental departments for the utilization of this grinding facility. Some of the pillars of the conveyor belt had to be built on the salt lands which was objected by respondent Siddavarapu Anantha Sivarama Krishna Reddy, who was one of the lessees who was granted a lease by the Salt Commissioner, on a portion of the salt lands. Even though our Company had obtained approvals from various authorities to execute the work, we were unable to do so on account of the *status quo* order issued by the High Court of Andhra Pradesh in W.P. (C) No. 33436 of 2012 on October 19, 2012. Pursuant to the writ petition no. W.P. (C) 36507 of 2017, our Company has challenged the actions of the respondents and has sought the issuance of a writ, order or direction declaring the action of the respondents in conjointly and/or severally interfering with the rights of the petitioner in completing the overhead conveyor belt as illegal and unconstitutional and contrary to the purport and effect of the Order dated October 19, 2012. The matter is pending before the High Court of Judicature at Hyderabad.

4. A writ petition bearing number W.P. (C) 11730 of 2018 has been filed by our Company before the High Court of Judicature at Hyderabad, against the State of Andhra Pradesh, the Krishnapatnam Port Company Limited and the Salt Commissioner, Ministry of Commerce and Industries, Government of India. Our Company had entered into a Right to Use Agreement dated March 26, 2014 with the Krishnapatnam Port Company to establish a cement grinding facility at Krishnapatnam. While the construction of the plant was completed, we were yet to complete the construction of the adjoining conveyor belt. Our Company had also obtained all requisite statutory approvals, clearances, permits, consents and licenses from various government departments in this regard. During the construction of pillars for the conveyor belt, some of the pillars had to be constructed over the salt lands controlled by a third party and the construction was stalled by Siddavarapu Anantha Sivarama Krishna Reddy. As per the Right to Use agreement dated March 26, 2014, our Company was required to complete the construction of the entire facility by March 31, 2018, which included a grace period. Subsequently, after the expiry of the agreed time period, the respondent Krishnapatnam Port Company Limited failed to extend the grace period under the Right to Use Agreement for the completion of the construction of cement and grinding facility and the adjoining conveyor belt. Pursuant to this writ petition, our Company has challenged the respondent’s action in refusing to extend the grace period for the construction of the conveyor belt. The High Court has subsequently passed an order in interim application 1 of 2018, directing our Company and the respondents to maintain *status-quo* until disposition of this writ. The matter is pending before the High Court of Judicature at Hyderabad.

5. A writ petition bearing number W.P. (C) 4156 of 2018 has been filed by our Company before the High Court of Judicature at Hyderabad, against the State of Andhra Pradesh, the Director of Mines and Geology and the Assistant Director of Mines and Geology, seeking that the court issue an appropriate order, direction or writ declaring the action of the respondents in levying and collecting cess under provisions of the Andhra Pradesh Mineral Bearing Lands (Infrastructure) Cess Act, 2005, over the limestone mineral won by our Company under the various Government Order (Manuscript Series) (**“G.O.Ms.”**) bearing no. 36, dated March 7, 2007; G.O. Ms. No. 78, dated April 2, 2007; G.O. Ms. No. 39, dated March 7, 2007; G.O. Ms. No. 242, dated August 19, 2003 and G.O. Ms. No. 40, dated March 7, 2007 in Korumanipalli Village of Kurnool District, in Gudipadu Village and in Kundanakota Village of Anantapuramu District, in Talaricheruvu Village of Anantapuramu District, in Korumanipalli Village and Thollamadugu Village, Kurnool District and in Urichinthala Village, Anantapuramu District respectively, as arbitrary, illegal and unconstitutional, apart from being in violation of the orders passed by the Supreme Court of India in SLA (C) No. 763 of 2007, dated January 25, 2007. Our Company has also sought that the High Court of Judicature at Hyderabad dated February 2, 2018 direct the respondents to refund the entire amounts collected by the respondents from January 12, 2015 or in the alternate, to adjust the said amounts towards the DMF Contributions payable by the Petitioner. Our Company filed an interim application I.A No. 2 of 2018 before the High Court of Judicature, Hyderabad, pursuant to which the High Court by an order dated March 12, 2018 has stayed the levying and collection of cess under the provisions of the Andhra Pradesh Mineral Bearing Lands (Infrastructure) Cess Act, 2005. The matter is pending before the High Court of Judicature at Hyderabad.

6. A writ petition bearing number W.P. (C) 4255 of 2018 has been filed by our Company before the High Court of Judicature at Hyderabad, against the State of Telangana, the Director of Mines and Geology and the Assistant Director of Mines and Geology seeking the High Court to issue an appropriate order, writ or direction against the respondents for their action in collecting and levying cess under the provisions of the Andhra Pradesh Mineral Bearing Lands (Infrastructure) Cess Act, 2005 over the limestone mineral won by our Company from their existing limestone mines under Government Order (Manuscript series) (**“G.O. Ms.”**) No. 32, dated May 29, 2017 of Ogipur Village, Tandur Mandal, Rangareddy District and vide G.O. Ms. No. 110, dated April 17, 2006, in Ganeshpahad Village, Damercherla Mandal and in Sunyapahad Village, Neredcherla Mandal, Nalgonda District, as arbitrary, illegal and unconstitutional and is in violation of our fundamental rights guaranteed by the Constitution of India. Our Company has also filed interim application bearing I.A. 1 of 2018 and I.A. 2 of 2018 in this particular writ petition, seeking that the court direct the respondents to (i) refund all the amounts collected towards cess from January 12, 2015 or in the alternate to adjust the said amounts towards the DMF-contributions payable by our Company pending disposal of the above writ petition and (ii) to stop levy and collection of cess and (iii) issue necessary permits for lifting and transporting minerals from areas covered under the relevant mining leases of our Company, pending disposal of the above writ petition. The High Court of Judicature at Hyderabad by an order dated March 12, 2018 stayed the levy and collection of cess under the provisions of Andhra Pradesh Mineral Bearing Lands (Infrastructure) Cess Act, 2005. The matter is pending before the High Court of Judicature at Hyderabad.

7. A writ petition bearing number W.P. (C) 8703 of 2013 has been filed by Penna Tandur Cement Company Limited, (a company which was subsequently amalgamated with our Company) before the High Court of Judicature at Hyderabad, against the State of Andhra Pradesh, the Principal Secretary to the Government of Andhra Pradesh Industries and Commerce Department (Mines-1), the Director of Mines and Geology, the District Collector of Ranga Reddy District, Lakdikapool and the Assistant Director of Mines and Geology. Pursuant to this writ petition, we sought an order, direction or writ, declaring the impugned Government Order (Manuscript series) No. 21 dated March 15, 2013 issued by the Principal Secretary to the Government of Andhra Pradesh Industries and Commerce Department (Mines-1) (which *inter-alia* declared the mining lease for limestone, over an extent of 822.13 guntas situated at Malkapur village and Sangam Maktha village of Tandur Mandal, Ranga Reddy district in favour of our Company, as lapsed) as illegal, arbitrary and contrary to the Mineral Concession Rules, 1960, without jurisdiction and against the principles of natural justice and to consequently set aside the same in the interest of justice. The matter is pending before the High Court of Judicature at Hyderabad.

8. An original petition bearing APERC O.P. 51 of 2013 has been filed by our Company before the Andhra Pradesh Electricity Regulatory Commission, Hyderabad (renumbered as TSERC O.P. 42 of 2015, pursuant to the Andhra Pradesh Reorganisation Act, 2014), against Transmission Corporation of Andhra Pradesh ("**APTRANSCO**"), Andhra Pradesh Power Co-ordination Committee ("**APPCC**"), Andhra Pradesh Central Power Distribution Company Limited, Andhra Pradesh Southern Power Distribution Company, Andhra Pradesh Northern Power Distribution Company Limited, Andhra Pradesh Eastern Power Distribution Company Limited, Transmission Corporation of Telangana Limited ("**TSTRANSCO**"), Telangana State Power Co-ordination Committee ("**TSPCC**") and Telangana State Southern Power Distribution Company Limited ("**TSSPDCL**"). Our Company had commissioned and established power generation units, pursuant to which our Company had supplied power to the APTRANSCO (now referred to APTRANSCO and TSTRANSCO). The APTRANSCO, after having consumed 3,453,550 units of energy refused to pay our Company for the energy supplied. Further, our Company also by the way of e-bidding, had entered into an arrangement to supply electricity to the respondent, APTRANSCO. However, our Company failed to supply the adequate amount of electricity due to acute shortage of coal, pursuant to which APPCC (now referred to as APPCC and TSPCC) deducted a total compensation amount of ₹4,029,592. Also, the respondent, APPCC (now referred to as APPCC and TSPCC) has also alleged that our Company failed to submit power supply schedules for two days and deducting ₹7,063,728 for shortage in power supply. Our Company has prayed before the Commission to (i) direct the respondents to pay a sum of ₹15,540,975 for the non-payment of power supplied to the grid; (ii) direct the respondents to pay a total sum of ₹4,029,592 towards the arbitrary deduction for the shortfall in power supply and (iii) direct the respondents to pay ₹7,063,728 towards the penalty imposed for power short supply. Pursuant to this original petition, our Company has prayed for a total compensation of ₹26,634,295. The matter is pending before the Telangana State Electricity Regulatory Commission.

9. In relation to C.C. 3091 of 2015, a plaint bearing no. C.S. 555 of 2015 has been filed by our Company before the High Court of Judicature at Madras, against Urban Tree Infrastructure Private Limited ("**Defendant Company**"), Abhinay Mehta and Abhishek Mehta. The Defendant Company had purchased cement in bulk quantity from our Company from the year 2011 to 2013. In June 2013, our Company verified its statements of accounts and found that there were significant differences between the accounts maintained by our Company and the accounts maintained by the Defendant Company. It was brought to our knowledge that the accused Defendant Company, represented by Abhinay Mehta and Abhishek Mehta, with the help of one Krishna Shanker, who was working as the Sales Officer in our Company in Chennai, had fraudulently claimed an amount to a tune of ₹8,346,780 by generating fraudulent debit notes, wherein pursuant to the statement of accounts maintained by our Company, no credit notes were ever issued. Pursuant to this, our Company had filed a detailed complaint dated November 22, 2013 before the Commissioner of Police, Chennai which was forwarded to the CCB, Chennai. The Inspector General of Police, CCB, Chennai, closed the complaint without registering an FIR against the accused, by stating that the complaint is a business transaction between the companies. Our Company there after filed a private complaint ("**Complaint**") accusing the Directors of the Defendant Company, Abhinay Mehta and Abhishek Mehta, of criminal conspiracy with one Krishna Shanker, which is pending before the Court of Chief Metropolitan Magistrate, Chennai. After filing the Complaint, our Company reconciled the account statements and has found that the actual amount unpaid and outstanding as on October 24, 2013 from the Defendant Company was ₹9,048,500. Pursuant to this plaint our Company has prayed before the High Court of Judicature at Madras to pass a judgement and decree directing the defendants to pay a sum of ₹11,783,874 (which includes an interest of ₹2,735,374), with an interest of 9% per annum from the date of this plaint till the date of realisation. The matter is pending before the High Court of Judicature at Madras.

10. In relation to C.C. 3091 of 2015, a plaint bearing no. C.S. 560 of 2015 has been filed by our Company before the High Court of Judicature at Madras, against Infinite Salts Worldwide ("**Defendant Firm**"), Abhinay Mehta and Abhishek Mehta. The Defendant Company had purchased cement in bulk quantity from our Company from the year 2011 to 2013. In June 2013, our Company verified its statements of accounts and found that there were significant differences between the accounts maintained by our Company and the accounts maintained by the Defendant Firm. It was brought to our knowledge that the accused Defendant Firm, represented by its managing partners, Abhinay Mehta and Abhishek Mehta, with the help of one Krishna Shanker, who was working as the Sales Officer in our Company in Chennai, had fraudulently claimed an amount of ₹19,873,400 by the generating fraudulent debit notes, wherein pursuant to the statement of accounts maintained by our

Company, no credit notes were ever issued. Pursuant to this, our Company had filed a detailed complaint dated November 22, 2013 before the Commissioner of Police, Chennai which was forwarded to the CCB, Chennai. The Inspector General of Police, CCB, Chennai, had closed the complaint by without registering an FIR against the accused, stating that the complaint is a business transaction between the companies. Having no other alternative, our Company filed a private complaint ("**Complaint**") accusing the managing partners of the Defendant Firm Abhinay Mehta and Abhishek Mehta, of criminal conspiracy with Krishna Shanker, which is pending before the Court of Chief Metropolitan Magistrate, Chennai. After filing the Complaint, our Company reconciled the Defendant Firm's account statements and has found that the actual amount unpaid and outstanding as on October 24, 2013 from the Defendant Company was ₹18,159,250. Pursuant to this plaint our Company has prayed before the High Court of Judicature at Madras to pass a judgement and decree directing the defendants to pay a sum of ₹23,648,816 (which includes an interest of ₹5,489,566), with an interest of 9% per annum from the date of this plaint till the date of realisation. The matter is pending before the High Court of Judicature at Madras.

11. In relation to C.C. 3091 of 2015, a plaint bearing no. C.S. 562 of 2015 has been filed by our Company before the High Court of Judicature at Madras, against Osyan Property (India) Private Limited ("**Defendant Company**"), Abhinay Mehta and Abhishek Mehta. The Defendant Company had purchased cement in bulk quantity from our Company from the year 2010 to 2013. In June 2013, our Company verified its statements of accounts and found that there were significant differences between the accounts maintained by our Company and the accounts maintained by the Defendant Company. Our Company after further reconciling the Defendant Company's account statement has found that the actual amount unpaid and outstanding as on October 24, 2013 from the Defendant Company was ₹4,471,460. Pursuant to this plaint our Company has prayed before the High Court of Judicature at Madras to pass a judgement and decree directing the defendants to pay a sum of ₹5,823,188 (which includes an interest of ₹1,351,728), with an interest of 9% per annum from the date of this plaint till the date of realisation. The matter is pending before the High Court of Judicature at Madras.

12. In relation to C.C. 3091 of 2015, a plaint bearing no. C.S. 416 of 2015 has been filed by our Company before the Additional City Civil Court, Chennai, against Osyan Property, Chennai ("**Defendant Firm**"), Abhinay Mehta and Abhishek Mehta. The Defendant Firm had purchased cement in bulk quantity from our Company from the year 2011 to 2013. In June 2013, our Company verified its statements of accounts and found that there were significant differences between the accounts maintained by our Company and the accounts maintained by the Defendant Firm. It was brought to our knowledge that the accused Defendant Firm, represented by its managing partners, Abhinay Mehta and Abhishek Mehta, with the help of one Krishna Shanker, who was working as the Sales Officer in our Company in Chennai, had fraudulently claimed an amount of ₹2,104,250 by the generating fraudulent debit notes, wherein pursuant to the statement of accounts maintained by our Company, no credit notes were ever issued. Pursuant to this, our Company had filed a detailed complaint dated November 22, 2013 before the Commissioner of Police, Chennai which was forwarded to the CCB, Chennai. The Inspector General of Police, CCB, Chennai, without registering an FIR against the accused, had closed the complaint by stating that the complaint is a business transaction between the companies. Our Company filed a private complaint ("**Complaint**") accusing the managing partners of the Defendant Firm Abhinay Mehta and Abhishek Mehta, of criminal conspiracy with Krishna Shanker, which is pending before the Court of Chief Metropolitan Magistrate, Chennai. After filing the Complaint, our Company reconciled the Defendant Firm's account statements and has found that the actual amount unpaid and outstanding as on October 24, 2013 from the Defendant Firm was ₹1,341,200. Pursuant to this plaint our Company has prayed before the High Court of Judicature at Madras to pass a judgement and decree directing the defendants to pay a sum of ₹1,746,647, with an interest of 9% per annum from the date of this plaint till the date of realisation. The matter is pending before the Additional Judge, City Civil Court, Chennai.

13. A petition bearing number W.P. 38263 of 2012 has been filed by our Company, before the High Court of Judicature at Hyderabad, against the Andhra Pradesh Electricity Regulatory Commission, the Central Power Distribution Company of Andhra Pradesh Limited. Pursuant to this petition, our Company has prayed to declare the orders passed by Andhra Pradesh Electricity Regulatory Commission in several original petitions dated September 20, 2012 and in November 2, 2012, ordering our Company to pay FSA charges, as illegal, arbitrary, unjust, unworkable and against the principles of natural justice and also contrary to provisions of APERC (Conduct of Business) Rules, 1999 and the Electricity Act, 2003. The matter is pending before the High Court of Judicature at Hyderabad.

14. A petition bearing number O.S. 556 of 2016, has been filed by our Company before the High Court of Judicature at Madras, against Sreedevi Infra Constructers Private Limited. Pursuant to this petition our Company has alleged that Sreedevi Infra Constructers Private Limited had defaulted a payment of ₹11,331,454 for supply of cement. Pursuant to this petition, our Company has claimed ₹15,297,463. The matter is pending before the High Court of Judicature at Madras.

Litigation involving our Subsidiaries

Litigation against our Subsidiaries

Criminal Litigation

Nil

Civil Litigation

1. A division bench special appeal writ petition bearing no. D.B. Spl. Appl. Writ 226 of 2018 (against the order passed in S.B. Civil Writ Petition No. 1312 of 2014 connected with S.B. Civil Writ Petition No. 10166 of 2013) has been filed by the State of Rajasthan through the Principal Secretary Department of Industries (Group-I), the Department of Mines, the Department of Revenue and the District Collector Jodhpur, before the High Court of Judicature for Rajasthan at Jodhpur against MCL, a subsidiary of our Company. MCL had purchased 53 *bighas* and 18 *biswas* of land situated in Bhopalgarh Tehsil, District Jodhpur. After the purchase, MCL moved an application under the Rajasthan Land Revenue (Conversion of Agricultural Land for Non-Agricultural Purposes) Rules 2007, to convert the agricultural land to non-agricultural land, which was converted *vide* an order dated February 18, 2009. Thereafter, MCL applied for environmental clearance which was granted *vide* a communication dated July 27, 2010. After complying with all the statutory requirements, MCL filed an application for the allotment of 167.4 acres of land in Bhopalgarh Tehsil, District Jodhpur but only 151.4 acres of land was granted to MCL. Meanwhile, after the State Government granted permission ("**Sanction Order**") for allotment of 151.4 acres of land in favour of MCL, two writ petitions were filed before the High Court of Judicature for Rajasthan at Jodhpur, bearing number W.P. 542 of 2012 and W.P. 1567 of 2012, challenging the Sanction Order issued by the State Government. The High Court of Judicature for Rajasthan at Jodhpur passed orders in favour of the petitioners in writ petition W.P. 542 of 2012 and W.P. 1567 of 2012 which was later modified in favour of MCL. Pursuant to this modified order, the District Collector, Jaipur was required to take necessary steps to execute the lease deed in favour of MCL, but failed to allot the land. Pursuant to this, MCL filed a writ petition bearing no. W.P. 10166 of 2013 before the High Court of Judicature for Rajasthan at Jodhpur, wherein, it challenged the minutes of the meeting dated January 23, 2014. The High Court of Judicature for Rajasthan at Jodhpur by the way of an order dated October 6, 2017, set aside the decision of the respondents taken in the minutes of the meeting dated January 23, 2014 being arbitrary, without application of mind and not based on materiality. Pursuant to the order of the High Court of Judicature for Rajasthan at Jodhpur, the respondents have filed the division bench special writ appeal. The matter is pending before the High Court for Judicature of Rajasthan at Jodhpur.

Litigation by our Subsidiaries

Criminal Litigation

Nil

Civil Litigation

Nil

Litigations involving our Promoter, P. Prathap Reddy

Litigation against our promoter

Criminal Litigation

1. For details in relation to C.C. 26 of 2013, see "*– Litigation against our Company – Criminal Litigation*" on page 365.

2. For details in relation to Directorate of Enforcement Complaint bearing no. SC 1 of 2018, see "*– Litigation against our Company – Criminal Litigation*" on page 365.

Civil Litigation

Nil

Actions taken by statutory or regulatory authorities

1. For details in relation to the Directorate of Enforcement show cause notice bearing number F. No. T4/02/HYZO/SRO/2018 dated January 19, 2018, see "– *Litigation against our Company – Actions taken by statutory or regulatory authorities"* on page 372.

2. For details in relation to Special Director, Directorate of Enforcement, Adjudicating Authority complaint bearing number F. No. T-3/13/HYZO/2013, see "– *Litigation against our Company – Actions taken by statutory or regulatory authorities"* on page 372.

Litigation by our Promoter, P. Prathap Reddy

Criminal Litigation

1. A criminal petition bearing Crl. P. 9034 of 2015 has been filed by our Promoter, P. Prathap Reddy before the High Court of Judicature at Hyderabad, against the State of Andhra Pradesh represented by Central Bureau of Investigation, Hyderabad. The criminal petition prayed for quashing the proceedings against our promoter in C.C. No. 26 of 2013, on the file of the Principal Special Judge, CBI, Hyderabad. The High Court by an order dated April 20, 2016 granted an interim stay on the proceedings until further order. The matter is pending before the High Court of Judicature at Hyderabad. For details in relation to CC. No. 26 of 2013, see "– *Litigation against our Company – Criminal Litigation"* on page 365.

Civil Litigation

Nil

Litigation involving our Directors

Litigation against our Director, P. Prathap Reddy

Criminal Litigation

1. For details in relation to C.C. 26 of 2013, see – *"Litigation against our Company – Criminal Litigation"* on page 365.

2. For details in relation to SC 1 of 2018, see – *"Litigation against our Company – Criminal Litigation"* on page 365.

Civil Litigation

Nil

Action taken by statutory or regulatory authorities

1. For details in relation to the Directorate of Enforcement show cause notice bearing number F. No. T4/02/HYZO/SRO/2018 dated January 19, 2018, see "– *Litigation against our Company – Actions taken by statutory or regulatory authorities"* on page 372.

2. For details in relation to Special Director, Directorate of Enforcement, Adjudicating Authority complaint bearing number F. No. T-3/13/HYZO/2013, see "– *Litigation against our Company – Criminal Litigation"* on page 365.

Litigation against our Director, Sairam Mocherla

Criminal Litigation

1. Being a director in Amrit Jal Ventures Private Limited for the period December 29, 2006 to December 22, 2012, our Independent Director, Sairam Mocherla has received notices under Section 138 of the Negotiable Instruments Act, 1881, pertaining to 2016 and 2017 from Metropolitan Magistrate, Kolkata and High Court of Kolkata in the matter of S.R.E.I. Infrastructure Limited v. Amrit Jal Ventures Private Limited. Sairam Mocherla has filed a quash petition before the High Court Calcutta. The matter is pending before the High Court of Calcutta.

Civil Litigation

Nil

Litigation by our Director, P. Prathap Reddy

Criminal Litigation

1. For details in relation to Crl. P. 9034 of 2015, see " – *Litigation by our Promoter, P. Prathap Reddy – Criminal Litigation"* on page 372.

Civil Litigation

Nil

Litigation by our Director, P. Venugopal Reddy

Civil Litigation

1. For information in relation to W.A. 905 of 2015, see "*Litigation by our Group Companies – Civil Litigation"* on page 374.

Litigation involving our Group Companies

Litigation against our Group Companies

Criminal Litigation

Pioneer Holiday Resorts Limited ("PHRL")

1. A petition bearing number C.C. 26 of 2013 has been filed by the CBI before the Principal Special Judge for CBI Cases, Hyderabad against our Company, our Promoter, P. Prathap Reddy, Y.S. Jagan Mohan Reddy, V. Vijay Sai Reddy, P R Enerrgy Holding Limited, Jagati Publications Limited, Carmel Asia Holdings Private Limited, PHRL and Penna Tandur Cement Company Limited (a company which subsequently amalgamated with our Company). For details in relation to CC. No. 26 of 2013, see "– *Litigation against our Company – Criminal Litigation"* on page 365. PHRL filed a criminal petition bearing CRL. P. 9035 of 2015 before the High Court of Judicature at Hyderabad against the State of Andhra Pradesh represented by CBI. PHRL prayed for quashing the proceedings against it in C.C. No. 26 of 2013, on the file of the Principal Special Judge, CBI, Hyderabad. The High Court of Judicature at Hyderabad *vide* order dated April 20, 2016 granted an interim stay on the proceedings until further order. The matter is currently pending before the High Court of Judicature at Hyderabad.

2. In connection with the above, the Assistant Director, Directorate of Enforcement ("**Enforcement Directorate**") filed a complaint bearing number SC 1 of 2018 under the Prevention of Money Laundering Act, 2002, ("**Complaint**") against our Company, Y.S. Jagan Mohan Reddy, V. Vijay Sai Reddy, our Promoter, P. Prathap Reddy, P R Enerrgy Holding Limited, Jagati PublicationsLimited, Carmel Asia Holdings Private Limited and PHRL, before the Metropolitan Sessions Judge - Cum - Special Court accusing PHRL of money laundering; receiving favourable government orders; approvals and relaxations to a tune of 790.8 square meters of additional space in basement number two and entire basement number three; relaxations for the construction of a part of 7th floor and total 8th and 9th floor of the hotel building located at Banjara Hills, Hyderabad (907.74 square meters). Additionally, it was alleged that PHRL was a beneficiary to the proceeds of crime in the form of height relaxations, parking areas, additional floor areas etc. For details in relation to Directorate of Enforcement Complaint bearing number SC 1 of 2018, see " – *Litigation against our Company – Criminal Litigation"* at page 365.

3. An appeal bearing number 1191 of 2016 in O.C. 515 of 2015, has been filed by PHRL, before the Appellate Tribunal under the Prevention of Money Laundering Act, 2002, New Delhi, against K.S.V.V. Prasad, Joint Director, Directorate of Enforcement, Government of India. PHRL has preferred the appeal againt the order dated December 14, 2015 passed by the Adjudicating Authority in O.C. 515 of 2015. Purstant to an attachment order, a hotel building constructed at Banjara Hills, Hyderabad was attached. PHRL had further preferred W.P. 35693 of 2015 before the High Court of Andhra Pradesh seeking to quash the attachment order and seek interm stay of the attachment proceedings, however the same was denied by the High Court of Andhra Pradesh. The matter is pending before the Appellate Tribunal under the Prevention of Money Laundering Act, 2002, New Delhi.

Pioneer Genco Limited

Nil

Krishna Hydro Energy Limited

Nil

Lakshmi Jalavidyut (Krishna) Limited

Nil

Parasakti Cement Industries Limited

Nil

P R Enerrgy Holding Limited

1. For details in respect of petition bearing no. C.C. 26 of 2013, see "- *Litigation against our Company – Criminal Litigation*" on page 365.

2. For details in respect of the Directorate of Enforcement Complaint bearing no. S.C. 1 of 2018, see - *Litigation against our Company – Criminal Litigation*" on page 365.

Pioneer Power Corporation Limited

Nil

Anrak Aluminium Limited

Nil

Pioneer Builderrs Limited

Nil

Civil Litigation

P R Enerrgy Holding Limited

1. A writ petition bearing number 195 of 2018 ("**PIL**"), has been filed by Anumula Revanth Reddy, before the High Court of Judicature at Hyderabad, against the State of Telangana, P R Enerrgy Holding Limited, MY-Home Constructors Private Limited and seven other respondents. Pursuant to this PIL, the petitioners have prayed to declare the action of respondent, the Telangana Industrial Infrastructure Corporation Limited of allotting land to the extent of Ac. 5.00 each to P R Enerrgy Holding Limited and MY-Home Constructors Private Limited as contrary to the terms of the agreed sale deed notification dated September 9, 2007 and to declare the allotment as illegal, arbitrary and colourable exercise of powers. Further, the petitioners have also prayed to direct the State of Telangana (respondent one and two) and the Telangana Industrial Infrastructure Corporation Limited, *inter alia* the State of Telangana, represented by Chief Secretary, the State of Telangana, represented by the Principal Secretary, Revenue Department, the Telangana Industrial Infrastructure Corporation Limited to register a criminal case against individuals who were involved in the conspiracy of the alleged arbitrary and illegal allotment of land. The PIL is pending before the High Court of Judicature at Hyderabad.

Pioneer Power Corporation Limited

1. A civil appeal bearing number 5700 of 2014 has been filed by Tamil Nadu Generation and Distribution Corporation Limited ("**TNGDCL**"), before the Supreme Court of India, against Pioneer Power Corporation Limited. Pursuant to this appeal the appellants have appealed against the order passed by the regulatory commission. The TNGDCL has prayed before the Supreme Court to dismiss the order of the regulatory commission which had passed an adverse order against the appellants directing the appellants to pay the fixed charges for the power supplied. The civil appeal is pending before the Supreme Court of India.

Anrak Aluminium Limited ("Anrak")

1. An arbitration proceeding has been initiated by SNC – Lavalin Engineering India Private Limited before the Arbitration Tribunal comprising Hon'ble Justice B.P. Jeevan Reddy, Justice Jaganadha Rao and Justice Syed S. Mohammad Quadri ("**Arbitration Tribunal**"), against Anrak. A claim of ₹156,017,184 has been filed by the claimant. Pursuant to the Arbitration Petition bearing number ARB 1 of 2015 Anrak has filed a counter claim to a tune of ₹187,585,095. The matter is pending before the Arbitration Tribunal.

2. A winding up petition bearing number 261 of 2015 has been filed by Poonam Enterprise, represented by Ravindra Poonamchand Angara before the High Court of Judicature at Hyderabad, against Anrak. Pursuant to this winding up petition, the petitioner has submitted that Anrak had approached the petitioner to sell and supply industrial raw material and accordingly Anrak had placed an order as per the requirement and failed to pay the dues to a tune of ₹7,668,168.92; ₹ 2,838,108 and ₹ 1,424,632 which is the amount covered under the debit notes. The petition is pending before the High Court of Judicature at Hyderabad.

3. A writ petition bearing number 4382 of 2013 has been filed by Killada Narayana Murthy, the Revenue Divisional Officer, Tehsildar, Makavarapalem, The APIIC Limited, The Zonal Manager, APIIC Limited and Anrak, before the High Court of Judicature at Hyderabad. Pursuant to this writ petition, the petitioners have accused the respondents of orally directing the petitioners to vacate their house sites at Kaothapalem, Vishakhapatnam District without the allotment of an alternative house plot along with the shifting charges and other benefits under the R&R package as extended to the other Project Displaced Families as illegal, arbitrary and unjust to the provisions of the Land Acquisition Act. The petitioners have prayed before the High Court of Judicature at Hyderabad to direct the respondents (including Anrak) to not to evict the petitioners without extending the R&R package along with an alternate site and provide shifting charges for the house and structures. The matter is pending before the High Court of Judicature at Hyderabad.

Pioneer Builderrs Limited

Nil

Pioneer Holiday Resorts Limited

Nil

Pioneer Genco Limited

Nil

Krishna Hydro Energy Limited

Nil

Lakshmi Jalavidyut (Krishna) Limited

Nil

Parasakti Cement Industries Limited

Nil

Litigation by our Group Companies

Criminal Litigation

Pioneer Holiday Resorts Limited

1. In relation to C.C. 26 of 2013, a criminal petition bearing no. Crl. P. 9035 of 2015 has been filed by Pioneer Holiday Resorts Limited before the High Court of Judicature at Hyderabad. For details in relation to Crl. P. 9035 of 2015, see "*– Litigation against our Group Companies – Criminal Litigation*" on page 374.

2. A writ petition bearing W.P. (C) 35693 of 2015 has been filed by Pioneer Holiday Resorts Limited and our Company, before the High Court of Judicature at Hyderabad against the Joint Director, Directorate of Enforcement, The Director of Enforcement, Government of India, Ministry of Finance and the Adjudicating Authority (PMLA). For details in relation to W.P. 35693 of 2015, see "*– Litigation against our Group Companies – Criminal Litigation*" on page 374.

P R Enerrgy Holding Limited

1. For details in relation to appeal bearing number Crl. P. 9035 of 2013, see "*– Litigation against our Company – Criminal Litigation*" on page 365.

Pioneer Power Corporation Limited

Nil

Anrak Aluminium Limited

Nil

Pioneer Builderrs Limited

Nil

Pioneer Genco Limited

Nil

Krishna Hydro Energy Limited

Nil

Lakshmi Jalavidyut (Krishna) Limited

Nil

Parasakti Cement Industries Limited

Nil

Civil Litigation

Anrak Aluminium Limited ("Anrak")

2. A writ petition bearing number 12474 of 2016 dated April 11, 2016 has been filed by Anrak before the High Court of Judicature at Hyderabad, against the State of Andhra Pradesh, represented by its Chief Secretary, the State of Andhra Pradesh, represented by its Principal Secretary and the Commerce Secretariat, the Andhra Pradesh Mineral Development Corporation Limited, the Secretary, Ministry of Mines Union of India and the State Bank of India, Hyderabad challenging the Government Order (Manuscript Series) ("**G.O.Ms.**") bearing G.O. Ms. 44 dated April 6, 2016. Additionally, challenging the cancellation of various other G.O. Ms. that were previously issued in favour of Anrak. The matter is currently pending before the High Court of Judicature at Hyderabad.

5. A writ petition bearing number 1108 of 2017 has been filed by Anrak before the High Court of Judicature at Hyderabad ("**High Court**"), against the Andhra Pradesh Mineral Development Corporation Limited challenging the cancellation of the Bauxite Supply Agreement dated October 30, 2008 ("**Agreement**") by the respondents. An agreement was entered between Andhra Pradesh Mineral Development Corporation Limited and Anrak for supply of Bauxite for a period of lifetime or till the exhaustion of the mining reserves of the bauxite in the mines. Anrak has prayed before the High Court to issue a necessary writ, order or direction declaring the action of the respondents as unconstitutional and consequently to direct the respondents to supply bauxite mineral to Anrak as per the terms of the Agreement.

6. A writ petition bearing number W.P. 21419 of 2011 has been filed by Anrak before the High Court of Judicature of Andhra Pradesh Hyderabad, against The State of A.P., The Commissioner of Labour, The Joint Commissioner of Labour, The Assistant Commissioner of Labour. The writ petition is filed challenging the action of the respondents seeking to enforce the provisions of the Building & Other Construction Workers Regulation of Employment and Consitions of Service) Act, 1996 and The Cess Rules 1998 against the factory being constructed by Anrak at Makavaripalem mandal, Vishakhapatnam, as arbitrary, illegal and contrary to law and consequential directions. Purstant to this writ petition, Anrak has prayed before the High Court of Judicature of Andhra Pradesh Hyderabad to issue a writ of mandamus and declare that the Building & Other Construction Workers Regulation of Employment and Consitions of Service) Act, 1996 and The Cess Rules 1998 does not apply to the aforesaid establishment. The matter is pending before the High Court of Judicature of Andhra Pradesh Hyderabad.

Pioneer Builderrs Limited

1. An original suit bearing no. O.S 76/2011 dated July 25, 2011 has been filed by Pioneer Builderrs Limited, before the Principal Judge Court, Kurnool against the Government of Andhra Pradesh, represented by Secretary (Irrigation Department). The suit is decreed to the Plaintiff to refund of EMD and Security Deposit of ₹1,600,000 along with interest at 16% per annum from August 29, 1996 till the date of filing of suit and thereafter at 6% per annum from the date of due till the date of realisation and ₹6,833,711 with the interest at 6% per annum from the date of suit till the date of realisation.

Pioneer Holiday Resorts Limited

Nil

Pioneer Genco Limited

Nil

Krishna Hydro Energy Limited

Nil

Lakshmi Jalavidyut (Krishna) Limited

Nil

Parasakti Cement Industries Limited

Nil

P R Enerrgy Holding Limited

1. A writ appeal bearing number W.A. 905 of 2015 (in writ petition 40542 of 2014) against the order dated June 24, 2015, has been filed by P R Enerrgy Holding Limited and our Director, P. Venugopal Reddy, before the High Court of Judicature at Hyderabad, against the State of Telangana, Greater Hyderabad Municipal Corporation and Prakash Arts Limited. Pursuant to this writ appeal, P R Enerrgy Holdings Limited and director of P R Enerrgy Holdings Limited, P. Venugopal Reddy has challenged the impugned action of the lower court in allowing the respondents to put up foot over bridge, ramp and bus stop as illegal, arbitrary, without due process of law, and in violation of various municipal and local laws. Pursuant to this writ appeal, P R Enerrgy Holdings Limited has prayed before the High Court of Judicature at Hyderabad to set aside the order in W.P. 40542 of 2014 dated June 24, 2015. The matter is pending before the High Court of Judicature at Hyderabad.

Pioneer Power Corporation Limited

1. A civil appeal bearing number 706 of 2014 has been filed by Pioneer Power Corporation Limited (formerly Penna Electricity Limited), before the Supreme Court of India, against the Tamil Nadu Electricity Board ("**Board**"), the Member (Generation) Tamil Nadu Electricity Board, the Chief Engineer (Independent Power Project), the Tamil Nadu Electricity Board and the Tamil Nadu Electricity Regulatory Commission. Pioneer Power Corporation Limited is the independent power producer in Valantharaval Village, Ramanad District, Tamil Nadu and is dedicated to the Board and the entire power generated is supplied to the Board. Dispute arose after the Board and the other respondents denied the entitled payment of the fixed and variable charges in respect to the power generated and supplied from time to time. Pioneer Power Corporation Limited has prayed before the Supreme Court of India to set aside the order of the Appellate Tribunal for Electricity dated July 10, 2013 in appeal 148 of 2013. The matter is pending before the Supreme Court of India.

2. A writ petition bearing number W.P. 32852 of 2014 has been filed by Pioneer Power Corporation Limited, before the High Court of Madras, against the Tamil Nadu Generation and Distribution Corporation Limited ("**Corporation**"), the Chief Engineer/PPP, Tamil Nadu Generation and Distribution Corporation Limited and the Director Finance, Tamil Nadu Generation and Distribution Corporation Limited. Pursuant to this writ petition Pioneer Power Corporation Limited had alleged non payment of charges from the Corporation for the supply of power. The writ petition is pending before the High Court of Madras.

3. A dispute resolution petition number 20 of 2012 has been filed by Pioneer Power Corporation Limited, before the Tamil Nadu Electricity Regulatory Commission, against the Tamil Nadu Generation and Distribution Corporation Limited, the Chief Engineer/PPP, Tamil Nadu Generation and Distribution Corporation Limited and the Chief Financial Controller/Revenue, Tamil Nadu Generation and Distribution Corporation Limited. Pursuant to this dispute resolution petition, Pioneer Power Corporation Limited had alleged non payment of charges from the Corporation for the supply of power. The respondents have also filed a counter claim, claiming liquidated damages. The petition is pending before the Tamil Nadu Electricity Regulatory Commission.

Tax proceedings

A summary of tax proceedings involving our Company, our Subsidiaries, our Promoter(s), our Directors, or our Group Companies are stated below:

Nature of case	Number of cases	Amount involved (in ₹ million)
Company		
Direct Tax		
(i) Income tax	2	2.41
Indirect Tax		
(i) Service tax	17	31.14
(ii) Sales Tax and VAT	4	48.73
(iii) Excise Tax	32	543.83
(iv) Custom Tax	1	232.4
Subsidiaries		
Direct Tax		
(i) Income tax	Nil	Nil
Indirect Tax		
(i) Service Tax	Nil	Nil
(ii) Sales Tax and VAT	Nil	Nil
(iii) Excise Tax	Nil	Nil
(iv) Custom Tax	Nil	Nil
Promoters		
Direct Tax	1	1.37
Directors		
Direct Tax	1	1.37
Group Companies		
Direct Tax		
(i) Income Tax	12	118.4
Indirect Tax		
(i) Service tax	7	154.04
(ii) Sales Tax and VAT	Nil	Nil
(iii) Excise Tax	25	868.4
(iv) Customs Tax	1	70.3

Proceedings initiated against our Company for economic offences

Except as disclosed in *Litigation against our Company – Criminal Litigation*, there are no proceedings initiated against our Company for any economic offences.

Material developments since June, 2018

Other than as disclosed in "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 333, in the opinion of the Board, there has not arisen, since the date of the last restated financial statements included in this Draft Red Herring Prospectus, any circumstance that materially and adversely affects or is likely to affect the trading or profitability of our Company taken as a whole or the value of its consolidated assets or its ability to pay its liabilities over the next 12 months.

Outstanding dues to Creditors

In terms of the Materiality Policy with respect to outstanding dues to creditors, it is determined that outstanding dues to creditors in excess of 1 % of our Company's trade payables as per the Restated Consolidated Summary Financial Information for the financial year ending June 30, 2018, shall be considered as material dues ("**Material Dues**") and the creditors to whom such Material Dues are outstanding as on June 30, 2018 would be considered as the material creditors of our Company.

As at June 30, 2018, the total number of creditors of our Company was 1,296 and the total outstanding dues to these creditors by our Company was ₹1,980.46 million. Our Company does not owe any amount to small scale undertakings.

The Material Dues owed to small scale undertakings and other creditors as at June 30, 2018, is set out below:

Material Creditors	Number of Creditors	Amount involved (in ₹ million)
Small Scale Undertakings	Nil	Nil
Other Creditors	56	1,517.95

The details pertaining to net outstanding dues towards our creditors are available on the website of our Company at https://pennacement-pennacementindus.netdna-ssl.com/wp-content/uploads/2018/08/List_of_Creditors_PCIL.pdf. It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus. Anyone placing reliance on any other source of information, including our Company's website, www.pennacement.com, would be doing so at their own risk.

GOVERNMENT APPROVALS

Our Company and our Subsidiaries have received the necessary consents, licenses, permissions, registrations and approvals from the Government, various governmental agencies and other statutory and/ or regulatory authorities, required for carrying out their present business and for undertaking the Offer. Except as mentioned below, no additional material approvals are required by our Company or our Subsidiaries for carrying out their respective existing businesses. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus. For further details in connection with the regulatory and legal framework within which we operate, see "Regulations and Policies" on page 168.

The objects clause and matters which are necessary for furtherance of the objects of the memoranda of association of our Company and our Subsidiaries enable our Company and our Subsidiaries to undertake their respective existing activities.

A. Incorporation Details of our Company

1. Certificate of incorporation dated October 24, 1991 issued by the RoC to our Company.
2. Certificate of commencement of business dated November 8, 1991 issued by the RoC to our Company.
3. Fresh certificate of incorporation dated September 28, 2010 issued by the RoC to our Company consequent upon change of name to 'Penna Cement Industriies Limited'.
4. Fresh certificate of incorporation dated July 26, 2012 issued by the RoC to our Company consequent upon change of name to 'Penna Cement Industries Limited'.
5. Our Company was allotted a corporate identity number U26942AP1991PLC013359.

B. Approvals in relation to the Offer

For details, see "*Other Regulatory and Statutory Dislosures*" on page 384.

C. Approvals in relation to our business operations

Our Company and our Subsidiaries are required to obtain various approvals and licenses under various laws, rules and regulations in order to operate our integrated manufacturing plants, limestone mines, captive power plants, waste heat recovery units, grinding units and packing terminals in the states of Andhra Pradesh, Telangana, Maharashtra and Kerala. Our Company operates an integrated manufacturing plant and four limestone mines at Talaricheruvu, Andhra Pradesh; an integrated manufacturing plant, a power plant, a waste heat recovery unit and a limestone mine at Ganeshpahad, Telangana; an integrated manufacturing plant, a waste heat recovery unit and two limestone mines at Boyareddypalli, Andhra Pradesh; an integrated manufacturing plant and a limestone mine at Tandur, Telangana; grinding units at Krishnapatnam, Andhra Pradesh and Patas, Maharashtra; and a packing terminal at Cochin, Kerala.

The material approvals applicable and obtained by us in relation to our business operations are as set out below:

Integrated Manufacturing Plants

In respect of our integrated manufacturing plants, we have obtained the required material approvals and/or licenses including, *inter alia*, consent to establish and consent to operate from the relevant State PCBs under the Air Act and Water Act, authorisation under the Hazardous Waste Rules, bio-medical waste authorisation from the relevant State PCBs under the Bio-Medical Waste Management Rules 2016, environmental clearances from the MoEF, licenses from the Inspector of Factories under the Factories Act, approval from the gram panchayats to operate our factories, certifications from the BIS in respect of the products manufactured at our plant, certifications from the Legal Metrology Department, licenses for possession and transport of explosives from the PESO, building plan approvals from the DTCP, fire safety approvals, certifications under the Boilers Act, permission for drawing water from the relevant state departments, certifications from the CEIG under the Electricity Act, for electrical installations and registration under the provisions of the CLRA to employ contract labour at our plants. We are also required to submit an Industrial Entrepreneurs' Memorandum to the SIA for manufacture of the products at our plants.

Limestone Mines

In respect of our limestone mines, we have obtained the required approvals and/or licenses including, *inter alia,* government orders for the grant of mining leases in favour of our Company or Subsidiary, as applicable, to commence mining operations, consent to establish and operate from the relevant State PCB under the Air Act and Water Act, authorisation under the Hazardous Waste Rules, environmental clearances from the MoEF, permissions from the DGMS under the Metalliferous Mines Regulations, 1961 and approvals from the Indian Bureau of Mines.

Power Plant

In respect of our captive power plant, we have obtained the required approvals and/or licenses including, *inter alia*, consent to establish and consent to operate from the relevant State PCB under the Air Act, Water Act, Hazardous Waste Rules, environmental clearances from the MoEF, permission for drawing of water from the relevant state departments, licenses from the Inspector of Factories under the Factories Act, approval from the gram panchayats, certifications from the Legal Metrology Department, certifications under the Boilers Act, licenses for operating a petrol dispensing bunk from the PESO, possession and transport of explosives from the PESO, building plan approvals from the DTCP, fire safety approvals, certifications from CEIG under the Electricity Act for electrical installations and registration under the provisions of the CLRA to employ contract labour at our plants. We are also required to submit an Industrial Entrepreneurs' Memorandum to the SIA for these plants.

Waste Heat Recovery Unit

In respect of the waste heat recovery unit, we have obtained the required approvals and/or licenses including, *inter alia* consent to establish and consent to operate from the relevant State PCB under the Air Act, Water Act and the Hazardous Waste Rules, certifications under the Boilers Act, and submission of an Industrial Entrepreneurs' Memorandum to the SIA.

Grinding Unit

In respect of our grinding units, we have obtained the required approvals, registration and/or licenses including, *inter alia*, consent to establish and consent to operate from the relevant State PCB under the Air Act, Water Act, Hazardous Waste Rules, certifications from the BIS in respect of the products manufactured at our grinding unit, sanction of fresh power supply from relevant electricity transmission and distribution authorities and registration under the provisions of the CLRA to employ contract labour at these units and submission of an Industrial Entrepreneurs' Memorandum to the SIA.

Packing Terminal

In respect of our packing terminal, we have obtained the required approvals, registration and/or licenses including, *inter alia*, consent to establish and consent to operate from the relevant State PCB under the Air Act, Water Act, Hazardous Waste Rules, grant of lease by the Board of Trustees of the port of Cochin to the Company to construct and operate the packing terminal in their premises, consent for construction in the allotted land from the Cochin Port Trust, sanction for temporary power supply by the Cochin Port Trust, certifications from CEIG under the Electricity Act for energisation for equipment, factory plan approval order from the Joint Director, Factories and Boilers under the Factories Act, certification from the BIS in respect of certain products packed at our packing terminal, *ad-hoc* permission from BIS in respect of certain products packed at our packing terminal without the BIS mark and registration under the provisions of the CLRA to employ contract labour at this unit and submission of an Industrial Entrepreneurs' Memorandum to the SIA.

D. Approvals in respect of new units that are in the process of being set-up

We are in the process of setting-up new integrated units, limestone mines, packing terminals, and other processing units at various locations in Andhra Pradesh, West Bengal, Kerala, Pondicherry, Odisha and Rajasthan. We are also in the process of expanding our existing clinker line facility at Boyareddypalli, Andhra Pradesh and our existing grinding unit at Krishnapatnam, Andhra Pradesh.

We have obtained the requisite consents, licences, registrations and approvals that are applicable to each of our new units based on their stage of construction/ operation, which include, *inter alia,* letter of intent from the Industries and Commerce Department, lease or sub-lease agreements for construction of plant, lease deeds for mining, mining plan approvals from Indian Bureau of Mines, government orders from the Industry and Commerce Department of the concerned State Government granting permission to carry out operations in the unit, consents to establish from the State PCB, environment clearances from the MoEF, permission for drawing of water from the Ground Water Department, approvals from the gram panchayats for establishment of the units, permission from the concerned port companies to construct and operate the units, licences from the Inspector of Factories under the Factories Act, *ad-hoc* permission from the Department of Industrial Policy and Promotion or the IEM from the SIA for manufacture and sale of cement, no objection letter for power transmission from the concerned port company, registration under the provisions of the CLRA, sanction of fresh power supply from the State Electricity Distribution Company, certifications from CEIG under the Electricity Act for energisation for equipment, factory plan approval order under the Factories Act, *ad-hoc* permission from the BIS for manufacture and sale of products without the BIS mark, building permit from the Building Department of the State Municipal Corporation and allotment of land from the concerned Port Trust etc.

E. Pending Approvals

Material approvals for which applications have been made but are pending grant:

- In respect of our integrated unit at Rajasthan, we have submitted an application dated April 16, 2015 to the MoEF for obtaining environment clearance for expansion of the capacity of the clinker unit to 3.00 MTPA and cement grinding facility to 2.00 MTPA.

- In respect of our mine at Ghorawar Bhorunda, Rajasthan, we have made an application dated June 29, 2018 to the State DMG for grant of mining lease.

- In relation to our integrated facility at Tandur, Telangana we have made an application dated July 7, 2018 to the State PCB for obtaining authorisation for the usage of hazardous waste.

- In relation to our packing terminal at Pondicherry, we have made an application dated October 3, 2018 to the functional manager, District Industries Centre for setting up of industry which has been forwarded pursuant to a letter dated October 4, 2018 to the functional manager, District Industries Centre has forwarded our application to the Inspector of Factories, the Junior Town Planner, Town and Country Planning Department and the Sub-Collector, Revenue Department for the grant of approval of the factory plan.

- In relation to our grinding unit at Krishnapatnam, Andhra Pradesh, we have made an application dated September 26, 2018 to the BIS for grant of licence to use the standard mark for PSC grade cement.

- In relation to our Gudipadu Mine-III at Andhra Pradesh, we are required to prepare an environment impact assessment report along with public hearing with additional terms of reference and submit it to the State Level Environment Impact Assessment Authority within three years from April 16, 2018.

Further, we are yet to make an application to the Factories Department, Andhra Pradesh for the grant of approval of the factory plan for Krishnapatnam.

Except as stated above, there are no other material approvals required for which applications have been made or are yet to be made.

Approvals under tax laws of our Company and our Subsidiaries

Our Company and our Subsidiaries are required to obtain registrations under various central tax laws and state specific tax laws including income tax and goods and service tax legislations. Our Company and Subsidiaries have obtained the necessary licenses, registrations and approvals from the appropriate regulatory and governing authorities in relation to such tax laws. These include, *inter alia*, GST Registration from the Joint Commissioner, Department of Revenue, Government of India.

F. Intellectual Property

Our Company has obtained the following trademark registrations:

Sl. No	Trade mark	Trademark No.	Class	Certificate no.	Date of application	Date of expiry
1.	Penna	1086524	19	615177	March 12, 2002	March 12. 2022
2.	P Penna	2462515	19, 39 and 99	1439066	January 18, 2013	January 18, 2023
3.	Penna Suraksha	1086519	19	726108	March 12, 2002	March 12, 2022
4.	Penna Super	1086522	19	629587	March 12, 2002	March 12. 2022
5.	Penna Power	1086520	19	577507	March 12, 2002	March 12. 2022
6.	Penna Gold	1086521	19	30258	March 12, 2002	March 12, 2022
7.	Penna Cement Building Quality Relationships	3022112	19	1508242	July 31, 2015	July 31, 2025
8.	Penna Cement Strength Within	3022113	19	1508241	July 31, 2015	July 31, 2025
9.	Penna Coastal	1278888	19	428960	April 15, 2004	April 15, 2024

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

Corporate Approvals

Our Board has approved the Offer pursuant to the resolution passed at their meeting held on May 9, 2018 and our Shareholders have approved the Offer pursuant to a special resolution passed at the EGM held on May 18, 2018.

Our Board has approved and adopted this Draft Red Herring Prospectus pursuant to its resolution dated November 1, 2018.

Approval from Selling Shareholder

P R Cement Holdiings Limited has authorised the offer of up to [●] Equity Shares, aggregating upto ₹2,500 million in the Offer by way of a board resolution dated July 9, 2018 and consent letter dated October 31, 2018.

The Selling Shareholder specifically confirms that, as required under Regulation 26(6) of the SEBI ICDR Regulations, it has held the Offered Shares for a period of at least one year prior to date of filing of this Draft Red Herring Prospectus and that it is the legal and beneficial owners of the Offered Shares and is eligible for being offered for sale in the Offer.

In-principle listing approvals

Our Company received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors, the members of the Promoter Group, the Group Companies, the persons in control of our Company, the natural persons in control of the corporate Promoter, P R Cement Holdiings Limited and the Selling Shareholder have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

The companies, with which our Promoter, Directors or persons in control of our Company are or were associated as promoter, directors or persons in control have not been prohibited from accessing or operating in capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority. Further, there have been no violations of securities laws committed by them in the past or are currently pending against them.

The Selling Shareholder specifically confirms that it has not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authority. Further, the Selling Shareholder specifically confirms that it has not been declared as a wilful defaulter, as defined under the SEBI ICDR Regulations. There are no violations of securities laws committed by the Selling Shareholder in the past or are currently pending against them. The Selling Shareholder also specifically confirms that the Offered Shares is free from any lien, encumbrance, transfer restrictions or third party rights.

None of our Directors or the entities that our Directors are associated with are engaged in securities market related business and are registered with SEBI. There has been no action taken by SEBI against any of our Directors.

Further, there has been no action taken by SEBI against any of the entities in which our Directors are involved in as promoters or directors.

Prohibition with respect to wilful defaulters

Neither our Company nor our Subsidiaries, Promoters, relatives (as defined under the Companies Act, 2013) of our Promoters, Directors, Group Companies, nor the Selling Shareholder have been identified as a wilful defaulter as defined under the SEBI ICDR Regulations by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters issued by the RBI. There are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for the Offer

The listing of any security of our Company has never been refused by any of the stock exchanges, at any time. Our Company is eligible for the Offer in accordance with the Regulation 26(1) of the SEBI ICDR Regulations as explained under the eligibility criteria calculated in accordance with the restated financial information prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations:

- Our Company has had net tangible assets of at least ₹30,000,000 in each of the preceding three full years (of 12 months each), of which not more than 50 % are held in monetary assets on a standalone as well as on a consolidated basis;

- Our Company has a minimum average pre-tax operating profit of ₹150,000,000 calculated on a restated and consolidated basis, during the three most profitable years out of the immediately preceding five years;

- Our Company has a net worth of at least ₹10,000,000 in each of the three preceding full years (of 12 months each);

- The aggregate size of the proposed Offer and all previous issues made in the same financial year is not expected to exceed five times the pre-Offer net worth as per the audited balance sheet of the Company for the year ended March 31, 2018; and

- Our Company has not changed its name in the preceding one year.

Our Company's net tangible assets, pre-tax operating profit, net worth, monetary assets, monetary assets as a percentage of the net tangible assets derived from the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus as at, and for the last five years ended Fiscal 2018 are set forth below:

(₹in Million)

Restated financial information	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Net tangible assets*, as restated	29,675.18	24,984.06	22,014.06	35,259.10	30,971.80
Pre-tax operating profit**, as restated	3,148.73	2,991.36	3,988.08	2,778.26	766.56
Net worth***, as restated	10,194.08	8,709.17	6,975.16	20,720.59	18,755.34
Monetary assets****	447.25	587.96	894.25	768.03	468.61
Monetary assets as a % of net tangible assets	1.51%	2.35%	4.06%	2.18%	1.51%

** Net tangible assets are defined as the sum of all net assets of the Company excluding intangible assets, Goodwill on consolidation as defined in Ind AS 38 under Section 133 of the Companies Act 2013 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016*

*** Pre-tax operating profit has been calculated as restated net profit before tax excluding other income and finance cost, each on a restated basis*

****Net worth has been defined as the aggregate of share capital, other equity (excluding revaluation reserve) and non- controlling interest, each on a restated basis*

***** Monetary assets comprise of cash and cash equivalents, other bank balances, i.e. margin money deposits and earnest money deposit*

Our Company's pre-tax operating profit, net worth, net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets derived from the Restated Standalone Financial Information included in this Draft Red Herring Prospectus as at, and for the last five years ended Fiscal 2018 are set forth below:

(₹in Million)

Restated financial information	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
Net tangible assets*, as restated	28,794.74	24,022.34	21,123.84	29,838.85	26,306.56
Pre-tax operating profit**, as restated	3,118.80	2,927.42	3,932.05	2,647.10	1,132.67
Net worth***, as restated	9,339.00	7,767.06	6,102.66	15,332.79	13,899.11
Monetary assets****	420.75	586.26	859.85	579.43	210.11
Monetary assets as a % of net tangible assets	1.46%	2.44%	4.07%	1.94%	0.80%

** Net tangible assets are defined as the sum of all net assets of the Company excluding intangible assets, Goodwill on consolidation as defined in Ind AS 38 under Section 133 of the Companies Act 2013 ("the Act") read together with paragraph 7 of the Companies (Accounts) Rules, 2014 and Companies (Accounting Standards) Amendment Rules, 2016*

*** Pre-tax operating profit has been calculated as restated net profit before tax excluding other income and finance cost, each on a restated basis*

****Net worth has been defined as the aggregate of share capital, and other equity (excluding revaluation reserve) and non- controlling interest, each on a restated basis*

***** Monetary assets comprise of cash and cash equivalents, other bank balances, i.e. margin money deposits and earnest money deposit*

Fiscal 2018, 2016 and 2015 are the three most profitable years out of the immediately preceding five financial years in terms of our restated consolidated summary statements.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Our Company is in compliance with the conditions specified in Regulation 4(2) and 4(5)(a) of the SEBI ICDR Regulations, to the extent applicable.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMS, EDELWEISS FINANCIAL SERVICES LIMITED, IIFL HOLDINGS LIMITED, JM FINANCIAL LIMITED AND YES SECURITIES (INDIA) LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY AND THE SELLING SHAREHOLDER ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDER DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 1, 2018 WHICH READS AS FOLLOWS:

WE, EDELWEISS FINANCIAL SERVICES LIMITED, IIFL HOLDINGS LIMITED, JM FINANCIAL LIMITED AND YES SECURITIES (INDIA) LIMITED, THE BRLMS TO THE ABOVE MENTIONED FORTHCOMING OFFER, STATE AND CONFIRM AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS DATED NOVEMBER 1, 2018 PERTAINING TO THE SAID OFFER;

2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE OFFER, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDER, WE CONFIRM THAT:

(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA ("SEBI") IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE OFFER;

(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE OFFER AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED OFFER AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, APPLICABLE PROVISIONS OF COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED ("SEBI ICDR REGULATIONS") AND OTHER APPLICABLE LEGAL REQUIREMENTS.

3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID. – <u>COMPLIED WITH AND NOTED FOR COMPLIANCE.</u>

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL

THEIR UNDERWRITING COMMITMENTS. - <u>NOTED FOR COMPLIANCE.</u>

5. **WE CERTIFY THAT WRITTEN CONSENTS FROM THE PROMOTERS HAVE BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING OF THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS. - <u>COMPLIED WITH AND NOTED FOR COMPLIANCE.</u>**

6. **WE CERTIFY THAT REGULATION 33 OF THE SEBI ICDR REGULATIONS, WHICH RELATES TO SPECIFIC SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS' CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS. <u>COMPLIED WITH AND NOTED FOR COMPLIANCE.</u>**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SEBI ICDR REGULATIONS SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE OFFER. WE UNDERTAKE THAT AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. <u>NOT APPLICABLE.</u>**

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT OFFER FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THIS OFFER ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE OFFER, THE COMPANY, AND THE SELLING SHAREHOLDER SPECIFICALLY CONTAINS THIS CONDITION. - <u>NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE OFFER SHALL BE CREDITED/TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013, AS AMENDED.</u>**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. <u>NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES TO BE ISSUED IN THE OFFER HAVE TO BE ISSUED ONLY IN DEMATERIALIZED FORM.</u>**

11. **WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SEBI ICDR REGULATIONS HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.**

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:**

    (A) AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

    (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SEBI ICDR REGULATIONS WHILE MAKING THE OFFER. – <u>NOTED FOR COMPLIANCE.</u>**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS' EXPERIENCE, ETC. – COMPLIED WITH.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SEBI ICDR REGULATIONS, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY. – COMPLIED WITH.**

16. **WE ENCLOSE A STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY THE BRLMS (WHO ARE RESPONSIBLE FOR PRICING THE OFFER)', AS PER FORMAT SPECIFIED BY SEBI THROUGH CIRCULAR. – COMPLIED WITH.**

17. **WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH IND AS 24 IN THE RESTATED FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT RED HERRING PROSPECTUS, AS CERTIFIED BY C. RAMACHANDRAM & Co., CHARTERED ACCOUNTANTS (ICAI FIRM REGISTRATION NUMBER 002864S), PURSUANT TO THEIR CERTIFICATE DATED NOVEMBER 1, 2018.**

18. **WE CERTIFY THAT THE ENTITY IS ELIGIBLE UNDER 106Y(1)(a) OR (b) (AS THE CASE MAY BE) TO LIST ON THE INSTITUTIONAL TRADING PLATFORM UNDER CHAPTER XC OF THESE REGULATIONS (IF APPLICABLE) – NOT APPLICABLE.**

The filing of this Draft Red Herring Prospectus does not, however, absolve the Company and any person who has authorised the issue of this Draft Red Herring Prospectus from any liabilities under Section 34 or Section 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the Offer. SEBI further reserves the right to take up at any point of time, with the BRLMs, any irregularities or lapses in this Draft Red Herring Prospectus.

The filing of this Draft Red Herring Prospectus does not absolve the Selling Shareholder from any liability to the extent the statements made or confirmed by it in respect of the Equity Shares being offered by it in the Offer for Sale, under Section 34 and Section 36 of the Companies Act, 2013.

All legal requirements pertaining to the Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Offer will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 30, 32, 33(1) and 33(2) of the Companies Act, 2013.

Caution - Disclaimer from our Company, our Directors, the Selling Shareholder and the BRLMs

Our Company, the Directors, the Selling Shareholder and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.pennacement.com or the respective websites of our Subsidiaries, Promoters, Promoter Group, Associate Company or Group Companies, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholder and our Company.

All information shall be made available by our Company, the Selling Shareholder and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

None among our Company, the Selling Shareholder or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/ hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholder, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

Each of the BRLMs and their respective associates and affiliates, in its capacity as principal or agent, is and may in the future be involved in a wide range of commercial banking and investment banking activities globally (including investment advisory, asset management, research, securities issuance, trading (customer and proprietary) and brokerage). Certain of the BRLMs and/or their respective associates and affiliates have engaged, and may in the future engage, in transactions with, and has performed, and may in the future perform, services for, our Company, the Selling Shareholder and their respective group companies, affiliates or associates or any third parties in the ordinary course of their commercial banking and investment banking activities, for which they have received, and may in the future receive, compensation. In addition, in the ordinary course of their commercial banking and investment banking activities, the BRLMs, and their respective associates and affiliates may at any time hold long or short positions, enter into asset swaps, credit derivatives or other derivative transactions relating to the Equity Shares, and may trade or otherwise effect transactions, for their own account or the accounts of their customers, in debt or equity securities (or related derivative instruments) or senior loans of our Company, the Selling Shareholder and/or any of their respective group companies, affiliates or associates or any third parties. As used herein, the term 'affiliate' means any person or entity that controls or is controlled by or is under common control with another person or entity

Disclaimer in respect of Jurisdiction

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, as amended, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in equity shares, multilateral and bilateral development financial institutions, state industrial development corporations, insurance companies registered with IRDA, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs, AIFs, FVCIs, and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not constitute an offer to sell or an invitation to subscribe to Equity Shares offered hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform him or herself about, and to observe, any such restrictions. Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Hyderabad 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 this Draft Red Herring Prospectus had been filed with the SEBI for its observations. Accordingly, the Equity Shares represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Companies, our Subsidiaries, our Associate, our Group Companies or the Selling Shareholder since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Eligibility and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A and referred to in this Draft Red Herring Prospectus as "U.S. QIBs". For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as — QIBs) in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S and pursuant to the applicable laws of the jurisdictions where those offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of the Offer, an offer or sale of Equity Shares within the United States by a dealer (whether or not it is participating in the Offer) may violate the registration requirements of the U.S. Securities Act.

Equity Shares Offered and Sold within the United States

Each purchaser that is acquiring the Equity Shares offered pursuant to this Offer within the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares, will be deemed to have acknowledged, represented to and agreed with our

Company, the Selling Shareholder and the BRLMs that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorised to consummate the purchase of the Equity Shares offered pursuant to the Offer in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

(3) the purchaser (i) is a U.S. QIB, (ii) is aware that the sale to it is being made in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (iii) is acquiring such Equity Shares for its own account or for the account of one or more U.S. QIBs with respect to which it exercises sole investment discretion;

(4) the purchaser is not an affiliate of our Company or a person acting on behalf of an affiliate;

(5) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A, (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S, (iii) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available), or (iv) pursuant to another available exemption from the registration requirements under the U.S. Securities Act and (B) in each case in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;

(6) the Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act and no representation is made as to the availability of the exemption provided by Rule 144 under the U.S. Securities Act for resales of any such Equity Shares;

(7) the purchaser will not deposit or cause to be deposited such Equity Shares into any depositary receipt facility established or maintained by a depositary bank other than a Rule 144A restricted depositary receipt facility, so long as such Equity Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the U.S. Securities Act;

(8) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;

(9) the purchaser is not acquiring the Equity Shares as a result of any form of "general solicitation" or "general advertising" (within the meaning of Rule 502(c) of Regulation D under the U.S. Securities Act);

(10) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determines otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

"**THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR RESALES OF THE EQUITY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE EQUITY SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE EQUITY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK.**"

(11) our Company will not recognise any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

(12) the purchaser acknowledges that our Company, the Selling Shareholder, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify our Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

All other Equity Shares offered and sold in the Offer

Each purchaser that is acquiring the Equity Shares offered pursuant to the Offer outside the United States, by its acceptance of this Draft Red Herring Prospectus and of the Equity Shares offered pursuant to the Offer, will be deemed to have acknowledged, represented to and agreed with our Company, the Selling Shareholder and the BRLMs that it has received a copy of this Draft Red Herring Prospectus and such other information as it deems necessary to make an informed investment decision and that:

(1) the purchaser is authorised to consummate the purchase of the Equity Shares offered pursuant to the Offer in compliance with all applicable laws and regulations;

(2) the purchaser acknowledges that the Equity Shares have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and accordingly may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act;

(3) the purchaser is purchasing the Equity Shares offered pursuant to the Offer in an offshore transaction meeting the requirements of Rule 903 of Regulation S;

(4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the Equity Shares, was located outside the United States at the time (i) the offer was made to it and (ii) when the buy order for such Equity Shares was originated and continues to be located outside the United States and has not purchased such Equity Shares for the account or benefit of any person in the United Sates or entered into any arrangement for the transfer of such Equity Shares or any economic interest therein to any person in the United States;

(5) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;

(6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such Equity Shares, or any economic interest therein, such Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) (i) to a person whom the beneficial owner and/or any person acting on its behalf reasonably believes is a U.S. QIB in a transaction meeting the requirements of Rule 144A or (ii) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act and (B) in accordance with all applicable laws, including the securities laws of the States of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them;

(7) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any "directed selling efforts" as defined in Regulation S under the U.S. Securities Act in the United States with respect to the Equity Shares;

(8) the purchaser understands that such Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

"**THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "U.S. SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO A PERSON WHOM THE SELLER OR ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A UNDER THE U.S. SECURITIES ACT, (2) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (3) PURSUANT TO AN**

EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), OR (4) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE U.S. SECURITIES ACT FOR RESALES OF THE EQUITY SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE EQUITY SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE EQUITY SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK."

(9) the purchaser is not acquiring the Equity Shares as a result of any "directed selling efforts" (within the meaning of Rule 902(c) of Regulation S);

(10) the Company will not recognise any offer, sale, pledge or other transfer of such Equity Shares made other than in compliance with the above-stated restrictions; and

(11) the purchaser acknowledges that the Company, the Selling Shareholder, the BRLMs, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

In relation to each EEA State that has implemented the Prospectus Directive (Directive 2003/71/EC) (each, a "**Relevant Member State**"), an offer to the public of any Equity Shares may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

(a) to any legal entity which is a qualified investor as defined under the Prospectus Directive;

(b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provisions of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors), subject to obtaining the prior consent of the BRLMs; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Equity Shares shall result in a requirement for the Company or any Global Co-ordinator and Book Running Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive and each person who receives any communication in respect of, or who acquires any Equity Shares under, the offers contemplated in this Draft Red Herring Prospectus will be deemed to have represented, warranted and agreed to with the BRLMs and the Company that it is a qualified investor within the meaning of the law in that Relevant Member State implementing Article 2(1)(e) of the Prospectus Directive.

For the purposes of this provision, the expression an "offer to the public" in relation to any of the Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

In the case of any Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, each such financial intermediary will be deemed to have represented, acknowledged and agreed that the Equity Shares acquired by it in the offering have not been acquired on a non-discretionary basis on behalf of, nor have they been acquired with a view to their offer or resale to, persons in circumstances which may give rise to an offer of any Equity Shares to the public in a Relevant Member State prior to the publication of a prospectus in relation to the Equity Shares which has been approved by the competent authority in that relevant member state or, where appropriate, approved in another Relevant Member State and notified to the competent authority in the Relevant Member State, all in accordance with the Prospectus Directive, other than their offer or resale to qualified investors or in circumstances in which the prior consent of the BRLMs has been obtained to each such proposed offer or resale.

The Company, the BRLMs and their affiliates, and others will rely upon the truth and accuracy of the foregoing representation, acknowledgement and agreement.

Bidders are advised to ensure that any Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with the applicable laws.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at Corporate Finance Department, Plot No. C4-A, 'G' Block, Bandra Kurla Complex, Bandra (East), Mumbai, India 400 051 and and simultaneously through the SEBI Intermediary Portal at https://sipotal.sebi.gov.in, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/011 dated January 19, 2018.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 32 of the Companies Act, 2013 would be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act, 2013 would be delivered for registration with RoC at the office of the Registrar of Companies, Andhra Pradesh and Telangana situated at 2nd Floor, Corporate Bhawan, GSI Post, Tattiannaram Nagole, Bandlaguda, Hyderabad 500 068, Telangana, India.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the BSE and NSE. Applications will be made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment for the Offer will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Selling Shareholder will forthwith repay without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus as required by applicable law. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholder and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at all the Stock Exchanges mentioned above are taken within six Working Days from the Bid/Offer Closing Date. If our Company does not allot Equity Shares pursuant to the Offer within 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 applicable rate of interest for the delayed period, in accordance with applicable law. For the avoidance of doubt, subject to applicable law, a Selling Shareholder shall not be responsible to pay interest for any delay, except to the extent such delay has been caused solely by such Selling Shareholder and to the extent of the Equity Shares being offered by the Selling Shareholder in the Offer for Sale. Further, the Selling Shareholder confirms that it shall extend all reasonable co-operation required by our Company, the BRLMs for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/Offer Closing Date or such other timeline as prescribed by law.

The fees and expenses relating to the Offer shall be shared, upon successful completion of the Offer, in the proportion mutually agreed among the Company and the Selling Shareholder, in accordance with applicable law. However in the event that the Offer is withdrawn by the Company for any reason whatsoever, all the Offer related expenses will by borne by the Company.

Price information of past issues handled by the BRLMs

A. Edelweiss Financial Services Limited

1. Price information of past issues handled by Edelweiss:

S. No.	Issue Name	Issue Size (₹ million)	Issue price (₹)	Listing Date	Opening Price on Listing Date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 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	Aavas Financiers Limited	16,403.17	821.00	October 8, 2018	750.00	Not Applicable	Not Applicable	Not Applicable
2	Fine Organic Industries Limited	6,001.69	783.00	July 2, 2018	815.00	5.72% [6.56%]	36.58% [3.29%]	Not Applicable
3	ICICI Securities Limited	34,801.16	520.00	April 4, 2018	435.00	-27.93% [5.44%]	-37.26% [5.22%]	-46.17% [8.69%]
4	Galaxy Surfactants Limited	9,370.88	1,480.00	February 8, 2018	1,525.00	1.14% [-3.31%]	-0.85% [1.33%]	-14.68% [7.66%]
5	Amber Enterprises India Limited	6,000.00	859.00^^^	January 30, 2018	1,175.00	27.15% [-5.04%]	32.56% [-2.81%]	10.68% [2.44%]
6	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	3.50% [3.00%]	6.27% [-2.83%]	-5.20% [4.13%]
7	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-3.57% [3.95%]	-11.51% [0.75%]	-28.51% [4.93%]
8	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	30.16% [1.02%]	48.93% [2.11%]	74.66% [5.04%]
9	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	3.61% [-3.19%]	8.12% [2.05%]	-4.21% [1.59%]
10	Prataap Snacks Limited	4,815.98	938.00^^	October 5, 2017	1,270.00	25.12% [5.70%]	31.82% [5.60%]	40.99% [3.27%]

Source: www.nseindia.com

^^^ Amber Enterprises India Limited - employee discount of ₹ 85 per equity share to the offer price was offered to the eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹ 859 per equity share

^^Prataap Snacks Limited - employee discount of ₹ 90 per equity share to the issue price was offered to the eligible employees bidding in the employee reservation portion. All calculations are based on the issue price of ₹ 938 per equity share

Notes:

1. *Based on date of listing.*

2. *% of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.*
3. *Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.*
4. *The Nifty 50 index is considered as the benchmark index*
5. *Not Applicable. – Period not completed*
6. *Disclosure in Table-1 restricted to 10 issues.*

2. Summary statement of disclosure:

Fiscal Year	Total no. of IPOs	Total amount of funds raised (₹ Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-19*	3	57,206.02	-	1	-	-	-	1	-	1	-	-	-	-
2017-18	11	218,549.76	-	-	1	1	5	4	-	1	3	3	1	3
2016 - 17	6	123,361.22	-	-	1	1	3	1	-	-	-	3	2	1

The information is as on the date of the document
1. *Based on date of listing.*
2. *Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the next trading day has been considered.*
3. *The Nifty 50 index is considered as the Benchmark Index.*

**For the financial year 2018-19 – 3 issues have been completed. 2 issues have completed 90 days and 1 issue has completed 180 days.*

B. IIFL Holdings Limited

1. Price information of past issues handled by IIFL:

Sr. No.	Issue Name	Issue Size (in Rs. Mn)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date	+/- % change in closing price*, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price*, [+/- % change in closing benchmark]- 180th calendar days from listing
1	ICICI Lombard General Insurance Company Limited	57,009.39	661.00	September 27, 2017	651.00	+3.3%, [+4.6%]	+19.0%, [+6.7%]	+15.4%, [+2.6%]
2	Indian Energy Exchange Limited	10,007.26	1,650.00	October 23, 2017	1,500.00	-5.6%, [+1.9%]	-1.8%, [+7.4%]	-0.7%, [+4.1%]
3	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 06, 2017	295.90	+1.2%, [-3.9%]	+5.9%, [+2.9%]	-4.2%, [+1.6%]
4	HDFC Standard Life Insurance Company Limited	86,950.07	290.00	November 17, 2017	310.00	+31.5%, [+1.2%]	+49.0%, [+3.2%]	+71.6%, [+5.2%]
5	Shalby Limited	5,048.00	248.00	December 15, 2017	239.70	-4.2%, [+4.2%]	-11.7%, [+1.1%]	-29.3%, [+5.9%]

Sr. No.	Issue Name	Issue Size (in Rs. Mn)	Issue Price (Rs.)	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
6	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	+4.1%, [+4.4%]	+6.9%, [-1.3%]	-5.2%, [+4.7%]
7	ICICI Securities Limited	35,148.49	520.00	April 04, 2018	435.00	-28.9%, [+3.6%]	-38.6%, [+4.4%]	-46.2%, [+7.5%]
8	Varroc Engineering Limited	19,551.75	967.00	July 06, 2018	1,015.00	+1.6%, [+5.7%]	-13.9%, [-1.4%]	NA
9	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+52.9%, [+1.0%]	NA	NA
10	Credit Access Grameen Limited	11,311.88	422.00	August 23, 2018	390.00	-21.2%, [-3.8%]	NA	NA

Source: www.nseindia.com

Note: Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 30, 90 and 180 calendar days, except wherever 30th /90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index a day prior to the listing date. NA means Not Applicable.

2. Summary statement of disclosure:

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Financial Year	Total No. of IPO's	Total Funds Raised (in Rs. Mn)	No. of IPOs trading at discount – 30th calendar days from listing			No. of IPOs trading at premium – 30th calendar days from listing			No. of IPOs trading at discount – 180th calendar days from listing			No. of IPOs trading at premium – 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2016-17	5	92,062.31	-	-	1	2	1	1	-	-	-	3	1	1
2017-18	9	1,98,722.66	-	-	3	1	2	3	-	1	3	2	1	2
2018-19	4	94,015.43	-	1	1	1	-	1	-	1	-	-	-	-

Source: www.nseindia.com

Note: Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.

C. JM Financial Limited

1. Price information of past issues handled by JM Financial

Sr. No.	Issue name	Issue Size (Rs. million)	Issue price (Rs.)	Listing Date	Opening price on Listing Date (in `)	+/- % change in closing price, [+/- % change in closing benchmark] - 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark] - 180th calendar days from listing
1.	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+58.04% [+1.17%]	NA	NA
2.	Fine Organic Industries Limited	6,001.69	783.00	July 2, 2018	815.00	+5.72% [+6.56%]	+35.38% [+2.56%]	NA
3.	IndoStar Capital Finance Limited	18,440.00	572.00	May 21, 2018	600.00	-0.96% [+1.84%]	-16.28% [+9.07%]	NA
4.	Bandhan Bank Limited	44,730.19	375.00	March 27, 2018	499.00	+31.81% [+3.79%]	+42.96% [+6.26%]	+51.89% [+9.42%]
5.	Aster DM Healthcare Limited	9,801.00	190.00	February 26, 2018	183.00	-13.66% [-3.77%]	-4.97% [+0.21%]	-8.16% [+9.21%]
6.	Galaxy Surfactants Limited	9,370.88	1,480.00	February 8, 2018	1,525.00	+1.14% [-3.31%]	-0.85% [+1.33%]	-14.80% [+7.66%]
7.	Reliance Nippon Life Asset Management Limited	15,422.40	252.00	November 6, 2017	295.90	+3.61% [-3.19%]	+5.91% [+2.95%]	-4.21% [+1.59%]
8.	Prataap Snacks Limited	4,815.98	938.00[(1)]	October 5, 2017	1,270.00	+25.12% [+5.70%]	+31.82% [+5.60%)	+40.99% [+3.27%)
9.	SBI Life Insurance Company Limited	83,887.29	700.00[(2)]	October 3, 2017	735.00	-7.56% [+5.89%]	-0.66% [+6.81%]	-3.11% [+2.58%]
10.	ICICI Lombard General Insurance Company Limited	57,009.40	661.00	September 27, 2017	651.10	+3.62% [+6.25%]	+17.60% [+7.78%]	+12.13% [+2.69%]

Source: www.nseindia.com for price information and prospectus/basis of allotment for issue details

Notes:

1. *A discount of ` 90 per equity share had been offered to eligible employees.*
2. *A discount of ` 68 per equity share had been offered to eligible employees.*
3. *Opening price information as disclosed on the website of NSE.*
4. *Change in closing price over the issue/offer price as disclosed on NSE.*
5. *Change in closing price over the closing price as on the listing date for benchmark index viz. NIFTY 50.*
6. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding the trading holiday have been considered.*
7. *30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken a listing date plus 179 calendar days.*
8. *Restricted to last 10 issues.*

2. Summary statement of disclosure:

Financial Year	Total no. of IPOs	Total funds raised (Rs. in Millions)	Nos. of IPOs trading at discount on as on 30th calendar days from listing date			Nos. of IPOs trading at premium on as on 30th calendar days from listing date			Nos. of IPOs trading at discount as on 180th calendar days from listing date			Nos. of IPOs trading at premium as on 180th calendar days from listing date		
			Over 50%	Between 25% - 50%	Less than 25%	Over 50%	Between 25%- 50%	Less than 25%	Over 50%	Between 25%- 50%	Less than 25%	Over 50%	Between 25%- 50%	Less than 25%
2018-2019*	3	52,445.00	-	-	1	1	-	1	-	-	-	-	-	-
2017-2018	10	251,600.44	-	-	4	-	3	3	-	1	5	1	1	2
2016-2017	7	137,049.21	-	-	2	1	1	3	-	-	1	2	2	2

**The information is as on the date of the document*

D. YES Securities (India) Limited

1. Price information of past issues handled by YES Securities (India) Limited:

Sr. No.	Issue Name	Issue Size (Rs. million)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date (in Rs.)	+/- % 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	Garden Reach Shipbuilders & Engineers Limited	3,435.89	118.00	October 10, 2018	102.50	-	-	-
2	Lemon Tree Hotels Limited	10,386.85	56.00	April 9, 2018	61.60	+30.18% - change in closing price; [+3.49% - change in closing benchmark]	+30.09% - change in closing price; [+4.56% - change in closing benchmark]	+21.79% - change in closing price; [-0.30% - change in closing benchmark]
3	Bharat Dynamics Limited	9,609.44	428.00	March 23, 2018	370.00	-4.65% - change in closing price; [+5.87% - change in closing benchmark]	-10.69% - change in closing price; [+7.43% - change in closing benchmark]	-22.14% - change in closing price; [+12.37% - change in closing benchmark]
4	Aster DM Healthcare Limited	9,801.37	190.00	February 26, 2018	183.00	-10.63% - change in closing price; [-4.43% - change in closing benchmark]	-5.39% - change in closing price; [+1.00% - change in closing benchmark]	-8.18% - change in closing price; [+10.48% - change in closing benchmark]
5	Future Supply Chain Solutions Limited	6,496.95	664.00	December 18, 2017	664.00	+4.09% - change in closing price; [+3.85% - change in closing benchmark]	+6.27% - change in closing price; [-2.83% - change in closing benchmark]	-1.29% - change in closing price; [+3.96% - change in closing benchmark]
6	The New India Assurance Company Limited	96,000.00	800.00	November 13, 2017	750.00	-29.83% - change in closing price;	-7.81% - change in closing price;	-11.69% - change in closing price;

Sr. No.	Issue Name	Issue Size (Rs. million)	Issue Price (Rs.)	Listing Date	Opening Price on Listing Date (in Rs.)	+/- % 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
						[-0.31% - change in closing benchmark]	[+3.08% - change in closing benchmark]	[+5.69% - change in closing benchmark]
7	Reliance Nippon Life Asset Management Company Limited	15,422.40	252.00	November 06, 2017	295.90	+1.21% - change in closing price; [-3.90% - change in closing benchmark]	+8.12% - change in closing price; [+2.05% - change in closing benchmark]	-1.65% - change in closing price; [+2.52% - change in closing benchmark]
8	Dixon Technologies (India) Limited	5,992.79	1,766	September 18, 2017	2,725.00	+50.78% - change in closing price; [+0.57% - change in closing benchmark]	+98.26% - change in closing price; [+2.32% - change in closing benchmark]	+92.73% - change in closing price; [-0.58% - change in closing benchmark]
9	Security and Intelligence Services (India) Limited	7,795.80	815.00	August 10, 2017	879.80	-1.88% - change in closing price; [+1.89% - change in closing benchmark]	+3.14% - change in closing price; [+4.92% - change in closing benchmark]	+45.54% - change in closing price; [+6.90% - change in closing benchmark]
10	GTPL Hathway Limited	4,848.00	170.00	July 4, 2017	170.00	-13.32% - change in closing price; [+4.16% - change in closing benchmark]	-18.88% - change in closing price; [+2.56% - change in closing benchmark]	-3.68% - change in closing price; [+8.55% - change in closing benchmark]

Notes:

1. *Benchmark Index taken as CNX NIFTY*
2. *Price on NSE is considered for all of the above calculations*
3. *% change taken against the Issue Price in case of the Issuer. % change taken against closing CNX NIFTY Index on the day of the listing date.*
4. *The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 30, 90 and 180 calendar days. If either of the 30th, 90th or 180th calendar days is a trading holiday, the next trading day has been considered for the computation.*
5. *Restricted to last 10 issues*

2. Summary statement of disclosure:

Financial Year	Total no. of IPOs	Total amount of funds raised (Rs. Mn.)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2018-2019	2	13,822.74	-	-	-	-	1	-	-	-	-	-	-	1
2017-2018	9	161,206.66	-	1	4	2	-	2	-	-	6	2	1	-
2016-2017	2	15,125.00	-	-	1	1	-	-	-	-	-	1	-	1

Notes:

Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date.

The information for the financial year is based on issue listed during such financial year.

Track record of past issues handled by the BRLMs

For details regarding the track record of the Manager, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs as set forth in the table below:

Sl. No	Name of the BRLMs	Website
1.	Edelweiss	www.edelweissfin.com
2.	IIFL	www.iiflcap.com
3.	JM Financial	www.jmfl.com
4.	YES Securities	www.yesinvest.in

Consents

Consents in writing of the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, our Statutory Auditors, Indian Legal Counsel to our Company, Indian Legal Counsel to the BRLMs, International Legal Counsel to the BRLMs, Banker/ Lenders to our Company and our Subsidiaries, the BRLMs, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Offer to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, our Statutory Auditors, C. Ramachandram & Co., Chartered Accountants, have given their written consent for inclusion of their reports dated November 1, 2018 on the Restated Financial Statements of our Company and the statement of tax benefits dated October 31, 2018 in the form and context, included in this Draft Red Herring Prospectus and such consent has not been withdrawn up to the time of delivery of this Draft Red Herring Prospectus for filing with SEBI.

Expert to the Offer

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

(a) Our Company has received written consent from the Statutory Auditors namely, C. Ramachandram & Co., Chartered Accountants, to include its name as an expert defined under Section 2(38) of the Companies Act, 2013 in this Draft Red Herring Prospectus in relation to the report dated November 1, 2018, on the Restated Financial Statements of our Company and the statement of tax benefits dated October 31, 2018 included in this Draft Red Herring Prospectus but not construing to be "experts" as defined under the U.S. Securitie Act and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Offer Expenses

The expenses of this Offer include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. For further details of Offer expenses, see "*Objects of the Offer*" on page 104.

The fees and expenses relating to the Offer shall be shared, upon successful completion of the Offer, in the proportion mutually agreed among the Company and the Selling Shareholder in accordance with Applicable Law. However, in the event that the Offer is withdrawn by the Company for any reason whatsoever, all the Offer related expenses will be borne by the Company. The Selling Shareholder shall reimburse the Company for all expenses incurred by the Company in relation to the Offer for Sale on each of their behalf.

Fees Payable to the Registrar to the Offer

The fees payable by our Company and the Selling Shareholder to the Registrar to the Offer for processing of applications, data entry, printing of Allotment Advice/CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated October 17, 2018 entered into, between our Company, the Selling Shareholder and the Registrar to the Offer a copy of which is available for inspection at the Registered Office.

The Registrar to the Offer will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Offer to enable it to send refund orders or Allotment Advice by registered post/ speed post/ under certificate of posting.

The Selling Shareholder will reimburse our Company a part of the expenses incurred proportionately.

IPO grading

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

Particulars regarding public or rights issues by our Company during the last five years

Our Company has not made any public or rights issues during the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as disclosed in "*Capital Structure*" on page 76, our Company has not issued any Equity Shares for consideration otherwise than for cash.

Underwriting Commission, Brokerage and Selling Commission paid on previous issues of the Equity Shares

Since this is the initial public issue of Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Previous capital issue during the previous three years by listed Group Companies, Subsidiares and Associate Companies of our Company

None of our Group Companies, Subsidiaries and Associate Company of our Company have undertaken a capital issue in the last three years preceding the date of this Draft Red Herring Prospectus.

Performance vis-à-vis objects – Public/ rights issue of our Company and/ or listed Group Companies, Subsidiares and Associate Companies of our Company

Our Company has not undertaken any previous public or rights issue. None of our Group Companies, Subsidiaries or Associate Company of our Company have undertaken any public or rights issue in the last ten years preceding the date of this Draft Red Herring Prospectus.

Further, none of our Subsidiaries or Group Companies are listed on any stock exchange in India or overseas.

Outstanding Debentures or Bonds

Our Company has issued 350 redeemable listed non convertible debentures of ₹1000,000 each having a tenure of five years and carrying an annual interest rate of 12.25% per annum. For details, see "*Financial Indebtedness*" on page 362.

Outstanding Preference Shares or convertible instruments issued by our Company

There are no outstanding preference shares or convertible instruments issued by our Company as on the date of this Draft Red Herring Prospectus.

Partly Paid-up Equity Shares

Our Company does not have any partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus.

Stock Market Data of Equity Shares

This being an initial public offer of our Company, the Equity Shares are not listed on any stock exchange as on the date of the Draft Red Herring Prospectus and accordingly, no stock market data is available for the Equity Shares.

Fees Payable to the Syndicate

The total fees payable to the Syndicate (including underwriting commission and selling commission and reimbursement of their out-of-pocket expense) will be as per the fee/engagement letter dated [•].

For details of the Offer expenses, see "*Objects of the Offer*" on page 104.

Commission payable to SCSBs, Registered Brokers, RTAs and CDPs

For details of the commission payable to SCSBs, Registered Brokers, RTAs and CDPs' see "*Objects of the Offer*" on page 104.

Redressal of Investor Grievances

The agreement between the Registrar to the Offer, our Company and the Selling Shareholder provides for retention of records with the Registrar to the Offer for a period of at least three years from the last date of dispatch of the letters of allotment and demat credit to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances relating to the Offer may be addressed to the Registrar to the Offer, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application 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 Offer with a copy to the relevant Designated Intermediary with whom the Bid cum Application Form was submitted. The Bidder should provide complete details such as name of the sole/ first Bidder, ASBA Form number, the Bidder's, DP ID, Client ID, PAN, date of the ASBA Form, address of the Bidder, number of Equity Shares applied for, the name and address of the Designated Intermediary where the ASBA Form was submitted by the ASBA Bidder and the ASBA Account number in which the amount equivalent to the Bid Amount is blocked. Further, the Bidder shall also enclose the Acknowledgement Slip from the Designated Intermediaries in addition to the documents/ information mentioned hereinabove. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

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

Our Company has not received investor complaints during the period of three years preceding the date of the Draft Red Herring Prospectus.

Further, with respect to the Bid cum Application Forms submitted with the Registered Brokers, the investor shall also enclose the acknowledgment from the Registered Broker in addition to the documents/ information mentioned hereinabove.

Our Company, the Selling Shareholder, the BRLMs and the Registrar accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI ICDR Regulations.

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed a Stakeholders' Relationship Committee comprising P. Venugopal Reddy, P. Deepthi Reddy, Bezawada Vikram and Lakshmi Kantham Dabbara as members. For details, see "*Our Management*" on page 178.

Our Company has also appointed Raj Kumar Singh, Company Secretary of our Company as the Compliance Officer for the Offer. He may be contacted in case of any pre-Offer or post-Offer related problems, at the address set forth hereunder:

Raj Kumar Singh
Penna Cement Industries Limited
H. No.: 8-2-268/A/1/S & S1
Plot No.705, Road No.3, Banjara Hills
Hyderabad - 500 034
Telangana, India
Tel: + 91 40 4456 5100
Fax: +91 40 4456 5222/ +91 40 4456 5310
E-mail: cs@pennacement.com

As on the date of this Draft Red Herring Prospectus, there are no pending investor complaints against our Company.

Our Company does not have any company under same management within the meaning of section 370(1B) of the Companies Act.

As on the date of this Draft Red Herring Prospectus, none of the companies under the same management as of our Company are listed on any stock exchange. Accordingly, the requirement to disclose details of investor grievances by listed companies under the same management as our Company, does not apply.

Changes in Auditors

There has been no change in the statutory auditors in the last three years.

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time during the last five years, except as stated in "*Capital Structure*" on page 76.

Revaluation of Assets

Our Company has not re-valued its assets at any time in the last five years.

SECTION VII: OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered and transferred pursuant to this Offer shall be subject to the provisions of the Companies Act, SEBI ICDR Regulations, SCRA, SCRR, the Memorandum and Articles of Association, the terms of the Red Herring Prospectus, the Prospectus, the Abridged Prospectus, Bid cum Application Form, the Revision Form, the CAN/Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advices and other documents/certificates that may be executed in respect of the Offer. The Equity Shares shall also be subject to laws as applicable, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the RBI, RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by the SEBI, the RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities to the extent applicable or such other conditions as maybe prescribed by such governmental and/or regulatory authority while granting approval for the Offer.

Offer for Sale

The Offer comprises an Offer for Sale by the Selling Shareholder. All Offer related expenses shall be borne *pro-rata* as agreed amongst our Company and the Selling Shareholder in proportion to the respective Equity Shares offered by each of them in the Offer in accordance with applicable law. However, in the event that the Offer is withdrawn by the Company for any reason whatsoever, all the Offer related expenses will be borne by our Company. The Selling Shareholder shall reimburse our Company for all expenses incurred by the Company in relation to the Offer for Sale on their behalf.

Ranking of the Equity Shares

The Equity Shares being offered and transferred pursuant to the Offer shall be subject to the provisions of the Companies Act, the Memorandum of Association and Articles of Association and shall rank *pari-passu* in all respects with the existing Equity Shares including in respect of the right to receive dividend. The Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see "*Main Provisions of Articles of Association*" on page 453.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of Companies Act, the Memorandum and Articles of Association, provisions of the SEBI Listing Regulations and any guidelines or directives that may be issued by the GoI in this respect. For further details, in relation to dividends, see "*Dividend Policy*" and "*Main Provisions of the Articles of Association*" on pages 209 and 453, respectively. The Allottees upon Allotment of Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment.

Face Value and Offer Price

The face value of each Equity Share is ₹10 and the Offer Price at the lower end of the Price Band is ₹[●] per Equity Share and at the higher end of the Price Band is ₹[●] per Equity Share. The Anchor Investor Offer Price is ₹[●] per Equity Share.

The Price Band will be decided by our Company and the Selling Shareholder in consultation with the BRLMs and advertised in [●] edition of the English national newspaper [●], [●] edition of the Hindi national newspaper [●] and [●] edition of the Telugu newspaper [●], each with wide circulation, at least five Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the respective websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our equity Shareholders shall have the following rights:

- Right to receive dividends, if declared;

- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see "*Main Provisions of Articles of Association*" on page 453.

Market Lot and Trading Lot

Pursuant to Section 29 of the Companies Act, 2013 the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated November 26, 2007 amongst NSDL, our Company and the Registrar to the Offer; and
- Agreement dated July 26, 2018 amongst CDSL, our Company and the Registrar to the Offer.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [•] Equity Shares.

Joint Holders

Subject to the provisions of the Articles of Association, where two or more persons are registered as the holders of the Equity Shares, they shall be entitled to hold the same as joint tenants with benefits of survivorship.

Jurisdiction

Exclusive jurisdiction for the purpose of this Offer is with the competent courts/authorities in Mumbai.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013 the sole Bidder, or the first Bidder along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of equity share(s) by the person nominating. A 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. Fresh nomination can be made only on the prescribed form which is available on request at our Registered Office or to the registrar and transfer agents of our Company.

Further, any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Withdrawal of the Offer

Our Company in consultation with the Selling Shareholder and the BRLMs, reserves the right not to proceed with the Offer after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The BRLMs through the Registrar to the Offer, shall instruct the SCSBs to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such instruction. Our Company shall also inform the same to the Stock Exchanges on which Equity Shares are proposed to be listed. The notice of withdrawal shall be issued in the same newspapers in which the pre Offer advertisements have appeared. If the Offer is withdrawn after the Designated Date (as defined later), amounts that have been credited to the Public Issue Account shall be transferred to the Refund Account.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company withdraws the Offer after the Bid/Offer Closing Date and thereafter determines that it will proceed with an issue/offer for sale of the Equity Shares, a fresh draft red herring prospectus will be filed and/or submitted with SEBI and the Stock Exchanges.

Bid/Offer Programme

BID/OFFER OPENS ON	[●][(1)]
BID/OFFER CLOSES ON (FOR QIBs)	**[●]**[(2)]
BID/OFFER CLOSES ON (FOR OTHER BIDDERS)	**[●]**

(1) Our Company may, in consultation with the Selling Shareholder and the BRLMs, consider participation by Anchor Investors. The Anchor Investor Bid/Offer Period shall be one Working Day prior to the Bid/Offer Opening Date in accordance with the SEBI ICDR Regulations

(2) Our Company may, in consultation with the Selling Shareholder and the BRLMs, consider closing the Bid/Offer Period for QIBs one day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about [●]
Credit of Equity Shares to demat accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

The above timetable, other than the Bid/Offer Closing Date, is indicative and does not constitute any obligation on our Company or the Selling Shareholder or the BRLMs.

Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date, the timetable may be extended due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholder, 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.

The Selling Shareholder confirms that it shall extend complete cooperation as may be required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.

Submission of Bids (other than Bids from Anchor Investors):

Bid/Offer Period (except the Bid/Offer Closing Date)	
Submission and Revision in Bids	Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("**IST**")
Bid/Offer Closing Date	
Submission and Revision in Bids	Only between 10.00 a.m. and 3.00 p.m. IST

On the Bid/Offer Closing Date, the Bids shall be uploaded until:

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders.

On Bid/Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and in any case no later than 1:00 PM IST on the Bid/Issue Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Monday to Friday (excluding any public/bank holiday). None among our Company, the Selling Shareholder or any member of the Syndicate is liable for any failure in uploading the Bids due to faults in any software/hardware system or otherwise.

Our Company and the Selling Shareholder, in consultation with the BRLMs reserve the right to revise the Price Band during the Bid/Offer Period in accordance with the SEBI ICDR Regulations, provided that the Cap Price will 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. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The Floor Price shall not be less than the face value of the Equity Shares.

In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the terminals of the Syndicate Members. However, in case of revision in the Price Band, the Bid Lot shall remain the same.

In case of discrepancy in data entered in the electronic book vis-à-vis data contained in the Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

Minimum Subscription

If our Company does not receive (i) the minimum subscription of 90% of the Fresh Issue; and (ii) a subscription in the Offer equivalent to at least 10% post-Offer paid up Equity Share capital of our Company (the minimum number of securities as specified under Rule 19(2)(b) of the SCRR), including devolvement of Underwriters, if any, within 60 days from the date of Bid/Offer Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI ICDR Regulations and applicable law. The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Offer, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

Further, in accordance with Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

In the event of an undersubscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated in the Fresh Issue prior to the Equity Shares offered pursuant to the Offer for Sale. However, after receipt of minimum-subscription of 90% of the Fresh Issue, the Offered Shares shall be allocated prior to the Equity Shares offered pursuant to the Fresh issue.

Any expense incurred by our Company on behalf of the Selling Shareholder with regard to refunds, interest for delays, etc. for the Equity Shares being offered in the Offer will be reimbursed by the Selling Shareholder to our Company in proportion to the Equity Shares being offered for sale by the Selling Shareholder in the Offer, to the extent that the delay is solely attributable to such Selling Shareholder.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restrictions, if any on Transfer and Transmission of Equity Shares

Except for the lock-in of the pre-Offer equity shareholding of our Company, Promoters' minimum contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" on page 76 and except as provided in the Articles of Association there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on the transmission of shares/debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details see "*Main Provisions of the Articles of Association*" on page 453.

Option to Receive Securities in Dematerialized Form

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares in the Offer shall be allotted only in dematerialised form. Further, as per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form on the Stock Exchanges.

OFFER STRUCTURE

Public Offer of up to [●] Equity Shares for cash at a price of ₹[●] per Equity Share (including a premium of ₹[●] per Equity Share) aggregating to ₹15,500 million comprising of a Fresh Issue of up to [●] Equity Shares aggregating to ₹13,000 million by our Company and Offer of Sale of up to [●] Equity Shares aggregating to ₹2,500 million by the Selling Shareholder. The Offer will constitute [●]% of the post-Offer paid-up Equity Share capital of our Company.

The Offer is being made through the Book Building Process.

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation*[(2)]	Not more than [●] Equity Shares	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer Size available for Allotment/ allocation	Not more than 50% of the Offer Size shall be available for allocation to QIBs. However, up to 5% of the net QIB Portion (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining net QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be added to the net QIB Portion (other than the Anchor Investor Portion).	Not less than 15% of the Offer or Offer less allocation to QIB Bidders and Retail Individual Investors	Not less than 35% of the Offer or Offer less allocation to QIB Bidders and Non-Institutional Investors
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) Not more than [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) Not more than [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors.	Proportionate	The Allotment to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be allotted on a proportionate basis. For details see, "Offer Procedure – Part B – Allotment Procedure and Basis of Allotment – Allotment to RIBs" on page 443
Mode of Bidding	ASBA only [(3)]	ASBA only	ASBA only
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of [●] Equity Shares thereafter	[●] Equity Shares and in multiples of [●] Equity Shares thereafter
Maximum Bid	Such number of Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares so that the Bid Amount does not exceed ₹200,000
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter		
Allotment Lot	[●] Equity Shares and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		
Who can apply[(4)]	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual funds, FPIs other than Category III Foreign Portfolio Investors, VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts, Category III Foreign Portfolio Investors	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta)

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
	registered with IRDAI, provident fund (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, insurance funds set up and managed by the Department of Posts, India and Systemically important NBFCs		
Terms of Payment	Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidder that is specified in the ASBA Form at the time of submission of the ASBA Form[(5)]		

**Assuming full subscription in the Offer*

(1) *Our Company may, in consultation with the Selling Shareholder and the BRLMs allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. QIB portion will be adjusted for the shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors. For details, see "Offer Procedure" on page 411*

(2) *Subject to valid Bids being received at or above the Offer Price, this Offer is being made in accordance with Rule 19(2)(b) of the SCRR and under the SEBI ICDR Regulations*

(3) *Anchor Investors are not permitted to use the ASBA process*

(4) *In case of joint Bids, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders*

(5) *Entire Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Form to the members of the Syndicate. For details of terms of payment applicable to Anchor Investors, please see section entitled "Offer Procedure – Part B - Section 7: Allotment Procedure and Basis of Allotment" on page 443*

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Category, would be met with spill-over from the other categories at the discretion of our Company in consultation with the Selling Shareholder, the BRLMs and the Designated Stock Exchange subject to valid Bids being received at or above the Offer Price. For further details, see ―*Offer Procedure* on page 411.

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI, as updated to reflect enactments and regulations to the extent applicable to a public issue, including circulars (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 and (SEBI/HO/CFD/DIL2/CIR/P/2018/22) dated February 15, 2018, notified by the SEBI (the "General Information Document") included below under "**Part B – General Information Document**", which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document has been updated to reflect amendments to the enactments and regulations, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer. The Designated Intermediaries in relation to the Issue should ensure compliance with the SEBI circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, as amended and modified by the SEBI circular (SEBI/HO/CFD/DIL/CIR/P/2016/26) dated January 21, 2016 in relation to clarifications on streamlining the process of public issue of equity shares and convertibles.*

Our Company, the Selling Shareholder and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in this Draft Red Herring Prospectus, the Red Herring Prospectus and the Prospectus.

PART A

Book Building Procedure

The Offer is being made through the Book Building Process wherein 50% of the Offer shall be allocated to QIBs on a proportionate basis, provided that our Company in consultation with the Selling Shareholder and the BRLMs may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. 5% of the net QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All Investors (except Anchor Investors) shall mandatorily participate in this Issue only through the ASBA process and shall provide details of their respective bank account in which the Bid amount will be blocked by the SCSBs. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Category, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company in consultation with the Selling Shareholder, the BRLMs and the Designated Stock Exchange.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bid cum Application Form

Copies of the ASBA Form and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centers, and the Registered Office of our Company. An electronic copy of the ASBA Form will also be available for download on the websites of the NSE (www.nseindia.com) and the BSE (www.bseindia.com) at least one day prior to the Bid/Offer Opening Date.

For Anchor Investors, the Bid cum Application Forms will be available at the office of the BRLMs.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. ASBA Bidders must provide bank account details and authorisation to block funds in the relevant space provided in the ASBA Form and the ASBA Forms that do not contain such details will be rejected. Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centers only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected.

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 Investors and Eligible NRIs applying on a non-repatriation basis**	White
Non-Residents including Eligible NRIs, FVCIs or FPIs, registered multilateral and bilateral development financial institutions applying on a repatriation basis	Blue
Anchor Investors***	White

* *Excluding electronic Bid cum Application Form*

*** Electronic Bid cum Application forms will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com)*

**** Bid cum Application Forms for Anchor Investors will be made available at the office of the BRLM*

Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms to the respective SCSB, where the Bidder has a bank account with ASBA facility, details of which were provided by the Bidder in his respective ASBA form and shall not submit it to any non-SCSB bank or any Escrow Collection Bank.

Participation by Promoters, Promoter Group, the BRLMs the Syndicate Members and persons related to the Promoters/Promoter Group/BRLMs

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Neither the BRLMs nor any persons related to the BRLMs (other than Mutual Funds sponsored by entities related to the BRLMs) Promoters and Promoter Group can apply in the Offer under the Anchor Investor Portion.

The Promoter and members of the Promoter Group will not participate in the Offer except to the extent as the Selling Shareholder.

Who Can Bid?

In addition to the category of Bidders set forth under "*- Part B - General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue*" on page 424, any other persons eligible to Bid in the Offer under the applicable laws, rules, regulations, guidelines and policies applicable to them.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Anchor Investors

For details in relation to Bids by Anchor Investors, see the chapter entitled "*Offer Procedure – Part B – General Information Document for Investing in Public Issues*" on page 421.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms should authorize their SCSB to block their Non-Resident External ("**NRE**") accounts, or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms should authorize their SCSB to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour).

Bids by FPIs

In terms of the SEBI FPI Regulations, the purchase of Equity Shares and total holding by 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 the post issue equity share capital of a company. 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 a company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up equity share capital of a company. The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the board of directors followed by a special resolution passed by the shareholders of a company and subject to prior intimation to RBI.

Pursuant to our Board resolution dated May 9, 2018 and Shareholders' resolution dated May 18, 2018, the aggregate limit of 24% has been increased up to 49%. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits for an FII or sub account in our Company are 10% and 100% of the total paid-up Equity Share capital of our Company, respectively. For details of restrictions on investment by FPIs, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 452.

Further, pursuant to the Master Directions on Foreign Investments in India issued by the RBI dated January 4, 2018, as amended on April 6, 2018, the investment made by a SEBI registered FPI in a listed Indian company will be reclassified as FDI if the total shareholding increases to more than 10% of the total paid-up equity share capital on fully diluted basis or 10% or more of the paid-up value of each series of debentures or preference shares or warrants.

Addiitonally, the aggregate foreign portfolio investment up to 24% of the paid-up capital on a fully diluted basis or the sectoral/ statutory cap whichever is lower does not require Government approval or compliance of sectoral conditions as the case may be. If such investment does not result in transfer of ownership and control of the resident Indian company from resident Indian citizens or transfer of ownership or control or persons resident outside India. Other investments by a person resident outside India will be subject to conditions of Government approval and compliance of sectoral conditions as laid down in these regulations.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

As per the circular issued by SEBI on November 24, 2014, these investment restrictions shall also apply to subscribers of offshore derivative instruments. Two or more subscribers of offshore derivate instruments having a common beneficial owner shall be considered together as a single subscriber of the offshore derivate instrument. In the event an investor has investments as a FPI and as a subscriber of ODIs, these investment restrictions shall apply on the aggregate of the FPI and offshore derivate instrument investments held in the underlying company.

An FPI shall issue ODIs only to those subscribers which meet the eligibility criteria as laid down in Regulation 4 of the SEBI FPI Regulations. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations and circulars issued in this regard, an FPI, other than Category III Foreign Portfolio Investors and unregulated broad-based funds, which are classified as Category II Foreign Portfolio Investors by virtue of their investment manager being appropriately regulated, may issue, subscribe 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 if (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iii) such offshore derivative instruments shall not be issued to or transferred to persons who are resident

Indians or NRIs and to entities beneficially owned by resident Indians or NRIs. 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.

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. Further, pursuant to a circular dated November 24, 2014 issued by the SEBI, FPIs are permitted to issue offshore derivate instruments only to subscribers that (i) meet the eligibility criteria set forth in Regulation 4 of the SEBI FPI Regulations; and (ii) do not have opaque structures, as defined under the SEBI FPI Regulations.

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) such 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.

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. Further, where an investor has investments as FPI and also holds positions as an overseas direct investment subscriber, investment restrictions under the SEBI FPI Regulations shall apply on the aggregate of FPI investments and overseas direct investment positions held in the underlying Indian company.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI VCF Regulations, 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 registered with SEBI under the SEBI VCF Regulations in one venture capital undertaking should not exceed 25% of the corpus of the VCF. 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 investible funds in one investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than $1/3^{rd}$ of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such funds shall not launch any new scheme after the notification of the SEBI AIF Regulations.

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. Neither our Company, nor the Selling Shareholder nor the BRLMs will be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the Selling Shareholder and the BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholder 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 Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company or 10% of the banks' own paid-up share capital and reserves, whichever is less. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company may hold up to 30% of the paid-up share capital of the investee company with the prior approval of the RBI provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act. A banking company would require a prior approval of RBI to make investment in a non-financial services company in excess of 10% of such investee company's paid up share capital as stated in the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the investee company's paid-up share capital and reserves.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by Systemically Important Non-Banking Financial Companies, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), 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. Systemically Important Non-Banking Financial Companies participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars dated September 13, 2012 and January 2, 2013. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 as amended are broadly set forth below:

(a) equity shares of a company: the lower of 10% of the investee company's outstanding equity shares or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;

(b) the entire group of the investee company: not more than 15% of the respective fund in case of a life insurer or 15% of investment assets in case of a general insurer or reinsurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and

(c) the industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a reinsurer, or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in the case of an investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or general insurer and the amount calculated under (a), (b) and (c) above, as the case may be.

Insurance companies participating in this Offer shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company in consultation with the Selling Shareholder and the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Eligible FPIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company in consultation with the Selling Shareholder and the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company in consultation with the Selling Shareholder and the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form subject to such terms and conditions that our Company, in consultation with the Selling Shareholder and the BRLMs, may deem fit, without assigning any reasons thereof.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors 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. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center within the prescribed time;

6. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to any of the respective members of the Syndicate (in the Specified Locations), the SCSBs, the Registered Brokers (at the Broker Centres), the RTA (at the Designated RTA Locations) or CDPs (at the Designated CDP Locations);

7. If the first applicant is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;

8. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

9. In case of joint Bids, the Bid cum Application Form should contain the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;

10. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

11. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

12. 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, and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, 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;

13. Ensure that the Demographic Details are updated, true and correct in all respect;

14. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid;

15. 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;

16. Ensure that the correct investor category and the investor status is indicated in the Bid cum Application Form;

17. Ensure that Anchor Investors submit their Anchor Investor Application Form only to the BRLM;

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 Offer;

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 are in compliance with applicable foreign and Indian laws;

21. Ensure that the Bidders' depository account is active, the correct DP ID, Client ID and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository database;

22. Ensure that where the Bid cum Application Form is submitted in joint names, the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form; and

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 via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form at the time of submission of the Bid.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;

3. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by Retail Individual Bidders);

4. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

5. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

6. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

7. Anchor Investors should not Bid through the ASBA process;

8. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company;

9. 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 the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus;

10. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

11. Do not submit the Bid for an amount more than funds available in your ASBA Account.

12. 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;

13. 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;

14. 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).

15. Do not Bid for shares more than specified by respective Stock Exchanges for each category.

The Bid cum Application Form is liable to be rejected if any of the above instructions, or any other condition mentioned in this Draft Red Herring Prospectus, as applicable, is not complied with.

Payment into Escrow Account for Anchor Investors

Our Company in consultation with the Selling Shareholder and the BRLMs, 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 should be drawn in favour of:

(a) In case of resident Anchor Investors: "[•] – Escrow Account – R"

(b) In case of Non-Resident Anchor Investors: "[•] – Escrow Account – NR"

Pre- Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in: (i) [•] edition of English national newspaper [•]; (ii) [•] editions of Hindi national newspaper [•]; and (iii) [•] edition of Telugu newspaper [•], each with wide circulation.

Signing of the Underwriting Agreement and the RoC Filing

(a) Our Company, the Selling Shareholder and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Offer Price.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:

"*Any person who:*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

***(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.*"**

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹1.00 million or 1.00% of the turnover of the Company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount. In case the fraud involves (i) an amount which is less than ₹1.00 million or 1.00% of the turnover of the Company, whichever is lower; and (ii) does not involve public interest, then such fraud is punishable with an imprisonment for a term extending up to five years or a fine of an amount extending up to ₹2.00 million or with both.

Undertakings by our Company

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders.
- it shall not have any recourse to the proceeds of the Fresh Issue until final listing and trading approvals have been received from the Stock Exchanges;
- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;
- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within six Working Days of the Bid/Offer Closing Date will be taken;
- if Allotment is not made application money will be refunded/unblocked in the relevant ASBA Account within 15 days from the Bid/Offer Closing Date or such lesser time as specified by SEBI, failing which interest will be due to be paid to the Bidders at the rate of 15% per annum for the delayed period;
- the funds required for making refunds (to Anchor Investors, to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;
- Promoters' contribution shall be brought in advance before the Bid/Offer Opening Date;
- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/Offer Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- the certificates of the securities/refund orders to Eligible NRIs shall be despatched within specified time; and
- no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

Undertakings by the Selling Shareholder

The Selling Shareholder undertakes that it is the legal and beneficial owner of, and has full clear and marketable title to the Equity Shares being offered by each of them in the Offer.

Further, the Selling Shareholder undertakes that:

- the Equity Shares being sold by it pursuant to the Offer have been held by it for a period of at least one year prior to the date of filing the Draft Red Herring Prospectus with SEBI, are fully paid-up and are in dematerialised form;
- the Equity Shares being sold by it pursuant to the Offer are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances and shall be in dematerialized form at the time of transfer and shall be transferred to the eligible investors within the time specified under applicable law;
- it shall provide all reasonable co-operation as requested by our Company in relation to the completion of allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders to the extent of the Equity Shares offered by it pursuant to the Offer;
- it shall provide such reasonable support and extend such reasonable cooperation as may be required by our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer;
- funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in the Red Herring Prospectus and Prospectus shall be made available to the Registrar to the Offer by the Selling Shareholder;
- it shall provide such reasonable support and extend such reasonable co-operation as may be required by our Company in sending a suitable communication, where refunds are made through electronic transfer of funds, to the applicant within 15 days from the Bid/ Offer Closing Date or such other period as may be specified under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- it shall not have recourse to the proceeds of the Offer until final approval for listing and trading of the Equity Shares from all Stock Exchanges where listing and trading is sought has been received;

- if the Selling Shareholder does not proceed with the Offer after the Bid/ Offer Closing Date, the reason thereof shall be given by our Company as a public notice within two days of the Bid/ Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly. It shall extend all reasonable cooperation requested by our Company and the BRLMs in this regard;

- it shall not further transfer the Equity Shares except in the Offer during the period commencing from submission of the Draft Red Herring Prospectus with SEBI until the final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares Allotted/ to be Allotted pursuant to the Offer and shall not sell, dispose of in any manner or create any lien, charge or encumbrance on the Equity Shares offered by it in the Offer;

- it shall take all such steps as may be required to ensure that the Equity Shares being sold by it pursuant to the Offer are available for transfer in the Offer within the time specified under applicable law; and

- it shall comply with all applicable laws, in India, including the Companies Act, the SEBI ICDR Regulations, the FEMA and the applicable circulars, guidelines and regulations issued by SEBI and RBI, each in relation to the Equity Shares offered by it in the Offer.

Utilisation of Offer Proceeds

The Board of Directors certify that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013;

- details of all monies utilised out of the Offer shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;

- details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;

- the utilisation of monies received under the Promoters' contribution, if any, shall be disclosed, and continue to be disclosed till the time any part of the Offer 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, if any, 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.

The Selling Shareholder along with our Company declare that all monies received out of the Offer for Sale 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.

PART B

General Information Document for Investing in Public Issues

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Offer. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Offer, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Offer.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building Process as well as to the Fixed Price Offers. The purpose of the "General Information Document for Investing in Public Issues" is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("**SEBI ICDR Regulations, 2009**").

Bidders/Applicants should note that investment in equity and equity related securities involves risk and Bidder/Applicant should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Offer and the relevant information about the Issuer undertaking the Offer are set out in the Red Herring Prospectus ("**RHP**")/Prospectus filed by the Issuer with the Registrar of Companies ("**RoC**"). Bidders/Applicants should carefully read the entire RHP/Prospectus and the Bid cum Application Form/Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Offer. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the RHP/Prospectus, the disclosures in the RHP/Prospectus shall prevail. The RHP/Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the **BRLM(s)** to the Offer and on the website of Securities and Exchange Board of India ("**SEBI**") at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Bidders/Applicants may see "Glossary and Abbreviations".

SECTION 2: BRIEF INTRODUCTION TO IPOs/FPOs

2.1 Initial public offer (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

2.2 Further public offer (FPO)

An FPO means an offer of specified securities by a listed Issuer to the public for subscription and may include Offer for Sale of specified securities to the public by any existing holder of such securities in a listed Issuer.

For undertaking an FPO, the Issuer is *inter-alia* required to comply with the eligibility requirements in terms of Regulation 26/ Regulation 27 of the SEBI ICDR Regulations, 2009. For details of compliance with the eligibility requirements by the Issuer, Bidders/Applicants may refer to the RHP/Prospectus.

2.3 Other Eligibility Requirements:

In addition to the eligibility requirements specified in paragraphs 2.1 and 2.2, an Issuer proposing to undertake an IPO or an FPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 2013, the Companies Act, 1956 (to the extent applicable), the Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force.

For details in relation to the above Bidders/Applicants may refer to the RHP/Prospectus.

2.4 Types of Public Issues – Fixed Price Issues and Book Built Issues

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Offer Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Offer ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Draft Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Bid/Offer Opening Date, in case of an IPO and at least one Working Day before the Bid/Issue Opening Date, in case of an FPO.

The Floor Price or the Offer price cannot be lesser than the face value of the securities. Bidders/Applicants should refer to the RHP/Prospectus or Offer advertisements to check whether the Offer is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

The Offer may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Offer Period. Details of Bid/Offer Period are also available on the website of the Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date if disclosures to that effect are made in the RHP. In case of revision of the Floor Price or Price Band in Book Built Issues the Bid/Issue Period may be extended by at least three Working Days, subject to the total Bid/Offer Period not exceeding 10 Working Days. For details of any revision of the Floor Price or Price Band, Bidders/Applicants may check the announcements made by the Issuer on the websites of the Stock Exchanges, and the advertisement in the newspaper(s) issued in this regard.

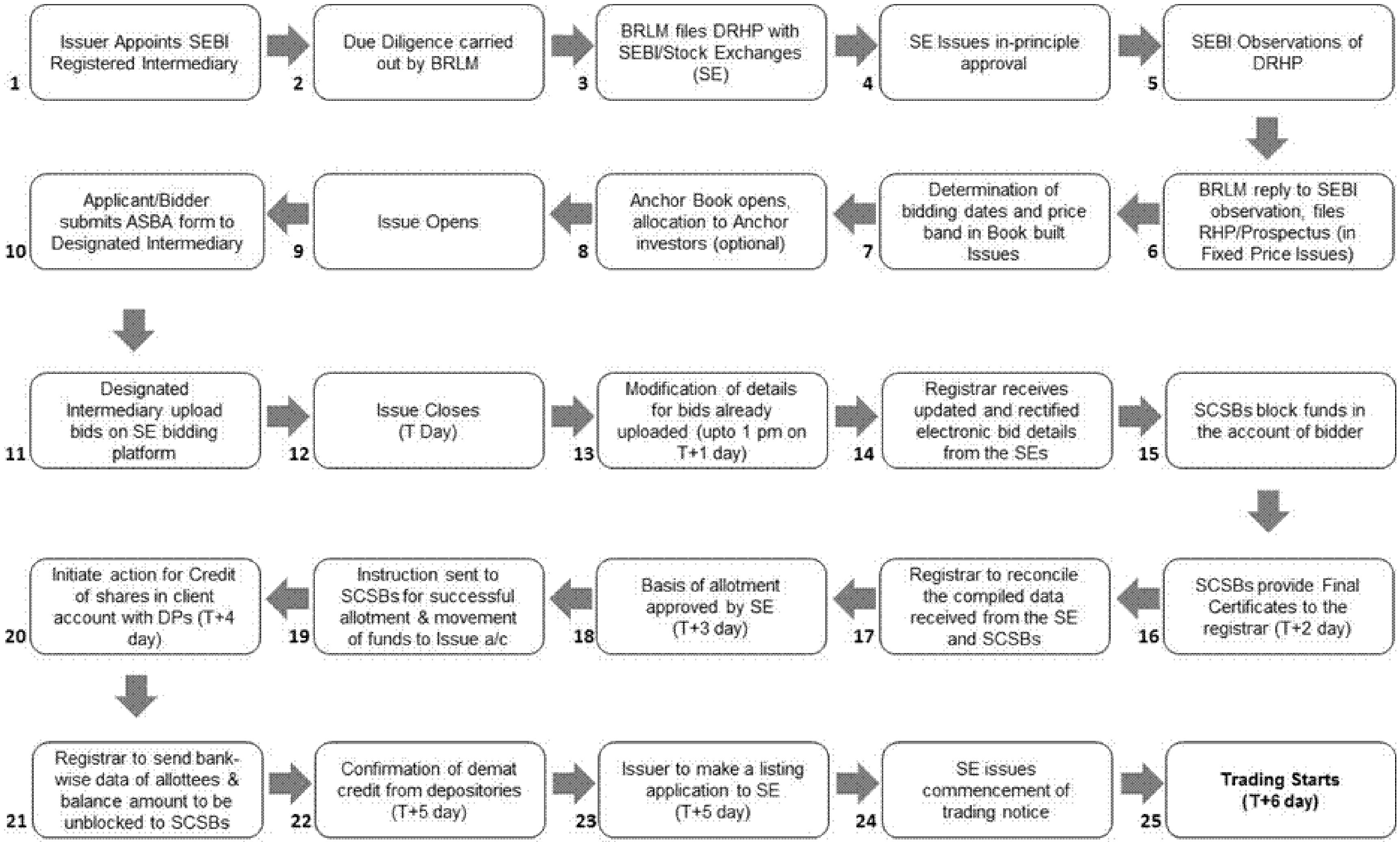
2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price and Book Built Issues is as follows. Bidders/Applicants may note that this is not applicable for Fast Track FPOs:

- In case of Offer other than Book Build Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:

  i. Step 7 : Determination of Offer Date and Price

  ii. Step 10: Applicant submits ASBA Form with any of the Designated Intermediaries


1 Issuer Appoints SEBI Registered Intermediary
2 Due Diligence carried out by BRLM
3 BRLM files DRHP with SEBI/Stock Exchanges (SE)
4 SE Issues in-principle approval
5 SEBI Observations of DRHP
6 BRLM reply to SEBI observation, files RHP/Prospectus (in Fixed Price Issues)
7 Determination of bidding dates and price band in Book built Issues
8 Anchor Book opens, allocation to Anchor investors (optional)
9 Issue Opens
10 Applicant/Bidder submits ASBA form to Designated Intermediary
11 Designated Intermediary upload bids on SE bidding platform
12 Issue Closes (T Day)
13 Modification of details for bids already uploaded (upto 1 pm on T+1 day)
14 Registrar receives updated and rectified electronic bid details from the SEs
15 SCSBs block funds in the account of bidder
16 SCSBs provide Final Certificates to the registrar (T+2 day)
17 Registrar to reconcile the compiled data received from the SE and SCSBs
18 Basis of allotment approved by SE (T+3 day)
19 Instruction sent to SCSBs for successful allotment & movement of funds to Issue a/c
20 Initiate action for Credit of shares in client account with DPs (T+4 day)
21 Registrar to send bank-wise data of allottees & balance amount to be unblocked to SCSBs
22 Confirmation of demat credit from depositories (T+5 day)
23 Issuer to make a listing application to SE (T+5 day)
24 SE issues commencement of trading notice
25 Trading Starts (T+6 day)

SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Bidder/Applicant should check whether it is eligible to apply under applicable law.

Furthermore, certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or to hold Equity Shares, in excess of certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

Subject to the above, an illustrative list of Bidders/Applicants is as follows:

- Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, in single or joint names (not more than three);
- Bids/Applications belonging to an account for the benefit of a minor (under guardianship);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder/Applicant should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder/Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids/Applications by HUFs may be considered at par with Bids/Applications from individuals;
- Companies, corporate bodies and societies registered under applicable law in India and authorised to invest in equity shares;
- QIBs;
- NRIs on a repatriation basis or on a non-repatriation basis subject to applicable law;
- Indian Financial Institutions, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI ICDR Regulations, 2009 and other laws, as applicable);
- FPIs other than Category III foreign portfolio investors Bidding under the QIBs category;
- FPIs which are Category III foreign portfolio investors, Bidding under the NIIs category;
- Scientific organisations authorised in India to invest in the Equity Shares;
- Trusts/societies registered under the Societies Registration Act, 1860, or under any other law relating to trusts/societies and who are authorised under their respective constitutions to hold and invest in equity shares;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008;
- Any other person eligible to Bid/Apply in the Offer, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws; and
- As per the existing regulations, OCBs are not allowed to participate in an Offer.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified ASBA Form (or in case of Anchor Investors, the Anchor Investor Application Form) bearing the stamp of a Designated Intermediary, as available or downloaded from the websites of the Stock Exchanges. Bid cum Application Forms are available with the BRLMs, the Designated Intermediaries at the Bidding Centres and at the registered office of the Issuer. Electronic Bid cum Application Forms will be available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date. For further details, regarding availability of Bid cum Application Forms, Bidders may refer to the RHP/Prospectus.

Fixed Price Issue: Applicants should only use the specified Bid cum Application Form bearing the stamp of the relevant Designated Intermediaries, as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Designated Branches of the SCSBs and at the registered office of the Issuer. For further details, regarding availability of Application Forms, Applicants may refer to the Prospectus.

Bidders/Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Bid cum Application Form for various categories of Bidders/Applicants is as follows:

Category	Colour of the Bid cum Application Form
Resident Indian, Eligible NRIs applying on a non repatriation basis	White
NRIs, FVCIs, FPIs, on a repatriation basis	Blue
Anchor Investors (where applicable) & Bidders/Applicants Bidding/applying in the reserved category	As specified by the Issuer

Securities issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Bidders/Applicants will not have the option of getting the Allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to Allotment.

4.1 INSTRUCTIONS FOR FILLING THE BID CUM APPLICATION FORM/APPLICATION FORM

Bidders/Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the RHP and the Bid cum Application Form/Application Form are liable to be rejected.

Instructions to fill each field of the Bid cum Application Form can be found on the reverse side of the Bid cum Application Form. Specific instructions for filling various fields of the Resident Bid cum Application Form and Non-Resident Bid cum Application Form and samples are provided below.

The samples of the Bid cum Application Form for resident Bidders and the Bid cum Application Form for non-resident Bidders are reproduced below:

TEAR HERE

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : .... Contact Details: .... CIN No	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder
☐ Non-Institutional Bidder
☐ QIB

6. INVESTOR STATUS

☐ Individual(s) - IND
☐ Hindu Undivided Family* - HUF
☐ Bodies Corporate - CO
☐ Banks & Financial Institutions - FI
☐ Mutual Funds - MF
☐ Non-Resident Indians - NRI (Non-Repatriation basis)
☐ National Investment Fund - NIF
☐ Insurance Funds - IF
☐ Insurance Companies - IC
☐ Venture Capital Funds - VCF
☐ Alternative Investment Funds - AIF
☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with individual)

7. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

PLEASE FILL IN BLOCK LETTERS

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date :	3)	

TEAR HERE

LOGO

XYZ LIMITED INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/ DP/RTA	Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

TEAR HERE

PLEASE FILL IN BLOCK LETTERS

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - R Address : .... Contact Details: .... CIN No	FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	**ESCROW BANK/SCSB BRANCH STAMP & CODE**
BANK BRANCH SERIAL NO.	**SCSB SERIAL NO.**

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)			
		Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

☐ Retail Individual Bidder

☐ Non-Institutional Bidder

☐ QIB

6. INVESTOR STATUS

- ☐ Individual(s) - IND
- ☐ Hindu Undivided Family* - HUF
- ☐ Bodies Corporate - CO
- ☐ Banks & Financial Institutions - FI
- ☐ Mutual Funds - MF
- ☐ Non-Resident Indians - NRI (Non-Repatriation basis)
- ☐ National Investment Fund - NIF
- ☐ Insurance Funds - IF
- ☐ Insurance Companies - IC
- ☐ Venture Capital Funds - VCF
- ☐ Alternative Investment Funds - AIF
- ☐ Others (Please specify) - OTH

* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)

7. PAYMENT DETAILS

PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS BID CUM APPLICATION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE 'BIDDERS UNDERTAKING' AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID CUM APPLICATION FORM GIVEN OVERLEAF.

8A. SIGNATURE OF SOLE/ FIRST BIDDER	8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)	BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)
	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date :	3)	

TEAR HERE

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XYZ LIMITED INITIAL PUBLIC ISSUE - R	Acknowledgement Slip for Broker/SCSB/ DP/RTA	Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No.

Bank & Branch

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

TEAR HERE

COMMON BID CUM APPLICATION FORM	XYZ LIMITED - INITIAL PUBLIC ISSUE - NR Address : .... Contact Details: .... CIN No	FOR NON-RESIDENTS, INCLUDING ELIGIBLE NRIS, FPIS OR FVCIS, ETC APPLYING ON A REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE
ISIN : ....

Bid cum Application Form No.

TEAR HERE

SYNDICATE MEMBER'S STAMP & CODE	BROKER/SCSB/DP/RTA STAMP & CODE
SUB-BROKER'S / SUB-AGENT'S STAMP & CODE	ESCROW BANK/SCSB BRANCH STAMP & CODE
BANK BRANCH SERIAL NO.	SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS ☐ NSDL ☐ CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

6. INVESTOR STATUS

- NRI — Non-Resident Indian(s) (Repatriation basis)
- FII — FII or Sub-account not a Corporate/Foreign Individual
- FIISA — FII Sub-account Corporate/Individual
- FVCI — Foreign Venture Capital Investor
- FPI — Foreign Portfolio Investors
- OTH — Others (Please Specify)________

4. BID OPTIONS (ONLY RETAIL INDIVIDUAL BIDDERS CAN BID AT "CUT-OFF")

Bid Options	No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 | 7 | 6 | 5 | 4 | 3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	3 | 2 | 1	
Option 1					☐
(OR) Option 2					☐
(OR) Option 3					☐

5. CATEGORY

- ☐ Retail Individual Bidder
- ☐ Non-Institutional Bidder
- ☐ QIB

7. PAYMENT DETAILS PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Amount paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

PLEASE FILL IN BLOCK LETTERS

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	I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue	
	1)	
	2)	
Date : ________	3)	

TEAR HERE

LOGO

XYZ LIMITED
INITIAL PUBLIC ISSUE - NR

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Amount paid (₹ in figures)	Bank & Branch	Stamp & Signature of SCSB Branch
ASBA Bank A/c No.		
Received from Mr./Ms.		
Telephone / Mobile	Email	

TEAR HERE

XYZ LIMITED - INITIAL PUBLIC ISSUE - NR

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Amount Paid (₹)			

ASBA Bank A/c No. ________

Bank & Branch ________

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

Bid cum Application Form No.

FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

(a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

(b) **Mandatory Fields**: Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid cum Application Form/Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Bid cum Application Form may be used by the Issuer, the Designated Intermediaries and the Registrar to the Offer only for correspondence(s) related to an Offer and for no other purposes.

(c) **Joint Bids/Applications**: In the case of Joint Bids/Applications, the Bids/Applications should be made in the name of the Bidder/Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Bidder/Applicant would be required in the Bid cum Application Form/Application Form and such first Bidder/Applicant would be deemed to have signed on behalf of the joint holders. All communications may be addressed to such Bidder/Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.

(d) **Impersonation**: Attention of the Bidders/Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

> **"*Any person who:***
>
> ***(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or***
>
> ***(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***
>
> ***(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,***
>
> ***shall be liable for action under Section 447.*"**
>
> The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

(e) **Nomination Facility to Bidder/Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of Allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.1 **FIELD NUMBER 2: PAN OF SOLE/FIRST BIDDER/APPLICANT**

(a) PAN (of the sole/first Bidder/Applicant) provided in the Bid cum Application Form/Application Form should be exactly the same as the PAN of the person in whose sole or first name the relevant beneficiary account is held as per the Depositories' records.

(b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim ("PAN Exempted Bidders/Applicants"). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

(c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

(d) Bid cum Application Forms which provide the GIR Number instead of PAN may be rejected.

(e) Bids/Applications by Bidders/Applicants whose demat accounts have been 'suspended for credit' are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as "Inactive demat accounts" and Demographic Details are not provided by depositories.

4.1.2 **FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS**

(a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form is liable to be rejected.**

(b) Bidders/Applicants should ensure that the beneficiary account provided in the Bid cum Application Form/Application Form is active.

(c) Bidders/Applicants should note that on the basis of the DP ID and Client ID as provided in the Bid cum Application Form/Application Form, the Bidder/Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Offer, any requested Demographic Details of the Bidder/Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for other correspondence(s) related to an Offer.

(d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants' sole risk.

4.1.3 **FIELD NUMBER 4: BID OPTIONS**

(a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Offer Opening Date in case of an IPO, and at least one Working Day before Bid/Offer Opening Date in case of an FPO.

(b) The Bidders may Bid at or above Floor Price or within the Price Band for IPOs/FPOs undertaken through the Book Building Process. In the case of Alternate Book Building Process for an FPO, the Bidders may Bid at Floor Price or any price above the Floor Price (for further details Bidders may refer to Section 5.6 (e)).

(c) **Cut-Off Price:** Retail Individual Investors or Employees or Retail Individual Shareholders can Bid at the Cut-off Price indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process. Bidding at the Cut-off Price is prohibited for QIBs and NIIs and such Bids from QIBs and NIIs may be rejected.

(d) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the BRLMs may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Bid Lot is accordingly determined by an Issuer on basis of such minimum application value.

(e) **Allotment:** The Allotment of specified securities to each RII shall not be less than the minimum Bid Lot, subject to availability of shares in the RII category, and the remaining available shares, if any, shall be Allotted on a proportionate basis. For details of the Bid Lot, Bidders may to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.3.1 **Maximum and Minimum Bid Size**

(a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Bidders, Employees and Retail Individual Shareholders must be for such number of shares so as to ensure that the Bid Amount less Discount (as applicable), payable by the Bidder does not exceed ₹200,000.

(b) In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or any other reason, the Bid may be considered for allocation under the Non-Institutional Category, with it not being eligible for Discount then such Bid may be rejected if it is at the Cut-off Price.

(c) For NRIs, a Bid Amount of up to ₹200,000 may be considered under the Retail Category for the purposes of allocation and a Bid Amount exceeding ₹200,000 may be considered under the Non-Institutional Category for the purposes of allocation.

(d) Bids by QIBs and NIBs must be for such minimum number of shares such that the Bid Amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the Bid cum Application Form and the RHP/Prospectus, or as advertised by the Issuer, as the case may be. NIBs and QIBs are not allowed to Bid at Cut-off Price.

(e) RIIs may revise their bids or withdraw their bids until the Bid/Offer Closing Date. QIBs and NIIs cannot withdraw or lower their Bids (in terms of quantity of Equity Share or the Bid Amount) at any stage after Bidding.

(f) In case the Bid Amount reduces to ₹200,000 or less due to a revision of the Price Band, Bids by the NIBs who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.

(g) For Anchor Investors, if applicable, the Bid Amount shall be least ₹10 crores. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors. Bids by various schemes of a Mutual Fund shall be aggregated to determine the Bid Amount. A Bid cannot be submitted for more than 60% of the QIB Category under the Anchor Investor Portion. Anchor Investors cannot withdraw their Bids or lower the size of their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after the Anchor Investor Bid/Offer Period and are required to pay the Bid Amount at the time of submission of the Bid. In case the Anchor Investor Allocation Price is lower than the Offer Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Offer Price is lower than the Anchor Investor Allocation Price, the amount in excess of the Offer Price paid by the Anchor Investors shall not be refunded to them.

(h) A Bid cannot be submitted for more than the Offer size.

(i) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.

(j) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Offer Price, the highest number of Equity Shares Bid for by a Bidder at or above the Offer Price may be considered for Allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of Bidders may refer to (Section 5.6 (e))

4.1.3.2 **Multiple Bids**

(a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of three Bids at different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

(b) Submission of a second Bid cum Application Form to either the same or to another Designated Intermediary and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

(c) Bidders are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple Bids:

i. All Bids may be checked for common PAN as per the records of the Depository. For Bidders other than Mutual Funds, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.

ii. For Bids from Mutual Funds, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client

ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.

(d) The following Bids may not be treated as multiple Bids:

i. Bids by Reserved Categories Bidding in their respective Reservation Portion as well as bids made by them in the Net Offer portion in public category.

ii. Separate Bids by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Bids clearly indicate the scheme for which the Bid has been made.

iii. Bids by Mutual Funds, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

iv. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.4 **FIELD NUMBER 5: CATEGORY OF BIDDERS**

(a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Offer are RIBs, NIBs and QIBs.

(b) Up to 60% of the QIB Category can be allocated by the Issuer, on a discretionary basis subject to the criteria of minimum and maximum number of Anchor Investors based on allocation size, to the Anchor Investors, in accordance with SEBI ICDR Regulations, 2009, with one-third of the Anchor Investor Portion reserved for domestic Mutual Funds subject to valid Bids being received at or above the Offer Price. For details regarding allocation to Anchor Investors, Bidders may refer to the RHP/Prospectus.

(c) An Issuer can make reservation for certain categories of Bidders/Applicants as permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Offer, Bidders/Applicants may refer to the RHP/Prospectus.

(d) The SEBI ICDR Regulations, 2009, specify the allocation or Allotment that may be made to various categories of Bidders in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.5 **FIELD NUMBER 6: INVESTOR STATUS**

(a) Each Bidder/Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective Allotment to it in the Offer is in compliance with the investment restrictions under applicable law.

(b) Certain categories of Bidders/Applicants, such as NRIs, FPIs and FVCIs may not be allowed to Bid/Apply in the Offer or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.

(c) Bidders/Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Bid cum Application Form and Non-Resident Bid cum Application Form.

(d) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.6 **FIELD NUMBER 7: PAYMENT DETAILS**

(a) The full Bid Amount (net of any Discount, as applicable) shall be blocked in the ASBA Account based on the authorisation provided in the ASBA Form. If Discount is applicable in the Offer, RIBs should indicate the full Bid Amount in the Bid cum Application Form and funds shall be blocked for the Bid Amount net of Discount. Only in cases where the RHP/Prospectus indicates that part payment may be made, such an option can be exercised by the Bidder. In case of Bidders specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less Discount offered, if any.

(b) RIBs who Bid at Cut-off Price shall arrange to block the Bid Amount based on the Cap Price.

(c) All Bidders (except Anchor Investors) have to participate in the Offer only through the ASBA mechanism.

(d) Bid Amount cannot be paid in cash, cheques, demand drafts, through money order or through postal order.

4.1.6.1 **Instructions for Anchor Investors:**

(a) Anchor Investors may submit their Bids through a Book Running Lead Manager.

(b) Payments should be made either by direct credit, RTGS or NEFT.

(c) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Anchor Investors until the Designated Date.

4.1.6.2 **Payment instructions for ASBA Bidders**

(a) Bidders may submit the ASBA Form either

i. in electronic mode through the internet banking facility offered by an SCSB authorizing blocking of funds that are available in the ASBA Account specified in the Bid cum Application Form, or

ii. in physical mode to any Designated Intermediary.

(b) Bidders must specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by Bidder and which is accompanied by cash, demand draft, cheque, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, will not be accepted.

(c) Bidders should ensure that the Bid cum Application Form is also signed by the ASBA Account holder(s) if the Bidder is not the ASBA Account holder.

(d) Bidders shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.

(e) From one ASBA Account, a maximum of five Bids cum Application Forms can be submitted.

(f) Bidders should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the Registered Brokers at the Broker Centres, the RTAs at the Designated RTA Locations or CDPs at the Designated CDP Locations.

(g) Bidders bidding through a Designated Intermediary, other than a SCSB, should note that ASBA Forms submitted to such Designated Intermediary may not be accepted, if the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has not named at least one branch at that location for such Designated Intermediary, to deposit ASBA Forms.

(h) Bidders bidding directly through the SCSBs should ensure that the ASBA Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.

(i) Upon receipt of the ASBA Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Form.

(j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the ASBA Form and for application directly submitted to SCSB by investor, may enter each Bid option into the electronic bidding system as a separate Bid.

(k) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not accept such Bids and such bids are liable to be rejected.

(l) Upon submission of a completed ASBA Form each Bidder may be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount specified in the ASBA Form in the ASBA Account maintained with the SCSBs.

(m) The Bid Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Offer, or until withdrawal or rejection of the Bid, as the case may be.

(n) SCSBs bidding in the Offer must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.6.2.1 **Unblocking of ASBA Account**

(a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Offer may provide the following details to the Designated Branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Bid, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn or unsuccessful Bids, if any, to enable the SCSBs to unblock the respective bank accounts.

(b) On the basis of instructions from the Registrar to the Offer, the SCSBs may transfer the requisite amount against each successful ASBA Bidder to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.

(c) In the event of withdrawal or rejection of the ASBA Form and for unsuccessful Bids, the Registrar to the Offer may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within six Working Days of the Bid/Offer Closing Date.

4.1.6.3 **Discount** (if applicable)

(a) The Discount is stated in absolute rupee terms.

(b) Bidders applying under RIB category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Offer, Bidders may refer to the RHP/Prospectus.

(c) The Bidders entitled to the applicable Discount in the Offer may block the Bid Amount less Discount.

Bidder may note that in case the net amount blocked (post Discount) is more than two lakh Rupees, the Bidding system automatically considers such applications for allocation under Non-Institutional Category. These applications are neither eligible for Discount nor fall under RIB category.

4.1.7 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

(a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/ Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.

(b) If the ASBA Account is held by a person or persons other than the Bidder/Applicant, then the Signature of the ASBA Account holder(s) is also required.

(c) The signature has to be correctly affixed in the authorisation/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.

(d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and/or ASBA Account holder is liable to be rejected.

4.1.8 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

(a) Bidders should ensure that they receive the Acknowledgment Slip duly signed and stamped by the Designated Intermediary, as applicable, for submission of the ASBA Form.

(b) All communications in connection with Bids made in the Offer may be addressed to the Registrar to the Offer with a copy to the relevant Designated Intermediary to whom the Bid cum Application Form was submitted. The Bidder should give full details such as name of the sole or first Bidder/Applicant, Bid cum Application Form number, Bidders'/Applicants' DP ID, Client ID, PAN, date of the submission of Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for and the name and address of the Designated Intermediary where the Bid cum Application Form was submitted by the Bidder.

Further, the investor shall also enclose a copy of the Acknowledgment Slip duly received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For further details, Bidder/Applicant may refer to the RHP/Prospectus and the Bid cum Application Form.

4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

(a) During the Bid/Offer Period, any Bidder/Applicant (other than QIBs and NIBs, who can only revise their bid upwards) who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the Revision Form, which is a part of the Bid cum Application Form.

(b) RIB may revise their bids or withdraw their Bids till the Bid/Offer Closing Date.

(c) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form.

(d) The Bidder/Applicant can make this revision any number of times during the Bid/Offer Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid. Bidders/Applicants are advised to retain copies of the blank Revision Form and the Bid(s) must be made only in such Revision Form or copies thereof.

A sample revision form is reproduced below:

COMMON BID REVISION FORM

XYZ LIMITED - INITIAL PUBLIC ISSUE - R

Address : .... Contact Details: .... CIN No ....

FOR RESIDENT INDIANS, INCLUDING RESIDENT QIBs, AND ELIGIBLE NRIs APPLYING ON A NON-REPATRIATION BASIS

LOGO

TO,
THE BOARD OF DIRECTORS
XYZ LIMITED

BOOK BUILT ISSUE

ISIN : ....

Bid cum Application Form No.

SYNDICATE MEMBER'S STAMP & CODE | BROKER/SCSB/DP/RTA STAMP & CODE

SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | ESCROW BANK/SCSB BRANCH STAMP & CODE

BANK BRANCH SERIAL NO. | SCSB SERIAL NO.

1. NAME & CONTACT DETAILS OF SOLE / FIRST BIDDER

Mr. / Ms.

Address

Email

Tel. No (with STD code) / Mobile

2. PAN OF SOLE / FIRST BIDDER

3. BIDDER'S DEPOSITORY ACCOUNT DETAILS NSDL CDSL

For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID

PLEASE CHANGE MY BID

4. FROM (AS PER LAST BID OR REVISION)

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					
(OR) Option 2	OLD BID				
(OR) Option 3					

5. TO (Revised Bid) (Only Retail Individual Bidders can Bid at "Cut-off")

Bid Options	No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures)	Price per Equity Share (₹)/ "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) Bid Price	Retail Discount	Net Price	"Cut-off" (Please ✓ tick)
	8 7 6 5 4 3 2 1	3 2 1	3 2 1	3 2 1	
Option 1					
(OR) Option 2	REVISED BID				
(OR) Option 3					

6. PAYMENT DETAILS — PAYMENT OPTION : FULL PAYMENT ☐ PART PAYMENT ☐

Additional Amount Paid (₹ in figures) (₹ in words)

ASBA Bank A/c No.

Bank Name & Branch

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THE BID REVISION FORM AND THE ATTACHED ABRIDGED PROSPECTUS AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES ("GID") AND HEREBY AGREE AND CONFIRM THE "BIDDERS UNDERTAKING" AS GIVEN OVERLEAF. I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE BID REVISION FORM GIVEN OVERLEAF.

7A. SIGNATURE OF SOLE/ FIRST BIDDER

Date :

7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS)

I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue

1)
2)
3)

BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Bid in Stock Exchange system)

TEAR HERE

LOGO

XYZ LIMITED

BID REVISION FORM - INITIAL PUBLIC ISSUE - R

Acknowledgement Slip for Broker/SCSB/ DP/RTA

Bid cum Application Form No.

DPID / CLID

PAN of Sole / First Bidder

Additional Amount Paid (₹) | Bank & Branch | Stamp & Signature of SCSB Branch

ASBA Bank A/c No.

Received from Mr./Ms.

Telephone / Mobile | Email

TEAR HERE

XYZ LIMITED - BID REVISION FORM - INITIAL PUBLIC ISSUE - R

	Option 1	Option 2	Option 3
No. of Equity Shares			
Bid Price			
Additional Amount Paid (₹)			

Stamp & Signature of Broker / SCSB / DP / RTA

Name of Sole / First Bidder

Acknowledgement Slip for Bidder

ASBA Bank A/c No.

Bank & Branch

Bid cum Application Form No.

TEAR HERE — PLEASE FILL IN BLOCK LETTERS — TEAR HERE

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1.1 **FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANTS, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Bidders/Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 FIELD 4 & 5: BID OPTIONS REVISION 'FROM' AND 'TO'

(a) Apart from mentioning the revised options in the Revision Form, the Bidder/Applicant must also mention the details of all the bid options given in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder/Applicant has Bid for three options in the Bid cum Application Form and such Bidder/Applicant is changing only one of the options in the Revision Form, the Bidder/Applicant must still fill the details of the other two options that are not being revised, in the Revision Form. The Designated Intermediaries may not accept incomplete or inaccurate Revision Forms.

(b) In case of revision, Bid options should be provided by Bidders/Applicants in the same order as provided in the Bid cum Application Form.

(c) In case of revision of Bids by RIBs, Employees and Retail Individual Shareholders, such Bidders/Applicants should ensure that the Bid Amount, subsequent to revision, does not exceed ₹200,000. In case the Bid Amount exceeds ₹200,000 due to revision of the Bid or for any other reason, the Bid may be considered, subject to eligibility, for allocation under the Non-Institutional Category, not being eligible for Discount (if applicable) and such Bid may be rejected if it is at the Cut-off Price. The Cut-off Price option is given only to the RIBs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Offer Price as determined at the end of the Book Building Process.

(d) In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹200,000, the Bid will be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the RIB does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid, where possible. shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RIB and the RIB is deemed to have approved such revised Bid at Cut-off Price.

(e) In case of a downward revision in the Price Band, RIBs and Bids by Employees under the Reservation Portion, who have bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of Bidding may be unblocked after the allotment is finalised.

4.2.3 FIELD 6: PAYMENT DETAILS

(a) All Bidders/Applicants are required to authorise that the full Bid Amount (less Discount (if applicable) is blocked. In case of Bidders/Applicants specifying more than one Bid Option in the Bid cum Application Form, the total Bid Amount may be calculated for the highest of three options at net price, i.e. Bid price less discount offered, if any.

(b) Bidder/Applicants may issue instructions to block the revised amount based on cap of the revised Price Band (adjusted for the Discount (if applicable) in the ASBA Account, to the same Designated Intermediary through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.

(c) In case the total amount (i.e., original Bid Amount less discount (if applicable) plus additional payment) exceeds ₹200,000, the Bid may be considered for allocation under the Non-Institutional Category in terms of the RHP/Prospectus. If, however, the Bidder/Applicant does not either revise the Bid or make additional payment and the Offer Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for, where possible, may be adjusted downwards for the purpose of Allotment, such that additional amount is required to be blocked and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

(d) In case of a downward revision in the Price Band, RIBs, Employees and Retail Individual Shareholders, who have bid at the Cut-off Price, could either revise their Bid or the excess amount blocked at the time of Bidding may be unblocked after the finalisation of basis of allotment.

4.2.4 FIELDS 7 : SIGNATURES AND ACKNOWLEDGEMENTS

Bidders/Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 INSTRUCTIONS FOR FILING APPLICATION FORM IN ISSUES MADE OTHER THAN THROUGH THE BOOK BUILDING PROCESS (FIXED PRICE ISSUE)

4.3.1 **FIELDS 1, 2, 3 NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, PAN OF SOLE/FIRST BIDDER/APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE BIDDER/APPLICANT**

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.3.2 **FIELD 4: PRICE, APPLICATION QUANTITY & AMOUNT**

(a) The Issuer may mention Issue Price or Price Band in the draft Prospectus. However a prospectus registered with RoC contains one price or coupon rate (as applicable).

(b) **Minimum Application Value and Bid Lot**: The Issuer in consultation with the Lead Manager may decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹10,000 to ₹15,000. The minimum Lot size is accordingly determined by an Issuer on basis of such minimum application value.

(c) Applications by RIBs**,** Employees and Retail Individual Shareholders, must be for such number of shares so as to ensure that the application amount payable does not exceed ₹200,000.

(d) Applications by other investors must be for such minimum number of shares such that the application amount exceeds ₹200,000 and in multiples of such number of Equity Shares thereafter, as may be disclosed in the application form and the Prospectus, or as advertised by the Issuer, as the case may be.

(e) An application cannot be submitted for more than the Offer size.

(f) The maximum application by any Applicant should not exceed the investment limits prescribed for them under the applicable laws.

(g) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or other Designated Intermediary and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.

(h) Applicants are requested to note the following procedures may be followed by the Registrar to the Offer to detect multiple applications:

i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds, Applicantions bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.

ii. For applications from Mutual Funds, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.

(i) The following applications may not be treated as multiple Bids:

i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Offer portion in public category.

ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Bid has been made.

iii. Applications by Mutual Funds, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.3.3 **FIELD NUMBER 5 : CATEGORY OF APPLICANTS**

(a) The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and Allotment in the Offer are RIBs, individual applicants other than RIB's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).

(b) An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Offer, applicants may refer to the Prospectus.

(c) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of applicants in an Offer depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Offer specific details in relation to allocation applicant may refer to the Prospectus.

4.3.4 **FIELD NUMBER 6: INVESTOR STATUS**

Applicants should refer to instructions contained in paragraphs 4.1.6.

4.3.5 **FIELD 7: PAYMENT DETAILS**

(a) All Applicants (other than Anchor Investors) are required to make use of ASBA for applying in the Issue

(b) Application Amount cannot be paid in cash, through money order, cheque, demand draft or through postal order or through stock invest.

4.3.5.1 **Payment instructions for ASBA Applicants**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.

4.3.5.2 **Unblocking of ASBA Account**

Applicants should refer to instructions contained in paragraphs 4.1.7.2.1.

4.3.5.3 **Discount** (if applicable)

Applicants should refer to instructions contained in paragraphs 4.1.7.3.

4.3.6 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS & ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

Applicants should refer to instructions contained in paragraphs 4.1.8 & 4.1.9.

4.4 SUBMISSION OF BID CUM APPLICATION FORM/APPLICATION FORM/REVISION FORM

4.4.1 **Bidders/Applicants may submit completed Bid cum application form/Revision Form in the following manner:-**

Mode of Application	Submission of Bid cum Application Form
Anchor Investors Application Form	1) To the Book Running Lead Managers at the locations mentioned in the Anchor Investors Application Form
ASBA Form	(a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres or the RTA at the Designated RTA Locations or the CDPs at the Designated CDP Locations (b) To the Designated Branches of the SCSBs

(a) Bidders/Applicants should submit the Revision Form to the same Designated Intermediary through which such Bidder/Applicant had placed the original Bid.

(b) Upon submission of the Bid cum Application Form, the Bidder/Applicant will be deemed to have authorized the Issuer to make the necessary changes in the RHP and the Bid cum Application Form as would be required for filing Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the relevant Bidder/Applicant.

(c) Upon determination of the Offer Price and filing of the Prospectus with the RoC, the Bid cum Application Form will be considered as the application form.

SECTION 5: ISSUE PROCEDURE IN BOOK BUILT ISSUE

Book Building, in the context of the Offer, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Offer Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009.

The Offer Price is finalised after the Bid/Offer Closing Date. Valid Bids received at or above the Offer Price are considered for allocation in the Offer, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

(a) During the Bid/Offer Period, Bidders/Applicants may approach any of the Designated Intermediaries to register their Bids. Anchor Investors who are interested in subscribing for the Equity Shares should approach the Book Running Lead Managers, to register their Bid.

(b) In case of Bidders/Applicants (excluding NIIs and QIBs) Bidding at Cut-off Price, the Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable).

(c) For details of the timing on acceptance and upload of Bids in the Stock Exchanges Platform Bidders/Applicants are requested to refer to the RHP.

5.2 ELECTRONIC REGISTRATION OF BIDS

(a) The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.

(b) On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as disclosed in this Red Herring Prospectus.

(c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries are given till 1 p.m. on the next Working Day following the Bid/Offer Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

5.3 BUILD UP OF THE BOOK

(a) Bids received from various Bidders/Applicants through the Designated Intermediaries may be electronically uploaded on the Bidding Platform of the Stock Exchanges' on a regular basis. The book gets built up at various price levels. This information may be available with the BRLMs at the end of the Bid/Offer Period.

(b) Based on the aggregate demand and price for Bids registered on the Stock Exchanges Platform, a graphical representation of consolidated demand and price as available on the websites of the Stock Exchanges may be made available at the Bidding Centres during the Bid/Offer Period.

5.4 WITHDRAWAL OF BIDS

(a) RIBs can withdraw their Bids until Bid/Offer Closing Date. In case a RIB wishes to withdraw the Bid during the Bid/Offer Period, the same can be done by submitting a request for the same to the concerned Designated Intermediary who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.

(b) The Registrar to the Offer shall give instruction to the SCSB for unblocking the ASBA Account upon or after the finalisation of basis of allotment. QIBs and NIBs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

(a) The Designated Intermediaries are individually responsible for the acts, mistakes or errors or omission in relation to:

i. the Bids accepted by the Designated Intermediary,

ii. the Bids uploaded by the Designated Intermediary, and

iii. the Bid cum application forms accepted but not uploaded by the Designated Intermediary.

Any RIB whose Bid has not been considered for Allotment, due to failures on the part of the SCSB may seek redressal from the concerned SCSB within three months of the listing date in accordance with the circular SEBI/HO/CFD/DIL2/CIR/P/2018/22 dated February 15, 2018.

(b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all information required is not provided and the Bid cum Application Form is incomplete in any respect.

(c) The SCSBs shall have no right to reject Bids, except in case of unavailability of adequate funds in the ASBA Account or on technical grounds.

(d) In case of QIB Bidders, only the (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) BRLMs and their affiliate Syndicate Members (only in the Specified Locations) have the right to reject bids. However, such rejection shall be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing.

(e) All bids by QIBs, NIBs & RIBs Bidders can be rejected on technical grounds listed herein.

5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Forms can be rejected on the below mentioned technical grounds either at the time of their submission to any of the Designated Intermediaries, or at the time of finalisation of the Basis of Allotment. Bidders/Applicants are advised to note that the Bids/Applications are liable to be rejected, which have been detailed at various placed in this GID:-

(a) Bid/Application by persons not competent to contract under the Indian Contract Act, 1872, as amended, (other than minors having valid Depository Account as per Demographic Details provided by Depositories);

(b) Bids/Applications by OCBs;

(c) In case of partnership firms, Bid/Application for Equity Shares made in the name of the firm. However, a limited liability partnership can apply in its own name;

(d) In case of Bids/Applications under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not being submitted along with the Bid cum application form;

(e) Bids/Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

(f) Bids/Applications by any person outside India if not in compliance with applicable foreign and Indian laws;

(g) PAN not mentioned in the Bid cum Application Form/Application Forms except for Bids/Applications by or on behalf of the Central or State Government and officials appointed by the court and by the investors residing in the State of Sikkim, provided such claims have been verified by the Depository Participant;

(h) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;

(i) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;

(j) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;

(k) Bids/Applications at Cut-off Price by NIBs and QIBs;

(l) The amounts mentioned in the Bid cum Application Form/Application Forms do not tally with the amount payable for the value of the Equity Shares Bid/Applied for;

(m) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;

(n) Bids/Applications for shares more than the prescribed limit by each Stock Exchanges for each category;

(o) Submission of more than five ASBA Forms/Application Forms per ASBA Account;

(p) Bids/Applications for number of Equity Shares which are not in multiples of Equity Shares as specified in the RHP;

(q) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;

(r) Bids not uploaded in the Stock Exchanges bidding system.

(s) Inadequate funds in the bank account to block the Bid/Application Amount specified in the ASBA Form/Application Form at the time of blocking such Bid/Application Amount in the bank account;

(t) Where no confirmation is received from SCSB for blocking of funds;

(u) Bids/Applications by Bidders (other than Anchor Investors) not submitted through ASBA process;

(v) Bids/Applications submitted to Designated Intermediaries at locations other than the Bidding Centers or to the Escrow Collecting Banks (assuming that such bank is not a SCSB where the ASBA Account is maintained), to the Issuer or the Registrar to the Offer;

(w) Bids/Applications not uploaded on the terminals of the Stock Exchanges;

(x) Bids/Applications by SCSBs wherein a separate account in its own name held with any other SCSB is not mentioned as the ASBA Account in the Bid cum Application Form/Application Form.

5.6 BASIS OF ALLOCATION

(a) The SEBI ICDR Regulations, 2009 specify the allocation or Allotment that may be made to various categories of Bidders/Applicants in an Offer depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Offer size available for allocation to each category is disclosed overleaf of the Bid cum Application Form and in the RHP/Prospectus. For details in relation to allocation, the Bidder/Applicant may refer to the RHP/Prospectus.

(b) Under-subscription in any category (except QIB Portion) is allowed to be met with spill-over from any other category or combination of categories at the discretion of the Issuer and in consultation with the BRLMs and the Designated Stock Exchange and in accordance with the SEBI ICDR Regulations, 2009. Unsubscribed portion in QIB Category is not available for subscription to other categories.

(c) In case of under subscription in the Net Offer, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Offer. For allocation in the event of an under-subscription applicable to the Issuer, Bidders/Applicants may refer to the RHP.

(d) **Illustration of the Book Building and Price Discovery Process**

Bidders should note that this example is solely for illustrative purposes and is not specific to the Offer; it also excludes Bidding by Anchor Investors.

Bidders can bid at any price within the price band. For instance, assume a price band of ₹20 to ₹24 per share, issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. The illustrative book given below shows the demand for the equity shares of the issuer company at various prices and is collated from bids received from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.70%
1,000	23	1,500	50.00
1,500	22	3,000	100.00
2,000	21	5,000	166.70%
2,500	20	7,500	250.00

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of equity shares is the price at which the book cuts off, *i.e.*, ₹22.00 in the above example. The issuer, in consultation with the book running lead managers, will finalise the issue price at or below such cut-off price, *i.e.*, at or below ₹22.00. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

(e) **Alternate Method of Book Building**

In case of FPOs, Issuers may opt for an alternate method of Book Building in which only the Floor Price is specified for the purposes of Bidding ("**Alternate Book Building Process**").

The Issuer may specify the Floor Price in the RHP or advertise the Floor Price at least one Working Day prior to the Bid/Offer Opening Date. QIBs may Bid at a price higher than the Floor Price and the Allotment to the QIBs is made on a price priority basis. The Bidder with the highest Bid Amount is allotted the number of Equity Shares Bid for and then the second highest Bidder is Allotted Equity Shares and this process continues until all the Equity Shares have been allotted. RIBs, NIBs and Employees are Allotted Equity Shares at the Floor Price and Allotment to these categories of Bidders is made proportionately. If the number of Equity Shares Bid for at a price is more than available quantity then the Allotment may be done on a proportionate basis. Further, the Issuer may place a cap either in terms of number of specified securities or percentage of issued capital of the Issuer that may be Allotted to a single Bidder, decide whether a Bidder be allowed to revise the bid upwards or downwards in terms of price and/or quantity and also decide whether a Bidder be allowed single or multiple bids.

SECTION 6: ISSUE PROCEDURE IN FIXED PRICE ISSUE

Applicants may note that there is no Bid cum Application Form in a Fixed Price Offer. As the Offer Price is mentioned in the Fixed Price Offer therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through the Designated Intermediary.

Applicants may submit an Application Form either in physical form to the any of the Designated Intermediaries or in the electronic form to the SCSB or the Designated Branches of the SCSBs authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Bid/Offer Opening Date.

In a fixed price Offer, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Bidders; and remaining to (i) individual investors other than Retail Individual Bidders; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

For details of instructions in relation to the Application Form, Bidders/Applicants may refer to the relevant section of the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The Allotment of Equity Shares to Bidders/Applicants other than Retail Individual Bidders and Anchor Investors may be on proportionate basis. For Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to RHP/Prospectus. No Retail Individual Bidder will be Allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Bidder Category and the remaining available shares, if any will be Allotted on a proportionate basis. The Issuer is required to receive a minimum subscription of 90% of the Net Offer (excluding any Offer for Sale of specified securities). However, in case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

7.1 ALLOTMENT TO RIBs

Bids received from the RIBs at or above the Offer Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Offer Price, full Allotment may be made to the RIBs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or above the Offer Price, then the maximum number of RIBs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot ("**Maximum RIB Allottees**"). The Allotment to the RIBs will then be made in the following manner:

(a) In the event the number of RIBs who have submitted valid Bids in the Offer is equal to or less than Maximum RIB Allottees, (i) all such RIBs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIBs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).

(b) In the event the number of RIBs who have submitted valid Bids in the Offer is more than Maximum RIB Allottees, the RIBs (in that category) who will then be Allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIBS

Bids received from NIBs at or above the Offer Price may be grouped together to determine the total demand under this category. The Allotment to all successful NIBs may be made at or above the Offer Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Offer Price, full Allotment may be made to NIBs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Offer Price, Allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

7.3 ALLOTMENT TO QIBs

For the Basis of Allotment to Anchor Investors, Bidders/Applicants may refer to the SEBI ICDR Regulations, 2009 or RHP/Prospectus. Bids received from QIBs Bidding in the QIB Category (net of Anchor Portion) at or above the Offer Price may be grouped together to determine the total demand under this category. The QIB Category may be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Offer Price. Allotment may be undertaken in the following manner:

(a) In the first instance allocation to Mutual Funds for up to 5% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Category then all Mutual Funds may get full Allotment to the extent of valid Bids received above the Offer Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for Allotment to all QIBs as set out at paragraph 7.4(b) below;

(b) In the second instance, Allotment to all QIBs may be determined as follows: (i) In the event of oversubscription in the QIB Category, all QIBs who have submitted Bids above the Offer Price may be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Category; (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs; and (iii) Under-subscription below 5% of the QIB Category, if any, from Mutual Funds, may be included for allocation to the remaining QIBs on a proportionate basis.

7.4 ALLOTMENT TO ANCHOR INVESTOR (IF APPLICABLE)

(a) Allocation of Equity Shares to Anchor Investors at the Anchor Investor Offer Price will be at the discretion of the issuer in consultation with the Selling Shareholder and the BRLMs, subject to compliance with the following requirements:

   i. not more than 60% of the QIB Category will be allocated to Anchor Investors;

   ii. one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

   iii. allocation to Anchor Investors shall be on a discretionary basis and subject to:

      - a maximum number of two Anchor Investors for allocation up to ₹100 million;

      - a minimum number of two Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹100 million and up to ₹2,500 million subject to minimum Allotment of ₹50 million per such Anchor Investor; and

      - a minimum number of five Anchor Investors and maximum number of 15 Anchor Investors for allocation of more than ₹2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million or part thereof, subject to minimum Allotment of ₹50 million per such Anchor Investor.

(b) An Anchor Investor shall make an application of a value of at least ₹100 million in the Offer.

(c) A physical book is prepared by the Registrar on the basis of the Anchor Investor Application Forms received from Anchor Investors. Based on the physical book and at the discretion of the Issuer in consultation with the BRLMs, selected Anchor Investors will be sent a CAN and if required, a revised CAN.

(d) **In the event that the Offer Price is higher than the Anchor Investor Allocation Price**: Anchor Investors will be sent a revised CAN within one day of the Pricing Date indicating the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors are then required to pay any additional amounts, being the difference between the Offer Price and the Anchor Investor Allocation Price, as indicated in the revised CAN within the pay-in date referred to in the revised CAN. Thereafter, the Allotment Advice will be issued to such Anchor Investors.

(e) **In the event the Offer Price is lower than the Anchor Investor Allocation Price:** Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice.

7.5 BASIS OF ALLOTMENT FOR QIBs (OTHER THAN ANCHOR INVESTORS), NIBs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Offer being over-subscribed, the Issuer may finalise the Basis of Allotment in consultation with the Designated Stock Exchange in accordance with the SEBI ICDR Regulations, 2009.

The allocation may be made in marketable lots, on a proportionate basis as explained below:

(a) Bidders may be categorized according to the number of Equity Shares applied for;

(b) The total number of Equity Shares to be Allotted to each category as a whole may be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio;

(c) The number of Equity Shares to be Allotted to the successful Bidders may be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio;

(d) In all Bids where the proportionate Allotment is less than the minimum Bid Lot decided per Bidder, the Allotment may be made as follows: the successful Bidders out of the total Bidders for a category may be determined by a draw of lots in a manner such that the total number of Equity Shares Allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and each successful Bidder may be Allotted a minimum of such Equity Shares equal to the minimum Bid Lot finalised by the Issuer;

(e) If the proportionate Allotment to a Bidder is a number that is more than the minimum Bid lot but is not a multiple of one (which is the marketable lot), the decimal may be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it may be rounded off to the lower whole number. Allotment to all Bidders in such categories may be arrived at after such rounding off; and

(f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares Allotted to the Bidders in that category, the remaining Equity Shares available for Allotment may be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment may be added to the category comprising Bidders applying for minimum number of Equity Shares.

7.6 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

(a) **Designated Date:** On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by allocation of Equity Shares to Anchor Investors from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker to the Offer. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders applying in the Anchor Investor Portion shall be made from the Refund Account as per the terms of the Escrow Agreement and the RHP. On the Designated Date, the Registrar to the Issue shall instruct the SCSBs to transfer funds represented by allocation of Equity Shares from ASBA Accounts into the Public Issue Account.

(b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Bidders/Applicants are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Offer.

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Bidders/Applicants who have been Allotted Equity Shares in the Offer.

(c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.

(d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) credit of shares to the successful Bidders/Applicants Depository Account will be completed within six Working Days of the Bid/Offer Closing Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date. The Registrar to the Offer may initiate corporate action for credit of Equity Shares the beneficiary account with Depositories, within six Working Days of the Bid/Offer Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in RHP/Prospectus. The Designated Stock Exchange may be as disclosed in the RHP/Prospectus with which the Basis of Allotment may be finalised.

If the Issuer fails to make application to the Stock Exchange(s) or obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer shall be punishable with a fine which shall not be less than ₹5 lakhs but which may extend to ₹50 lakhs and every officer of the Issuer who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than ₹50,000 but which may extend to ₹3 lakhs, or with both.

If the permissions to deal in and an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith take steps to refund, without interest, all moneys received from Bidders/Applicants.
If such money is not refunded to the Bidders/Applicants within the prescribed time after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such expiry of such period, be liable to repay the money, with interest at such rate, as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90% of the Net Offer (excluding any offer for sale of specified securities), including devolvement to the Underwriters, the Issuer may forthwith, take steps to unblock the entire subscription amount received within six Working Days of the Bid/Offer Closing Date and repay, without interest, all moneys received from Anchor Investors. In case the Offer is in the nature of Offer for Sale only, then minimum subscription may not be applicable. In case of under-subscription in the Offer involving a Fresh Issue and an Offer for Sale, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale.

If there is a delay beyond the prescribed time after the Issuer becomes liable to pay the amount received from Bidders, then the Issuer and every director of the Issuer who is an officer in default may on and from expiry of 15 days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum in accordance with the Companies (Prospectus and Allotment of Securities) Rules, 2014, as amended.

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be Allotted may not be less than 1,000 failing which the entire application monies may be refunded forthwith.

8.2.4 IN CASE OF ISSUES MADE UNDER COMPULSORY BOOK BUILDING

In case an Issuer not eligible under Regulation 26(1) of the SEBI ICDR Regulations, 2009 comes for an Offer under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to Allot at least 75% of the Net Offer to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

(a) **In case of ASBA Bids:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may give instructions to SCSBs for unblocking the amount in ASBA Accounts for unsuccessful Bids or for any excess amount blocked on Bidding.

(b) **In case of Anchor Investors:** Within six Working Days of the Bid/Offer Closing Date, the Registrar to the Offer may dispatch the refund orders for all amounts payable to unsuccessful Anchor Investors.

(c) In case of Anchor Investors, the Registrar to the Offer may obtain from the depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Anchor Investors in their Anchor Investor Application Forms for refunds. Accordingly, Anchor Investors are advised to immediately update their details as appearing on the records of their depositories. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay may be at the Anchor Investors' sole risk and neither the Issuer, the Registrar to the Offer, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Anchor Investors for any losses caused to them due to any such delay, or liable to pay any interest for such delay. Please note that refunds shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

8.3.1 Electronic mode of making refunds for Anchor Investors

The payment of refund, if any, may be done through various electronic modes as mentioned below:

(a) **NECS**—Payment of refund may be done through NECS for Bidders/Applicants having an account at any of the centers specified by the RBI. This mode of payment of refunds may be subject to availability of complete bank account details including the nine-digit MICR code of the Bidder/Applicant as obtained from the Depository;

(b) **NEFT**—Payment of refund may be undertaken through NEFT wherever the branch of the Anchor Investors' bank is NEFT enabled and has been assigned the Indian Financial System Code ("**IFSC**"), which can be linked to the MICR of that particular branch. The IFSC Code may be obtained from the website of RBI as at a date prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Anchor Investors have registered their nine-digit MICR number and their bank account number while opening and operating the demat account, the same may be duly mapped with the IFSC Code of that particular bank branch and the payment of refund may be made to the Anchor Investors through this method. In the event NEFT is not operationally feasible, the payment of refunds may be made through any one of the other modes as discussed in this section;

(c) **RTGS**—Anchor Investors having a bank account at any of the centers notified by SEBI where clearing houses are managed by the RBI, may have the option to receive refunds, if any, through RTGS.

(d) **Direct Credit**—Anchor Investors having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;

Please note that refunds through the abovementioned modes shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Bank.

For details of levy of charges, if any, for any of the above methods, Anchor Investors may refer to RHP/Prospectus.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum if Allotment is not made and the refund instructions have not been given to the clearing system in the disclosed manner/instructions for unblocking of funds in the ASBA Account are not dispatched within 15 days of the Bid/Offer Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 15 days from the Bid/Offer Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

Term	Description
Allotment/Allot/Allotted	The allotment of Equity Shares pursuant to the Offer to successful Bidders/Applicants
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders/Applicants who have been Allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges
Allottee	An Bidder/Applicant to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009 and this Red Herring Prospectus.
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and Prospectus
Anchor Investor Portion	Up to 60% of the QIB Category which may be allocated by the Issuer in consultation with the BRLMs, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors
Application Supported by Blocked Amount /ASBA	An application, whether physical or electronic, used by ASBA Bidders/Applicants, to make a Bid and authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB
Application Supported by Blocked Amount Form /ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders/Applicants, which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus
ASBA Account	Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder
ASBA Bidder	All Bidders/Applicants except Anchor Investors
Banker(s) to the Offer/Escrow Collection Bank(s)/Collecting Banker	The banks which are clearing members and registered with SEBI as Banker to the Offer with whom the Escrow Account for Anchor Investors may be opened, and as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Basis of Allotment	The basis on which the Equity Shares may be Allotted to successful Bidders/Applicants under the Offer
Bid	An indication to make an offer during the Bid/Offer Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Offer Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price within the Price Band, including all revisions and modifications thereto. In case of issues undertaken through the fixed price process, all references to a Bid should be construed to mean an Application
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder upon submission of the Bid (except for Anchor Investors), less discounts (if applicable). In case of issues undertaken through the fixed price process, all references to the Bid Amount should be construed to mean the Application Amount
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid/Offer Closing Date	Except in the case of Anchor Investors (if applicable), the date after which the Designated Intermediaries may not accept any Bids for the Offer, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Closing Date
Bid/Offer Opening Date	Except in case of Anchor Investors (if applicable), the date on which the Designated Intermediaries may start accepting Bids for the Offer, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Opening Date
Bid/Offer Period	Except in the case of Anchor Investors (if applicable), the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date inclusive of both days and during which prospective ASBA Bidders/Applicants can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/Offer Period for QIBs one working day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations, 2009. Bidders/Applicants may refer to the RHP/Prospectus for the Bid/Offer Period
Bidder/Applicant	Any prospective investor who makes a Bid/Application pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In case of issues undertaken through the fixed price process, all references to a Bidder/Applicants should be construed to mean an Applicant
Book Built Process/Book Building Process/Book Building Method	The book building process as provided under SEBI ICDR Regulations, 2009, in terms of which the Offer is being made

Term	Description
Broker Centres	Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the ASBA Forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers are available on the websites of the Stock Exchanges.
BRLM(s)/Book Running Lead Manager(s)/Lead Manager/LM	The Book Running Lead Manager to the Offer as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM
CAN/Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, after the Anchor Investor Bid/Offer Period
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price may not be finalised and above which no Bids may be accepted
Client ID	Client Identification Number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant or CDPs	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Cut-off Price	Offer Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIBs, Retail Individual Shareholders and employees are entitled to Bid at the Cut-off Price. No other category of Bidders/Applicants are entitled to Bid at the Cut-off Price
DP	Depository Participant
DP ID	Depository Participant's Identification Number
Depositories	National Securities Depository Limited and Central Depository Services (India) Limited
Demographic Details	Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details
Designated Branches	Such branches of the SCSBs which may collect the Bid cum Application Forms used by Bidders/Applicants (excluding Anchor Investors) and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms to Collecting Depository Participants. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account and the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account or the Refund Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Bidders/Applicants in the Fresh Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale
Designated Intermediaries	Syndicate, sub-syndicate/agents, SCSBs, Registered Brokers, CDPs and RTAs, who are authorized to collect ASBA Forms from the ASBA Bidders and Anchor Investor Application Forms from Anchor Investors, as applicable, in relation to the Offer
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Stock Exchange	The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer
Discount	Discount to the Offer Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009.
Draft Prospectus	The draft prospectus filed with SEBI in case of Fixed Price Issues and which may mention a price or a Price Band
Employees	Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoters. For further details, Bidder/Applicant may refer to the RHP/Prospectus
Equity Shares	Equity Shares of the Issuer
Escrow Account	Account opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors may transfer money through NEFT/RTGS/direct credit in respect of the Bid Amount when submitting a Bid
Escrow Agreement	Agreement to be entered into among the Issuer, the Registrar to the Offer, the Book Running Lead Manager(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts from Anchor Investors and where applicable, remitting refunds of the amounts collected to the Anchor Investors on the terms and conditions thereof
Escrow Collection Bank(s)	Refer to definition of Banker(s) to the Offer
FCNR Account	Foreign Currency Non-Resident Account
First Bidder/Applicant	The Bidder/Applicant whose name appears first in the Bid cum Application Form or Revision Form

Term	Description
FII(s)	Foreign Institutional Investors as defined under the SEBI (Foreign Institutional Investors) Regulations, 1995 and registered with SEBI under applicable laws in India
Fixed Price Issue/Fixed Price Process/Fixed Price Method	The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Offer is being made
Floor Price	The lower end of the Price Band, at or above which the Offer Price and the Anchor Investor Offer Price may be finalised and below which no Bids may be accepted, subject to any revision thereto
FPIs	Foreign Portfolio Investors as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
FPO	Further public offering
Foreign Venture Capital Investors or FVCIs	Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000
IPO	Initial public offering
Issuer/Company	The Issuer proposing the initial public offering/further public offering as applicable
Maximum RIB Allottees	The maximum number of RIBs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot.
MICR	Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf
Mutual Fund	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
Mutual Funds Portion	5% of the QIB Category (excluding the Anchor Investor Portion) available for allocation to Mutual Funds only, being such number of equity shares as disclosed in the RHP/Prospectus and Bid cum Application Form
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NRE Account	Non-Resident External Account
NRI	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares
NRO Account	Non-Resident Ordinary Account
Net Offer	The Offer less reservation portion
Non Institutional Investors or NIIs	All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporates or foreign individuals and FPIs which are Category III foreign portfolio investors, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Category	The portion of the Offer being such number of Equity Shares available for allocation to NIBs on a proportionate basis and as disclosed in the RHP/Prospectus and the Bid cum Application Form
Non-Resident	A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs and FVCIs registered with SEBI
OCB/Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
Offer	Public issue of Equity Shares of the Issuer including the Offer for Sale if applicable
Offer for Sale	Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder
Other Investors	Investors other than Retail Individual Bidders in a Fixed Price Issue. These include individual applicants other than Retail Individual Bidders and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for
Offer Price	The final price, less discount (if applicable) at which the Equity Shares may be Allotted to Bidders other than Anchor Investors, in terms of the Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price The Offer Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s)
PAN	Permanent Account Number allotted under the Income Tax Act, 1961
Price Band	Price Band with a minimum price, being the Floor Price and the maximum price, being the Cap Price and includes revisions thereof. The Price Band and the minimum Bid lot size for the Offer may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least five working days in case of an IPO and one working day in case of FPO, prior to the Bid/Offer Opening Date, in English national daily, Hindi national daily and regional language at the place where the registered office of the Issuer is situated, newspaper each with wide circulation
Pricing Date	The date on which the Issuer in consultation with the Book Running Lead Manager(s), finalise the Offer Price
Prospectus	The prospectus to be filed with the RoC in accordance with Section 26 of the Companies Act, 2013 after the Pricing Date, containing the Offer Price, the size of the Offer and certain other information
Public Issue Account	A Bank account opened with the Banker to the Offer to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date

Term	Description
QIB Category	The portion of the Offer being such number of Equity Shares to be Allotted to QIBs on a proportionate basis
Qualified Institutional Buyers or QIBs	As defined under SEBI ICDR Regulations, 2009
RTGS	Real Time Gross Settlement
Red Herring Prospectus/RHP	The red herring prospectus issued in accordance with Section 32 of the Companies Act, 2013, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Offer. The RHP may be filed with the RoC at least three days before the Bid/Offer Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus
Refund Account	The account opened with Refund Bank, from which refunds to Anchor Investors, if any, of the whole or part of the Bid Amount may be made
Refund Bank	Refund bank as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI
Registered Broker	Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate
Registrar to the Offer/RTO	The Registrar to the Offer as disclosed in the RHP/Prospectus and Bid cum Application Form
Reserved Category/Categories	Categories of persons eligible for making application/Bidding under reservation portion
Reservation Portion	The portion of the Offer reserved for such category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009
Retail Individual Bidders/ RIBs	Investors who applies or bids for a value of not more than ₹200,000.
Retail Individual Shareholders	Shareholders of a listed Issuer who applies or bids for a value of not more than ₹200,000.
Retail Category	The portion of the Offer being such number of Equity Shares available for allocation to RIBs which shall not be less than the minimum Bid Lot, subject to availability in RIB category and the remaining shares to be Allotted on proportionate basis.
Revision Form	The form used by the Bidders in an issue through Book Building Process to modify the quantity of Equity Shares and/or bid price indicated therein in any of their Bid cum Application Forms or any previous Revision Form(s)
RoC	The Registrar of Companies
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations, 2009	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009
Self Certified Syndicate Bank(s) or SCSB(s)	A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Specified Locations	Refer to definition of Broker Centers
Stock Exchanges/SE	The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Offer are proposed to be listed
Syndicate	The Book Running Lead Manager(s) and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Issuer, and the Syndicate in relation to collection of ASBA Forms by Syndicate Members
Syndicate Member(s)/SM	The Syndicate Member(s) as disclosed in the RHP/Prospectus
Underwriters	The Book Running Lead Manager(s) and the Syndicate Member(s)
Underwriting Agreement	The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date
Working Day	"Working Day", means all days, other than second and fourth Saturdays of a month, Sundays or a publid holiday, on which commercial banks in Mumbai are open for business, provided that with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, shall mean all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**"), issued the Consolidated FDI Policy Circular of 2017 ("**FDI Circular 2017**"), which, with effect from August 28, 2017, consolidated and superseded all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on August 27, 2017. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Circular 2017 will be valid until the DIPP issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold (i) within the United States only to persons reasonably believed to be "qualified institutional buyers" (as defined in Rule 144A and referred to in this Draft Red Herring Prospectus as "U.S. QIBs". For the avoidance of doubt, the term "U.S. QIBs" does not refer to a category of institutional investor defined under applicable Indian regulations and referred to in this Draft Red Herring Prospectus as — QIBs) in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act, and (ii) outside the United States in offshore transactions in reliance on Regulation S and pursuant to the applicable laws of the jurisdictions where those offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

(THE COMPANIES ACT, 2013)

COMPANY LIMITED BY SHARES
(INCORPORATED UNDER THE COMPANIES ACT, 1956)

ARTICLES OF ASSOCIATION
OF
PENNA CEMENT INDUSTRIES LIMITED

1. CONSTITUTION OF THE COMPANY

a) *The regulations contained in table "F" of schedule I to the Companies Act, 2013, as amended shall apply only in so far as the same are not provided for or are not inconsistent with these Articles.*

b) *The regulations for the management of the Company and for the observance of the members thereof and their representatives shall be such as are contained in these Articles subject however to the exercise of the statutory powers of the Company in respect of repeal, additions, alterations, substitution, modifications and variations thereto by special resolution as prescribed by the Companies Act, 2013, as amended.*

2. INTERPRETATION

A. DEFINITIONS

In the interpretation of these Articles the following words and expressions shall have the following meanings unless repugnant to the subject or context.

a. "**Act**" means the Companies Act, 2013, and the Companies Act, 1956 (in each case, to the extent applicable), the rules and regulations prescribed thereunder, as now enacted or as amended from time to time and shall include any statutory replacement or re-enactment thereof;

b. "**ADRs**" shall mean American Depository Receipts representing ADSs.

c. "**Annual General Meeting**" shall mean a General Meeting of the holders of Equity Shares held in accordance with the applicable provisions of the Act.

d. **"ADR Facility"** shall mean an ADR facility established by the Company with a depository bank to hold any Equity Shares as established pursuant to a deposit agreement and subsequently as amended or replaced from time to time.

e. **"ADSs"** shall mean American Depository Shares, each of which represents a certain number of Equity Shares.

f. **"Articles"** shall mean these Articles of Association as adopted or as from time to time altered in accordance with the provisions of these Articles and Act.

g. **"Auditors"** shall mean and include those persons appointed as such for the time being by the Company.

h. **"Board"** shall mean the board of directors of the Company, as constituted from time to time, in accordance with law and the provisions of these Articles.

i. **"Board Meeting"** shall mean any meeting of the Board, as convened from time to time and any adjournment thereof, in accordance with law and the provisions of these Articles.

j. **"Beneficial Owner"** shall mean beneficial owner as defined in Clause (a) of subsection (1) of section 2 of the Depositories Act.

k. **"Business Day"** shall mean a day on which scheduled commercial banks are open for business in India.

l. **"Capital" or "share capital"** shall mean the share capital for the time being, raised or authorised to be raised for the purpose of the Company.

m. **"Chairman"** shall mean such person as is nominated or appointed in accordance with Article 37 and 71 herein below.

n. **"Companies Act, 1956"** shall mean the Companies Act, 1956 (Act I of 1956), as may be in force for the time being and shall include any statutory modification or re-enactment thereof.

o. **"Company" or "this Company"** shall mean **Penna Cement Industries Limited.**

p. **"Committees"** shall mean a committee constituted in accordance with Article 73.

q. **"Debenture"** shall include debenture stock, bonds, and any other securities of the Company, whether constituting a charge on the assets of the Company or not.

r. **"Depositories Act"** shall mean The Depositories Act, 1996 and shall include any statutory modification or re-enactment thereof.

s. **"Depository"** shall mean a Depository as defined in Clause (e) of sub-section (1) of section 2 of the Depositories Act.

t. **"Director"** shall mean any director of the Company, including alternate directors, independent directors and nominee directors appointed in accordance with law and the provisions of these Articles.

u. **"Dividend"** shall include interim dividends.

v. "**Equity Share Capital**" shall mean the total issued and paid-up equity share capital of the Company, calculated on a Fully Diluted Basis.

w. "**Equity Shares**" shall mean fully paid-up equity shares of the Company having a par value of INR 10/- (Rupees Ten) per equity share or any other issued share capital of the Company that is reclassified, reorganized, reconstituted or converted into equity shares.

x. **"Executor"** or **"Administrator"** shall mean a person who has obtained probate or letters of administration, as the case may be, from a court of competent jurisdiction and shall include the holder of a succession certificate authorizing the holder thereof to negotiate or transfer the Equity Share or Equity Shares of the deceased Shareholder and shall also include the holder of a certificate granted by the Administrator-General appointed under the Administrator Generals Act, 1963.

y. **"Extraordinary General Meeting"** shall mean an extraordinary general meeting of the holders of Equity Shares duly called and constituted in accordance with the provisions of the Act;

z. "**Financial Year**" shall mean any fiscal year of the Company, beginning on April 1 of each calendar year and ending on March 31 of the following calendar year.

z. "**Fully Diluted Basis**" shall mean, in reference to any calculation, that the calculation should be made in relation to the equity share capital of any Person, assuming that all outstanding convertible preference shares or debentures, options, warrants and other equity securities convertible into or exercisable or exchangeable for Equity Shares of that Person (whether or not by their terms then currently convertible, exercisable or exchangeable), have been so converted, exercised or exchanged to the maximum number of Equity Shares possible under the terms thereof.

aa. **"GDRs"** shall mean the registered Global Depositary Receipts, representing GDSs.

bb. **"GDSs**" shall mean the Global Depository Shares, each of which represents a certain number of Equity Shares.

cc. **"General Meeting"** shall mean a meeting of holders of Equity Shares and any adjournment thereof.

dd. "**Independent Director**" shall mean an independent director as defined under the Act and under Regulation 16(1)(b) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

ee. **"India"** shall mean the Republic of India.

ff. **"Law"** shall mean all applicable provisions of all (i) constitutions, treaties, statutes, laws (including the common law), codes, rules, regulations, circulars, ordinances or orders of any governmental authority and SEBI, (ii) governmental approvals, (iii) orders, decisions, injunctions, judgments, awards and decrees of or agreements with any governmental authority, (iv) rules of any stock exchanges, (v) international treaties, conventions and protocols, and (vi) generally accepted accounting principles or the relevant accounting standards.

gg. "**Managing Director**" shall have the meaning assigned to it under the Act.

hh. "**MCA**" shall mean the Ministry of Corporate Affairs, Government of India.

ii. "**Memorandum**" shall mean the memorandum of association of the Company, as amended from time to time.

jj. **"Office"** shall mean the registered office for the time being of the Company.

kk. **"Officer"** shall have the meaning assigned thereto by Section 2(59) of the Companies Act, 2013, as amended.

ll. **"Ordinary Resolution**" shall have the meaning assigned thereto by Section 114 of the Companies Act, 2013, as amended.

mm. "**Paid up**" shall include the amount credited as paid up.

nn. "**Person**" shall mean any natural person, sole proprietorship, partnership, company, body corporate, governmental authority, joint venture, trust, association or other entity (whether registered or not and whether or not having separate legal personality).

oo. "**Register of Members**" shall mean the register of shareholders to be kept pursuant to Section 88 of the Companies Act, 2013, as amended.

pp. "**Registrar**" shall mean the Registrar of Companies, from time to time having jurisdiction over the Company.

qq. "**Rules**" shall mean the rules made under the Act and notified from time to time.

rr. "**Seal**" shall mean the common seal(s) for the time being of the Company.

ss. "**SEBI**" shall mean the Securities and Exchange Board of India, constituted under the Securities and Exchange Board of India Act, 1992, as amended.

tt. "**SEBI Listing Regulations**" shall mean the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.

uu. **"Secretary"** shall mean a company secretary as defined in clause (c) of sub-section (1) of section 2 of the Company Secretaries Act, 1980, as amended who is appointed by a company to perform the functions of a company secretary under the Act.

vv. "**Securities**" shall mean any Equity Shares or any other securities, debentures, warrants or options whether or not, directly or indirectly convertible into, or exercisable or exchangeable into or for Equity Shares.

ww. **"Share Equivalents"** shall mean any Debentures, preference shares, foreign currency convertible bonds, floating rate notes, options (including options to be approved by the Board (whether or not issued) pursuant to an employee stock option plan) or warrants or other Securities or rights which are by their terms convertible or exchangeable into Equity Shares.

xx. "**Shareholder**" shall mean any shareholder of the Company, from time to time.

yy. "**Shareholders' Meeting**" shall mean any meeting of the Shareholders of the Company, including Annual General Meetings as well as Extraordinary General Meetings of the Shareholders of the Company, convened from time to time in accordance with Law and the provisions of these Articles.

aaa. **"Special Resolution"** shall have the meaning assigned to it under Section 114 of the Companies Act, 2013, as amended.

bbb. **"Transfer"** shall mean (i) any, direct or indirect, transfer or other disposition of any shares, securities (including convertible securities), or voting interests or any interest therein, including, without limitation, by operation of Law, by court order, by judicial process, or by foreclosure, levy or attachment; (ii) any, direct or indirect, sale, assignment, gift, donation, redemption, conversion or other disposition of such shares, securities (including convertible securities) or voting interests or any interest therein, pursuant to an agreement, arrangement, instrument or understanding by which legal title to or beneficial ownership of such shares, securities (including convertible securities) or voting interests or any interest therein passes from one Person to another Person or to the same Person in a different legal capacity, whether or not for value; (iii) the granting of any security interest or encumbrance in, or extending or attaching to, such shares, securities (including convertible securities) or voting interests or any interest therein, and the word "**Transferred**" shall be construed accordingly.

ccc. "**Tribunal**" shall mean the National Company Law Tribunal constitutes under Section 408 of the Companies Act, 2013, as amended.

B. CONSTRUCTION

In these Articles (unless the context requires otherwise):

(i) References to a Person shall, where the context permits, include such Person's respective successors, legal heirs and permitted assigns.

(ii) The descriptive headings of Articles are inserted solely for convenience of reference and are not intended as complete or accurate descriptions of content thereof and shall not be used to interpret the provisions of these Articles and shall not affect the construction of these Articles.

(iii) References to articles and sub-articles are references to Articles and Sub-articles of and to these Articles unless otherwise stated and references to these Articles include references to the articles and Sub-articles herein.

(iv) Words importing the singular include the plural and vice versa, pronouns importing a gender include each of the masculine, feminine and neuter genders, and where a word or phrase is defined, other parts of speech and grammatical forms of that word or phrase shall have the corresponding meanings.

(v) Wherever the words "include," "includes," or "including" is used in these Articles, such words shall be deemed to be followed by the words "without limitation".

(vi) The terms "hereof", "herein", "hereto", "hereunder" or similar expressions used in these Articles mean and refer to these Articles and not to any particular Article of these Articles, unless expressly stated otherwise.

(vii) Unless otherwise specified, time periods within or following which any payment is to be made or act is to be done shall be calculated by excluding the day on which the period commences and including the day on which the period ends and by extending the period to the next Business Day following if the last day of such period is not a Business Day; and whenever any payment is to be made or action to be taken under these Articles is required to be made or taken on a day other than a Business Day, such payment shall be made or action taken on the next Business Day following.

(viii) A reference to a Person being liable to another Person, or to liability, includes, but is not limited to, any liability in equity, contract or tort (including negligence).

(ix) Reference to statutory provisions shall be construed as meaning and including references also to any amendment or re-enactment for the time being in force and to all statutory instruments or orders made pursuant to such statutory provisions.

(x) References to any particular number or percentage of securities of a Person (whether on a Fully Diluted Basis or otherwise) shall be adjusted for any form of restructuring of the share capital of that Person, including without limitation, consolidation or subdivision or splitting of its securities, issue of bonus securities, issue of securities in a scheme of arrangement (including amalgamation or de-merger) and reclassification of Equity Shares or variation of rights into other kinds of securities.

(xi) References made to any provision of the Act shall be construed as meaning and including the references to the rules and regulations made in relation to the same by the MCA. The applicable provisions of the Companies Act, 1956 shall cease to have effect from the date on which the corresponding provisions under the Act have been notified.

(xii) In the event any of the provisions of the Articles are contrary to the provisions of the Act and the Rules, the provisions of the Act and Rules will prevail.

3. EXPRESSIONS IN THE ACT AND THESE ARTICLES

Save as aforesaid, any words or expressions defined in the Act shall, if not inconsistent with the subject or context, bear the same meaning in these Articles.

4. SHARE CAPITAL

(a) The authorised Share Capital of the Company shall be as stated under Clause V of the Memorandum of Association of the Company from time to time.

(b) The Paid up Share Capital shall be at all times a minimum of Rs. 500,000/- (Rupees Five Lakhs only) or such higher amount as may be required under the Act.

(c) The Company has power, from time to time, to increase its authorised or issued and Paid up Share Capital.

(d) The Share Capital of the Company may be classified into Equity Shares with differential rights as to dividend, voting or otherwise in accordance with the applicable provisions of the Act, Rules, and Law, from time to time.

(e) Subject to Article 4(d), all Equity Shares shall be of the same class and shall be alike in all respects and the holders thereof shall be entitled to identical rights and privileges including without limitation to identical rights and privileges with respect to dividends, voting rights, and distribution of assets in the event of voluntary or involuntary liquidation, dissolution or winding up of the Company.

(f) The Board may allot and issue securities of the Company as payment or part payment for any property purchased by the Company or in respect of goods sold or transferred or machinery or appliances supplied or for services rendered to the Company in or about the formation of the Company or the acquisition and/or in the conduct of its business or for any goodwill provided to the Company; and any securities which may be so allotted may be issued as fully/partly paid up securities and if so issued shall be deemed as fully/partly paid up securities. However, the aforesaid shall be subject to the approval of shareholders under the relevant provisions of the Act and Rules.

(g) The amount payable on application on each share shall not be less than 5 per cent of the nominal value of the share or, as may be specified by SEBI.

(h) Nothing herein contained shall prevent the Directors from issuing fully paid up shares either on payment of the entire nominal value thereof in cash or in satisfaction of any outstanding debt or obligation of the Company.

(i) Except so far as otherwise provided by the conditions of issue or by these presents, any Capital raised by the creation of new Equity Shares, shall be considered as part of the existing Capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

(j) All of the provisions of these Articles shall apply to the Shareholders.

(k) Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any Equity Shares therein, shall be an acceptance of shares within the meaning of these Articles and every person who thus or otherwise accepts any shares and whose name is on the Register of Members shall for the purposes of these Articles be a Shareholder.

(l) The money, (if any), which the Board shall, on the allotment of any securities being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any securities allotted by them, shall immediately on the insertion of the name of the allottee, in the Register of Members as the name of the holder of such Equity Shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

5. BRANCH OFFICES

The Company shall have the power to establish one or more branch offices, in addition to the Office, in such places at its Board may deem fit.

6. PREFERENCE SHARES

(a) **Redeemable Preference Shares**

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have the power to issue on a cumulative or non-cumulative basis, preference shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the applicable provisions of the Act, exercise such power in any manner as they deem fit and provide for redemption of such shares on such terms including the right to redeem at a premium or otherwise as they deem fit.

(b) **Convertible Redeemable Preference Shares**

The Company, subject to the applicable provisions of the Act and the consent of the Board, shall have power to issue on a cumulative or non-cumulative basis convertible redeemable preference shares liable to be redeemed in any manner permissible under the Act and the Directors may, subject to the applicable provisions of the Act, exercise such power as they deem fit and provide for redemption at a premium or otherwise and/or conversion of such shares into such Securities on such terms as they may deem fit.

7. PROVISIONS IN CASE OF PREFERENCE SHARES.

Upon the issue of preference shares pursuant to Article 6 above, the following provisions shall apply:

(a) No such preference shares shall be redeemed except out of profits of the Company which would otherwise be available for Dividend or out of the proceeds of a fresh issue of securities made for the purposes of the redemption;

(b) No such preference shares shall be redeemed unless they are fully paid;

(c) 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 the preference shares are redeemed;

(d) Where any such preference shares are proposed to be redeemed out of the profits of the Company, there shall, out of such profits, be transferred, a sum equal to the nominal amount of the shares to be redeemed, to a reserve, to be called the "**Capital Redemption Reserve Account**" and the applicable provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided by Section 55 of the Companies Act, 2013, as amended, apply as if the Capital Redemption Reserve Account were Paid up Share Capital of the Company;

(e) The redemption of preference shares under this Article by the Company shall not be taken as reduction of Share Capital;

(f) The Capital Redemption Reserve Account may, notwithstanding anything in this Article, be applied by the Company, in paying up un-issued shares of the Company to be issued to the Shareholders as fully paid bonus shares; and

(g) Whenever the Company shall redeem any redeemable preference shares or cumulative convertible redeemable preference shares, the Company shall, within 30 (thirty) days thereafter, give notice thereof to the Registrar of Companies as required by Section 64 of the Companies Act, 2013, as amended.

8. SHARE EQUIVALENT

The Company shall, subject to the applicable provisions of the Act, compliance with Law and the consent of the Board, have the power to issue Share Equivalents on such terms and in such manner as the Board deems fit including their conversion, repayment, and redemption whether at a premium or otherwise.

9. ADRS/GDRS

The Company shall, subject to the applicable provisions of the Act, compliance with all Laws and the consent of the Board, have the power to issue ADRs or GDRs on such terms and in such manner as the Board deems fit including their conversion and repayment. Such terms may include at the discretion of the Board, limitations on voting by holders of ADRs or GDRs, including without limitation, exercise of voting rights in accordance with the directions of the Board.

10. ALTERATION OF SHARE CAPITAL

Subject to these Articles and Section 61 of the Companies Act, 2013, as amended, the Company may, by Ordinary Resolution in General Meeting from time to time, alter the conditions of its Memorandum as follows, that is to say, it may:

(a) increase its Share Capital by such amount as it thinks expedient;

(b) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;

Provided that no consolidation and division which results in changes in the voting percentage of shareholders shall take effect unless it is approved by the Tribunal on an application made in the prescribed manner.

(c) convert all or any of its fully Paid up shares into stock and reconvert that stock into fully Paid up shares of any denomination

(d) sub-divide its shares, or any of them, into shares of smaller amount than is fixed by the Memorandum, so however, that in the sub-division the proportion between the amount paid and the amount, if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived; and

(e) cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

11. REDUCTION OF SHARE CAPITAL

The Company may, subject to the applicable provisions of the Act, from time to time, reduce its Capital, any capital redemption reserve account and the securities premium account in any manner for the time being authorized by Law. This Article is not to derogate any power the Company would have under Law, if it were omitted.

12. POWER OF COMPANY TO PURCHASE ITS OWN SECURITIES

Pursuant to a resolution of the Board, the Company may purchase its own Equity Shares or other Securities, as may be specified by the MCA, by way of a buy-back arrangement, in accordance with Sections 68, 69 and 70 of the Companies Act, 2013, as amended, the Rules and subject to compliance with Law.

13. POWER TO MODIFY RIGHTS

Where, the Capital, is divided (unless otherwise provided by the terms of issue of the shares of that class) into different classes of shares, all or any of the rights and privileges attached to each class may, subject to the provisions of Section 48 of the Companies Act, 2013, as amended and Law, and whether or not the Company is being wound up, be modified, commuted, affected or abrogated or dealt with by agreement between the Company and any Person purporting to contract on behalf of that class, provided the same is effected with consent in writing and by way of a Special Resolution passed at a separate meeting of the holders of the issued shares of that class. Subject to Section 48(2) of the Companies Act, 2013, as amended and Law, all provisions hereafter contained as to General Meetings (including the provisions relating to quorum at such meetings) shall mutatis mutandis apply to every such meeting.

14. REGISTERS TO BE MAINTAINED BY THE COMPANY

(a) The Company shall, in terms of the provisions of Section 88 of the Companies Act, 2013, as amended, cause to be kept the following registers in terms of the applicable provisions of the Act

(i) A Register of Members indicating separately for each class of Equity Shares and preference shares held by each Shareholder residing in or outside India;

(ii) A register of Debenture holders; and

(iii) A register of any other security holders.

(b) The Company shall also be entitled to keep in any country outside India, a part of the registers referred above, called "foreign register" containing names and particulars of the Shareholders, Debenture holders or holders of other Securities or beneficial owners residing outside India.

(c) The registers mentioned in this Article shall be kept and maintained in the manner prescribed under the Companies (Management and Administration) Rules, 2014.

15. SHARES AND SHARE CERTIFICATES

(a) The Company shall issue, re-issue and issue duplicate share certificates in accordance with the provisions of the Act and in the form and manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014.

(c) The Company shall be entitled to dematerialize its existing shares, rematerialize its shares held in the depository and/or to offer its fresh shares in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(d) A certificate, issued under the common seal of the Company, specifying the shares held by any Person shall be *prima facie* evidence of the title of the Person to such shares. Where the shares are held in depository form, the record of depository shall be the *prima facie* evidence of the interest of the beneficial owner.

(e) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer or in case of sub-division or consolidation of shares, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems adequate, being given, a new Certificate in lieu thereof shall be given to the Person entitled to such lost or destroyed Certificate. Every Certificate under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding such for each certificate as may be prescribed under law) as the Directors shall prescribe. Provided that, no fee shall be charged for issue of a new certificate in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that notwithstanding what is stated above, the Directors shall comply with the applicable provisions of the Act and Law including the rules or regulations or requirements of any stock exchange and the rules made under the Securities Contracts (Regulation) Act, 1956, or any statutory modification or re-enactment thereof, for the time being in force.

(f) The provisions of this Article shall mutatis mutandis apply to Debentures and other Securities of the Company.

(g) When a new share certificate has been issued in pursuance of sub-article (e) of this Article, it shall be in the form and manner stated under the Companies (Share Capital and Debentures) Rules, 2014.

(h) Where a new share certificate has been issued in pursuance of sub-articles (e) or (f) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificates maintained in the form and manner specified under the Companies (Share Capital and Debentures) Rules, 2014.

(i) All blank forms to be used for issue of share certificates shall be printed and the printing shall be done only on the authority of a Resolution of the Board. The blank forms shall be consecutively machine–numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or of such other person as the Board may authorize for the purpose and the Secretary or the other person aforesaid shall be responsible for rendering an account of these forms to the Board.

(j) The Secretary shall be responsible for the maintenance, preservation and safe custody of all books and documents relating to the issue of share certificates including the blank forms of the share certificate referred to in sub-article (i) of this Article.

(k) All books referred to in sub-article (j) of this Article, shall be preserved in the manner specified in the Companies (Share Capital and Debentures) Rules, 2014.

(l) The details in relation to any renewal or duplicate share certificates shall be entered into the register of renewed and duplicate share certificates, as prescribed under the Companies (Share Capital and Debentures) Rules, 2014.

(m) If any Share stands in the names of 2 (two) or more Persons, the Person first named in the Register of Members shall as regards receipt of Dividends or bonus, or service of notices and all or any other matters connected with the Company except voting at meetings and the transfer of shares, be deemed the sole holder thereof, but the joint holders of a share shall be severally as well as jointly liable for the payment of all installments and calls due in respect of such shares, and for all incidents thereof according to these Articles.

(n) Except as ordered by a court of competent jurisdiction or as may be required by Law, the Company shall be entitled to treat the Shareholder whose name appears on the Register of Members as the holder of any share or whose name appears as the beneficial owner of shares in the records of the Depository, as the absolute owner thereof and accordingly shall not be bound to recognise any benami, trust or equity or equitable, contingent or other claim to or interest in such share on the part of any other Person whether or not he shall have express or implied notice thereof. The Board shall be entitled at their sole discretion to register any shares in the joint names of any 2 (two) or more Persons or the survivor or survivors of them.

16. SHARES AT THE DISPOSAL OF THE DIRECTORS

(a) Subject to the provisions of Section 62 of the Companies Act, 2013, as amended and other applicable provisions of the Act, and these Articles, the shares in the Capital of the Company for the time being (including any shares forming part of any increased Capital of the Company) shall be under the control of the Board who may issue, allot or otherwise dispose of the same or any of them to Persons in such proportion and on such terms and conditions and either at a premium or at par or at a discount (subject to compliance with the provisions of Section 53 of the Companies Act, 2013, as amended) and at such time as they may, from time to time, think fit and with the sanction of the Company in the General Meeting, give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Board thinks fit, and may issue and allot shares in the capital of the Company 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. 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-up shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

(b) If, by the conditions of allotment of any share, the whole or part of the amount thereof shall be payable by installments, every such installment shall, when due, be paid to the Company by the person who, for the time being, shall be the registered holder of the shares or by his executor or administrator.

(c) Every Shareholder, 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 Articles require or fix for the payment thereof.

(d) In accordance with Section 46 and 56 of the Companies Act, 2013, as amended and other applicable provisions of the Act and the Rules:

(i) Every Shareholder or allottee of shares shall be entitled without payment, to receive one or more certificates specifying the name of the Person in whose favour it is issued, the shares to which it relates and the amount paid up thereon. Such certificates shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupon of requisite value, save in cases of issue of share certificates against letters of acceptance or of renunciation, or in cases of issue of bonus shares. Such share certificates shall also be issued in the event of consolidation or sub-division of shares of the Company. Every such certificate shall be issued under the Seal of the Company which shall be affixed in the presence of 2 (two) Directors or persons acting on behalf of the Board under a duly registered power of attorney and the Secretary or some other person appointed by the Board for the purpose and the 2 (two) Directors or their attorneys and the Secretary or other person shall sign the shares certificate(s), provided that if the composition of the Board permits, at least 1 (one) of the aforesaid 2 (two) Directors shall be a person other than a Managing Director(s) or an executive director(s). Particulars of every share certificate issued shall be entered in the Register of

Members against the name of the Person, to whom it has been issued, indicating the date of issue. For any further certificate, the Board shall be entitled, but shall not be bound to prescribe a fee not exceeding such fee as may be prescribed under Law.

(ii) Every Shareholder shall be entitled, without payment, to one or more certificates, in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as the Directors 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 such certificates within 2 (two) months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within 1 (one) month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of its shares as the case may be. Every certificate of shares shall be under seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in the form and manner as specified in Article 15 above and in respect of a share or shares held jointly by several Persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to the one or several joint holders shall be sufficient delivery to all such holders.

(iii) the Board may, at their absolute discretion, refuse any applications for the sub-division of share certificates or Debenture certificates, into denominations less than marketable lots except where sub-division is required to be made to comply with any statutory provision or an order of a competent court of law or at a request from a Shareholder or to convert holding of odd lot into transferable/marketable lot.

(iv) A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means, such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine, equipment or other material used for the purpose.

17. UNDERWRITING AND BROKERAGE

(a) Subject to the applicable provisions of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or procuring or agreeing to procure subscription, (whether absolutely or conditionally), for any shares or Debentures in the Company in accordance with the provisions of the Companies (Prospectus and Allotment of Securities) Rules, 2014.

(b) The Company may also, on any issue of shares or Debentures, pay such brokerage as may be lawful.

18. CALLS

(a) Subject to the provisions of Section 49 of the Companies Act, 2013, as amended, the Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board, (and not by circular resolution), make such call as it thinks fit upon the Shareholders in respect of all money unpaid on the shares held by them respectively and each Shareholder shall pay the amount of every call so made on him to the Person or Persons and Shareholders and at the times and places appointed by the Board. A call may be made payable by installments. Provided that the Board shall not give the option or right to call on shares to any person except with the sanction of the Company in the General Meeting.

(b) 30 (thirty) days' notice in writing at the least of every call (otherwise than on allotment) shall be given by the Company specifying the time and place of payment and if payable to any Person other than the Company, the name of the person to whom the call shall be paid, provided that before the time for payment of such call, the Board may by notice in writing to the Shareholders revoke the same.

(c) The Board of Directors may, when making a call by resolution, determine the date on which such call shall be deemed to have been made, not being earlier than the date of resolution making such call and thereupon the call shall be deemed to have been made on the date so determined and if no date is determined, the call shall be deemed to have been made at the time when the resolution of the Board authorising such call was passed and may be made payable by the Shareholders whose names appear on the Register of Members on such date or at the discretion of the Board on such subsequent date as shall be fixed by the Board. A call may be revoked or postponed at the discretion of the Board.

(d) The joint holder of a share shall be jointly and severally liable to pay all instalments and calls due in respect thereof.

(e) 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 Shareholders who, from residence at a distance or other cause the Board may deem fairly entitled to such extension; but no Shareholders shall be entitled to such extension save as a matter of grace and favour.

(f) If any Shareholder or allottee fails to pay the whole or any part of any call or installment, 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 such rate as shall from time to time be fixed by the Board but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Shareholder.

(g) Any sum, which by the terms of issue of a share or otherwise, becomes payable on allotment or at any fixed date or by installments at a fixed time 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 or otherwise the same became payable, and in case of non-payment, all the relevant provisions of these Articles as to payment of call, interest, expenses, forfeiture or otherwise shall apply as if such sum became payable by virtue of a call duly made and notified.

(h) On the trial or hearing of any action or suit brought by the Company against any Shareholder or his legal 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 Shareholder in respect of whose shares the money is sought to be recovered appears entered on the Register of Members as the holder, or one of the holders at or subsequent to the date at which the money sought to be recovered is alleged to have become due on the shares; that the resolution making the call is duly recorded in the minute book, and that notice of such call was duly given to the Shareholder or his representatives so sued in pursuance of these Articles; and 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 was duly convened or constituted nor any other matters whatsoever; but the proof of the matters aforesaid shall be conclusive evidence of the debt.

(i) Neither a judgment nor a decree in favour of the Company for calls or other money due in respect of any share nor any part payment or satisfaction thereunder, nor the receipt by the Company of a portion of any money which shall from time to time be due from any Shareholder 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.

(j) The Board may, if it thinks fit (subject to the provisions of Section 50 of the Companies Act, 2013, as amended) agree to and receive from any Shareholder willing to advance the same, the whole or any part of the money 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 Shareholder paying such sum in advance and the Board agree upon, provided that the money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

(k) No Shareholder shall be entitled to voting rights in respect of the money(ies) so paid by him until the same would but for such payment, become presently payable.

(l) The provisions of these Articles shall *mutatis mutandis* apply to the calls on Debentures of the Company.

19. COMPANY'S LIEN:

i. On shares:

(a) The Company shall have a first and paramount lien:

(i) on every share (not being a fully paid-up share), registered in the name of each shareholder (whether solely or jointly with others) and upon the proceeds of sale thereof for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that share and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and except as provided in Article 19(i)((b);

(ii) on all shares (not being fully paid-up shares) standing registered in the name of a single person, for all money presently payable by him or his estate to the Company

Provided that the Board may, at any time, declare any shares wholly or in part to be exempt from the provisions of this Article.

(b) Company's lien, if any, on the shares, shall extend to all Dividends payable and bonuses declared from time to time in respect of such shares.

(c) Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The fully paid up shares shall be free from all lien and that in case of partly paid shares, the Company's lien shall be restricted to money called or payable at a fixed time in respect of such shares.

(d) For the purpose of enforcing such lien, the Board may sell the shares, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such shares and may authorise one of their Shareholders to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made:

(i) unless a sum in respect of which the lien exists is presently payable; or

(ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the shares before the sale) be paid to the Person entitled to the shares at the date of the sale.

(e) No Shareholder shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

ii. On Debentures:

(a) The Company shall have a first and paramount lien:

(i) on every Debenture (not being a fully paid-up Debenture), registered in the name of each debenture holder (whether solely or jointly with others) and upon the proceeds of sale thereof for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that Debenture;

(ii) on all Debentures (not being fully paid-up Debentures) standing registered in the name of a single person, for all money presently payable by him or his estate to the Company

Provided that the Board may, at any time, declare any Debentures wholly or in part to be exempt from the provisions of this Article.

(b) Company's lien, if any, on the Debentures, shall extend to all interest and premium payable in respect of such Debentures.

Unless otherwise agreed, the registration of a transfer of Debentures shall operate as a waiver of the Company's lien, if any, on such Debentures. The fully paid up Debentures shall be free from all lien and that in case of partly paid Debentures, the Company's lien shall be restricted to money called or payable at a fixed time in respect of such Debentures.

(c) For the purpose of enforcing such lien, the Board may sell the Debentures, subject thereto in such manner as they shall think fit, and for that purpose may cause to be issued a duplicate certificate in respect of such Debentures and may authorize the debenture trustee acting as trustee for the holders of Debentures or one of the holder of Debentures to execute and register the transfer thereof on behalf of and in the name of any purchaser. The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the Debentures be affected by any irregularity or invalidity in the proceedings in reference to the sale.

Provided that no sale shall be made:

(i) unless a sum in respect of which the lien exists is presently payable; or

(ii) until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the Debenture or the person entitled thereto by reason of his death or insolvency.

The net proceeds of any such sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall (subject to a like lien for sums not presently payable as existed upon the Debentures before the sale) be paid to the Person entitled to the Debentures at the date of the sale.

(d) No holder of Debentures shall exercise any voting right in respect of any Debentures registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the Company has exercised any right of lien.

20. FORFEITURE OF SHARES

(a) If any Shareholder fails to pay any call or installment or any part thereof or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may, at any time thereafter, during such time as the call or installment or any part thereof or other money remain unpaid or a judgment or decree in respect thereof remain unsatisfied, give notice to him or his legal representatives requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

(b) The notice shall name a day, (not being less than 14 (fourteen) days from the date of the notice), and a place or places on or before which such call or installment or such part or other money as aforesaid and interest thereon, (at such rate as the Board shall determine and payable from the date on which such call or installment ought to have been paid), and expenses as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place appointed, the shares in respect of which the call was made or installment is payable, will be liable to be forfeited.

(c) If the requirements of any such notice as aforesaid are not be complied with, any share in respect of which such notice has been given, may at any time, thereafter before payment of all calls, installments, other money due in respect thereof, interest and expenses as required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all Dividends declared or any other money payable in respect of the forfeited share and not actually paid before the forfeiture subject to the applicable provisions of the Act. There shall be no forfeiture of unclaimed Dividends before the claim becomes barred by Law.

(d) When any share shall have been so forfeited, notice of the forfeiture shall be given to the Shareholder on whose name it stood immediately prior to the forfeiture or if any of his legal representatives or to any of the Persons entitled to the shares by transmission, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid.

(e) Any share so forfeited shall be deemed to be the property of the Company and may be sold; re-allotted, or otherwise disposed of either to the original holder thereof or to any other Person upon such terms and in such manner as the Board shall think fit.

(f) Any Shareholder whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company on demand all calls, installments, interest and expenses and other money owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rate as the Board may determine and the Board may enforce, (if it thinks fit), payment thereof as if it were a new call made at the date of forfeiture.

(g) The forfeiture of a share shall involve extinction at the time of the forfeiture of all interest in all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of these rights as by these Articles are expressly saved.

(h) A duly verified declaration in writing that the declarant is a Director or Secretary of the Company and that a share in the Company has been duly forfeited in accordance with these Articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all Persons claiming to be entitled to the shares.

(i) Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some Person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the shares sold and the purchaser shall not be bound to see to the regularity of the proceedings, or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

(j) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Shareholder), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

(k) The Board may, at any time, before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

21. FURTHER ISSUE OF SHARE CAPITAL

(a) Where at any time, the Company proposes to increase its subscribed capital by the issue of further shares, such shares shall be offered—

(i) to persons who, as on the date specified in applicable law are holders of shares of the Company in proportion, as nearly as circumstances admit, to the Paid up Share Capital on those shares by sending a letter of offer subject to the following conditions, namely:-

a. the offer shall be made by notice specifying the number of shares offered and limiting a time not being less than 15 (fifteen) days and not exceeding 30 (thirty) days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined;

b. the offer aforesaid shall be deemed to include a right exercisable by the Person concerned to renounce the shares offered to him or any of them in favour of any other Person; and the notice referred to in clause a. above shall contain a statement of this right;

c. after the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the Person to whom such notice is given that he declines to accept the shares offered, the Board may dispose of them in such manner which is not disadvantageous to the Shareholders and the Company;

(ii) to employees under a scheme of employees' stock option, subject to Special Resolution passed by the Company and subject to the Rules and such other conditions, as may be prescribed under Law; or

(iii) to any persons, if it is authorised by a Special Resolution, whether or not those Persons include the Persons referred to in clause (i) or clause (ii) above, either for cash or for a consideration other than cash, if the price of such shares is determined by the valuation report of a registered valuer subject to the Rules or otherwise under Law.

(b) The notice referred to in sub-clause a. of clause (i) of sub-article (a) shall be dispatched through registered post or speed post or through electronic mode or any other mode prescribed under Law to all the existing Shareholders at least 3 (three) days before the opening of the issue.

(c) Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option as a term attached to the Debentures issued or loan raised by the Company to convert such Debentures or loans into shares in the Company:

Provided that the terms of issue of such Debentures or loan containing such an option have been approved before the issue of such Debentures or the raising of loan by a Special Resolution passed by the Company in a General Meeting.

(d) Nothing in sub-Article (a)(i)(b) of this Article shall be deemed:

(i) To extend the time within which the offer should be accepted; or
(ii) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(e) The provisions contained in this Article shall be subject to the provisions of Section 42 and Section 62 of the Companies Act, 2013, as amended, the Rules and the applicable provisions of the Act.

22. TRANSFER AND TRANSMISSION OF SHARES

(a) The Company shall maintain a "Register of Transfers" and shall have recorded therein fairly and distinctly particulars of every transfer or transmission of any Share, Debenture or other Security held in a material form.

(b) Every instrument of transfer of shares shall be in writing and the provisions of Section 56 of the Companies Act, 2013, as amended and of any statutory modification thereof, and all other applicable provisions of the Act for the time being shall be duly complied with in respect of all transfer of shares and the registration thereof. In case of transfer of shares where the Company has not issued any certificates and where the shares are held in dematerialized form, the provisions of the Depositories Act shall apply.

(c) (i) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or the transferee within the time frame prescribed under the Act

(ii) Where the application is made by the transferor and relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee in a prescribed manner and the transferee communicates no objection to the transfer within 2 (two) weeks from the receipt of the notice.

(d) Every such instrument of transfer shall be executed by both, the transferor and the transferee and attested and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof.

(e) The Board shall have power on giving not less than 7 (seven) days previous notice by advertisement in a vernacular newspaper and in an English newspaper having wide circulation in the city, town or village in which the Office of the Company is situated, and publishing the notice on the website as may be notified by the Central Government and on the website of the Company, to close the transfer books, the Register of Members and/or Register of Debenture-holders at such time or times and for such period or periods, not exceeding 30 (thirty) days at a time and not exceeding in the aggregate 45 (forty-five) days in each year, as it may deem expedient.

(f) Subject to the provisions of Sections 58 and 59 of the Companies Act, 2013, as amended, the Rules, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may refuse, whether in pursuance of any power of the Company under these Articles or otherwise, to register the transfer of, or the transmission by operation of law of the right to, any securities or interest of a Shareholder in the Company or debentures of the Company. The Company shall, within 30 (thirty) days from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to the Company, send a notice of refusal to the transferee and transferor or to the person giving notice of such transmission, as the case may be, giving reasons for such refusal.

Provided that, registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other Person or Persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares.

(g) Subject to the applicable provisions of the Act and these Articles, the Directors shall have the absolute and uncontrolled discretion to refuse to register a Person entitled by transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration, and shall not be bound to give any reason for such refusal and in particular may also decline in respect of shares upon which the Company has a lien.

(h) Subject to the provisions of these Articles, any transfer of shares in whatever lot should not be refused, though there would be no objection to the Company refusing to split a share certificate into several scripts of any small denominations or, to consider a proposal for transfer of shares comprised in a share certificate to several Shareholders, involving such splitting, if on the face of it such splitting/transfer appears to be unreasonable or without a genuine need. The Company should not, therefore, refuse transfer of shares in violation of the stock exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.

(i) In case of the death of any one or more Shareholders named in the Register of Members as the joint-holders of any shares, the survivors shall be the only Shareholder or Shareholders recognized by the Company as having any title to or interest in such shares, but nothing therein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other Person.

(j) The Executors or Administrators or holder of the succession certificate or the legal representatives of a deceased Shareholder, (not being one of two or more joint-holders), shall be the only Shareholders recognized by the Company as having any title to the shares registered in the name of such Shareholder, and the Company shall not be bound to recognize such Executors or Administrators or holders of succession certificate or the legal representatives unless such Executors or Administrators or legal representatives shall have first obtained probate or letters of administration or succession certificate, as the case may be, from a duly constituted court in India, provided that the Board may in its absolute discretion dispense with production of probate or letters of administration or succession certificate, upon such terms as to indemnity or otherwise as the Board may in its absolute discretion deem fit and may under Article 22(a) of these Articles register the name of any Person who claims to be absolutely entitled to the shares standing in the name of a deceased Shareholder, as a Shareholder.

(k) The Board shall not knowingly issue or register a transfer of any share to a minor or insolvent or Person of unsound mind, except fully paid shares through a legal guardian.

(l) Subject to the provisions of Articles, any Person becoming entitled to shares in consequence of the death, lunacy, bankruptcy of any Shareholder or Shareholders, or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board, (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title, as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some Person nominated by him and approved by the Board, registered as such holder; provided nevertheless, that if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares.

(m) A Person becoming entitled to a share by reason of the death or insolvency of a Shareholder shall be entitled to the same Dividends and other advantages to which he would be entitled if he were the registered holder of the shares, except that he shall not, before being registered as a Shareholder in respect of the shares, be entitled to exercise any right conferred by membership in relation to meetings of the Company.

Provided that the Directors shall, at any time, give notice requiring any such Person to elect either to be registered himself or to transfer the shares, and if such notice is not complied with within 90 (ninety) days, the Directors may thereafter withhold payment of all Dividends, bonuses or other monies payable in respect of the shares until the requirements of the notice have been complied with.

(n) Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board may require to prove the title of the transferor, his right to transfer the shares. Every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board.

Where any instrument of transfer of shares has been received by the Company for registration and the transfer of such shares has not been registered by the Company for any reason whatsoever, the Company shall transfer the Dividends in relation to such shares to a special account unless the Company is authorized by the registered holder of such shares, in writing, to pay such Dividends to the transferee and will keep in abeyance any offer of right shares and/or bonus shares in relation to such shares.

In case of transfer and transmission of shares or other marketable securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic and fungible form in a Depository, the provisions of the Depositories Act shall apply.

(o) Before the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with a properly stamped and executed instrument of transfer in accordance with the provisions of Section 56 of the Act.

(p) No fee shall be payable to the Company, in respect of the registration of transfer or transmission of shares, or for registration of any power of attorney, probate, letters of administration and succession certificate, certificate of death or marriage or other similar documents, sub division and/or consolidation of shares and debentures and sub-divisions of letters of allotment, renounceable letters of right and split, consolidation, renewal and genuine transfer receipts into denomination corresponding to the market unit of trading.

(q) The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof, (as shown or appearing in the Register of Members), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.

(r) There shall be a common form of transfer in accordance with the Act and Rules.

(s) The provision of these Articles shall subject to the applicable provisions of the Act, the Rules and any requirements of Law. Such provisions shall mutatis mutandis apply to the transfer or transmission by operation of Law to other Securities of the Company.

23. DEMATERIALIZATION OF SECURITIES

(a) Dematerialization:

Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its existing Securities, rematerialize its Securities held in the Depositories and/or to offer its fresh Securities in a dematerialized form pursuant to the Depositories Act, and the rules framed thereunder, if any.

(b) Subject to the applicable provisions of the Act, either the Company or the investor may exercise an option to issue, dematerialize, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialized, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereto shall be governed by the provisions of the Depositories Act.

(c) Notwithstanding anything contained in these Articles to the contrary, in the event the Securities of the Company are dematerialized, the Company shall issue appropriate instructions to the Depository not to Transfer the Securities of any Shareholder except in accordance with these Articles.

(d) If a Person opts to hold his Securities with a Depository, the Company shall intimate such Depository the details of allotment of the Securities and on receipt of the information, the Depository shall enter in its record the name of the allottee as the Beneficial Owner of the Securities.

(e) Securities in Depositories to be in fungible form:

All Securities held by a Depository shall be dematerialized and be held in fungible form. Nothing contained in Sections 88, 89 and 186 of the Companies Act, 2013, as amended shall apply to a Depository in respect of the Securities held by it on behalf of the Beneficial Owners.

(f) Rights of Depositories & Beneficial Owners:

(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the Registered Owner for the purposes of effecting transfer of ownership of Securities on behalf of the Beneficial Owner.

(ii) Save as otherwise provided in (i) above, the Depository as the Registered Owner of the Securities shall not have any voting rights or any other rights in respect of the Securities held by it.

(iii) Every person holding shares of the Company and whose name is entered as the Beneficial Owner in the records of the Depository shall be deemed to be a Shareholder of the Company.

(iv) The Beneficial Owner of Securities shall, in accordance with the provisions of these Articles and the Act, be entitled to all the rights and subject to all the liabilities in respect of his Securities, which are held by a Depository.

(g) Except as ordered by a court of competent jurisdiction or as may be required by Law required and subject to the applicable provisions of the Act, the Company shall be entitled to treat the person whose name appears on the Register as the holder of any share or whose name appears as the Beneficial Owner of any share in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognize any benami trust or equity, equitable contingent, future, partial interest, other claim to or interest in respect of such shares or (except only as by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto in accordance with these Articles, on the part of any other person whether or not it has expressed or implied notice thereof but the Board shall at their sole discretion register any share in the joint names of any two or more persons or the survivor or survivors of them.

(h) Register and Index of Beneficial Owners:

The Company shall cause to be kept a register and index of members with details of shares and debentures held in materialized and dematerialized forms in any media as may be permitted by Law including any form of electronic media.

The register and index of Beneficial Owners maintained by a Depository under the Depositories Act shall be deemed to be a register and index of members for the purposes of this Act. The Company shall have the power to keep in any state or country outside India a register resident in that state or country.

(i) Cancellation of Certificates upon surrender by Person:

Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a participant, the Company shall cancel such certificates and shall substitute in its record, the name of the Depository as the registered owner in respect of the said Securities and shall also inform the Depository accordingly.

(j) Service of Documents:

Notwithstanding anything contained in the Act or these Articles to the contrary, where Securities are held in a Depository, the records of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

(k) Transfer of Securities:

(i) Nothing contained in Section 56 of the Companies Act, 2013, as amended or these Articles shall apply to a transfer of Securities effected by transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

(ii) In the case of transfer or transmission of shares or other marketable Securities where the Company has not issued any certificates and where such shares or Securities are being held in any electronic or fungible form in a Depository, the provisions of the Depositories Act shall apply.

(l) Allotment of Securities dealt with in a Depository:

Notwithstanding anything in the Act or these Articles, where Securities are dealt with by a Depository, the Company shall intimate the details of allotment of relevant Securities thereof to the Depository immediately on allotment of such Securities.

(m) Certificate Number and other details of Securities in Depository:

Nothing contained in the Act or these Articles regarding the necessity of having certificate number/distinctive numbers for Securities issued by the Company shall apply to Securities held with a Depository.

(n) Register and Index of Beneficial Owners:

The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, shall be deemed to be the Register and Index (if applicable) of Shareholders and Security-holders for the purposes of these Articles.

(o) Provisions of Articles to apply to Shares held in Depository:

Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on shares, forfeiture of shares and transfer and transmission of shares shall be applicable to shares held in Depository so far as they apply to shares held in physical form subject to the provisions of the Depositories Act.

(p) Depository to furnish information:

Every Depository shall furnish to the Company information about the transfer of securities in the name of the Beneficial Owner at such intervals and in such manner as may be specified by Law and the Company in that behalf.

(q) Option to opt out in respect of any such Security:

If a Beneficial Owner seeks to opt out of a Depository in respect of any Security, he shall inform the Depository accordingly. The Depository shall on receipt of such information make appropriate entries in its records and shall inform the Company. The Company shall within 30 (thirty) days of the receipt of intimation from a Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be.

(r) Overriding effect of this Article:

Provisions of this Article will have full effect and force not withstanding anything to the contrary or inconsistent contained in any other Articles.

24. NOMINATION BY SECURITIES HOLDERS

a) Every holder of Securities of the Company may, at any time, nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as his nominee in whom the Securities of the Company held by him shall vest in the event of his death.

b) Where the Securities of the Company are held by more than one Person jointly, the joint holders may together nominate, in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, a Person as their nominee in whom all the rights in the Securities Company shall vest in the event of death of all the joint holders.

c) Notwithstanding anything contained in any other Law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of the Securities of the Company, where a nomination made in the manner prescribed under the Companies (Share Capital and Debentures) Rules, 2014, purports to confer on any Person the right to vest the Securities of the Company, the nominee shall, on the death of the holder of Securities of the Company or, as the case may be, on the death of the joint holders become entitled to all the rights in Securities of the holder or, as the case may be, of all the joint holders, in relation to such Securities of the Company to the exclusion of all other Persons, unless the nomination is varied or cancelled in the prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014.

d) Where the nominee is a minor, the holder of the Securities concerned, can make the nomination to appoint in prescribed manner under the Companies (Share Capital and Debentures) Rules, 2014, any Person to become entitled to the Securities of the Company in the event of his death, during the minority.

e) The transmission of Securities of the Company by the holders of such Securities and transfer in case of nomination shall be subject to and in accordance with the provisions of the Companies (Share Capital and Debentures) Rules, 2014.

25. NOMINATION FOR FIXED DEPOSITS

A depositor (who shall be the member of the Company) may, at any time, make a nomination and the provisions of Section 72 of the Companies Act, 2013, as amended shall, as far as may be, apply to the nominations made in relation to the deposits made subject to the provisions of the Rules as may be prescribed in this regard.

26. NOMINATION IN CERTAIN OTHER CASES

Subject to the applicable provisions of the Act and these Articles, any person becoming entitled to Securities in consequence of the death, lunacy, bankruptcy or insolvency of any holder of Securities, or by any lawful means other than by a transfer in accordance with these Articles, may, with the consent of the Board (which it shall not be under any obligation to give), upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such title as the Board thinks sufficient, either be registered himself as the holder of the Securities or elect to have some Person nominated by him and approved by the Board registered as such holder; provided nevertheless that, if such Person shall elect to have his nominee registered, he shall testify the election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the Securities.

27. COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO MEMBERS

Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 17 of the Companies Act, 2013, as amended shall be sent by the Company to every Shareholder at his request within 7 (seven) days of the request on payment of such sum as prescribed under the Companies (Incorporation) Rules, 2014.

28. BORROWING POWERS

(a) Subject to the provisions of Sections 73, 179 and 180, and other applicable provisions of the Companies Act, 2013, as amended and these Articles, the Board may, from time to time, at its discretion by resolution passed at the meeting of a Board:

  (i) accept or renew deposits from Shareholders;

  (ii) borrow money by way of issuance of Debentures;

  (iii) borrow money otherwise than on Debentures;

  (iv) accept deposits from Shareholders either in advance of calls or otherwise; and

  (v) generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company.

Provided, however, that where the money to be borrowed together with the money already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate of the Paid-up capital of the Company and its free reserves (not being reserves set apart for any specific purpose), the Board shall not borrow such money without the consent of the Company by way of a Special Resolution in a General Meeting.

(b) Subject to the provisions of these Articles, the payment or repayment of money borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the resolution of the Board shall prescribe including by the issue of bonds, perpetual or redeemable Debentures or debenture–stock, or any mortgage, charge, hypothecation, pledge, lien or other security on the undertaking of the whole or any part of the property of the Company, both present and future. Provided however that the Board shall not, except with the consent of the Company by way of a Special Resolution in General Meeting mortgage, charge or otherwise encumber, the Company's uncalled Capital for the time being or any part thereof and Debentures and other Securities may be assignable free from any equities between the Company and the Person to whom the same may be issued.

(c) Any bonds, Debentures, debenture-stock or other Securities may if permissible in Law be issued at a discount, premium or otherwise by the Company and shall with the consent of the Board be issued upon such terms and conditions and in such manner and for such consideration as the Board shall consider to be for the benefit of the Company, and may be issued on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors or otherwise. Provided that Debentures with rights to allotment of or conversion into Equity Shares shall not be issued except with, the sanction of the Company in General Meeting accorded by a Special Resolution.

(d) Subject to the applicable provisions of the Act and these Articles, if any uncalled Capital of the Company is included in or charged by any mortgage or other security, the Board shall make calls on the Shareholders in respect of such uncalled Capital in trust for the Person in whose favour such mortgage or security is executed, or if permitted by the Act, may by instrument under seal authorize the Person in whose favour such mortgage or security is executed or any other Person in trust for him to make calls on the Shareholders in respect of such uncalled Capital and the provisions hereinafter contained in regard to calls shall *mutatis mutandis* apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally or either presently or contingently and either to the exclusion of the Board's power or otherwise and shall be assignable if expressed so to be.

(e) The Board shall cause a proper Register to be kept in accordance with the provisions of Section 85 of the Companies Act, 2013, as amended of all mortgages, Debentures and charges specifically affecting the property of the Company; and shall cause the requirements of the relevant provisions of the Act in that behalf to be duly complied with within the time prescribed under the Act or such extensions thereof as may be permitted under the Act, as the case may be, so far as they are required to be complied with by the Board.

(f) Any capital required by the Company for its working capital and other capital funding requirements may be obtained in such form as decided by the Board from time to time.

(g) The Company shall also comply with the provisions of the Companies (Registration of Charges) Rules, 2014 in relation to the creation and registration of aforesaid charges by the Company.

29. SHARE WARRANTS

(a) The Company may issue share warrants subject to, and in accordance with, the provisions of Sections 114 and 115 of the Companies Act, 1956; and accordingly the Board may in its discretion, with respect to any Share which is fully Paid-up, on application in writing signed by the Persons registered as holder of the Share, and authenticated by such evidence (if any) as the Board may, from time to time, require as to the identity of the Person signing the application, and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may from time to time require, issue a share warrant.

(b) (i) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for calling a meeting of the Company, and of attending, and voting and exercising the other privileges of a Shareholder at any meeting held after the expiry of 2 (two) clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposited warrant.

(ii) Not more than one person shall be recognised as depositor of the share warrant.

(iii) The Company shall, on 2 (two) days' written notice, return the deposited share warrant to the depositor.

(c) (i) Subject as herein otherwise expressly provided, no person shall, as bearer of a share warrant, sign a requisition for calling a meeting of the Company, or attend, or vote or exercise any other privileges of a Shareholder at a meeting of the Company, or be entitled to receive any notices from the Company.

(ii) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the Shareholder included in the warrant, and he shall be a Shareholder of the Company.

(d) The Board may, from time to time, make rules as to the terms on which (if it shall think fit) a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

(e) The provisions contained under this Article shall cease to have effect post the notification of section 465 of the Companies Act, 2013, as amended which shall repeal the provisions of Companies Act, 1956.

30. CONVERSION OF SHARES INTO STOCK AND RECONVERSION

(a) The Company in General Meeting may, by Ordinary Resolution, convert any Paid-up shares into stock and when any shares shall have been converted into stock, the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interests, in the same manner and subject to the same regulations as those subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place or as near thereto as circumstances will admit. The Company may, by an Ordinary Resolution, at any time reconvert any stock into Paid-up shares of any denomination. Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so however such minimum shall not exceed the nominal account from which the stock arose.

(b) The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards Dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose, but no such privileges or advantages, (except participation in the Dividends and profits of the Company and in the assets on winding-up), shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

31. ANNUAL GENERAL MEETING

In accordance with the provisions of the Act, the Company shall in each year hold a General Meeting specified as its Annual General Meeting and shall specify the meeting as such in the notices convening such meetings. Further, not more than 15 (fifteen) months gap shall exist between the date of one Annual General Meeting and the date of the next. All General Meetings other than Annual General Meetings shall be Extraordinary General Meetings.

32. WHEN ANNUAL GENERAL MEETING TO BE HELD

Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 96(1) of the Companies Act, 2013, as amended to extend the time within which any Annual General Meeting may be held.

33. VENUE, DAY AND TIME FOR HOLDING ANNUAL GENERAL MEETING

(a) Every Annual General Meeting shall be called during business hours, that is, between 9 A.M. and 6 P.M. on a day that is not a national holiday, and shall be held at the Office of the Company or at some other place within the city, town or village in which the Office of the Company is situated, as the Board may determine and the notices calling the Meeting shall specify it as the Annual General Meeting.

(b) Every Shareholder of the Company shall be entitled to attend the Annual General Meeting either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table, the Directors' Report and Audited Statement of Accounts, Auditors' Report, (if not already incorporated in the Audited Statement of Accounts), the proxy Register with proxies and the Register of Directors' shareholdings which latter Register shall remain open and accessible during the continuance of the Meeting. The Board shall cause to be prepared the Annual Return and forward the same to the concerned Registrar of Companies, in accordance with Sections 92 and 137 of the Companies Act, 2013, as amended. The Directors are also entitled to attend the Annual General Meeting.

34. NOTICE OF GENERAL MEETINGS

(a) <u>Number of days' notice of General Meeting to be given</u>: A General Meeting of the Company may be called by giving not less than 21 (twenty one) days clear notice in writing or in electronic mode, excluding the day on which notice is served or deemed to be served (i.e., on expiry of 48 (forty eight) hours after the letter containing the same is posted). However, a General Meeting may be called after giving shorter notice if consent is given in writing or by electronic mode by not less than 95 (ninety five) percent of the Shareholders entitled to vote at that meeting or in such other manner as may be prescribed under Law.

The notice of every meeting shall be given to:

(a) every Shareholder, legal representative of any deceased Shareholder or the assignee of an insolvent member of the Company,

(b) Auditor or Auditors of the Company, and

(c) all Directors.

(b) Notice of meeting to specify place, etc., and to contain statement of business: Notice of every meeting of the Company shall specify the place, date, day and hour of the meeting, and shall contain a statement of the business to be transacted thereat shall be given in the manner prescribed under Section 102 of the Companies Act, 2013, as amended.

(c) Contents and manner of service of notice and Persons on whom it is to be served: Every notice may be served by the Company on any Shareholder thereof either personally or by sending it by post to their/its registered address in India and if there be no registered address in India, to the address supplied by the Shareholder to the Company for giving the notice to the Shareholder.

(d) Special Business: Subject to the applicable provisions of the Act, where any items of business to be transacted at the meeting are deemed to be special, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each item of business including any particular nature of the concern or interest if any therein of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid and where any item of special business relates to or affects any other company, the extent of shareholding interest in that other company of every Director or manager (as defined under the provisions of the Act), if any or key managerial personnel (as defined under the provisions of the Act) or the relatives of any of the aforesaid of the first mentioned company shall also be set out in the statement if the extent of such interest is not less than 2 per cent of the paid up share capital of that other company. All business transacted at any meeting of the Company shall be deemed to be special and all business transacted at the Annual General Meeting of the Company with the exception of the business specified in Section 102 of the Companies Act, 2013, as amended shall be deemed to be special.

(e) Resolution requiring Special Notice: With regard to resolutions in respect of which special notice is required to be given by the Act, a special notice shall be given as required by Section 115 of the Companies Act, 2013, as amended.

(f) Notice of Adjourned Meeting when necessary: When a meeting is adjourned for 30 (thirty) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting in accordance with the applicable provisions of the Act.

(g) Notice when not necessary: Save as aforesaid, and as provided in Section 103 of the Companies Act, 2013, as amended, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

(h) The notice of the General Meeting shall comply with the provisions of Companies (Management and Administration) Rules, 2014.

35. REQUISITION OF EXTRAORDINARY GENERAL MEETING

(a) The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition received from such number of Shareholders who hold, on the date of receipt of the requisition, not less than one-tenth of such of the Paid up Share Capital of the Company as on that date carries the right of voting and such meeting shall be held at the Office or at such place and at such time as the Board thinks fit.

(b) Any valid requisition so made by Shareholders must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and be deposited at the Office; provided that such requisition may consist of several documents in like form each signed by one or more requisitionists.

(c) Upon the receipt of any such valid requisition, the Board shall forthwith call an Extraordinary General Meeting and if they do not proceed within 21 (twenty-one) days from the date of the requisition being deposited at the Office to cause a meeting to be called on a day not later than 45 (forty-five) days from the date of deposit of the requisition, the requisitionists or such of their number as represent either a majority in value of the Paid up Share Capital held by all of them or not less than one-tenth of such of the Paid-up Share Capital of the Company as is referred to in Section 100 of the Companies Act, 2013, as amended, whichever is less, may themselves call the meeting, but in either case any meeting so called shall be held within three months from the date of the delivery of the requisition as aforesaid.

(d) Any meeting called under the foregoing sub-articles by the requisitionists, shall be called in the same manner, as nearly as possible, as that in which a meeting is to be called by the Board.

(e) The accidental omission to give any such notice as aforesaid to any of the Shareholders, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.

(f) No General Meeting, Annual or Extraordinary, shall be competent to enter into, discuss or transact any business which has not been mentioned in the notice or notices by which it was convened.

(g) The Extraordinary General Meeting called under this article shall be subject to and in accordance with the provisions contained under the Companies (Management and Administration) Rules, 2014.

36. NO BUSINESS TO BE TRANSACTED IN GENERAL MEETING IF QUORUM IS NOT PRESENT

The quorum for the Shareholders' Meeting shall be in accordance with Section 103 of the Companies Act, 2013, as amended. Subject to the provisions of Section 103(2) of the Companies Act, 2013, as amended, if such a quorum is not present within half an hour from the time set for the Shareholders' Meeting, the Shareholders' Meeting shall be adjourned to the same time and place or to such other date and such other time and place as the Board may determine and the agenda for the adjourned Shareholders' Meeting shall remain the same. If at such adjourned meeting also, 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 a quorum, and may transact the business for which the meeting was called.

37. CHAIRMAN OF THE GENERAL MEETING

The Chairman of the Board shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board or if at any meeting he shall not be present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the Chair, then the Directors present shall elect one of them as Chairman. If no Director is present or if all the Directors present decline to take the Chair, then the Shareholders present shall elect one of their member to be the Chairman of the meeting. No business shall be discussed at any General Meeting except the election of a Chairman while the Chair is vacant.

38. CHAIRMAN CAN ADJOURN THE GENERAL MEETING

The Chairman may, with the consent given in the meeting at which a quorum is present (and if so directed by the meeting) adjourn the General Meeting from time to time and from place to place within the city, town or village in which the Office of the Company is situate but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

39. QUESTIONS AT GENERAL MEETING HOW DECIDED

(a) At any General Meeting, a resolution put to the vote of the General Meeting shall, unless a poll is demanded, be decided by a show of hands. Before or on the declaration of the result of the voting on any resolution by a show of hands, a poll may be carried out in accordance with the applicable provisions of the Act or the voting is carried out electronically. Unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, of passing of such resolution or otherwise.

(b) In the case of equal votes, the Chairman 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 Shareholder.

(c) If a poll is demanded as aforesaid, the same shall subject to anything stated in these Articles be taken at such time, (not later than forty-eight hours from the time when the demand was made), and place within the City, Town or Village in which the Office of the Company is situate and either by a show of hands or by ballot or by postal 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 decision of the meeting at which the poll was demanded. Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The demand for a poll may be withdrawn at any time by the Person or Persons who made the demand.

(d) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutinizers so appointed shall always be a Shareholder, (not being an officer or employee of the Company), present at the meeting provided such a Shareholder is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared, to remove a scrutinizer from office and fill vacancies in the office of scrutinizer arising from such removal or from any other cause.

(e) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment, shall be taken at the meeting forthwith. A poll demanded on any other question shall be taken at such time not later than 48 hours from the time of demand, as the Chairman of the meeting directs.

(f) The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

(g) No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by these Articles or Section 118 of the Companies Act, 2013, as amended to be contained in the Minutes of the proceedings of such meeting.

(h) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

40. PASSING RESOLUTIONS BY POSTAL BALLOT

(a) Notwithstanding any of the provisions of these Articles, the Company may, and in the case of resolutions relating to such business as notified under the Companies (Management and Administration) Rules, 2014, as amended, or other Law required to be passed by postal ballot, shall get any resolution passed by means of a postal ballot, instead of transacting the business in the General Meeting of the Company. Also, the Company may, in respect of any item of business other than ordinary business and any business in respect of which Directors or Auditors have a right to be heard at any meeting, transact the same by way of postal ballot.

(b) Where the Company decides to pass any resolution by resorting to postal ballot, it shall follow the procedures as prescribed under Section 110 of the Companies Act, 2013, as amended and the Companies (Management and Administration) Rules, 2014, as amended from time.

41. VOTES OF MEMBERS

(a) No Shareholder shall be entitled to vote either personally or by proxy at any General Meeting or meeting of a class of Shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised any right of lien.

(b) No member shall be entitled to vote at a General Meeting unless all calls or other sums presently payable by him have been paid, or in regard to which the Company has lien and has exercised any right of lien.

(c) Subject to the provisions of these Articles, without prejudice to any special privilege or restrictions as to voting for the time being attached to any class of shares for the time being forming a part of the Capital of the Company, every Shareholder not disqualified by the last preceding Article, shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands, every Shareholder present in person shall have one vote and upon a poll, the voting right of such Shareholder present, either in person or by proxy, shall be in proportion to his share of the Paid Up Share Capital of the Company held alone or jointly with any other Person or Persons.

Provided however, if any Shareholder holding Preference shares be present at any meeting of the Company, save as provided in Section 47(2) of the Companies Act, 2013, as amended, he shall have a right to vote only on resolutions placed before the Meeting, which directly affect the rights attached to his preference shares.

(d) On a poll taken at a meeting of the Company, a Shareholder entitled to more than one vote, or his proxy, or any other Person entitled to vote for him (as the case may be), need not, if he votes, use or cast all his votes in the same way.

(e) A Shareholder 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, through a committee or through his legal guardian; and any such committee or guardian may, on a poll vote by proxy. If any Shareholder be a minor his vote in respect of his Share(s) shall be exercised by his guardian(s), who may be selected (in case of dispute) by the Chairman of the meeting.

(f) If there be joint registered holders of any shares, any one of such Persons may vote at any meeting or may appoint another Person, (whether a Shareholder or not) as his proxy in respect of such shares, as if he were solely entitled thereto; but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint-holders be present at any meeting, then one of the said Persons so present whose name stands higher in the Register of Members shall alone be entitled to speak and to vote in respect of such shares, but the other joint- holders shall be entitled to be present at the meeting. Several Executors or Administrators of a deceased Shareholder in whose name shares stand shall for the purpose of these Articles be deemed joint-holders thereof.

(g) Subject to the provision of these Articles, votes may be given personally or by an attorney or by proxy. A body corporate, whether or not a Company within the meaning of the Act, being a Shareholder may vote either by a proxy or by a representative duly authorised in accordance with Section 113 of the Companies Act, 2013, as amended and such representative shall be entitled to exercise the same rights and powers, (including the right to vote by proxy), on behalf of the body corporate which he represents as that body could have exercised if it were an individual Shareholder.

(h) Any Person entitled to transfer any shares of the Company may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that forty-eight hours at least before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Board of his right to such shares and give such indemnity (if any) as the Board may require unless the Board shall have previously admitted his right to vote at such meeting in respect thereof.

(i) Every proxy, (whether a Shareholder or not), shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a corporation under the Common Seal of such corporation or be signed by an officer or an attorney duly authorised by it, and any committee or guardian may appoint proxy. The proxy so appointed shall not have any right to speak at a meeting.

(j) An instrument of proxy may appoint a proxy either for (i) the purposes of a particular meeting (as specified in the instrument) or (ii) for any adjournment thereof or (iii) it may appoint a proxy for the purposes of every meeting of the Company, or (iv) of every meeting to be held before a date specified in the instrument for every adjournment of any such meeting.

(k) A Shareholder present by proxy shall be entitled to vote only on a poll.

(l) An instrument appointing a proxy and a power of attorney or other authority (including by way of a Board Resolution, (if any),) under which it is signed or a notarially certified copy of that power or authority or resolution as the case may be, shall be deposited at the Office not later than forty-eight hours before the time for holding the meeting at which the Person named in the instrument proposes to vote 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 12 months from the date of its execution. An attorney shall not be entitled to vote unless the power of attorney or other instrument or resolution as the case may be appointing him or a notarially certified copy thereof has either been registered in the records of the Company at any time not less than forty-eight hours before the time for holding the meeting at which the attorney proposes to vote, or is deposited at the Office of the Company not less than forty-eight hours before the time fixed for such meeting as aforesaid. Notwithstanding that a power of attorney or other authority has been registered in the records of the Company, the Company may, by notice in writing addressed to the Shareholder or the attorney, given at least 48 (forty eight) hours before the meeting, require him to produce the original power of attorney or authority or resolution as the case may be and unless the same is deposited with the Company not less than forty-eight hours before the time fixed for the meeting, the attorney shall not be entitled to vote at such meeting unless the Board in their absolute discretion excuse such non-production and deposit.

(m) Every instrument of proxy whether for a specified meeting or otherwise should, as far as circumstances admit, be in any of the forms set out in the Companies (Management and Administration) Rules, 2014.

(n) If any such instrument of appointment be confined to the object of appointing an attorney or proxy for voting at meetings of the Company it shall remain permanently or for such time as the Directors may determine in the custody of the Company; if embracing other objects a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.

(o) A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death of the principal, or revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death, revocation or transfer shall have been received at the Office before the meeting.

(p) No objection shall be made to the validity of any vote, except at the Meeting or poll at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.

(q) The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be in the sole judge of the validity of every vote tendered at such poll.

  (i) The Company shall cause minutes of all proceedings of every General Meeting to be kept by making within 30 (thirty) days of the conclusion of every such meeting concerned, entries thereof in books kept for that purpose with their pages consecutively numbered.

  (ii) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of 30 (thirty) days or in the event of the death or inability of that Chairman within that period, by a Director duly authorised by the Board for that purpose.

  (iii) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

  (iv) The Minutes of each meeting shall contain a fair and correct summary of the proceedings thereat.

  (v) All appointments of Directors of the Company made at any meeting aforesaid shall be included in the minutes of the meeting.

  (vi) 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 (i) is or could reasonably be regarded as, defamatory of any person, or (ii) is irrelevant or immaterial to the proceedings, or (iii) is detrimental to the interests 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.

  (vii) Any such Minutes shall be evidence of the proceedings recorded therein.

  (viii) The book containing the Minutes of proceedings of General Meetings shall be kept at the Office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the Board determines, for the inspection of any Shareholder without charge.

  (ix) The Company shall cause minutes to be duly entered in books provided for the purpose of: -

    a) the names of the Directors and Alternate Directors present at each General Meeting;

    b) all Resolutions and proceedings of General Meeting.

(r) The Shareholders shall vote (whether in person or by proxy) all of the shares owned or held on record by them at any Annual or Extraordinary General Meeting of the Company called for the purpose of filling positions to the Board, appointed as a Director of the Company under Sections 152 and 164(1) of the Companies Act, 2013, as amended in accordance with these Articles.

(s) The Shareholders will do nothing to prevent the taking of any action by the Company or act contrary to or with the intent to evade or defeat the terms as contained in these Articles.

(t) All matters arising at a General Meeting of the Company, other than as specified in the Act or these Articles if any, shall be decided by a majority vote.

(u) The Shareholders shall exercise their voting rights as shareholders of the Company to ensure that the Act or these Articles are implemented and acted upon by the Shareholders, and by the Company and to prevent the taking of any action by the Company or by any Shareholder, which is contrary to or with a view or intention to evade or defeat the terms as contained in these Articles.

(v) Any corporation which is a Shareholder of the Company may, by resolution of the Board or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company and the said person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could have exercised if it were an individual Shareholder in the Company (including the right to vote by proxy).

(w) The Company shall also provide e-voting facility to the Shareholders of the Company in terms of the provisions of the Companies (Management and Administration) Rules, 2014, the SEBI Listing Regulations or any other Law, if applicable to the Company.

42. DIRECTORS

Subject to the applicable provisions of the Act, the number of Directors of the Company shall not be less than 3 (three) and not more than 15 (fifteen). The Company shall also comply with the provisions of the Companies (Appointment and Qualification of Directors) Rules, 2014 and the provisions of the SEBI Listing Regulations. The Board shall have an optimum combination of executive and Independent Directors with at least 1 (one) woman Director, as may be prescribed by Law from time to time.

43. CHAIRMAN OF THE BOARD OF DIRECTORS

(a) The members of the Board shall elect any one of them as the Chairman of the Board. The Chairman shall preside at all meetings of the Board and the General Meeting of the Company. The Chairman shall have a casting vote in the event of a tie.

(b) If for any reason the Chairman is not present at the meeting or is unwilling to act as Chairman, the members of the Board shall appoint any one of the remaining Directors as the Chairman.

44. APPOINTMENT OF ALTERNATE DIRECTORS

Subject to Section 161 of the Companies Act, 2013, as amended, any Director shall be entitled to nominate an alternate director to act for him during his absence for a period of not less than 3 (three) months. The Board may appoint such a person as an Alternate Director to act for a Director (hereinafter called "**the Original Director**") (subject to such person being acceptable to the Chairman) during the Original Director's absence for a period of not less than three months from India. 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 office if and when the Original Director returns to India. If the term of the office of the Original Director is determined before he so returns to India, any provisions in the Act or in these Articles for automatic re-appointment shall apply to the Original Director and not to the Alternate Director.

45. CASUAL VACANCY AND ADDITIONAL DIRECTORS

Subject to the applicable provisions of the Act and these Articles, the Board shall have the power at any time and from time to time to appoint any qualified Person to be a Director either as an addition to the Board or to fill a casual vacancy but so that the total number of Directors shall not at any time exceed the maximum number fixed under Article 42. Any Person so appointed as an addition shall hold office only up to the earlier of the date of the next Annual General Meeting or at the last date on which the Annual General Meeting should have been held but shall be eligible for appointment by the Company as a Director at that meeting subject to the applicable provisions of the Act.

46. DEBENTURE DIRECTORS

If it is provided by a trust deed, securing or otherwise, in connection with any issue of Debentures of the Company, that any Person/lender or Persons/lenders shall have power to nominate a Director of the Company, then in the case of any and every such issue of Debentures, the Person/lender or Persons/lenders having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to a Debenture Director. A Debenture Director may be removed from office at any time by the Person/lender or Persons/lenders in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or be removed by the Company. The trust deed may contain ancillary provisions as may be arranged between the Company and the trustees and all such provisions shall have effect notwithstanding any other provisions contained herein.

47. INDEPENDENT DIRECTORS

The Company shall have such number of Independent Directors on the Board of the Company, as may be required in terms of the provisions of Section 149 of the Companies Act, 2013, as amended and the Companies (Appointment and Qualification of Directors) Rules, 2014 or any other Law, as may be applicable. Further, the appointment of such Independent Directors shall be in terms of the aforesaid provisions of Law and subject to the requirements prescribed under the SEBI Listing Regulations.

48. EQUAL POWER TO DIRECTOR

Except as otherwise provided in these Articles, all the Directors of the Company shall have in all matters, equal rights and privileges and shall be subject to equal obligations and duties in respect of the affairs of the Company.

49. NOMINEE DIRECTORS

Whenever the Board enters into a contract with any lenders for borrowing any money or for providing any guarantee or security or for technical collaboration or assistance or enter into any other arrangement, the Board shall have, subject to the provisions of Section 152 of the Companies Act, 2013, as amended the power to agree that such lenders shall have the right to appoint or nominate by a notice in writing addressed to the Company one or more Directors on the Board for such period and upon such conditions as may be mentioned in the common loan agreement/ facility agreement. The nominee director representing lenders shall not be required to hold qualification shares and not be liable to retire by rotation. The Directors may also agree that any such Director, or Directors may be removed from time to time by the lenders entitled to appoint or nominate them and such lenders may appoint another or other or others in his or their place and also fill in any vacancy which may occur as a result of any such Director, or Directors ceasing to hold that office for any reason whatsoever. The nominee director shall hold office only so long as any monies remain owed by the Company to such lenders.

The nominee director shall be entitled to all the rights and privileges of other Directors including the sitting fees and expenses as payable to other Directors but, if any other fees, commission, monies or remuneration in any form are payable to the Directors, the fees, commission, monies and remuneration in relation to such nominee director shall accrue to the lenders and the same shall accordingly be paid by the Company directly to the lenders.

Provided that if any such nominee director is an officer of any of the lenders, the sittings fees in relation to such nominee director shall also accrue to the lenders concerned and the same shall accordingly be paid by the Company directly to that lenders.

Any expenditure that may be incurred by the lenders or the nominee director in connection with the appointment or directorship shall be borne by the Company.

The nominee director so appointed shall be a member of the project management sub-committee, audit sub-committee and other sub-committees of the Board, if so desired by the lenders.

The nominee director shall be entitled to receive all notices, agenda, etc. and to attend all general meetings and Board meetings and meetings of any committee(s) of the Board of which he is a member and to receive all notices, agenda and minutes, etc. of the said meeting.

If at any time, the nominee director is not able to attend a meeting of Board or any of its committees, of which he is a member, the lenders may depute an observer to attend the meeting. The expenses incurred by the lenders in this connection shall be borne by the Company.

50. NO QUALIFICATION SHARES FOR DIRECTORS

A Director shall not be required to hold any qualification shares of the Company.

51. REMUNERATION OF DIRECTORS

(a) Subject to the applicable provisions of the Act, the Rules, Law including the provisions of the SEBI Listing Regulations, a Managing Director or Managing Directors, and any other Director/s who is/are in the whole time employment of the Company may be paid remuneration either by a way of monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other, subject to the limits prescribed under the Act.

(b) Subject to the applicable provisions of the Act, a Director (other than a Managing Director or an executive Director) may receive a sitting fee not exceeding such sum as may be prescribed by the Act from time to time for each meeting of the Board or any Committee thereof attended by him.

(c) The remuneration payable to each Director for every meeting of the Board or Committee of the Board attended by them shall be such sum as may be determined by the Board from time to time within the maximum limits prescribed from time to under the Companies Act, 2013, as amended.

(d) All fees/compensation to be paid to non-executive Directors including Independent Directors shall be as fixed by the Board and shall require the prior approval of the Shareholders in a General meeting. Such approval shall also specify the limits for the maximum number of stock options that can be granted to a non-executive Director, in any financial year, and in aggregate. However, such prior approval of the Shareholders shall not be required in relation to the payment of sitting fees to non-executive Directors if the same is made within the prescribed limits under the Act for payment of sitting fees. Notwithstanding anything contained in this article, the Independent Directors shall not be eligible to receive any stock options.

52. SPECIAL REMUNERATION FOR EXTRA SERVICES RENDERED BY A DIRECTOR

If any Director be called upon to perform extra services or special exertions or efforts (which expression shall include work done by a Director as a member of any Committee formed by the Directors), the Board may arrange with such Director for such special remuneration for such extra services or special exertions or efforts either by a fixed sum or otherwise as may be determined by the Board. Such remuneration may either be in addition, to or in substitution for his remuneration otherwise provided, subject to the applicable provisions of the Act.

53. TRAVEL EXPENSES OF DIRECTORS

The Board may allow and pay to any Director, who is not a bona fide resident of the place where the meetings of the Board/Committee meetings 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 travelling, lodging and/ or other expenses, in addition to his fee for attending such Board / Committee meetings as above specified; and if any Director be called upon to go or reside out of his ordinary place of his residence on the Company’s business, he shall be entitled to be repaid and reimbursed travelling and other expenses incurred in connection with the business of the Company in accordance with the provisions of the Act.

54. CONTINUING DIRECTORS

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 42 hereof, the continuing Directors not being less than two may act for the purpose of increasing the number of Directors to that number, or for summoning a General Meeting, but for no other purpose.

55. VACATION OF OFFICE BY DIRECTOR

(a) Subject to relevant provisions of Sections 167 and 188 of the Companies Act, 2013, as amended, the office of a Director, shall *ipso facto* be vacated if:

(i) he is found to be of unsound mind by a court of competent jurisdiction; or

(ii) he applies to be adjudicated an insolvent; or

(iii) he is adjudged an insolvent; or

(iv) he is convicted by a court of any offence involving moral turpitude and is sentenced in respect thereof to imprisonment for not less than 6 (six) months; or

(v) he fails to pay any calls made on him in respect of shares of the Company held by him whether alone or jointly with others, within 6 (six) months from the date fixed for the payment of such call, unless the Central Government has by notification in the Official Gazette removed the disqualification incurred by such failure; or

(vi) he absents himself from 3 (three) consecutive meetings of the Board or from all Meetings of the Board for a continuous period of 3 (three) months, whichever is longer, without obtaining leave of absence from the Board; or

(vii) he, (whether by himself or by any Person for his benefit or on his account), or any firm in which he is a partner, or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company, in contravention of Section 185 of the Companies Act, 2013, as amended; or

(viii) having been appointed a Director by virtue of his holding any office or other employment in the Company, he ceases to hold such office or other employment in the Company; or

(ix) he acts in contravention of Section 184 of the Companies Act, 2013, as amended; or

(x) he becomes disqualified by an order of the court under Section 203 of the Companies Act, 1956; or

(xi) he is removed in pursuance of Section 169 of the Companies Act, 2013, as amended; or

(xii) he is disqualified under Section 164(2) of the Companies Act, 2013, as amended.

Subject to the applicable provisions of the Act, a Director may resign his office at any time by notice in writing addressed to the Board and such resignation shall become effective upon its acceptance by the Board.

56. RELATED PARTY TRANSACTIONS

(a) Except with the consent of the Board or the Shareholders, as may be required in terms of the provisions of section 188 of the Companies Act, 2013, as amended and the Companies (Meetings of Board and its Powers) Rules, 2014, no company shall enter into any contract or arrangement with a 'related party' with respect to: :

i. sale, purchase or supply of any goods or materials;

ii. selling or otherwise disposing of, or buying, property of any kind;

iii. leasing of property of any kind;

iv. availing or rendering of any services;

v. appointment of any agent for purchase or sale of goods, materials, services or property;

vi. such Director's or its relative's appointment to any office or place of profit in the Company, its subsidiary company or associate company; and

vii. underwriting the subscription of any securities or derivatives thereof, of the Company:

without the consent of the Shareholders by way of a Resolution in accordance with Section 188 of the Companies Act, 2013, as amended.

(b) no Shareholder of the Company shall vote on such Resolution, to approve any contract or arrangement which may be entered into by the Company, if such Shareholder is a related party.

(c) nothing in this Article shall apply to any transactions entered into by the Company in its ordinary course of business other than transactions which are not on an arm's length basis

(d) The Director, so contracting or being so interested shall not be liable to the Company for any profit realised by any such contract or the fiduciary relation thereby established.

(e) The terms "office of profit" and "arm's length basis" shall have the meaning ascribed to them under Section 188 of the Companies Act, 2013, as amended.

(f) The term 'related party' shall have the same meaning as ascribed to it under the Act.

(g) The compliance of the Companies (Meetings of Board and its Powers) Rules, 2014 shall be made for the aforesaid contracts and arrangements.

57. DISCLOSURE OF INTEREST

(a) A Director of the Company who is in any way, whether directly or indirectly concerned or interested in a contract or arrangement, 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 of the Companies Act, 2013, as amended; Provided that it shall not be necessary for a Director to disclose his concern or interest in any such contract or arrangement entered into or to be entered into with any other company where any of the Directors of the company or two or more of them together holds or hold not more than 2% (two per cent) of the Paid-up Share Capital in the other company or the Company as the case may be. A general notice given to the Board by the Director, to the effect that he is a director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of concern or interest in relation to any contract or arrangement so made. Any such general notice shall expire at the end of the Financial Year in which it is given but may be renewed for a further period of one Financial Year at a time by a fresh notice given in the last month of the Financial Year in which it would have otherwise expired. No such general notice, and no renewal thereof shall be of effect unless, either it is given at a meeting of the Board or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given.

(b) No Director shall as a Director, take any part in the discussion of, vote on any contract or arrangement entered into or to be 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 arrangements; 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:-

(i) any contract or 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;

(ii) any contract or arrangement entered into or to be entered into with a public company or a private company which is subsidiary of a public company in which the interest of the Director consists solely,

1. in his being –

I. a director of 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 this Company, or

2. in his being a member holding not more than 2 (two) per cent of its Paid-up Share Capital.

Subject to the provisions of Section 188 of the Companies Act, 2013, as amended and other applicable provisions, if any, of the Act, any Director of the Company, any partner or relative of such Director, any firm in which such Director or a relative of such Director is a partner, any private company of which such Director is a director or member, and any director or manager of such private company, may hold any office or place of profit in the Company.

(c) The Company shall keep a Register in accordance with Section 189 of the Companies Act, 2013, as amended and shall within the time specified therein enter therein such of the particulars as may be. The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Article 57(a). The Register shall be kept at the Office of the Company and shall be open to inspection at such Office, and extracts may be taken therefrom and copies thereof may be required by any Shareholder of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of the Company and the provisions of Section 94 of the Companies Act, 2013, as amended shall apply accordingly.

(d) A Director may be or become a Director of any Company promoted by the Company, or on 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 or Section 197 of the Companies Act, 2013, as amended as may be applicable.

58. ONE-THIRD OF DIRECTORS TO RETIRE EVERY YEAR

At the Annual General Meeting of the Company to be held in every year, one third of such of the Directors as are liable to retire by rotation for time being, or, if their number is not three or a multiple of three then the number nearest to one third shall retire from office, and they will be eligible for re-election. Provided nevertheless that the managing Director or whole-time Director(s), appointed or the Directors appointed as a Debenture Director, or the Directors appointed as Independent Director(s) under Articles hereto shall not retire by rotation under this Article nor shall they be included in calculating the total number of Directors of whom one third shall retire from office under this Article.

59. PROCEDURE, IF PLACE OF RETIRING DIRECTORS IS NOT FILLED UP

(a) 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 till the same day in the next week, at the same time and place, or if that day is a national holiday, till the next succeeding day which is not a national holiday, at the same time and place.

(b) If at the adjourned meeting also, the place of 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 deemed to have been reappointed at the adjourned meeting, unless:-

(i) at that meeting or at the previous meeting a resolution for the reappointment of such Director has been put to the meeting and lost;

(ii) 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; or

(iv) a resolution whether special or ordinary is required for the appointment or reappointment by virtue of any applicable provisions of the Act.

60. COMPANY MAY INCREASE OR REDUCE THE NUMBER OF DIRECTORS.

Subject to Article 42 and Sections 149, 152 and 164 of the Companies Act, 2013, as amended, the Company may, by Ordinary Resolution, from time to time, increase or reduce the number of Directors, and may alter their qualifications and the Company may, (subject to the provisions of Section 169 of the Companies Act, 2013, as amended), remove any Director before the expiration of his period of office and appoint another qualified in his stead. The person so appointed shall hold office during such time as the Director in whose place he is appointed would have held the same if he had not been removed.

61. REGISTER OF DIRECTORS ETC.

(a) The Company shall keep at its Office, a Register containing the particulars of its Directors, Managing Directors, Manager, Secretaries and other Persons mentioned in Section 170 of the Companies Act, 2013, as amended and shall otherwise comply with the provisions of the said Section in all respects.

(b) The Company shall in respect of each of its Directors also keep at its Office a Register, as required by Section 170 of the Companies Act, 2013, as amended, and shall otherwise duly comply with the provisions of the said Section in all respects.

62. DISCLOSURE BY DIRECTOR OF APPOINTMENT TO ANY OTHER BODY CORPORATE

Every Director shall in accordance with the provisions of Companies (Meeting of Board and its Powers) Rules, 2014 shall disclose his concern or interest in any company or companies or bodies corporate (including shareholding interest), firms or other association of individuals by giving a notice in accordance with such rules.

63. MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

Subject to the provisions of Section 203 of the Companies Act, 2013, as amended and of these Articles, the Board shall have the power to appoint from time to time any full time employee of the Company as Managing Director/ whole time director or executive director or manager of the Company. The Managing Director(s) or the whole time director(s) manager or executive director(s), as the case may be, so appointed, shall be responsible for and in charge of the day to day management and affairs of the Company and subject to the applicable provisions of the Act and these Articles, the Board shall vest in such Managing Director/s or the whole time director(s) or manager or executive director(s), as the case may be, all the powers vested in the Board generally. The remuneration of a Managing Director / whole time director or executive director or manager may be by way of monthly payment, fee for each meeting or participation in profits, or by any or all those modes or any other mode not expressly prohibited by the Act. Board, subject to the consent of the shareholders of the Company shall have the power to appoint Chairman of the Board as the Managing Director / whole time director or executive director of the Company.

64. PROVISIONS TO WHICH MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER ARE SUBJECT

Notwithstanding anything contained herein, a Managing Director(s) / whole time director(s) / executive director(s) / manager shall subject to the provisions of any contract between him and the Company be subject to the same provisions as to resignation and removal as the other Directors of the Company, and if he ceases to hold the office of a Director he shall ipso facto and immediately cease to be a Managing Director(s) / whole time director(s) / executive director(s) / manager, and if he ceases to hold the office of a Managing Director(s) / whole time director(s) / executive director(s) / manager he shall ipso facto and immediately cease to be a Director.

65. REMUNERATION OF MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

The remuneration of the Managing Director(s) / whole time director(s) / executive director(s) / manager shall (subject to Sections 196, 197 and 203 of the Companies Act, 2013, as amended and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) be fixed by the Directors, from time to time and may be by way of fixed salary and/or perquisites or commission or profits of the Company or by participation in such profits, or by any or all these modes or any other mode not expressly prohibited by the Act.

66. POWER AND DUTIES OF MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

Subject to the superintendence, control and direction of the Board, the day-to-day management of the Company shall be in the hands of the Managing Director(s) / whole time director(s) / executive director(s) / manager s in the manner as deemed fit by the Board and subject to the applicable provisions of the Act, and these Articles, the Board may by resolution vest any such Managing Director(s)/ whole time director(s) / executive director(s) / manager with 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 the applicable provisions of the Act, and these Articles confer such power either collaterally with or to the exclusion of or in substitution for all or any of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers.

67. POWER TO BE EXERCISED BY THE BOARD ONLY BY MEETING

The Board shall exercise the following powers on behalf of the Company and the said powers shall be exercised only by resolutions passed at the meeting of the Board: -

(a) to make calls on Shareholders in respect of money unpaid on their shares;

(b) to authorise buy-back of securities under Section 68 of the Companies Act, 2013, as amended;

(c) to issue securities, including debentures, whether in or outside India;

(d) to borrow money(ies);

(e) to invest the funds of the Company;

(f) to grant loans or give guarantee or provide security in respect of loans;

(g) to approve financial statements and the Board's report;

(h) to diversify the business of the Company;

(i) to approve amalgamation, merger or reconstruction;

(j) to take over a company or acquire a controlling or substantial stake in another company;

(k) fees/ compensation payable to non-executive directors including independent directors of the Company; and

(l) any other matter which may be prescribed under the Companies (Meetings of Board and its Powers) Rules, 2014 and the SEBI Listing Regulations.

The Board may, by a resolution passed at a meeting, delegate to any Committee of Directors, the Managing Director, or to any person permitted by Law the powers specified in sub clauses (d) to (f) above.

The aforesaid powers shall be exercised in accordance with the provisions of the Companies (Meetings of Board and its Powers) Rules, 2014 and shall be subject to the provisions of section 180 of the Companies Act, 2013, as amended.

In terms of Section 180 of the Companies Act, 2013, as amended, the Board may exercise the following powers subject to receipt of consent by the Company by way of a Special Resolution:

(a) to sell, lease or otherwise dispose of the whole or substantial part of the undertaking of the Company;

(b) to borrow money; and

(c) any such other matter as may be prescribed under the Act, the SEBI Listing Regulations and other applicable provisions of Law.

68. PROCEEDINGS OF THE BOARD OF DIRECTORS

(a) Board Meetings shall be held at least once in every 3 (three) month period and there shall be at least 4 (four) Board Meetings in any calendar year and there should not be a gap of more than 120 (one hundred twenty) days between two consecutive Board Meetings. Meetings shall be held at the Registered Office, or such a place as may be decided by the Board.

(b) The participation of Directors in a meeting of the Board may be either in person or through video conferencing or other audio visual means, as may be prescribed, which are capable of recording and recognising the participation of the Directors and of recording and storing the proceedings of such meetings along with date and time. However, such matters as provided under the Companies (Meetings of Board and its Powers) Rules, 2014 shall not be dealt with in a meeting through video conferencing or other audio visual means. Any meeting of the Board held through video conferencing or other audio visual means shall only be held in accordance with the Companies (Meetings of Board and its Powers) Rules, 2014.

(c) The Company Secretary or any other Director shall, as and when directed by the Chairman or a Director convene a meeting of the Board by giving a notice in writing to every Director in accordance with the provisions of the Act and the Companies (Meetings of Board and its Powers) Rules, 2014.

(d) The Board may meet either at the Office of the Company, or at any other location in India or outside India as the Chairman or Director may determine.

(e) At least 7 (seven) days' notice of every meeting of the Board shall be given in writing to every Director for the time being at his address registered with the Company and such notice shall be sent by hand delivery or by post or by electronic means. A meeting of the Board may be convened in accordance with these Articles by a shorter notice in case of any emergency as directed by the Chairman or the Managing Director or the Executive Director, as the case may be, subject to the presence of 1 (one) Independent Director in the said meeting. If an

Independent Director is not present in the said meeting, then decisions taken at the said meeting shall be circulated to all the Directors and shall be final only upon ratification by one independent Director. Such notice or shorter notice may be sent by post or by fax or e-mail depending upon the circumstances.

(f) At any Board Meeting, each Director may exercise 1 (one) vote. The adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted Board Meeting.

69. QUORUM FOR BOARD MEETING

(a) Quorum for Board Meetings

Subject to the provisions of Section 174 of the Companies Act, 2013, as amended, the quorum for each Board Meeting shall be one-third of its total strength and the presence of Directors by video conferencing or by other audio visual means shall also be counted for the purposes of calculating quorum.

If any duly convened Board Meeting cannot be held for want of a quorum, then such a meeting shall automatically stand adjourned for 7 (seven) days after the original meeting at the same time and place, or if that day is a national holiday, on the succeeding day which is not a public holiday to the same time and place. Provided however, the adjourned meeting may be held on such other date and such other place as may be unanimously agreed to by all the Directors in accordance with the provisions of the Act.

(b) If in the event of a quorum once again not being available at such an adjourned meeting, the Directors present shall constitute the quorum and may transact business for which the meeting has been called.

70. QUESTIONS AT THE BOARD MEETINGS HOW DECIDED

(a) Questions arising at any meeting of the Board, other than as specified in these Articles and the Act, if any, shall be decided by a majority vote. In the case of an equality of votes, the Chairman shall have a second or casting vote.

(b) No regulation 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.

71. ELECTION OF CHAIRMAN OF BOARD

(a) The Board may elect a chairman of its meeting and determine the period for which he is to hold office.

(b) If no such chairman is elected, or at any meeting the chairman is not present within five minutes after the time appointed for holding the meeting the Directors present may choose one among themselves to be the chairman of the meeting.

72. POWERS OF THE BOARD

Subject to the applicable provisions of the Act, these Articles and other applicable provisions of Law: -

(a) The Board shall be entitled to exercise all such power and to do all such acts and things as the Company is authorised to exercise and do under the applicable provisions of the Act or by the memorandum and articles of association of the Company.

(b) The Board is vested with the entire management and control of the Company, including as regards any and all decisions and resolutions to be passed, for and on behalf of the Company.

(c) Provided that the Board shall not, except with the consent of the Company by a Special Resolution:-

i. 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 such undertaking. The term ‘undertaking’ and the expression ‘substantially the whole of the undertaking’ shall have the meaning ascribed to them under the provisions of Section 180 of the Companies Act, 2013, as amended;

ii. Remit, or give time for repayment of, any debt due by a Director;

iii. Invest otherwise than in trust securities the amount of compensation received by the Company as a result of any merger or amalgamation; and

iv. Borrow money(ies) where the money(ies) to be borrowed together with the money(ies) already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of businesses), will exceed the aggregate of the paid-up capital of the Company and its free reserves.

73. COMMITTEES AND DELEGATION BY THE BOARD

(a) The Company shall constitute such Committees as may be required under the Act, applicable provisions of Law and the SEBI Listing Regulations. Without prejudice to the powers conferred by the other Articles and so as not to in any way to limit or restrict those powers, the Board may, subject to the provisions of Section 179 of the Companies Act, 2013, as amended, delegate any of its powers to the Managing Director(s), the executive director(s) or manager or the chief executive officer of the Company. The Managing Director(s), the executive director(s) or the manager or the chief executive officer(s) as aforesaid shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on them by the Board and all acts done by them in exercise of the powers so delegated and in conformity with such regulations shall have the like force and effect as if done by the Board.

(b) Subject to the applicable provisions of the Act, the requirements of Law and these Articles, the Board may delegate any of its powers to Committees of the Board consisting of such member or members of the Board as it thinks fit, and it may from time to time revoke and discharge any such committee of the Board either wholly or in part and either as to persons or purposes. Every 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. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

(c) The meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulation made by the Directors under the last preceding Article.

(d) The Board of the Company shall in accordance with the provisions of the Companies (Meetings of the Board and its Powers) Rules, 2014 or any other Law and the provisions of the SEBI Listing Regulations, form such committees as may be required under such rules in the manner specified therein, if the same are applicable to the Company.

74. ACTS OF BOARD OR COMMITTEE VALID NOTWITHSTANDING INFORMAL APPOINTMENT

All acts undertaken at any meeting of the Board or of a Committee of the Board, or by any person acting as a Director shall, notwithstanding that it may afterwards be discovered that there was some defect in the appointment of such Director or persons 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 person had been duly appointed, and was qualified to be a Director . Provided that nothing in this Article shall be deemed to give validity to the acts undertaken by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

75. PASSING OF RESOLUTION BY CIRCULATION

No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft form, together with the necessary papers, if any, to all the Directors, or members of the Committee, as the case may be, at their addresses registered with the Company in India by hand delivery or by post or by courier, or through such electronic means as may be provided under the Companies (Meetings of Board and its Powers) Rules, 2014 and has been approved by majority of Directors or members, who are entitled to vote on the resolution. However, in case one-third of the total number of Directors 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 meeting of the Board.

A resolution mentioned above shall be noted at a subsequent meeting of the Board or the Committee thereof, as the case may be, and made part of the minutes of such meeting.

76. MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE BOARD

(a) The Company shall prepare minutes of each Board Meeting and the entries thereof in books kept for that purpose with their pages consecutively numbered. Such minutes shall contain a fair and correct summary of the proceedings conducted at the Board Meeting.

(b) The Company shall circulate the minutes of the meeting to each Director within 7 (seven) Business Days after the Board Meeting.

(c) Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the said meeting or the Chairman of the next succeeding meeting.

(d) In no case the minutes of proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise.

(e) The minutes of each meeting shall contain a fair and correct summary of the proceedings thereat and shall also contain: -

(i) all appointments of Officers;

(ii) the names of the Directors present at each meeting of the Board;

(iii) all resolutions and proceedings of the meetings of the Board;

(iv) the names of the Directors, if any, dissenting from, or not concurring in, any resolution passed by the Board.

(f) Nothing contained in sub Articles (a) to (e) above shall be deemed to require the inclusion in any such minutes of any matter which in the opinion of the Chairman 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 interests of the Company.

(g) The Chairman shall exercise absolute discretion in regard to the inclusion or non-inclusion of any matter in the minutes on the ground specified in sub Article (f) above.

(h) Minutes of meetings kept in accordance with the aforesaid provisions shall be evidence of the proceedings recorded therein.

(i) The minutes kept and recorded under this Article shall also comply with the provisions of Secretarial Standard 3 issued by the Institute of Company Secretaries of India constituted under the Company Secretaries Act, 1980 and approved as such by the Central Government and applicable provisions of the Act and Law.

77. REGISTER OF CHARGES

The Directors shall cause a proper register to be kept, in accordance with the applicable provisions of the Act, of all mortgages and charges specifically affecting the property of the Company and shall duly comply with the requirements of the applicable provisions of the Act in regard to the registration of mortgages and charges therein specified.

78. CHARGE OF UNCALLED CAPITAL

Where any uncalled capital of the Company is charged as security or other security is created on such uncalled capital, the Directors may authorize, subject to the applicable provisions of the Act and these Articles, making calls on the Shareholders in respect of such uncalled capital in trust for the person in whose favour such charge is executed.

79. SUBSEQUENT ASSIGNS OF UNCALLED CAPITAL

Where any uncalled capital of the Company is charged, all persons taking any subsequent charge thereon shall take the same subject to such prior charges and shall not be entitled to obtain priority over such prior charge.

80. CHARGE IN FAVOUR OF DIRECTOR FOR INDEMNITY

If the Director or any person, shall become personally liable for the payment of any sum primarily due from the Company, the Board may execute or cause to be executed, any mortgage, charge or security over or affecting the whole or part of the assets of the Company by way of indemnity to secure the Directors or other persons so becoming liable as aforesaid from any loss in respect of such liability.

81. OFFICERS

(a) The Company shall have its own professional management and such officers shall be appointed from time to time as designated by its Board. The officers of the Company shall serve at the discretion of the Board.

(b) The officers of the Company shall be responsible for the implementation of the decisions of the Board, subject to the authority and directions of the Board and shall conduct the day to day business of the Company.

(c) The officers of the Company shall be the Persons in charge of and responsible to the Company for the conduct of the business of the Company and shall be concerned and responsible to ensure full and due compliance with all statutory laws, rules and regulations as are required to be complied with by the Company and/or by the Board of the Company.

(d) Qualified experienced managerial and marketing executives and other officers shall be appointed for the operation and conduct of the business of the Company.

(e) The Board shall appoint with the approval of the Chairman, the President and/or Chief Operating Officer of the Company, as well as persons who will be appointed to the posts of senior executive management.

82. THE SECRETARY

(a) Subject to the provisions of Section 203 of the Companies Act, 2013, as amended, the Board may, from time to time, appoint any individual as Secretary of the Company to perform such functions, which by the Act or these Articles for the time being of the Company are to be performed by the Secretary and to execute any other duties which may from time to time be assigned to him by the Board. The Board may confer upon the Secretary so appointed any powers and duties as are not by the Act or by these Articles required to be exercised by the Board and may from time to time revoke, withdraw, alter or vary all or any of them. The Board may also at any time appoint some individual (who need not be the Secretary), to maintain the Registers required to be kept by the Company.

(b) The Secretary shall be an individual responsible to ensure that there shall be no default, non-compliance, failure, refusal or contravention of any of the applicable provisions of the Act, or any rules, regulations or directions which the Company is required to conform to or which the Board of the Company are required to conform to and shall be designated as such and be the officer in default.

83. DIRECTORS' & OFFICERS' LIABILITY INSURANCE

Subject to the provisions of the Act and Law, the Company shall procure, at its own cost, comprehensive directors and officers liability insurance for each Director which shall not form a part of the remuneration payable to the Directors in the circumstances described under Section 197 of the Companies Act, 2013, as amended: -

(a) on terms approved by the Board;

(b) which includes each Director as a policyholder;

(c) is from an internationally recognised insurer approved by the Board; and

(d) for a coverage for claims of an amount as may be decided by the Board, from time to time.

84. SEAL

(a) 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 Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board, previously given.

(b) The Company shall also be at liberty to have an official Seal(s) in accordance with Section 50 of the Companies Act, 1956, for use in any territory, district or place outside India.

(c) Every deed or other instrument to which the Seal of the Company is required to be affixed shall unless the same is executed by a duly constituted attorney, be signed by any one of the Directors or the Secretary of the Company under an authority of a resolution.

85. ACCOUNTS

(a) The Company shall prepare and keep at the Office books of accounts or other relevant books and papers and financial statements for every financial year which give a true and fair view of the state of affairs of the Company, including its branch office or offices, if any, and explain the transactions effected both at the Office and its branches and such books shall be kept on accrual basis and according to the double entry system of accounting.

(b) Where the Board decides to keep all or any of the books of account at any place other than the Office, the Company shall, within 7 (seven) days of the decision, file with the Registrar, a notice in writing giving the full address of that other place. The Company may also keep such books of accounts or other relevant papers in electronic mode in accordance with the provisions of the Act.

(c) The Company shall preserve in good order the books of account relating to a period of not less than eight years preceding the current year.

(d) When the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with this 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 dates at intervals of not more than three months, are sent by the branch office to the Company at its office or at the other place in India, at which the Company's books of account are kept as aforesaid.

(e) No Shareholder (not being a Director) shall have any right of inspecting any account or books or documents of the Company except specified under the Act and Law.

(f) In accordance with the provisions of the Act, along with the financial statements laid before the Shareholders, there shall be laid a 'Board's report' which shall include:

i. the extract of the annual return as provided under sub-section (3) of Section 92 of the Companies Act, 2013, as amended;

ii. number of meetings of the Board;

iii. Directors' responsibility statement as per the provisions of Section 134 (5) of the Companies Act, 2013, as amended;

iv. a statement on declaration given by Independent Directors under sub-section (6) of Section 149 of the Companies Act, 2013, as amended;

v. in the event applicable, as specified under sub-section (1) of Section 178 of the Companies Act, 2013, as amended, Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013, as amended;

vi. explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made-

1. by the auditor in his report; and

2. by the company secretary in practice in his secretarial audit report;

vii. particulars of loans, guarantees or investments under Section 186 of the Companies Act, 2013, as amended;

viii. particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 in the prescribed form;

ix. the state of the Company's affairs;

x. the amounts, if any, which it proposes to carry to any reserves;

xi. the amount, if any, which it recommends should be paid by way of Dividends;

xii. material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report;

xiii. the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed;

xiv. a statement indicating development and implementation of a risk management policy for the Company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the Company;

xv. the details about the policy developed and implemented by the Company on corporate social responsibility initiatives taken during the year;

xvi. in case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors; and

xvii. such other matters as may be prescribed under the Law, from time to time.

(g) All the aforesaid books shall give a fair and true view of the affairs of the Company or its branch office, as the case may be, with respect to the matters herein and explain its transactions.

86. AUDIT AND AUDITORS

(a) Auditors shall be appointed and their rights and duties shall be regulated in accordance with Sections 139 to 147 of the Companies Act, 2013, as amended and as specified under Law.

(b) Every account of the Company when audited shall be approved by a General Meeting and shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected, and henceforth shall be conclusive.

(c) Every balance sheet and profit and loss account shall be audited by one or more Auditors to be appointed as hereinafter set out.

(d) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office from the conclusion of that meeting until conclusion of the next Annual General Meeting and every Auditor so appointed shall be intimated of his appointment within 7 (seven) days.

(e) Where at an Annual General Meeting, no Auditors are appointed, the Central Government may appoint a person to fill the vacancy and fix the remuneration to be paid to him by the Company for his services.

(f) The Company shall within 7 (seven) days of the Central Government's power under sub clause (b) becoming exercisable, give notice of that fact to the Government.

(g) The Directors may fill any casual vacancy in the office of an Auditor but while any such vacancy continues, the remaining auditors (if any) may act. Where such a vacancy is caused by the resignation of an Auditor, the vacancy shall only be filled by the Company in General Meeting.

(h) A person, other than a retiring Auditor, shall not be capable of being appointed at an Annual General Meeting unless special notice of a resolution of appointment of that person to the office of Auditor has been given by a Shareholder to the Company not less than 14 (fourteen) days before the meeting in accordance with Section 115 of the Companies Act, 2013, as amended, and the Company shall send a copy of any such notice to the retiring Auditor and shall give notice thereof to the Shareholders in accordance with provisions of Section 115 of the Companies Act, 2013, as amended and all the other provision of Section 140 of the Companies Act, 2013, as amended shall apply in the matter. The provisions of this sub-clause shall also apply to a resolution that a retiring auditor shall not be re-appointed.

(i) The persons qualified for appointment as Auditors shall be only those referred to in Section 141 of the Companies Act, 2013, as amended.

(j) None of the persons mentioned in Section 141 of the Companies Act, 2013, as amended as are not qualified for appointment as auditors shall be appointed as Auditors of the Company.

87. AUDIT OF BRANCH OFFICES

The Company shall comply with the applicable provisions of the Act and the Companies (Audit and Auditor) Rules, 2014 in relation to the audit of the accounts of branch offices of the Company.

88. REMUNERATION OF AUDITORS

The remuneration of the Auditors shall be fixed by the Company as authorized in General Meeting from time to time in accordance with the provisions of the Act and the Companies (Audit and Auditor) Rules, 2014.

89. DOCUMENTS AND NOTICES

(a) A document or notice may be given or served by the Company to or on any Shareholder whether having his registered address within or outside India either personally or by sending it by post to him to his registered address.

(b) Where a document or notice is sent by post, service 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 Shareholder 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 acknowledgement due or by cable or telegram and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the document or notice shall be deemed to be effected unless it is sent in the manner intimated by the Shareholder. Such service shall be deemed to have effected in the case of a notice of a meeting, at the expiration of forty eight hours after the letter containing the document or notice is posted or after a telegram has been dispatched and in any case, at the time at which the letter would be delivered in the ordinary course of post or the cable or telegram would be transmitted in the ordinary course.

(c) A document or notice may be given or served by the Company to or on the joint-holders of a Share by giving or serving the document or notice to or on the joint-holder named first in the Register of Members in respect of the Share.

(d) 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 Share, which previous to his name and address being entered on the register of Shareholders, shall have been duly served on or given to the Person from whom he derives his title to such Share.

(e) Any document or notice to be given or served by the Company may be signed by a Director or the Secretary or some Person duly authorised by the Board for such purpose and the signature thereto may be written, printed, photostat or lithographed.

(f) All documents or notices to be given or served by Shareholders on or to the Company or to any officer thereof shall be served or given by sending the same 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.

(g) Where a Document is sent by electronic mail, service thereof shall be deemed to be effected properly, where a member has registered his electronic mail address with the Company and has intimated the Company that documents should be sent to his registered e-mail address, without acknowledgement due. Provided that the Company, shall provide each member an opportunity to register his e-mail address and change therein from time to time with the Company or the concerned depository. The Company shall fulfill all conditions required by Law, in this regard.

90. SHAREHOLDERS TO NOTIFY ADDRESS IN INDIA

Each registered Shareholder from time to time notify in writing to the Company such place in India to be registered as his address and such registered place of address shall for all purposes be deemed to be his place of residence.

91. SERVICE ON MEMBERS HAVING NO REGISTERED ADDRESS

If a Shareholder does not have registered address in India, and has not supplied to the Company any address within India, for the giving of the notices to him, a document advertised in a newspaper circulating in the neighbourhood of Office of the Company shall be deemed to be duly served to him on the day on which the advertisement appears.

92. SERVICE ON PERSONS ACQUIRING SHARES ON DEATH OR INSOLVENCY OF SHAREHOLDERS

A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a Shareholders by sending it through the post in a prepaid letter addressed to them by name or by the title or representatives of the deceased, assignees of the insolvent by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served as if the death or insolvency had not occurred.

93. PERSONS ENTITLED TO NOTICE OF GENERAL MEETINGS

Subject to the applicable provisions of the Act and these Articles, notice of General Meeting shall be given:

(i) To the Shareholders of the Company as provided by these Articles.

(ii) To the persons entitled to a share in consequence of the death or insolvency of a Shareholder.

(iii) To the Auditors for the time being of the Company; in the manner authorized by as in the case of any Shareholder of the Company.

94. NOTICE BY ADVERTISEMENT

Subject to the applicable provisions of the Act, any document required to be served or sent by the Company on or to the Shareholders, or any of them and not expressly provided for by these Articles, shall be deemed to be duly served or sent if advertised in a newspaper circulating in the District in which the Office is situated.

95. DIVIDEND POLICY

(a) The profits of the Company, subject to any special rights relating thereto being created or authorised to be created by the Memorandum or these Articles and subject to the provisions of these Articles shall be divisible among the Shareholders in proportion to the amount of Capital Paid-up or credited as Paid-up and to the period during the year for which the Capital is Paid-up on the shares held by them respectively. Provided always that, (subject as aforesaid), any Capital Paid-up on a Share during the period in respect of which a Dividend is declared, shall unless the Directors otherwise determine, only entitle the holder of such Share to an apportioned amount of such Dividend as from the date of payment.

(b) Subject to the provisions of Section 123 of the Companies Act, 2013, as amended the Company in General Meeting may declare Dividends, to be paid to Shareholders according to their respective rights and interests in the profits. No Dividends shall exceed the amount recommended by the Board, but the Company in General Meeting may, declare a smaller Dividend, and may fix the time for payments not exceeding 30 (thirty) days from the declaration thereof.

(c) (i) No Dividend shall be declared or paid otherwise than out of profits of the Financial Year arrived at after providing for depreciation in accordance with the provisions of Section 123 of the Companies Act, 2013, as amended or out of the profits of the Company for any previous Financial Year or years arrived at after providing for depreciation in accordance with those provisions and remaining undistributed or out of both provided that: -

1. if the Company has not provided for depreciation for any previous Financial Year or years it shall, before declaring or paying a Dividend for any Financial Year provide for such depreciation out of the profits of that Financial Year or out of the profits of any other previous Financial Year or years, and

2. if the Company has incurred any loss in any previous Financial Year or years the amount of the loss or an 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 of the Companies Act, 2013, as amended or against both.

(ii) The declaration of the Board as to the amount of the net profits shall be conclusive.

(d) The Board may, from time to time, pay to the Shareholders such interim Dividend as in their judgment the position of the Company justifies.

(e) Where Capital is paid in advance of calls upon the footing that the same shall carry interest, such Capital shall not whilst carrying interest, confer a right to participate in profits or Dividend.

(f) (i) Subject to the rights of Persons, if any, entitled to shares with special rights as to Dividend, all Dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof Dividend is paid but if and so long as nothing is Paid upon any shares in the Company, Dividends may be declared and paid according to the amount of the shares.

(ii) No amount paid or credited as paid on shares in advance of calls shall be treated for the purpose of this regulation as paid on shares.

(iii) 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 shares are issued on terms providing that it shall rank for Dividend as from a particular date such shares shall rank for Dividend accordingly.

(g) Subject to the applicable provisions of the Act and these Articles, the Board may retain the Dividends payable upon shares in respect of any Person, until such Person shall have become a Shareholder, in respect of such shares or until such shares shall have been duly transferred to him.

(h) Any one of several Persons who are registered as the joint-holders of any Share may give effectual receipts for all Dividends or bonus and payments on account of Dividends or bonus or sale proceeds of fractional certificates or other money(ies) payable in respect of such shares.

(i) Subject to the applicable provisions of the Act, no Shareholder shall be entitled to receive payment of any interest or Dividends in respect of his Share(s), whilst any money may be due or owing from him to the Company in respect of such Share(s); either alone or jointly with any other Person or Persons; and the Board may deduct from the interest or Dividend payable to any such Shareholder all sums of money so due from him to the Company.

(j) Subject to Section 126 of the Companies Act, 2013, as amended, a transfer of shares shall not pass the right to any Dividend declared thereon before the registration of the transfer.

(k) Unless otherwise directed any Dividend may be paid by cheque or warrant or by a pay slip or receipt (having the force of a cheque or warrant) and sent by post or courier or by any other legally permissible means to the registered address of the Shareholder or Person entitled or in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. Every such cheque or warrant shall be made payable to the order of the Person to whom it is sent and in case of joint-holders to that one of them first named in the Register of Members in respect of the joint-holding. 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 a Shareholder or Person entitled thereto, by a forged endorsement of any cheque or warrant or a forged signature on any pay slip or receipt of a fraudulent recovery of Dividend. If 2 (two) or more Persons are registered as joint-holders of any Share(s) any one of them can give effectual receipts for any money(ies) payable in respect thereof. Several Executors or Administrators of a deceased Shareholder in whose sole name any Share stands shall for the purposes of this Article be deemed to be joint-holders thereof.

(l) No unpaid Dividend shall bear interest as against the Company.

(m) Any General Meeting declaring a Dividend may on the recommendation of the Board, make a call on the Shareholders of such amount as the Meeting fixes, but so that the call on each Shareholder shall not exceed the Dividend payable to him, and so that the call will be made payable at the same time as the Dividend; and the Dividend may, if so arranged as between the Company and the Shareholders, be set-off against such calls.

(n) Notwithstanding anything contained in this Article, the dividend policy of the Company shall be governed by the applicable provisions of the Act and Law.

(o) The Company may pay dividends on shares in proportion to the amount paid-up on each Share in accordance with Section 51 of the Companies Act, 2013, as amended.

96. UNPAID OR UNCLAIMED DIVIDEND

(a) If the Company has declared a Dividend but which has not been paid or claimed within 30 (thirty) days from the date of declaration, the Company shall, within 7 (seven) days from the date of expiry of the said period of 30 (thirty) days, transfer the total amount of dividend, which remained so unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank to be called “Unpaid Dividend Account”.

(b) Any money so transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of Section 125 of the Companies Act, 2013, as amended, viz. “Investor Education and Protection Fund”.

(c) Unless otherwise required for compliance with the provisions of the applicable laws, no unclaimed or unpaid dividend shall be forfeited by the Board, no unpaid or unclaimed Dividend shall be forfeited by the Board before the claim becomes barred by Law.

97. CAPITALIZATION OF PROFITS

The Company in General Meeting may, upon the recommendation of the Board, resolve:

(a) that it is desirable to capitalize 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 Company’s profit and loss account or otherwise, as available for distribution, and

(b) that such sum be accordingly set free from distribution in the manner specified herein below in sub-article (iii) as amongst the Shareholders who would have been entitled thereto, if distributed by way of Dividends and in the same proportions.

(c) The sum aforesaid shall not be paid in cash but shall be applied either in or towards:

(i) paying up any amounts for the time being unpaid on any shares held by such Shareholders respectively;

(ii) paying up in full, un-issued shares of the Company to be allotted, distributed and credited as fully Paid up, to and amongst such Shareholders in the proportions aforesaid; or

(iii) partly in the way specified in sub-article (i) and partly in the way specified in sub-article (ii).

(d) A share premium account may be applied as per Section 52 of the Companies Act, 2013, as amended, and a capital redemption reserve account may, duly be applied in paying up of unissued shares to be issued to Shareholders of the Company as fully paid bonus shares.

98. RESOLUTION FOR CAPITALISATION OF RESERVES AND ISSUE OF FRACTIONAL CERTIFICATE

(a) The Board shall give effect to a Resolution passed by the Company in pursuance of this regulation.

(b) Whenever such a Resolution as aforesaid shall have been passed, the Board shall:

(i) make all appropriation and applications of undivided profits (resolved to be capitalized thereby), and all allotments and issues of fully paid shares or Securities, if any; and

(ii) generally do all acts and things required to give effect thereto.

(c) The Board shall have full power:

i. to make such provisions, by the issue of fractional certificates or by payments in cash or otherwise as it thinks fit, in the case of shares or debentures becoming distributable in fraction; and

ii. to authorize any person, on behalf of all the Shareholders entitled thereto, to enter into an agreement with the Company providing for the allotment to such Shareholders, credited as fully paid up, of any further shares or debentures to which they may be entitled upon such capitalization or (as the case may require) for the payment of by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts or any parts of the amounts remaining unpaid on the shares.

(d) Any agreement made under such authority shall be effective and binding on all such shareholders.

99. DISTRIBUTION OF ASSETS IN SPECIE OR KIND UPON WINDING UP

(a) If the Company shall be wound up , the Liquidator may, with the sanction of a special Resolution of the Company and any other sanction required by the Act divide amongst the shareholders, in specie or kind the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(b) For the purpose aforesaid, the Liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the shareholders or different classes of shareholders.

100. DIRECTOR'S AND OTHER'S RIGHTS TO INDEMNITY

Subject to the provisions of Section 197 of the Companies Act, 2013, as amended, every Director, Manager and other officer or employee of the Company shall be indemnified by the Company against any liability incurred by him and it shall be the duty of the Directors to pay out the funds of the Company all costs, losses and expenses which any director, Manager, officer or employee may incur or become liable to by reason of any contact entered into by him on behalf of the Company or in any way in the discharge of his duties and in particular, and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such Director, Manager, Officer or employee in defending any proceedings Whether civil or criminal in which judgement is given in his favour or he is acquitted or in connection with any application under Section 463 of the Companies Act, 2013, as amended in which relief is granted by the court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the shareholders over all the claims.

101. DIRECTOR'S ETC. NOT LIABLE FOR CERTAIN ACTS

Subject to the provision of Section 197 of the Companies Act, 2013, as amended, no Director, Manager, Officer or Employee of the Company shall be liable for the acts, defaults, receipts and neglects of any other Director, Manager, Officer or employee or for joining in any receipts or other acts for the sake of conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person with whom any monies, securities or effects shall be deposited or for any loss occasioned by an error of judgement or oversight on his part , or for any other loss ,damage or misfortune whatsoever which shall happen in the execution thereof unless the same shall happen through negligence, default, misfeasance, breach of duty or breach of trust. Without prejudice to the generality foregoing it is hereby expressly declared that any filing fee payable or any document required to be filed with the registrar of the companies in respect of any act done or required to be done by any Director or other officer by reason of his holding the said office shall be paid and borne by the Company.

102. INSPECTION BY SHAREHOLDERS

The register of charges, register of investments, register of shareholders, books of accounts and the minutes of the meeting of the board and shareholders shall be kept at the office of the Company and shall be open, during business hours, for such periods not being less in the aggregate than two hours in each day as the board determines for inspection of any shareholder without charge. In the event such shareholder conducting inspection of the abovementioned documents requires extracts of the same, the Company may charge a fee which shall not exceed Rupees ten per page or such other limit as may be prescribed under the Act or other applicable provisions of law.

103. AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION

(a) The shareholders shall vote for all the equity shares owned or held on record by such shareholders at any annual or extraordinary General meeting of the Company in accordance with these Articles.

(b) The shareholders shall not pass any resolution or take any decision which is contrary to any of the terms of these Articles.

(c) The Articles of the Company shall not be amended unless (i) Shareholders holding not less than 75% of the Equity shares (and who are entitled to attend and vote) cast votes in favour of each such amendment/s to the Articles.

104. SECRECY

No shareholder shall be entitled to inspect the Company's work without permission of the managing Director/Directors or to require discovery of any information respectively any details of Company's trading or any matter which is or may be in the nature of a trade secret, history of trade or secret process which may be related to the conduct of the business of the Company and which in the opinion of the managing Director/Directors will be inexpedient in the interest of the shareholders of the Company to communicate to the public.

105. DUTIES OF THE OFFICER TO OBSERVE SECRECY

Every Director, managing Directors, manager, Secretary, Auditor, Trustee, members of the committee, officer, servant, agent, accountant or other persons employed in the business of the Company shall, if so required by the Director before entering upon his duties, or any time during his term of office, sign a declaration pledging himself to observe secrecy relating to all transactions of the Company and the state of accounts and in matters relating thereto and shall by such declaration pledge himself not to reveal any of such matters which may come to his knowledge in the discharge of his official duties except which are required so to do by the Directors or the Auditors, or by resolution of the Company in the general meeting or by a court of law and except so far as may be necessary in order to comply with any of the provision of these Articles or Law. Nothing herein contained shall affect the powers of the Central Government or any officer appointed by the government to require or to hold an investigation into the Company's affair.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

A. Material Contracts for the Offer

1. Offer Agreement dated November 1, 2018 between our Company, the Selling Shareholder and the BRLMs
2. Cash Escrow Agreement dated [●] amongst our Company, the Selling Shareholder, the Registrar to the Offer, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank(s)
3. Share Escrow Agreement dated [●] amongst our Company, the Selling Shareholder and the Escrow Agent
4. Syndicate Agreement dated [●] amongst our Company, the Selling Shareholder, the BRLMs, the Syndicate Members and the Registrar to the Offer
5. Underwriting Agreement dated [●] amongst our Company, the Selling Shareholder and the Underwriters
6. Registrar Agreement dated October 17, 2018 amongst our Company, the Selling Shareholder and the Registrar to the Offer
7. Monitoring Agency Agreement dated [●] entered between our Company and the Monitoring Agency

B. Material Documents

1. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended from time to time
2. Certificate of incorporation dated October 24, 1991
3. Certificate of commencement of business dated November 8, 1991
4. Fresh certificate of incorporation consequent upon change in name dated September 28, 2010
5. Fresh certificate of incorporation consequent upon change in name dated July 26, 2012
6. Resolutions of the Board of Directors dated May 9, 2018 in relation to the Offer and other related matters
7. Shareholders' resolution dated May 18, 2018 in relation to this Offer and other related matters
8. Consent letter dated October 31, 2018 provided by P R Cement Holdiings Limited consenting to participating in the Offer for Sale
9. Consent from Frost & Sullivan India Private Limited dated August 20, 2018, to include contents or any part thereof from their report titled "Report on the Indian Cement Industry" dated August 2018 in this Draft Red Herring Prospectus
10. "Report on the Indian Cement Industry" dated August 2018 prepared and issued by Frost & Sullivan India Private Limited
11. Copies of the annual reports of the Company for the Fiscals ended March 31, 2014, 2015, 2016, 2017 and 2018
12. The examination reports of the Statutory Auditor, on our Company's restated standalone financial

statements dated November 1, 2018 and restated consolidated financial statements dated November 1, 2018 included in this Draft Red Herring Prospectus

13. The Statement of Tax Benefits dated October 31, 2018 from the Statutory Auditors

14. Consent of the Selling Shareholder, the Directors, the BRLMs, the Syndicate Members, Indian Legal Counsel to our Company, Indian Legal Counsel to the BRLMs, International Legal Counsel to the BRLMs, Registrar to the Offer, Escrow Collection Bank(s), Bankers to the Offer, Bankers to our Company, Company Secretary and Compliance Officer and Chief Financial Officer as referred to in their specific capacities

15. Due Diligence Certificate dated November 1, 2018 addressed to SEBI from the BRLMs

16. In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively

17. Tripartite agreement dated November 26, 2007 between our Company, NSDL and the Registrar to the Offer

18. Tripartite agreement dated July 26, 2018 between our Company, CDSL and the Registrar to the Offer

19. Consent letter dated November 1, 2018 from C. Ramachandram & Co., Statutory Auditors

20. SEBI final observation letter dated [●].

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders subject to compliance with the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations made or guidelines issued by the Government of India or the rules, regulations made or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement or undertaking made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SEBI Act or rules or regulations made or guidelines issued thereunder, as the case may be. We further certify that all statements and disclosures made in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF OUR COMPANY

______________________	**P. Prathap Reddy** *(Chairman and Managing Director)*
______________________	**Bezawada Vikram** *(Executive Director)*
______________________	**Lakshmi Kantham Dabbara** *(Executive Director)*
______________________	**P. Deepthi Reddy** *(Non-Executive Director)*
______________________	**P. Venugopal Reddy** *(Non-Executive Director)*
______________________	**Anil Kumar K.** *(Non-Executive Independent Director)*
______________________	**Kancherla Ravindranath** *(Non-Executive Independent Director)*
______________________	**P. Pradeep Kumar** *(Non-Executive Independent Director)*
______________________	**Sairam Mocherla** *(Non-Executive Independent Director)*
______________________	**Y. Santosh Kumar Reddy** *(Non-Executive Independent Director)*

SIGNED BY CHIEF FINANCIAL OFFICER

______________________	**Sanjeev Kumar Aggarwal** *(Chief Financial Officer)*

Place: Hyderabad
Date: November 1, 2018

DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by it in this Draft Red Herring Prospectus about, or in relation to itself and the Equity Shares being sold by it in the Offer for Sale, are true and correct. The undersigned Selling Shareholder assumes no responsibility for any other statements made by the Company or any other person(s) in this Draft Red Herring Prospectus.

For and on behalf of P R Cement Holdiings Limited

Authorized Signatory
Name: Lakshmi Kantham Dabbara
Designation: Director

Place: Hyderabad
Date: November 1, 2018