



PENNAR ENGINEERED BUILDING SYSTEMS LIMITED

Our Company was incorporated under the Companies Act, 1956 as “Pennar Engineered Building Systems Limited”, a public limited company pursuant to a certificate of incorporation dated January 17, 2008 and received a certificate of commencement of business on February 19, 2008. For details of change in the registered office of our Company, see “History and Corporate Structure” on Page 155.

Registered Office: 9th Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad 500 084, Telangana, India

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Corporate Identity Number: U45400AP2008PLC057182

OUR PROMOTER: PENNAR INDUSTRIES LIMITED

PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH (THE “EQUITY SHARES”) OF PENNAR ENGINEERED BUILDING SYSTEMS LIMITED, (THE “COMPANY” OR THE “ISSUER”) FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE) AGGREGATING TO ₹ [●] MILLION CONSISTING OF A FRESH ISSUE OF [●] EQUITY SHARES AGGREGATING UP TO ₹ 580 MILLION BY OUR COMPANY (THE “FRESH ISSUE”) AND AN OFFER FOR SALE OF UP TO 5,516,141 EQUITY SHARES BY THE SELLING SHAREHOLDERS (AS DEFINED IN “DEFINITIONS AND ABBREVIATIONS” ON PAGE 5) AGGREGATING UP TO ₹ [●] MILLION (THE “OFFER FOR SALE”) AND THE FRESH ISSUE ARE TOGETHER REFERRED TO AS, THE “ISSUE”). THE ISSUE WILL CONSTITUTE [●]% OF THE FULLY DILUTED POST ISSUE PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH AND THE ISSUE PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDERS IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED AT LEAST 5 (FIVE) WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

In case of revision in the Price Band, the Bid/Issue Period will be extended by at least 3 (three) additional Working Days after such revision of the Price Band, subject to the Bid/Issue Period not exceeding 10 (ten) Working Days. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to the BSE Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”) together with the BSE, the “Stock Exchanges”, by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers (“BRLMs”), the Syndicate Members and the Self Certified Syndicate Banks (“SCSBs”).

In terms of Rule 19(2)(b)(i) of the Securities Contracts (Regulation) Rules, 1957, as amended, (the “SCRR”) this Issue is being made for at least 25.00% of the post Issue paid-up Equity Share capital of our Company. The Issue is being made through the Book Building Process, in compliance with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (“SEBI ICDR Regulations”) where not more than 50.00% of the Issue will be available for allocation on a proportionate basis to Qualified Institutional Buyers (“QIBs”) (the “QIB Category”), provided that our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers allocate up to 60.00% of the QIB Category to Anchor Investors, on a discretionary basis (the “Anchor Investor Portion”), of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. Further, 5.00% of the QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Investors and not less than 35.00% of the Issue will 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 Issue Price. Retail Individual Investors may participate in this Issue through the ASBA process by providing details of the ASBA Accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. QIBs (excluding Anchor Investors) and Non-Institutional Investors can participate in the Issue only through the ASBA process. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see “Issue Procedure” beginning on Page 316.

RISK IN RELATION TO THE FIRST ISSUE

This being the first public issue of Equity Shares of our Company, there is no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 each. The Floor Price is [●] times of the face value and the Cap Price is [●] times of the face value. The Issue Price (determined and justified by our Company and the Selling Shareholders in consultation with the BRLMs as stated under “Basis for Issue Price” beginning on Page 101) 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 of our Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

ISSUER’S AND SELLING SHAREHOLDERS’ ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE. We have received an ‘in-principle’ approval from each of BSE and NSE for the listing of the Equity Shares pursuant to the letters dated [●] and [●], respectively. For the purposes of the Issue, the Designated Stock Exchange shall be [●].

BOOK RUNNING LEAD MANAGERS

REGISTRAR TO THE ISSUE

| | | | |
|---|---|--|--|
| | | | |
| MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED Motilal Oswal Tower, Rahimtullah Sayani Road Opposite Parel ST Depot, Prabhadevi Mumbai 400 025 Maharashtra, India Tel: +91 22 3980 4380 ; Fax: +91 22 3980 4315 Email: pebs.ipo@motilaloswal.com Investor grievance email: moiaplredressal@motilaloswal.com Website: www.motilaloswal.com Contact Person: Rupesh Khant SEBI Registration No.: INM00001105 CIN: U67190MH2006PTC160583 | AXIS CAPITAL LIMITED 1 st floor, Axis House, C 2 Wadia International Centre, Pandurang Budhkar Marg, Worli, Mumbai 400 025 Maharashtra, India Tel: +91 22 4325 2183; Fax: +91 22 4325 3000 E-mail: pebs.ipo@axiscap.in Investor grievance e-mail: complaints@axiscap.in Website: www.axiscapital.co.in Contact Person: Vivek Toshniwal SEBI Registration No.: INM00001209 CIN: U51900MH2005PLC157853 | KARVY INVESTOR SERVICES LIMITED Karvy House, 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad 500 034, Telangana, India Tel: +91 40 2342 8774/ 2331 2454 Fax: +91 40 2337 4714/ 2331 1968 E-mail: cmg@karvy.com Investor grievance e-mail: igmbd@karvy.com Website: www.karvy.com Contact Person: Krishna Sowjanya/ Rohan Menon SEBI Registration No.: MB/ INM000008365 CIN: U67120TG1997PLC026253 | KARVY COMPUTERSHARE PRIVATE LIMITED Plot No. 17 - 24, Vithalrao Nagar Madhapur, Hyderabad 500 081 Telangana, India Tel: +91 40 4465 5000; Fax: +91 40 2343 1551 Toll free no.: 1800 3454 001 Email: einward.ris@karvy.com Investor grievance email: pebspennar.ipo@karvy.com Website: www.karisma.karvy.com Contact Person: M. Murali Krishna SEBI Registration No.: INR000000221 CIN: U74140TG2003PTC041636 |

BID /ISSUE PROGRAMME

| | |
|---------------------------------|-----------------------------------|
| BID/ISSUE OPENS ON: [●]* | BID/ISSUE CLOSES ON: [●]** |
|---------------------------------|-----------------------------------|

* Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider participation by Anchor Investors in accordance with the SEBI ICDR Regulations. The Anchor Investor Bid/ Issue Date shall be one Working Day prior to the Bid/ Issue Opening Date.

** Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Issue Period for QIBs, one Working Day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates or implies, the following terms have the following meanings in this Draft Red Herring Prospectus, and references to any statute or regulations or acts or policies shall include amendments thereto, from time to time:

Company Related Terms

| Term | Description |
|---|--|
| “We”, “us”, “our”, the “Issuer” | Unless the context otherwise indicates or implies, refers to Pennar Engineered Building Systems Limited. |
| “Company”, “our Company”, “PEBS Pennar” | Pennar Engineered Building Systems Limited, a company incorporated under the Companies Act and having its registered office at 9 th Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad 500 084, Telangana, India. |
| Articles/ Articles of Association | Articles of association of our Company. |
| Audit Committee | The committee of the Board of Directors constituted as our Company’s audit committee in accordance with Clause 49 of the Listing Agreement and the Companies Act, 2013. |
| Auditors/Statutory Auditors | The statutory auditors of our Company, Deloitte Haskins & Sells. |
| Board / Board of Directors | Board of Directors of our Company or a duly constituted committee thereof. |
| CCPS | Compulsorily convertible preference shares of our Company of face value of ₹ 10 each. |
| “Company Secretary” and/or “Compliance Officer” | The company secretary and compliance officer of our Company. |
| Corporate Social Responsibility Committee | The committee of the Board of Directors constituted as our Company’s corporate social responsibility committee in accordance with the Companies Act, 2013. |
| Director(s) | The director(s) of our Company, unless otherwise specified. |
| Equity Shares | Equity Shares of our Company of face value ₹ 10 each. |
| Face Value | The face value of our Equity Shares, being ₹ 10 each. |
| Group Company/ Group Companies | The companies, firms, ventures, etc. promoted by our Promoter, irrespective of whether such entities are covered under Section 370 (1)(B) of the Companies Act, 1956. For details, please refer to the section titled “ <i>Our Group Company</i> ” beginning on Page 186. |
| IPO Committee | The committee of the Board of Directors as described in the sub- section titled “ <i>Our Management- Committees of the Board</i> ” on Page 175. |
| Key Management Personnel/KMP | Those individuals described in the sub-section titled “ <i>Our Management – Key Management Personnel</i> ” on Pages 176-178. |
| Memorandum | Memorandum of association of our Company. |
| NCI Group | NCI Group, Inc., USA |
| Nomination and Remuneration Committee | The committee of the Board of Directors constituted as our Company’s nomination and remuneration committee in accordance with Clause 49 of the Listing Agreement and the Companies Act, 2013. For details, see the sub-section titled “ <i>Our Management- Committees of the Board</i> ” on Page 170. |
| Order Book | Order Book as of a particular date comprises estimated revenues from (i) the unexecuted portions of existing contracts/work orders/purchase orders as of such date. The reference also includes estimated revenues from certain contracts that have been suspended, i.e. contracts on which no operations have been conducted for a period exceeding four weeks because of various factors beyond our control. |
| Pennar Industries Limited/ PIL | A public limited company incorporated under the Companies Act, having its registered office at Floor No. 3, DHFLVC Silicon Towers, Kondapur, Hyderabad 500 084, Telangana, India. |
| Promoter | Pennar Industries Limited. |
| Promoter Group | The persons and entities constituting our promoter group pursuant to Regulation 2 (1)(zb) of the SEBI ICDR Regulations. |
| Registered Office | The registered office of our Company, 9 th Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad 500 084, Telangana, India. |
| Registrar of Companies/RoC | Registrar of Companies, Andhra Pradesh and Telangana, located at Hyderabad. |
| Restated Financial Statements | Restated financial statements of our Company as of and for the years ended March 31, 2010, 2011, 2012, 2013, 2014 and the eight months ended November 30, 2014. |
| Shareholders | Shareholders of our Company, from time to time. |
| Stakeholders’ Relationship Committee | The committee of the Board of Directors constituted as our Company’s |

| Term | Description |
|------|--|
| | Stakeholders' Relationship Committee in accordance with Clause 49 of the Listing Agreement. For details, see the sub-section titled " <i>Our Management-Committees of the Board</i> " on Page 171. |

Issue Related Terms

| Term | Description |
|--|---|
| Allotment/ Allot/ Allotted | Unless the context otherwise requires, the allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders. |
| Allotment Advice | Note or advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted 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, with a minimum Bid of ₹ 100.00 million. |
| Anchor Investor Allocation Price | The price at which the Allocation is being done to the Anchor Investors. |
| Anchor Investor Bid/ Issue Period | The day, one Working Day prior to the Bid/Issue Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed. |
| Anchor Investor Issue Price | Final price at which the Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Issue Price, but not higher than the Cap Price. The Anchor Investor Allocation Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs. |
| Anchor Investor Pay-in Date | In case of Anchor Investor Issue Price being higher than Anchor Investor Allocation Price, no later than two days after the Bid Closing Date. |
| Anchor Investor Portion | Up to 60.00% of the QIB Portion, which may be allocated by our Company and the Selling Shareholders, in consultation with the BRLMs, to Anchor Investors on a discretionary basis. 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 Anchor Investors. |
| Application Supported by Blocked Amount/ASBA | A process of submitting the Bid cum Application Form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid authorising a SCSB to block the Bid Amount in the ASBA Account maintained with the SCSB. ASBA is mandatory for QIBs (except Anchor Investors) and the Non-Institutional Bidders participating in the Issue. |
| ASBA Account | An account maintained with the SCSB and specified in the Bid cum Application Form submitted by an ASBA Bidder for blocking the Bid Amount mentioned in the Bid cum Application Form. |
| ASBA Bidder | A Bidder (except Anchor Investors) in this Issue who Bids through the ASBA process. |
| Banker(s) to the Issue/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 the Equity Shares will be Allotted to successful Bidders under the Issue and which is described in the sub-section titled " <i>Issue Procedure- Allotment Procedure and Basis of Allotment</i> " on Page 355. |
| Bid | An indication to make an offer during the Bid/Issue Period by a Bidder pursuant to submission of the Bid cum Application Form, or during the Anchor Investor Bid/Issue Period by the Anchor Investors, to subscribe to the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto. |
| Bid Amount | The highest value of optimal Bids indicated in the Bid cum Application Form and in the case of Retail Individual Bidders Bidding at 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. |
| Bid cum Application Form | The form used by a Bidder, including an ASBA Bidder, to make a Bid and which will be considered as the application for Allotment in terms of the Red Herring Prospectus. |
| Bid/ Issue Closing Date | Except in relation to any Bids received from the Anchor Investors, the date after which the Syndicate, the Designated Branches and the Registered Brokers will not accept any Bids, which shall be notified in [●] edition of English national newspaper [●], [●] edition of Hindi national newspaper [●], and [●] edition of [●] a Telugu newspaper, each with wide circulation and in case of any revision, the |

| Term | Description |
|---------------------------------------|---|
| | extended Bid Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. Further, our Company and the Selling Shareholders, in consultation with the BRLMs, may decide to close Bidding by QIBs one day prior to the Bid Closing Date which shall also be notified in an advertisement in same newspapers in which the Bid Opening Date was published. |
| Bid/ Issue Opening Date | Except in relation to any Bids received from the Anchor Investors, the date on which the Syndicate, the Designated Branches and the Registered Brokers shall start accepting Bids, which shall be notified in [●] edition of English national newspaper [●], [●] edition of Hindi national newspaper [●], and [●] edition of [●] a Telugu newspaper, each with wide circulation and in case of any revision, the extended Bid Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI ICDR Regulations. |
| Bid/ Issue Period | Except in relation to Anchor Investors, the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof. Provided however that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors. Our Company may and the Selling Shareholders, in consultation with the Book Running Lead Managers, decide to close Bidding by QIBs one day prior to the Bid/Issue Closing Date. |
| Bid Lot | [●] Equity Shares. |
| 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 Anchor Investor. |
| Book Building Process | The book building process, as provided in Schedule XI of the SEBI ICDR Regulations, in terms of which this Issue is being made. |
| Broker Centres | Broker centres notified by the Stock Exchanges, where Bidders can submit their Bid cum Application Forms to a Registered Broker. The details of such Broker Centers, along with the names and contact details of the Registered Brokers are available on the websites of the respective Stock Exchanges. |
| BRLMs/Book Running Lead Managers | The book running lead managers to the Issue, being Motilal Oswal Investment Advisors Private Limited, Axis Capital Limited and Karvy Investor Services Limited. |
| 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/Issue Period. |
| Cap Price | The higher end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted. |
| Controlling Branches | Such branches of SCSBs which coordinate Bids under the Issue by the ASBA Bidders with the Registrar and the Stock Exchanges, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time. |
| Cut-off Price | The Issue Price, finalised by our Company and the Selling Shareholders in consultation with the BRLMs. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price. |
| Designated Branches | Such branches of the SCSBs which shall collect the Bid cum Application Forms used by the ASBA Bidders, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time. |
| Designated Date | The date on which the funds are transferred from the Escrow Account or the amount blocked by the SCSBs is 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 RoC, following which the Board of Directors shall Allot the Equity Shares to successful Bidders in the Fresh Issue and the Selling Shareholders shall give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale. |
| Designated Stock Exchange | [●] |
| Draft Red Herring Prospectus or DRHP | This Draft Red Herring Prospectus dated March 27, 2015 issued in accordance with the SEBI ICDR Regulations. |
| Eligible NRI(s) | NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Bid cum Application Form and the Red Herring Prospectus constitutes an invitation to subscribe to or |

| Term | Description |
|----------------------------------|--|
| | purchase the Equity Shares. |
| Eligible QFI | Qualified Foreign Investors from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom this Red Herring Prospectus constitutes an invitation to purchase the Equity Shares offered hereby and who have opened dematerialised accounts with SEBI registered qualified depository participants as QFIs and are deemed as FPIs under the SEBI FPI Regulations. |
| Escrow Account | Account opened with the Escrow Collection Bank(s) and in whose favour the Bidders (excluding the ASBA Bidders) will issue cheques or drafts in respect of the Bid Amount when submitting a Bid. |
| Escrow Agent | The escrow agent appointed pursuant to the Escrow Agreement, being [●]. |
| Escrow Agreement | Agreement to be entered into between our Company, the Selling Shareholders, the Registrar to the Issue, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, refunds of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof. |
| First Bidder | Bidder whose name appears first in the Bid cum Application Form in case of a joint bid and whose name shall also appear as the first holder of the beneficiary account held in joint names or any revisions thereof. |
| Floor Price | The lower end of the Price Band, subject to any revision thereto, at or above which the Issue Price will be finalised and below which no Bids will be accepted. |
| Foreign Portfolio Investors/FPIs | A foreign portfolio investor who has been registered pursuant to the SEBI FPI Regulations, provided that any QFI or FII who holds a valid certificate of registration shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995. |
| Fresh Issue | The fresh issue of [●] Equity Shares aggregating up to ₹ 580 million by our Company. |
| IL&FS Trust Company Limited | A company incorporated under the provisions of Companies Act, 1956, having its registered office at IL&FS Financial Centre, Plot C-22, G Block, Bandra Kurla Complex, Bandra East, Mumbai 400 051, Maharashtra, India. |
| Issue | The Fresh Issue and the Offer for Sale are together referred to as the Issue. |
| Issue Agreement | The agreement dated March 27, 2015 between our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue. |
| Issue Price | The final price at which the Equity Shares will be issued and Allotted in terms of the Red Herring Prospectus. The Issue Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs on the Pricing Date. |
| Issue Proceeds | The proceeds of the Issue available to the Company and the Selling Shareholders. For further information about use of the Issue Proceeds, see the section titled “ <i>Objects of the Issue</i> ” beginning on Page 93. |
| Listing Agreement | Listing agreement to be entered into by our Company with the Stock Exchanges, as amended from time to time. |
| Mutual Fund Portion | 5.00% 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 | Proceeds of the Fresh Issue less our Company’s share of Issue expenses. For further information about the Issue expenses, see the section titled “ <i>Objects of the Issue</i> ” beginning on Page 99. |
| Net QIB Portion | QIB Portion less Anchor Investor Portion. |
| Non-Institutional Bidders | All Bidders that are not QIBs or Retail Individual Investors and who have Bid for the Equity Shares for an amount more than ₹ 200,000 (but not including NRIs other than Eligible NRIs and QFIs other than Eligible QFIs). |
| Non-Institutional Portion | The portion of the Issue being not less than 15.00% of the Issue 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 Issue Price. |
| Offer for Sale | The offer for sale of up to 5,516,141 Equity Shares by the Selling Shareholders at the Issue Price, pursuant to the terms of the Red Herring Prospectus. |
| Price Band | Price Band of a minimum price of ₹ [●] per Equity Share (Floor Price) and the maximum price of ₹ [●] per Equity Share (Cap Price), including any revisions thereof. The Price Band and the minimum Bid Lot for the Issue will be decided by our Company and the Selling Shareholders in consultation with the BRLMs |

| Term | Description |
|--|--|
| | and advertised, at least five Working Days prior to the Bid/Issue Opening Date, in [●] edition of English national newspaper [●], [●] edition of Hindi national newspaper [●], and [●] edition of [●] a Telugu newspaper [●], each with wide circulation. |
| Pricing Date | The date on which our Company and the Selling Shareholders in consultation with the BRLMs will finalise the Issue Price. |
| Promoter's Contribution | Promoter's contribution pursuant to Regulations 32 and 36 of the SEBI ICDR Regulations. For details, see " <i>Capital Structure-History of Build-up, Contribution and Lock in of Promoter's Shareholding</i> " on Page 83. |
| Prospectus | The Prospectus to be filed with the RoC in accordance with Sec. 26 of the Companies Act, 2013 and the SEBI ICDR Regulations containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information. |
| Public Issue Account | Account opened with the Bankers to the Issue to receive monies from the Escrow Account on the Designated Date and to which the funds shall be transferred by the SCSBs from the ASBA Account. |
| QIB Portion/QIB Category | The portion of the Issue (including the Anchor Investor Portion) amounting to 50.00% of the Issue being [●] Equity Shares, which shall be available for allocation to QIBs, including the Anchor Investors. |
| Qualified Foreign Investors/QFIs | A qualified foreign investor as defined in the SEBI FPI Regulations. |
| Qualified Institutional Buyers/QIBs | Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations. |
| Red Herring Prospectus/RHP | The Red Herring Prospectus issued in accordance with Sec. 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 Issue. The Red Herring Prospectus will be filed with the RoC at least three Working Days before the Bid/Issue 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(s), from which refunds, if any, of the whole or part of the Bid Amount (excluding ASBA Bidders) shall be made. |
| Refund Bank(s) | [●] |
| Refunds through electronic transfer of funds | Refunds through NECS, Direct Credit, RTGS or NEFT, as applicable. |
| Registered Brokers | Stock brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate. |
| Registrar Agreement | The agreement dated March 26, 2015 between our Company, the Selling Shareholders and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue. |
| Registrar to the Issue/ Registrar | Registrar to the Issue, in this case being Karvy Computershare Private Limited. |
| Retail Individual Bidder(s) | Individual Bidders who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Issue (including HUFs applying through their Karta and Eligible NRIs). |
| Retail Portion | The portion of the Issue being not less than 35.00% of the Issue consisting of [●] Equity Shares which shall be available for allocation as per the SEBI ICDR Regulations to Retail Individual Bidder(s). |
| Revision Form | Form used by the Bidders, including ASBA Bidders, to modify the quantity of the Equity Shares or the Bid Amount in any of their Bid cum Application Forms or any previous revision form(s). Kindly note that QIBs and Non-Institutional Bidders are not allowed to lower their Bid (in terms of quality of Equity Shares or the Bid Amount) at any stage, once submitted. |
| 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/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from, time to time. |
| Share Escrow Agreement | The agreements among the Selling Shareholders, our Company and the Escrow Agent in connection with the transfer of Equity Shares under the Offer for Sale by the Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees. |
| Selling Shareholders | Shall collectively mean (i) Zephyr Peacock India Fund III Limited; (ii) Zephyr Peacock India III Fund; (iii) Usha Ramani Potluri; (iv) Vikram Chachra; and (v) Eight Finance Private Limited. |

| Term | Description |
|---------------------------------------|--|
| Specified Locations | Bidding centres where the Syndicate shall accept Bid cum Application Forms, a list of which is available at the website of the SEBI (www.sebi.gov.in) and updated from time to time. |
| Syndicate Agreement | The agreement to be entered into amongst the BRLMs, the Syndicate Members, our Company and the Selling Shareholders in relation to the collection of Bids in this Issue (other than Bids directly submitted to the SCSBs under the ASBA process and Bids submitted to the Registered Brokers at the Broker Centres). |
| Syndicate Members | Intermediaries registered with the SEBI who are permitted to carry out activities as an underwriter, namely, [●]. |
| Syndicate/ members of the Syndicate | BRLMs and the Syndicate Members. |
| TRS/Transaction Registration Slip | The slip or document issued by the Syndicate, or the SCSB (only on demand), as the case may be, to the Bidder as proof of registration of the Bid. |
| Underwriters | BRLMs and the Syndicate Members. |
| Underwriting Agreement | The agreement amongst the Underwriters, our Company and the Selling Shareholders to be entered into on or after the Pricing Date. |
| Working Days | All days, other than a Sunday or a public holiday on which commercial banks are open for business, provided however, with reference to (a) announcement of Price Band; and (b) Bid/Issue Period, “Working Days” shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India. For the purpose of the time period between the Bid Closing Date and listing of the Equity Shares on the Stock Exchanges, “Working Days” shall mean all days excluding Sundays and bank holidays, in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010. |
| Zephyr Peacock India Fund III Limited | A Mauritius exempted limited life company, limited by shares, having its registered office at International Financial Services Limited, IFS Court, Twenty Eight, Cybercity, Ebene, Mauritius. |
| Zephyr Peacock India III Fund | A scheme of the Zephyr Peacock India Master Trust and registered with SEBI as a VCF under the SEBI VCF Regulations, represented by its trustee, IL&FS Trust Company Limited. |
| Zephyr Peacock India Master Trust | A trust organised as a contributory trust under the provisions of the Indian Trust Act, 1882. |

Conventional and General Terms/ Abbreviations and Reference to Other Business Entities

| Term | Description |
|--|---|
| A/c | Account |
| AGM | Annual General Meeting |
| AIF | Alternative Investment Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012 |
| AS/Accounting Standards | Accounting Standards issued by the Institute of Chartered Accountants of India |
| AY | Assessment Year |
| BIFR | Board for Industrial and Financial Reconstruction |
| BPLR | Benchmark Prime Lending Rate |
| BSE | BSE Limited |
| CAGR | Compounded Annual Growth Rate |
| CARE | Credit Analysis and Research Limited |
| Category I foreign portfolio investor(s) | FPIs who are registered as “Category I foreign portfolio investors” under the SEBI FPI Regulations |
| Category II foreign portfolio investor(s) | FPIs who are registered as “Category II foreign portfolio investors” under the SEBI FPI Regulations |
| Category III foreign portfolio investor(s) | FPIs who are registered as “Category III foreign portfolio investors” under the SEBI FPI Regulations |
| CDR | Corporate Debt Restructuring |
| CDSL | Central Depository Services (India) Limited |
| CENVAT | Central Value Added Tax |
| CESTAT | Customs, Excise and Service Tax Appellate Tribunal |
| CFO | Chief Financial Officer |
| CIN | Corporate identity number |
| CIT | Commissioner of Income Tax |
| Client ID | Client identification number of the Bidder’s beneficiary account |
| COGS | Cost of Goods Sold |
| Companies Act, 1956 | Companies Act, 1956, as amended (without reference to the provisions thereof that |

| Term | Description |
|------------------------------------|--|
| | have ceased to have effect upon the notification of the Notified Sections) |
| Companies Act, 2013 | The Companies Act, 2013, to the extent in force pursuant to the notification of the Notified Sections |
| Companies Act/Act | Companies Act, 1956 and/or the Companies Act, 2013, as applicable |
| CSR | Corporate social responsibility |
| Depositories | NSDL and CDSL |
| Depositories Act | Depositories Act, 1996, as amended from time to time |
| DIN | Director Identification Number |
| DIPP | Department of Industrial Policy and Promotion |
| DP ID | Depository participant's identification |
| DP/ Depository Participant | A depository participant as defined under the Depositories Act |
| EBITDA | Earnings Before Interest, Tax, Depreciation and Amortisation |
| ECS | Electronic Clearing Service |
| EG | Empowered Group |
| EGM | Extraordinary General Meeting |
| EPS | Earnings Per Share i.e., profit after tax for a fiscal year divided by the weighted average outstanding number of equity shares at the end of that fiscal year |
| ERP | Enterprise Resource Planning |
| ESOP | Employee Stock Option Plan |
| ESOS | Employee Savings Opportunity Scheme |
| EWS | Economically Weaker Section |
| FCNR | Foreign currency non-resident |
| FDI | Foreign Direct Investment |
| FEMA | Foreign Exchange Management Act, 1999 read with rules and regulations thereunder and amendments thereto |
| FEMA Regulations | Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 |
| FII(s) | Foreign Institutional Investors as defined under the SEBI FII Regulations |
| Financial Year/ Fiscal/ fiscal/ FY | Period of twelve months ended March 31 of that particular year |
| FIPB | Foreign Investment Promotion Board |
| FMCG | Fast-moving consumer goods |
| FTA | Foreign Trade (Development and Regulation) Act, 1992 |
| FVCI | Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI FVCI Regulations |
| FY | Fiscal Year |
| GDP | Gross Domestic Product |
| GID | General Information Document |
| GFCF | Gross Fixed Capital Formation |
| GoI/Government | Government of India |
| GSM | Grams per Square Meter |
| GST | Goods and Services tax |
| HNI | High Networth Individual |
| HUF | Hindu Undivided Family |
| I.T. Act | The Income Tax Act, 1961, as amended from time to time |
| IBEF | India Brand Equity Foundation |
| ICSI | Institute of Company Secretaries of India |
| IFRS | International Financial Reporting Standards issued by International Accounting Standards Board |
| IIPP | Industrial Investment Promotion Policy |
| IMF | International Monetary Fund |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| IPO | Initial Public Offering |
| ISO | International Organization for Standardization |
| IT | Information Technology |
| ITAT | Income Tax Appellate Tribunal |
| ITES | Information Technology Enabled Services |
| KVA | Kilo Volt Ampere |
| KW | Kilowatt |
| LC | Letter of Credit |
| LIBOR | London Interbank Offered Rate |
| LIG | Lower Income Group |
| LLP Act | Limited Liability Partnership Act, 2008 |
| MCX | Multi Commodity Exchange |

| Term | Description |
|-----------------------------|---|
| MICR | Magnetic ink character recognition |
| Mm | Millimeter |
| MMT | Million Metric Tonne |
| Mn / mn | Million |
| MOEF | Ministry of Environment and Forests |
| MoU | Memorandum of Understanding |
| MT | Metric Tonne |
| MW | Mega Watt |
| N.A. | Not applicable |
| NASSCOM | National Association of Software and Services Companies |
| National Investment Fund | National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India |
| NAV | Net Asset Value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of Profit and Loss account, divided by number of issued equity shares |
| NCT | National Capital Territory |
| NECS | National Electronic Clearing Service |
| NEFT | National Electronic Fund Transfer |
| NH | National Highway |
| NOC | No Objection Certificate |
| Notified Sections | The sections of the Companies Act, 2013 that have come into effect on August 30, 2013, September 12, 2013 and April 1, 2014 |
| NR/Non-Resident | A person resident outside India, as defined under the FEMA and includes an NRI, FIIs registered with SEBI and FVCIs registered with SEBI |
| NRE Account | Non Resident External Account |
| NRI | A person resident outside India, who is a citizen of India or a person of Indian origin, and shall have the meaning ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2000 |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depository Limited |
| NSE | 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 60.00% by NRIs including overseas trusts, in which not less than 60.00% 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 Issue |
| OHSAS | Occupational Health and Safety Advisory Services |
| P&L | Profit and loss |
| p.a. | Per annum |
| P/E Ratio | Price/earnings Ratio |
| PAN | Permanent Account Number allotted under the Income Tax Act, 1961 |
| PAT | Profit after tax |
| PIO | Persons of Indian Origin |
| PLR | Prime Lending Rate |
| PV | Photovoltaic system |
| QE | Quarter ended |
| QIB | Qualified Institutional Buyer |
| RBI | The Reserve Bank of India |
| ROC | Rate of Change |
| ROCE | Return on Capital Employed |
| RONW | Return on Net Worth |
| RTGS | Real Time Gross Settlement |
| Rupees/Rs./₹/INR | Indian Rupees |
| SCRA | Securities Contracts (Regulation) Act, 1956, as amended from time to time |
| SCRR | Securities Contracts (Regulation) Rules, 1957, as amended from time to time |
| SEBI | The Securities and Exchange Board of India constituted under the SEBI Act, 1992, as amended from time to time |
| SEBI Act | Securities and Exchange Board of India Act 1992, as amended from time to time |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012, as amended from time to time |
| SEBI FII Regulations | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time |

| Term | Description |
|---------------------------|---|
| 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 Investor) Regulations, 2000, as amended from time to time |
| SEBI ICDR Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time |
| SEBI VCF Regulations | Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996 as repealed pursuant to the SEBI AIF Regulations |
| Sec. | Section |
| Securities Act | United States Securities Act, 1933 |
| SEZ | Special Economic Zone |
| SICA | Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time |
| Sq. Ft./sq. ft. | Square feet |
| Sqm | Square meter |
| State Government | The Government of a State in India |
| Stock Exchange(s) | BSE and/ or NSE as the context may refer to |
| TAN | Tax Deduction Account Number |
| TDS | Tax Deducted at Source |
| UIN | Unique Identification Number |
| US / USA | United States of America |
| US GAAP | Generally Accepted Accounting Principles in the United States of America |
| USD / US\$ | United States Dollars |
| 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 |
| WCDL | Working Capital Demand Loan |
| WPI | Wholesale Price Index |

Industry Related Terms

| Term | Description |
|-----------|--|
| ARAI | Automotive Research Association of India |
| ASTM | American Society for Testing and Materials |
| Auto CAD | Automation Computer Aided Design |
| AWS | American Welding Society |
| BIM | Building Information Modelling |
| C&F Agent | Carrying and Forwarding Agent |
| CAD | Computer Aided Design |
| CAM | Computer Aided Manufacturing |
| CARE | Credit Analysis & Research Limited |
| CMB | Construction & Mining Equipment Business Unit |
| CMIE | Centre for Monitoring Indian Economy |
| ECO | Energy Conservation and Commercialization |
| EOT | Electric Overhead Traveling |
| GIR | General Index Registry |
| IGBC | India Green Business Council |
| ITES | Information Technology Enabled Service |
| MBMA | Metal Building Manufacturers Association |
| MBS | Metal Building Software |
| OEM | Original Equipment Manufacturer |
| OM | Order Management |
| OMD | Order Management Department |
| PEB | Pre-Engineered Building |
| PEBS | Pre Engineered Building Systems |
| PM | Project Management |
| PMD | Project Management Department |
| RCC | Roller-Compacted Concrete |
| STAAD | Structural Analysis & Design |
| USAID | United States Agency for International Development |

Notwithstanding the foregoing, terms in the sections titled “*Statement of Tax Benefits*”, “*Financial Statements*” and “*Main Provisions of the Articles of Association*” on Pages 104, 190 and 366, 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.

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

All references to “India” contained in this Draft Red Herring Prospectus are to the Republic of India, all references to the “U.S.”, “U.S.A” or the “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 data in this Draft Red Herring Prospectus is derived from our restated financial statements for the fiscal 2010, 2011, 2012, 2013, 2014 and the eight months ended November 30, 2014, prepared in accordance with the requirements of the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations and set out in the section titled “*Financial Statements*” beginning on Page 190. Our financial year commences on April 1 of a year and ends on March 31 of the next year. So all references to a particular fiscal year are to the twelve-month period ended on March 31 of that year. In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. Our financial statements and reported earnings could be different in a material manner from those which would be reported under IFRS or U.S. GAAP. The reconciliation of the financial statements to IFRS or US GAAP financial information has not been provided. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus, and it is urged that you consult your own advisors regarding such differences and their impact on our Company’s financial data. Accordingly, the degree to which the financial statements 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, Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices, including Indian GAAP, the Companies Act and the SEBI ICDR Regulations, on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Currency and Units of Presentation

All references to “**Rupees**”, “₹” or “**Rs.**” or “**INR**” are to Indian Rupees, the official currency of the Republic of India. All references to “**USD**” or “**\$**” or “**United States Dollars**” are to the official currency of the United States of America.

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

Unless otherwise indicated, any percentage amounts, as set forth in the sections titled “*Risk Factors*”, “*Our Business*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on Pages 16, 125 and 239 respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of the financial statements prepared in accordance with the Indian GAAP and Companies Act and restated in accordance with the SEBI ICDR Regulations.

Exchange Rates

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

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

| Currency | Exchange rate as on March 30, 2012 ⁽¹⁾ | Exchange rate as on March 28, 2013 ⁽²⁾ | Exchange rate as on March 28, 2014 ⁽³⁾ | Exchange rate as on November 28, 2014 ⁽⁴⁾ |
|----------|---|---|---|--|
| 1 US\$ | 51.16 | 54.39 | 60.10 | 61.97 |

Source: www.rbi.gov.in

(1) Not available for March 31, 2012 on account of it being a non-trading day.

(2) Not available for March 29, 2013, March 30, 2013 and March 31, 2013 as these were non-trading days.

(3) Not available for March 29, 2014, March 30, 2014 and March 31, 2014 as these were non-trading days.

(4) Not available for November 29, 2014 and November 30, 2014 as these were non-trading days.

Industry and Market Data

The section titled “*Industry Overview*” quotes and otherwise includes information from a commissioned report, or the “**CARE Report**”, prepared by Credit Analysis and Research Limited for purposes of this Draft Red Herring Prospectus. We have not commissioned any report for purposes of this Draft Red Herring Prospectus other than the CARE Report. We commissioned CARE to provide an independent assessment of the opportunities, dynamics and competitive landscape of the markets in India for the business we are engaged in. Except for the CARE Report, market and industry related data used in this Draft Red Herring Prospectus has been obtained or derived from publicly available documents and other industry sources. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information.

Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section titled “*Risk Factors*” beginning on Page 16. Accordingly, investment decisions should not be based solely on such information.

Further, 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 we conduct our business, and methodologies and assumptions may vary widely among different industry sources. In addition, certain data in relation to our Company used in this Draft Red Herring Prospectus has been obtained or derived from reports published, or studies conducted, by Credit Analysis and Research Limited and differs in certain respects from our Restated Financial Statements as a result of, inter alia, the methodologies used in compiling such data. Accordingly, no investment decision should be made based on such information.

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 this Draft Red Herring Prospectus and make it publicly available in the manner specified by SEBI.

Definitions

For definitions, see “*Definitions and Abbreviations*” beginning on Page 2. In the section titled “*Main Provisions of the Articles of Association*” beginning on Page 366, defined terms have the meaning given to such terms in the Articles of Association.

FORWARD-LOOKING STATEMENTS

All statements contained in this Draft Red Herring Prospectus that are not statements of historical fact constitute forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward-looking statements. These forward-looking statements include statements with respect to our business strategy, our revenue and profitability, our projects and other matters discussed in this Draft Red Herring Prospectus regarding matters that are not historical facts. The investors can generally identify forward looking statements by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “may”, “will”, “will continue”, “will pursue”, “will likely result”, or other words or phrases of similar import. All forward looking statements (whether made by us or any third party) are predictions 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. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on the management’s beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

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

- Our inability to estimate our future performance because of limited operating history;
- Inability to obtain and retain adequate numbers of skilled and qualified employees in addition to other manpower that we require for our projects;
- Failure to commence operations of our projects as expected or failure of our clients to permit us to commence work on these projects;
- Our inability to raise the necessary funding for our capital expenditures, including for the development of our projects;
- Certain inherent construction, financing and operational risks in relation to the projects that we undertake;
- The monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates;
- A liquid market fails to develop for our Equity Shares;
- Foreign exchange rates, equity prices or other rates or prices;
- The performance of the financial markets in India;
- General economic and business conditions in India;
- The ability to successfully implement our strategy;
- Changes in political conditions in India;
- Our dependence on our Promoter and Key Management Personnel;
- Conflicts of interest with our Promoter;
- Contingent liabilities, environmental problems and uninsured losses;
- Government approvals;
- Changes in government policies and regulatory actions that apply to or affect our business;
- Developments affecting the Indian economy; and
- Our ability to manage risks that arise from these factors.

For further discussion of factors that could cause our actual results to differ, see the sections titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on Pages 16, 125 and 239, respectively.

By their nature, certain 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. Our Company, the Selling Shareholders, our Directors, the BRLMs, other members of the Syndicate and their respective affiliates or associates do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI requirements, our Company, the Selling Shareholders (in respect of its own information and information relating to the Equity Shares being Offered for Sale by the Selling Shareholders included in this Draft Red Herring Prospectus) and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permissions by the Stock Exchanges.

SECTION II: RISK FACTORS

An investment in the Equity Shares involves a high degree of risk. The investors should carefully consider all information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks and uncertainties described in this section are not the only risks that we currently face. Additionally, risks and uncertainties not presently known to us or that we currently believe to be immaterial may also have an adverse effect on our business, results of operations and financial condition. To obtain a complete understanding of our business, the investors should read this section in conjunction with the sections titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on Pages 125 and 239, respectively, as well as other financial information contained in this Draft Red Herring Prospectus. This Draft Red Herring Prospectus also contains “Forward-Looking Statements” on Page 14 that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. If any of the following risks or other risks and uncertainties that are currently not known or are now deemed immaterial were to occur, our business, results of operations and financial condition may suffer, and the price of the Equity Shares may decline and the investors may lose all or part of their investment. The financial and other related implications of risks concerned, wherever quantifiable have been disclosed in the risk factors mentioned below. However there are risk factors where the effect is not quantifiable and hence has not been disclosed. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of the Issue including the merits and the risks involved.

In this section, unless the context requires otherwise, any reference to “Company”, “we”, “us” or “our” refers to Pennar Engineered Building Systems Limited.

Unless otherwise indicated, all financial information included herein is based on our Restated Financial Statements prepared in accordance with Indian GAAP, as per the requirements of the Companies Act, 2013 and SEBI Regulation, included in this Draft Red Herring Prospectus beginning on Page 190.

Materiality:

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

- 1. Some events may not be material individually but may be found material collectively.*
- 2. Some events may have a material impact qualitatively instead of quantitatively.*
- 3. Some events may not be material at present but may have material impacts in the future.*

Internal Risk Factors

1. We are affected by the prices, availability and quality of our raw materials used in our production.

Steel is our key raw material, which we use for the manufacturing of our products. We use steel and its variants such as hot rolled plates, galvanized steel coil sheets, sheeting coils, hot rolled sections, bought outs and other consumables for our business. Typically, we do not enter into long term contracts with our suppliers and prices for these raw materials are normally based on the quotes we receive from various suppliers. Upon receipt of quotes from our suppliers, we issue purchase orders to the supplier which has quoted the least price. Ordinarily, we agree for a delivery schedule between 3-8 weeks with our suppliers, depending on the size of the order. Any unexpected price fluctuations after placement of orders, shortage, delay in delivery, quality defects, or any factors beyond our control may result in an interruption in the supply of such materials which is critical to our business. In the event that we fail to secure sufficient quantities of such raw materials from our suppliers at acceptable quality and prices in a timely manner, our business, financial performance and cash flows may be adversely affected.

In particular, we are vulnerable to the risk of rising/fluctuating steel prices, which are determined by demand and supply conditions in the global and Indian markets as well as government policies. The average prices of steel - long products according to *Bloomberg* over the last three fiscals of 2014, 2013 and 2012 has been ₹ 32,794 /MT, ₹ 32,923/MT and ₹ 32,217/MT respectively and the average price of steel long products from April 1, 201 to February 28, 2015 is ₹ 33,699/MT.

The quality of raw materials delivered by suppliers engaged by us has a direct impact on the overall quality of our pre-engineered buildings and the timeliness of our delivery to the customers. Although we generally ensure

strict quality and process control measures for suppliers, we may be subject to potential claims against us by our customers in case of any substandard materials provided by our suppliers. In such circumstances, our reputation may suffer and our business may be adversely affected. In addition, our resources could be strained by any claim which proceeds to litigation.

The cost of materials consumed by us accounted for an average of 66.42%, 64.56%, 64.93% and 66.11 % of our total expenses for fiscals 2012, 2013, 2014 and the eight months ended November 30, 2014, respectively. Please refer to the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on Page 239 for more information on the cost of our steel purchases. Our contracts are negotiated with our customers based on the price at which we purchase our raw materials, possible selling prices of our products/services and our intended gross margins. Hence, we fix the prices of required materials at approximately the same time as the contracts we sign with our customers so as to protect our gross margins. Nevertheless, should there be any significant increases in steel prices, and we will be unable to pass on such increases in prices to our customers or find alternative suppliers/sources of direct materials who are able to supply us the raw materials at competitive prices, our business and financial performance will be adversely affected.

2. *The inability of our design and engineering team to design our product in an efficient manner may lead to reduced margins.*

Most of our contracts with our customers are on a lump-sum basis. During the execution of our contracts, our design and engineering team designs the pre-engineered building, and on the basis of such design the tonnage of the building is calculated. With greater access to technology, we expect our design and engineering team to design a pre-engineered building with the least possible tonnage without compromising on the safety and stability of the pre-engineered building. Any increase in the tonnage value of our pre-engineered buildings would increase the amount of the steel to be used in such building, consequently increasing the cost of such building. While we ensure that the quality of our design and engineering team is such that it designs the pre-engineered buildings in the most efficient manner. However, there is no assurance that our competitors will not be able to increase the designing efficiency of pre-engineered buildings by using latest, state of the art technology.

Any failure to design our pre-engineered buildings in the most efficient manner, would reduce our margins and would materially and adversely affect our profitability. Also, ability of our competitors to design a pre-engineered building in a manner which is more efficient than ours would give our competitor the ability to offer attractive prices to the customers, without affecting their margins.

3. *We are dependent on a few suppliers for our raw materials. We face contractual risks under our supply contracts and the risk of failure by our suppliers for timely delivery of raw materials*

Some of our major suppliers are JSW Steel Limited, JSW Steel Coated Products Limited, Tata Steel Limited, Tata Bluescope Steel Limited, Uttam Galva Steels Limited, Sujana Metal Products Limited, Asian Paints PPG Private Limited, Berger Paints India Limited and Kansai Nerolac Paints Limited. Most of the raw materials that we use are heavy industries related and are of specialized nature and finding readymade substitute suppliers for supplying the raw materials of exact specifications and on terms and conditions acceptable to us might not be easy. Loss of any one or more of our suppliers may adversely impact our production and eventually our profitability.

Our timely execution of our projects is dependent on timely supply and delivery of raw materials. We may face the risk of our suppliers not being able to deliver on time and/or non-delivery of materials. In the event we are unable to find an alternative supplier at a short notice, this may affect our obligations towards our customers. Although, we maintain the inventory for some of our major raw materials, however, there may be instances when we do not have a particular raw material in our inventory. Any such delay or failure by our supplier to deliver the raw materials on time shall affect our obligations with our customers thereby adversely affecting our financial performance and our operating cash flows.

The purchase orders we issue to our suppliers do not contain detailed terms and conditions for eventualities where the supply is not done in accordance with the supply terms agreed with our suppliers. For instance, where we have specified the delivery schedule to be 4 weeks from the date of the purchase order, our purchase order does not specify the damages that we may levy on our suppliers in case the material is not delivered to us with 4 weeks. The purchase orders issued by us fail to adequately cover the liabilities of our Company. The purchase orders do not provide for clauses relating to indemnification, liquidated damages, dispute resolution and

termination. The loosely drafted purchase orders may have commercial implications on our Company in case of a dispute with our suppliers. In the absence of a contractual basis for a liability, we may have to approach the courts with relevant jurisdiction for enforcing our rights against our suppliers, which may lead to delays in supply, strained relationship with our suppliers, protracted litigation and delays in our obligations with our customers resulting in an adverse effect on our business, results of operations, financial condition and cash flows.

4. *We depend on the performance by our building contractors for timely completion of our projects.*

While undertaking our projects, we outsource the installation and other related works to building contractors, who are pre-approved by us. Our building contractors are responsible for erection of our products at the customers' site while we have to maintain the overall responsibility for delivering the final products to our customers. We may face the risk of our building contractors not being able to deliver on time and/or non-delivery of equipment and services. In the event we are unable to find an alternative building contractor on a short notice, our obligations towards our customers for timely completion of the project will be adversely affected. In addition, should the building contractors default on their contractual obligations and work specifications to us, we may not be able to perform our services for our customers in accordance with quality, time-lines or specifications pre-agreed with the customer. Any default, non-performance or negligent act by our building contractors may result in us defaulting on our obligations with our customers. Although, the work orders we execute with our building contractors provide defects liability period for a period of 12 months and for liquidated damages to a maximum extent of 5% of the contract price, however, it may not be sufficient to cover our customers in case liquidated damages is imposed on us by our customers due to delays by our building contractors. In case our customers choose to initiate action against us due to delays or defects in providing our products, our financial performance and operating cash flows will be adversely affected.

5. *We face significant competition in our business. An inability to compete effectively may lead to a lower market share or reduced operating margins.*

The pre-engineered building business in which we operate is currently new and fragmented in India and there are few companies operating in this business. The pre-engineered building systems industry in India, although in its nascent stages with a few players, is highly competitive. We face strong competition in the Indian market from domestic as well as foreign companies. Some of our overseas competitors already operate in India through joint ventures with local partners or have established independent operations in India. The global industry for pre-engineered building systems is intensely competitive, and competition is likely to further intensify in light of continuing globalization. Some of these global players may in the future consider expanding their business and undertake their business in India including through partnerships and arrangements with our local competitors. International competitors bring with them decades of international experience, global scale, advanced technology and significant financial resources. The key factors affecting competition include cost of raw materials, innovation and product development time, product quality and features, ability to control costs, pricing, reliability, safety, customer service, pre-qualification criteria, execution management issues and financing terms. There can be no assurance that we will be able to compete successfully with the global players and implement our future strategies in a way that will mitigate the effects of increased competition from local and international competitors.

6. *We are subject to certain restrictive covenants in our financing arrangements which may limit our operational and financial flexibility, and our future results of operations and financial condition may be adversely affected if we fail to comply with these covenants.*

Some of our financing agreements and debt arrangements set limits on or require us to obtain lender consents before, among other things, undertaking certain projects, issuing new securities, changing our business, merging, consolidating, selling significant assets or making certain acquisitions or investments. For instance, as per one of our financing arrangements with SBI we have to obtain their prior written consent before changing or altering our capital structure. Some of our lenders also have the right to nominate a director on our Board during the subsistence of the credit facility. In addition, these restrictive covenants may also affect some of the rights of our shareholders and our ability to pay dividends if we are in breach of our obligations under the applicable financing agreement. For further information, see "*Financial Indebtedness*" beginning on Page 263.

Further, certain of our financing arrangements include covenants to maintain our total outside liabilities and total net worth up to a certain limit and certain other liquidity ratios. We cannot assure prospective investors that such covenants will not hinder our business development and growth in the future. In the event that we breach any of these covenants, the outstanding amounts due under such financing agreements could become due and payable

immediately. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such financing agreements becoming due and payable immediately. Defaults under one or more of the Company's financing agreements may limit our flexibility in operating our business, which could have an adverse effect on our cash flows, business, results of operations and financial condition. Such restrictive covenants may restrict our flexibility in managing our business or projects and could in turn adversely affect our business and prospects.

We believe that our relationships with our lenders are good, and we have in the past obtained consents from them to undertake various actions and have informed them of our corporate activities from time to time. Compliance with the various terms of such financing arrangements, however, is subject to interpretation and there can be no assurance that we have requested or received all relevant consents from our lenders as contemplated under our financing arrangements. It may be possible for a lender to assert that we have not complied with all applicable terms under our existing financing documents. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities, acceleration of all amounts due under such facilities and trigger cross default provisions under certain of our other financing agreements, and may materially and adversely affect our ability to conduct our business and operations or implement our business plans. We cannot assure that the budgeting of our working capital requirements for a particular year will be accurate. There may be situations where we may under-budget for our working capital requirements, in which case there may be delays in arranging the additional working capital requirements, which may delay the execution of projects leading to loss of reputation, levy of liquidated damages and an adverse effect on the cash flows. Further we cannot assure that we will have adequate funds at all times to repay these credit facilities and may also be subject to demands for the payment of penal interest.

7. *Delays or defaults in customer payments could adversely affect our financial condition.*

We are exposed to payment delays and/or defaults by our customers and our financial position and financial performance are dependent on the creditworthiness of our customers. Although, we require our customers to make payment of certain percentage of the project cost as advance payment after signing of the purchase order / contract, however sometimes we commit resources prior to receiving advances, progress related or other payments from the customer in amounts sufficient to cover expenditures as they are incurred. Delays in customer payments may require us to make a working capital investment and may also delay honoring of the letter of credit facilities we have availed. If a customer defaults in making payments where we have devoted significant resources or where we have invested significant resources is delayed, cancelled or does not proceed to completion, it could have an adverse effect on our operating results. For the eight months period ending November 30, 2014, fiscal ending March 31, 2014, 2013 and 2012 our trade receivables were ₹ 712.30 million, ₹ 680.80 million, ₹ 633.60 million and ₹ 431.95 million, respectively, out of which, debts amounting to ₹ 335.75 million, ₹ 124.93 million, ₹ 167.10 million and ₹ 98.59 million were outstanding for a period exceeding six months from the due date, out of which our management believes that ₹ 34.11 million, ₹ 20.35 million, ₹ 4.53 million and ₹ 4.88 million are doubtful trade receivables.

There is no guarantee on the timeliness of all or any part of our customers' payments and whether they will be able to fulfil their obligations, which may arise from their financial difficulties, cash flow difficulties, deterioration in their business performance, or a downturn in the global economy. If such events or circumstances occur, our financial performance and our operating cash flows may be adversely affected.

8. *Our technology know how license arrangement with NCI Group, Inc. is on a non-exclusive basis*

We have entered into a technical know-how license arrangement with NCI Group, Inc. ("NCI Group") on March 3, 2009 for manufacturing, distribution, marketing and sale of NCI Group's Double Lok® roof system along with all accessories and components directly related thereto. Pursuant to the terms of the license, NCI Group has also authorised Bradbury Company, Inc., which manufactures the roll forming equipment and corresponding proprietary tooling used for production of the Double Lok® roofing systems, to replicate one or more of the roll forming equipment and corresponding proprietary tooling for us. The Double Lok® roof system manufactured by us is 100% leak proof and is offered to customers desiring premium features as a part of 'prime build' product offering.

Our license arrangement with NCI Group is on a non-exclusive, non-transferable basis with no right to sub-license either the product or the mark. Hence, we cannot assure that we will be able to continue to provide the Double Lok® roof system on an exclusive basis in India. In case any of our competitor enters into an

arrangement with NCI Group for licensing the right to manufacture and sell the Double Lok® roof system, the demand and sales of our 'prime build' products will be distributed amongst our competitors and our business, financial performance and cash flows may be adversely affected.

9. *We have in the past and may in the future incur additional costs or liquidated damages in the event of disputes, claims, defects or delays*

We may encounter disputes with our customers in relation to non-compliance with contract specifications, defects in workmanship and materials used. There is no assurance that any future disputes and claims will not result in protracted litigation, which may have a material and adverse impact on our financial performance.

We usually provide warranty periods for 12 months from the contractual delivery date along with a stability warranty of 20 years for our pre-engineered buildings. During this period, we are required to rectify defects for which we are responsible free of charge. If we are required to rectify defects during the warranty period which result in substantial additional costs being borne by us, the profitability of the particular project will be reduced. In the event that our customers suffer loss and damage due to the defects or delays, they may also claim against us, thereby materially and adversely affecting our financial performance.

Contracts for our projects usually contain provisions for payment of liquidated damages by us in the event that the hand-over of our projects is delayed. In the event that our projects are delayed, whether due to our fault or the fault of our suppliers or sub-contractors, we may be liable to pay liquidated damages, which may be substantial as they are calculated based on the period of delay. If such liquidated damages are significant, our financial performance may be materially and adversely affected. Since our inception, our customers have levied liquidated damages in six of our projects on account of delays due to delivery of materials and design/detailing delays. As of February 28, 2015, the aggregate amount of liquidated damages paid by our Company amounts to ₹ 4.10 million. There is no assurance that we will not be subject to levy of liquidated damages by our customers in future. Levy of liquidated damages on us or any liability that we will face as a result of the delays would adversely affect our business prospects, financial condition and results of operations.

10. *Defects in our products may increase its after sales cost or we may suffer losses on account of replacements/product recalls.*

Despite testing of our products prior to dispatch, errors, defects or performance issues may occur in existing installed products or new products. Since we provide a 20 year stability warranty for our pre-engineered buildings, such defects may also cause us to incur significant support and repair costs under our purchase orders / contracts. We may have to incur significant costs to address these defects. Also, the recurrence of these problems may result in the delay or loss of market acceptance of our products, which may harm our business, market reputation and financial condition.

We may also suffer losses on account of replacement of products in case they fail to perform for the duration guaranteed by us or our customers, which in turn may lead to invocation of the performance guarantees furnished by us. In addition to invocation of performance guarantees, such manufacturing defects would also result in loss of our goodwill.

Additionally, defects, if any, in the Company's products could result in product recalls. This could in turn require considerable resources in correcting problems and could adversely affect the demand for the Company's products. Defects in products that arise from defective raw materials or other inputs supplied by external suppliers may or may not be covered under warranties provided by them. If a supplier fails to meet quality standards, it could expose the Company to the risk of product liability claims or delay the production schedule for the Company's products. Any defects in products could also result in customer claims for damages. Furthermore, in defending such claims, substantial costs may be incurred and adverse publicity generated. While the Company obtains quality assurances from the suppliers, there can be no assurance that such assurances or warranties will be successfully obtained or enforced. In the absence of such warranties, any product recalls would adversely affect the Company's business, results of operations and financial condition.

11. *Our continued success is dependent on our senior management and skilled manpower. Our inability to attract and retain key personnel may have an adverse effect on our business prospects.*

Our experienced senior management and Directors have had significant contribution to the growth of our business, and our future success is dependent on the continued service of our senior management team. An

inability to retain any key management personnel may have an adverse effect on our operations. Our ability to execute orders and to obtain new clients also depends on our ability to attract, train, motivate and retain highly skilled professionals, particularly at managerial levels. We continue to face challenges in recruiting suitably skilled personnel, particularly as we continue to grow and diversify our operations. In particular, we may be unable to compete with other larger companies for suitably skilled personnel due to their ability to provide more competitive compensation and benefits. The loss of any of the members of our senior management team, our whole time directors or other key personnel or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business, results of operations, financial condition and growth prospects.

The success of our business is also dependent upon our ability to hire, retain, and utilize qualified personnel, including engineers, designers, and corporate management professionals who have the required experience and expertise. We also place extensive reliance on our design and engineering department which is critical to our business as they design the buildings which are reviewed by our customers. From time to time, it may be difficult to attract and retain qualified individuals with the expertise and in the timeframe demanded by our clients, and we may not be able to satisfy the demand for our services because of our inability to successfully hire and retain qualified personnel. We may be unable to compete with our competitors for such qualified personnel because of more competitive salaries and benefits provided by them.

For every new product we expand into, we require suitably skilled personnel. Such skilled personnel may not be available in the market or we may not be able to compete with competitors for such qualified personnel because of more competitive salaries and benefits packages provided by them.

In addition, as some of our key personnel approach retirement age, we need to have appropriate succession plans in place and to successfully implement such plans. If we cannot attract and retain qualified personnel or effectively implement appropriate succession plans, it could have a material adverse impact on our business, financial condition, and results of operations. Moreover, we may be unable to manage knowledge developed internally, which may be lost in the event of our inability to retain employees.

12. *If we are unable to borrow funds (including at short notice) to meet our working capital requirements, there may be an adverse effect on our results of operations.*

Our business requires a significant amount of working capital to finance the purchase of raw materials before payments are received from customers. It is a practice in the industry in which we operate to provide letters of credit, bank guarantees or performance guarantees in favour of customers to secure obligations under our purchase orders / contracts. Although, presently our borrowings are significantly less, however, if in future we are unable to provide sufficient collateral to secure the letters of credit, bank guarantees or performance bonds, our ability to enter into new contracts could be limited. Providing security to obtain letters of credit, bank guarantees and performance bonds increases our working capital needs and limits our ability to repatriate funds or pay dividends. Although we tie up our working capital requirements with various banks in the beginning of each financial year, however, such tie-ups may not be sufficient to meet our working capital requirements in future, considering our expansion plans. Also we cannot assure you that the budgeting of our working capital requirements for a particular year will be accurate. There may be situations where we may under-budget for our working capital requirements, in which case there may be delays in arranging the additional working capital requirements, which may delay the execution of projects leading to loss of reputation, levy of liquidated damages and an adverse effect on the cash flows. Further, we may not be able to continue obtaining new letters of credit, bank guarantees, and performance guarantees in sufficient quantities to meet our business requirements. If we experience insufficient cash flows or are unable to borrow funds on a timely basis or at all to meet working capital requirement, there may be an adverse effect on our results of operations. We may also be subject to fluctuations of interest rates for our financing. If we are unable to secure financing at favourable rates for this purpose, our ability to secure larger scale projects will be impeded and our growth and expansion plans will be materially and adversely affected which in turn will materially and adversely affect our future financial performance.

As at November 30, 2014, our long term and short term borrowings are ₹ 1.21 million and ₹ 328.42 million respectively. Our indebtedness is secured by charges over immovable and movable properties and other collaterals, receivables and bank accounts. If we are unable to repay or refinance our outstanding indebtedness, or if we are unable to obtain additional financing on terms acceptable to us, we may be unable to implement our growth strategy, and our business, prospects, financial condition and results of operations may be adversely affected.

13. *Our customers may claim against us and/or terminate our services in whole or in part prematurely should we fail to satisfy their requirements and expectations or for any other reason.*

Our purchase orders with our customers for fabrication, supply and installation of pre-engineered buildings are of standard form and usually inter-alia contain details relating to price, terms of payment, delivery schedule, erection schedule, warranty terms and other standard terms and conditions. Any defect or malfunction in our system designs, products and/or solutions, or failure to satisfy the requirements and expectations of our customers, could lead to claims made against us and/or termination of our services in whole or in part. This may arise from unsatisfactory design or workmanship, staff turnover and human errors. Further, as our system designs, products and technology solutions are applied in the process of erection of the pre-engineered buildings, if it is established that any damages in and/or loss of property, as well as personal injuries and/or death resulted from defects in or malfunction of our products, we may be required to further compensate our customers and/or victims for such loss, damages, personal injuries and/or death.

In addition, we may also be subject to potential liability from legal suits for any losses suffered by our customers due to delay of delivery of our products or services. In the event that we are involved in any legal dispute or court proceedings with our customers, our reputation will be adversely affected and we may have to spend a significant amount of resources to defend ourselves, which may adversely affect our business, cash flows and financial performance.

14. *Projects included in our order book may be delayed, modified or cancelled, which could harm our cash flow position, revenues and income.*

Our Order Book status of ₹ 3,700.67 million as on February 28, 2015 may not necessarily indicate future income, including as a result of unanticipated variations or scope or schedule adjustments, which could adversely affect our results of operations. We cannot guarantee that the revenues anticipated in our order book will be realized, or, if realized, will be realized on time or result in profits. In addition, for those contracts that do not provide for guaranteed payments, it is possible that contracting parties may default on amounts owed. Any delay, cancellation or payment default could harm our cash flows, revenues or earnings.

In addition, delays may also result from incomplete specifications or unanticipated difficulties in developing customised solutions for our customers. Customers may also terminate their projects or contracts with us due to changes in their business plans, insufficient funding or dissatisfaction with the progress.

The unanticipated termination of any projects or contracts in progress or any decisions by our customers not to proceed with a contracted project may have a material adverse effect on our business, financial condition and results of operations. Since our inception, we have delayed 12 projects due to reasons attributable to our customers and 6 projects due to delays in procurement of materials and design / detailing delays. We cannot assure that such delays and/or termination will not arise in future due to reasons attributable to us, and thereby materially and adversely affect our business, financial condition and results of operations.

15. *Our Company is involved in certain legal, regulatory and arbitration proceedings that, if determined against us, may have an adverse effect on our business, financial condition and results of operations.*

We are currently, and may in the future be, implicated in lawsuits in the ordinary course of our business, including lawsuits and arbitrations involving compensation for loss due to various reasons including tax matters, civil disputes, labour and service matters, statutory notices, regulatory petitions, consumer cases and other matters. Litigation or arbitration could result in substantial costs to, and a diversion of effort by, us and/or subject us to significant liabilities to third parties. There are various outstanding legal proceedings, including criminal proceedings, writ petitions and labour related proceedings etc., against our Company pending at various levels of adjudication before various courts, tribunals, authorities and appellate bodies in India. In addition we are subject to risks of litigation including public interest litigation, contract, employment related, personal injury and property damage.

We cannot provide any assurance that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business including the financial condition of our Company, delay in implementation of our current or future project and results of operations. There can be no assurance that the results of such legal proceedings will not materially harm our business, reputation or standing in the marketplace or that we will be able to recover any losses incurred from third parties, regardless of whether we are at fault.

There can be no assurance that losses relating to litigation or arbitration will be covered by insurance, that any such losses would not have a material adverse effect on the results of our operations or financial condition, or that provisions made for litigation and arbitration related losses will be sufficient to cover our ultimate loss or expenditure. Details of civil and criminal proceedings that have been initiated against our Company, our Promoter, our Group Company and our Directors and the amounts claimed in these proceedings, to the extent ascertainable, are set forth below:

(₹ in million)

| S. No. | Name of entity/person | Civil case | Criminal case | Total amount involved (excluding deposits) |
|--------|-----------------------|------------|---------------|--|
| 1. | Our Company | - | - | - |
| 2. | Our Promoter | 5 | - | 5.13 |
| 3. | Group Company | - | - | - |
| 4. | Our Directors | - | - | - |

The details of civil and criminal cases filed by our Company, our Promoter, our Group Company and our Directors are disclosed in the table below:

(₹ in million)

| S. No. | Name of entity/person | Civil case | Criminal case | Total amount involved |
|--------|-----------------------|------------|---------------|-----------------------|
| 1. | Our Company | 1 | - | 0.81 |
| 2. | Our Promoter | 8 | 4 | 98.23 |
| 3. | Group Company | - | - | - |
| 4. | Our Directors | - | - | - |

In addition, our Company is involved in 2 tax matters, 7 arbitration proceedings and a matter under the Negotiable Instruments Act, 1881. Also, our Promoter is involved in 14 tax matters and 25 matters under the Negotiable Instruments Act, 1881. For details, see “*Outstanding Litigation and Defaults*” on Page 269.

16. We are largely dependent on third-party transportation providers to transport and deliver raw materials and final products to our sites. Any delay in the receipt of our raw material or final products may adversely affect our business.

We typically use third-party transportation providers to transport and deliver most of our raw materials and final product. Although, in our arrangement with the transporters we clearly specify that losses arising out of any delay or damages to the product shall be to the account of the transporter, however, any disproportionate damages on the transporter may not be enforceable in the courts and in such a case we shall be liable for the losses incurred by our customer due to delay and/or damages to our products. Also, transportation strikes by members of various trucker unions could in the future, have an adverse effect on our receipt of supplies, which, in turn, could result in delays in completion of projects.

In addition, transportation costs have steadily increased in the past and continuing increases in transportation costs may have an adverse effect on our business and results of operations.

17. We are dependent on third-party job workers for several ancillary jobs relating to our manufacturing activities. Any delay in undertaking such ancillary jobs may adversely affect our business.

We typically use third-party job workers for undertaking ancillary activities for manufacturing our products including punching, stabling, painting and shot blasting of our products. Although, in our arrangement with the job works contractors we clearly specify that losses arising out of any delay or damages to the product shall be to the account of the job workers, however, any disproportionate damages on the job works contractors may not be enforceable in the courts and in such a case we shall be liable for the losses incurred by our customer due to delay and/or damages to our products. Also, strikes by the job workers unions could in the future, have an adverse effect on our receipt of supplies, which, in turn, could result in delays in completion of projects.

18. Our ability to expand in North America is limited due to our contractual arrangement

We have entered into a master services agreement with US based entities (“**Counterparties**”) in January 2013 for providing certain engineering related consulting services to the Counterparties. Pursuant to the terms of the

master services agreement, we committed to a non-compete arrangement with the Counterparties for not competing with the Counterparties in any manner in North America during the term of the master services agreement and one year thereafter. The construct of the non compete provisions suggest that we cannot provide engineering and design services or provide pre-engineered building solutions to any entity in North America on our own till the currency of the master services agreement and one year thereafter. Although, presently, we do not intend to do an overseas expansion in North America, however, our ability to expand overseas would be restricted in the future.

19. *Our business requires us to obtain and renew certain licenses and permits from government, regulatory authorities and other national/ international corporations and the failure to obtain or renew them in a timely manner may adversely affect our business operations.*

Our business requires us to obtain and renew from time to time, certain approvals, licenses, registrations and permits, some of which have expired and for which we have either made or are in the process of making an application for obtaining the approval or its renewal. In addition, we require certain approvals, licenses, registrations and permissions under various regulations, guidelines, circulars and statutes regulated by authorities such as the Government of India, the State Governments and certain other regulatory and government authorities, for operating our business. In particular, we are required to obtain certificate of registrations for carrying on certain of our business activities from the Government of India, the State Governments and other such regulatory authorities that are subject to numerous conditions. If we fail to maintain such registrations and licenses or comply with applicable conditions, our certificate of registration for carrying on a particular activity may be suspended and/or cancelled and we will not then be able to carry on such activity. This could materially and adversely affect our business, financial condition and results of operations.

For example, we have been granted a license to establish a purely export oriented unit from the Software Technology Parks of India through which we avail certain facilities as provided in the Software Technology Parks Scheme under the Foreign Trade Policy (2004-2009). Further, we cannot assure that the approvals, licenses, registrations and permits issued to us would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action, which in turn could materially and adversely affect our business, financial condition and results of operations.

We have also obtained a license from the NCI Group, Inc., under which we have been granted the non-exclusive right to manufacture, distribute, market and sell the facsimile of the Double Lok® roof system and all components and accessories related to it and certain other rights and privileges. This license is subject to certain terms and conditions which, if not adhered to could result in the revocation/ cancellation of this license which could materially and adversely affect our business, financial condition and results of operations.

We, our customers and the developers of the projects we are engaged on, may require various regulatory approvals, sanctions, licenses, registrations and permissions including environmental clearances in connection with our operations and the various project development activities involved in such projects. We or our customers may face significant uncertainties due to various factors in obtaining or maintaining such approvals. If such approvals are not obtained in a timely manner or at all, there may be a material adverse effect on various project development activities, including our operations, thereby adversely affecting our results of operations and financial condition. Furthermore, our government approvals and licenses are subject to numerous conditions, some of which are onerous and require us to incur substantial expenditures. If we fail to comply or a regulator alleges that we have not complied with these conditions, our business, prospects, financial condition and results of operations may be adversely affected. While we typically apply for the renewal of any existing regulatory approvals prior to their expiry dates, there can be no assurance that we will receive such renewal in time or at all. We have applied for the following regulatory approvals that have not been received as of the date of this Draft Red Herring Prospectus:

| Concerned Authority | Approval/ Consent | Status |
|--------------------------------------|--|---------|
| The Register of Trade Marks, Chennai | Registration of the trademark “PEBS Pennar” in Class 6, 37 and 42, under Section 18 (2) of the Trade Marks Act, 1999 | Pending |
| The Register of Trade Marks, Chennai | Registration of its trademark image in Class 6, 37 and 42, under Section 18 (2) of the Trade Marks Act, 1999 | Pending |

We cannot assure you that we will be able to obtain approvals in respect of such applications or any application made by us in the future. Further, while we believe that we have paid all necessary dues for maintaining such approvals and applications, we cannot assure that the same will be maintained in future. In the event that we are unable to obtain such approvals in a timely manner or at all, our business operations may be adversely affected. For more information about the licenses and registrations obtained and pending applications, see the section titled “*Government Approvals*” beginning on Page 289.

20. *Our inability to effectively manage project execution and milestone schedules may lead to project delays which may adversely affect our business and results of operations.*

Our business is dependent on our ability to effectively manage the execution of our projects. An inability to effectively manage our operations, including ineffective or inefficient project management procedures could increase our costs and expenses, result in project delays and thereby materially and adversely affect our profitability. Further our purchase order / contracts typically provide specified milestones to be achieved within a specific timeframe, and we may be liable to our clients for any failure to meet such project milestones within the stipulated schedule in accordance with the terms of the relevant purchase order / contract. The effectiveness of our project management processes and our ability to execute projects in a timely manner may be affected by various factors, including:

- delays in receipt of work schedules and engineering inputs, approvals and decisions required from the client;
- delays in delivery of raw materials, components or equipment;
- changes to project plans and process requirements;
- delays due to interface issues;
- delays in performance by the sub-contractors;
- delays due to environmental considerations;
- delays due to non-availability of land;
- onsite accidents and accidents during delivery and installation of our products;
- delays in transportation of building components;
- unavailability of skilled and unskilled labour;
- local strikes, work stoppages and curfews by political parties;
- adverse weather conditions; and
- adverse changes to the relevant legal, regulatory or tax regimes.

Further if a project is delayed our customers may invoke the bank guarantees that we have provided in connection with the performance of the project or retain our security deposits as compensation for such damages. Such factors would have an adverse effect on our results of operations and financial condition.

21. *The nature of our business exposes us to potential liability claims and contract disputes which may reduce our profits.*

We engage in activities for facilities where design, construction or systems failures can result in injury or damage to third parties. In addition, the nature of our business results in customers, subcontractors and vendors occasionally presenting claims against us for recovery of cost they incurred in excess of what they expected to incur, or for which they believe they are not contractually liable. We may in the future be named as a defendant in legal proceedings where parties may make a claim for damages or other remedies with respect to our projects or other matters. These claims generally arise in the normal course of our business. If it is determined that we are liable, we may not be covered by insurance or, if covered, the amount of these liabilities may exceed our policy limits. Even where insurance is maintained for such exposure, the policies have deductibles resulting in our assuming exposure for a layer of coverage with respect to any such claims. Any liability not covered by our insurance, in excess of our insurance limits or, if covered by insurance but subject to a high deductible, could result in losses for us, and reduce our cash available for operations.

22. *Our operations are dependent on a large pool of contract labour and an inability to access adequate contract labour at reasonable costs may adversely affect our business prospects and results of operations. Furthermore, in case the Industrial Court or Tribunal directs us to absorb the contract labour on our payroll, the profits of our Company will be affected to that extent.*

Our operations are significantly dependent on access to a large pool of contract labor for our manufacturing

facility and the execution of our projects. As of February 28, 2015, while we had 404 permanent full time employees, we also employed around 687 contract labours. The number of contract labourers employed by us varies from time to time based on the nature and extent of work we are involved in. Our dependence on such contract labor may result in significant risks for our operations, relating to the availability and skill of such contract laborers, as well as contingencies affecting availability of such contract labor during peak periods. There can be no assurance that we will have adequate access to skilled workmen at reasonable rates. As a result, we may be required to incur additional costs to ensure timely execution of our projects.

The utilization of our workforce is affected by a variety of factors including our ability to forecast our project schedules and contract labour requirements, and our ability to transition employees from completed projects to new projects or between projects. While our forecasts and estimates are based upon our experience and historical costs, such estimates may be unreliable. The uncertainty of contract award timing can present difficulties in mobilizing contract labour based on the contract requirements and our expenses towards contract labour may also increase.

Also, on an application made by contract labourers, an Industrial court or Tribunal may direct that the contract labourers are required to be regularized or absorbed by our Company. Further, the State Government may prohibit employment of contract labour. If either of the above should occur, we may be required to induct such labourers on our payroll, as employees which may result in increased expenses. Further, even though we have obtained all necessary approvals as required under the statutes there can be no assurance that we may continue to hold such permits, licenses or approvals in the time-frame anticipated by it or at all. Such non-issuance or non-renewal may result in the interruption of our operations and may have a material adverse effect on our business, financial condition and future results of operations.

Furthermore, all contract labourers engaged in our projects are assured minimum wages that are fixed by the relevant State governments, and any increase in such minimum wages payable may adversely affect our results of operations.

23. *We may not be able to secure new contracts and/or customers*

A substantial part of our business is project-based and non-recurring. We therefore have to continuously and consistently secure new customers and projects. While executing our projects we need to ensure that our products are the best value for money product that is available in the market. For making our products to have the best value for money product, while ensuring that we make sufficient margins from the sale of our products, we have to ensure that our designs, the functioning of our teams and the after sales services are most efficient when compared with those of our competitors. For instance, during the execution of our contracts, our design and engineering team designs the pre-engineered building, and on the basis of such design the tonnage of the building is calculated. With greater access to technology, we expect our design and engineering team to design a pre-engineered building with the least possible tonnage without compromising on the safety and stability of the pre-engineered building. Any increase in the tonnage value of our pre-engineered buildings would increase the amount of the steel to be used in such building, consequently increasing the cost of such building. There is no assurance that our competitors will not be able to increase the designing efficiency of pre-engineered buildings by using latest, state of the art technology.

There is no assurance that we will be able to provide our products to the customers in the most efficient manner resulting in securing new customers and projects. Executing profits with lower margins also affects our profitability. As such, our profitability and financial performance will depend on our ability to secure new projects that are profitable on a regular basis. If we are unable to do so for any reason, our profitability and financial performance will be materially and adversely affected.

24. *The trademarks being used by us for our business are not registered and our inability to obtain this registration may adversely affect our competitive business position. Our inability to protect or use our intellectual property rights may adversely affect our business.*

In January 2015, we have filed applications for the registration of (i) words “PEBS Pennar” under classes 6, 37 and 42; and (ii) PEBS Pennar logo under classes 6, 37 and 42. For further details, see the sub-section titled “*Our Business – Intellectual Property*” on Page 144. However, this registration has not yet been granted as on the date of this Draft Red Herring Prospectus. In the absence of such protection, we may not be able to prevent infringement of our trademark and a passing off action may not provide sufficient protection until such time that this registration is granted.

If our unregistered trademark is registered in favour of a third party, we may not be able to claim registered ownership of the trademark and consequently, we may be unable to seek remedies for infringement of this trademark by third parties other than relief against passing off by other entities. Further, we may become subject to claims by third parties if we use the trademark in breach of any intellectual property rights registered by such third parties. Any legal proceedings pursuant to such claims, or settlements thereunder, may divert management attention and require us to pay financial compensation to such third parties. Our inability to obtain or maintain these registrations may adversely affect our competitive business position. This may affect our brand value and consequently our business.

25. *Failure to recover adequately on claims against project owners for payment could have a material adverse effect on us.*

We occasionally bring claims against project owners for additional cost exceeding the contract price or for amounts not included in the original contract price. These types of claims occur due to matters such as owner-caused delays or changes from the initial project scope, which result in additional cost, both direct and indirect. Often, these claims can be the subject of lengthy arbitration or litigation proceedings, and it is often difficult to accurately predict when these claims will be fully resolved. When these types of events occur and unresolved claims are pending, we may invest additional working capital in projects to cover cost overruns pending the resolution of the relevant claims. A failure to promptly recover on these types of claims could have a material adverse impact on our liquidity and financial results.

26. *Invocation of our outstanding guarantees issued in relation to any one of our projects could adversely affect our financial condition.*

Generally we take advance payments from our customers after furnishing advance guarantees and our performance under the purchase orders / contracts are secured by performance guarantees. As of February 28, 2015, we have issued advance payment guarantee and performance bank guarantee amounting to ₹ 711.75 million of which guarantees amounting to ₹ 168.96 million, ₹ 165.67 million and ₹ 377.12 million are outstanding with Yes Bank Limited, Axis Bank Limited and State Bank of India respectively. A call on one or more of these guarantees or drawdown on letters of credit could adversely affect our banking relationships along with an adverse effect on our financial results.

27. *We could be adversely affected if we fail to keep pace with technical and technological developments.*

Our recent experience indicates that clients are increasingly developing larger, more technically complex projects, particularly in the renewable energy industry and infrastructure sector. We are also entering into new markets and expanding into unexplored technologies. To meet our clients' needs, we must continuously update existing, and develop new technology for our engineering and construction services. In addition, rapid and frequent technology and market demand changes can often render existing technologies obsolete, requiring substantial new capital expenditures and/or write downs of assets. Our failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect our business and financial results. In order to further develop and implement these new technologies we may have to invest large amount of capital which may have an adverse impact on our cash position.

28. *We may not achieve the benefits we expect from future acquisitions and business partnerships, which may have an adverse effect on our profitability and ability to manage our business prospects.*

We may fail to identify or secure suitable acquisition or investment opportunities or our competitors may capitalise on such opportunities before we do. Moreover, identifying such opportunities could demand substantial management time and resources, and negotiating and financing acquisitions and establishing business partnerships might involve significant costs and uncertainties. If we fail to successfully source, execute and integrate acquisitions and investments in the future, our overall growth may be impaired, and our business operations, financial performance and prospects may be materially and adversely affected.

We may enter markets where we have limited or no experience, where our brand may be less recognised and where we may be exposed to risks separate and distinct from those we face in our existing operations. We may be unable to achieve and maintain a competitive cost structure similar to our existing operations. Our sales and marketing network may not be successful in promoting our brand and generating sufficient demand for our products and services in other markets. Furthermore, in new markets we may fail to anticipate conditions that are

different from those in our existing markets. These conditions may make it difficult or impossible for us to effectively operate in these markets. If our expansion efforts in existing and new markets are unsuccessful, our profitability and prospects may be materially and adversely affected.

Any future expansion or investment may expose us to additional risks, including, among other things, business or legal issues not discovered in our due diligence process, such as hidden liabilities and legal contingencies; diversion of our resources from existing business operations during the acquisition and integration process; legal and regulatory requirements that may render an investment more costly or subject to greater operating, legal, political or other risks or that prevent, limit or delay potential investments; failure to effectively integrate acquired assets and talent into our corporate structure and culture; and failure to realise the synergies expected from the acquisitions or business partnerships.

29. *There is no assurance that our expansion and existing plans will be successful*

As described in the sub-section titled “*Our Business - Our Business Strategy*” and “*Objects of the Issue- Details of the Objects of Fresh Issue- Procurement of infrastructure of our design and engineering services*” on Pages 129 and 96 respectively, our growth strategies involve the increase of the scale of our operations. These expansion and existing plans will result in additional costs of investment in fixed assets and new equipment as well as additional working capital requirements. In the event that we fail to achieve a sufficient level of revenue or manage our costs efficiently, our future financial performance may be materially and adversely affected.

30. *We may be affected by the level of business activities and financial performance of our customers, in particular our major customers*

Our financial results are affected by the level of business activities of our customers, and their financial performance, which in turn is affected by the general shifts in economic conditions, level of economic activities in the industries and markets that they serve, the demands for their products as well as the cost of their products affected by fluctuations in the prices of their raw materials. This is particularly so for our major customers as they contribute to a large portion of our revenue. For example, the revenue contribution from our 5 major customers in fiscal 2014 was 53.72% of revenue from operations in aggregate.

In addition, the business activities and financial performance of our customers are affected by the applicable laws and regulations applicable to their respective industries, such as environmental protection measures, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. We cannot assure you that our customers have been able to comply or are able to continue to comply with all the relevant applicable laws, regulations and measures. Further, there is no assurance that the current Indian laws and regulations will not be changed in the future. In the event that our customers are unable to comply with such laws and regulations, penalties such as fines or suspension of business may be imposed on them.

Therefore, a change or decline in the level of business activities of our customers, or deterioration of their financial performance or positions may result in our customers undertaking less production capacity expansion/capital expenditure projects and therefore requiring less of our products and services, or delay and/or cancellation of the projects they have awarded to us, which could have a material adverse effect on our business, revenues, cash flows and financial performance.

31. *Our Promoter, PIL was in the past registered as a sick industrial unit under the BIFR and certain disciplinary action have been initiated by SEBI against our Promoter.*

The net worth of PIL was eroded as on June 30, 2002 and PIL made a reference to the BIFR as per the provisions of the SICA and was registered as a sick company vide registration number 87/2003 pursuant to which PIL was also undergoing CDR. PIL was subsequently de-registered from the purview of the SICA as its net worth turned positive in 2005-06. Pursuant to the meeting of the CDR EG on June 30, 2007, PIL was exited from the CDR mechanism.

Further, a consent order (CO/DRA II/857/89/2008) dated November 5, 2008 (“**Consent Order**”) was issued by SEBI in relation to the consent application no. 857/2008 dated July 22, 2008 wherein PIL had asked for the settlement of the enforcement actions that may have been initiated by the SEBI for considerable delay in disclosing the shareholding pattern for the year 1997 and the years 1998 to 2004 required to be made under the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Through the

Consent Order, SEBI has asked PIL to pay ₹ 325,000 as settlement charges and ₹ 100,000 as administrative charges. PIL has made the required payments. For more detail please refer to section titled “*Outstanding Litigation and Defaults*” on Page 279. There is no assurance that similar actions are not initiated against our Promoter in the future by any regulatory authority and any such actions initiated would have an adverse impact on the reputation and the financial position of our Company.

32. *Our Promoter, PIL has pending investor grievances.*

As of March 25, 2015, PIL has three investor grievances which are pending resolution. The pending investor grievances are in relation to change of address and revalidation of warrants. As a part of the investor grievance mechanism, PIL tracks the grievance from the website of its registrar on a daily basis. The grievances along with the entire text is uploaded on the registrar’s website along with the response date. Further, the investors grievances are sent to PIL on the e-mail id of the compliance officer of PIL. There is no assurance that PIL will not have investor grievances in future.

33. *Labour disputes could affect our operations.*

Our operations depend upon the productivity of our labour force. Our labour force is employed in our manufacturing facility. Additionally, we also recruit labour resources required for our manufacturing and other ancillary activities such as house-keeping, gardening, security etc. While we generally have good relations with our employees, there can be no assurance that there will not be any major labour related dispute in the future. In the event of any labour dispute, our operations and results of operations could be adversely affected.

The workmen of our Company have formed a trade union in January 2014 under the name and style of ‘*PEBS Pennar Employees Union*’ and the same is registered with Deputy Registrar of Trade Unions and Deputy Commissioner of Labour, Medak District, Telangana. The trade union is affiliated to Centre of India Trade Unions. If some or all of our employees create trouble or if we experience unrest or slowdowns, it may become difficult for us to maintain flexible labour policies and we may experience increased wage costs and employee numbers. We also depend on third party contractors for the provisions of various services associated with our business. We are dependent on these subcontractors and third parties, and if they experience disruptions related to their work force, including strikes and work stoppages, those disruptions may have an adverse effect on our business and results of operations. We cannot assure you that labour, whether hired through subcontracts, third parties or directly, will continue to be available at reasonable rates including the areas where we execute our projects. As a result, we may be required to mobilize additional resources at a greater cost to us to ensure the adequate performance and delivery of agreed services.

34. *Our Design and Engineering Services has contributed to less than 25% of our revenues from operations in the last three fiscal years.*

We started our design and engineering services business in fiscal 2013 by entering into a design services outsourcing agreement with a US based entity engaged in business similar to ours, pursuant to which we offer our design and engineering services to them by using their software for manufacturing of pre-engineered buildings for their overseas customers. We propose to utilise a part of the Net Proceeds for the expansion of our design and engineering services and for that purpose, we propose to increase the strength of our design and engineering team, invest in IT hardware, purchase engineering and design software and related fixtures and furniture.

We have limited experience in design and engineering services. Accordingly, we may be subject to risks associated with expansion of the design and engineering services:

- our ability to hire and retain skilled personnel;
- our ability to adapt to changes in technology;
- the future competitive environment for this industry in India;
- adverse developments in the area surrounding our operations;
- the diversion of our management's attention from our existing businesses.

Furthermore, if we are unsuccessful in the expansion of the design and engineering services, our business, reputation, financial condition, cash flows and results of operation may be adversely affected.

35. *An inability to manage our growth could disrupt our business and reduce our profitability.*

We have experienced continuous growth in the preceding years. We expect our business to grow as a result of our plans to expand further into north India and internationally. We expect any growth in our business to place additional demands on us and require us to continuously evolve and improve our operational, financial and internal controls across the organization. In particular, continued expansion increases the challenges involved in:

- (i) maintaining high levels of client satisfaction;
- (ii) recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- (iii) adhering to health, safety and environment and quality and process execution standards that meet client expectations;
- (iv) preserving a uniform culture, values and work environment in operations within and outside India; and
- (v) developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

In addition, we have identified several growth plans as set out in the sub-section titled “*Our Business- Our Business Strategy*” on Page 129. Our ability to implement our business plans depends on, inter alia, global economic conditions, our capital resources, our R&D capabilities for new products and technology solutions, our ability to commercially realise the R&D results, our ability to obtain any necessary government or regulatory approval or licenses, and the availability of management, financial and other resources.

The success of our business will depend greatly on our ability to implement our business and strategies effectively. Even if we have successfully executed our business strategies in the past, there can be no assurance that we will be able to execute our strategies on time and within the estimated budget, or that we will meet the expectations of targeted customers. We expect our strategies to place significant demands on our management and other resources and require us to continue developing and improving our financial, operating and other internal controls. Our inability to manage our business and strategies could have an adverse effect on our business, financial condition and profitability. For details regarding our business strategies, see sub-section titled “*Our Business-Our Business Strategy*” on Page 129.

In fiscal 2012, 2013, 2014 and the eight months ended November, 2014, revenues from operations (net) were ₹ 2,458.55 million, ₹ 2,869.95 million, ₹ 3,643.29 million and ₹ 2,353.95 million, respectively. We may not be able to grow at a rate comparable to our growth in the past, either in terms of revenue or net profit. If we fail to effectively implement strategies to manage our growth and successfully manage our expansion, we may encounter operational and financial difficulties which would in turn adversely affect our business, cash flows and financial performance.

36. *We have only one manufacturing facility.*

Our manufacturing facility is located at Anakapalli, Chandapur Village, Sadashivpet Mandal, Medak District in the State of Telangana on the Hyderabad-Mumbai National Highway (NH-9). As a result, any local social unrest, natural disaster or breakdown of services and utilities in that area could have material adverse effect on the business, financial position and results of our operations. Our manufacturing facility is subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output, efficiency, obsolescence, labour disputes, strikes, lock-outs, non-availability of services of our external contractors etc. In the event that we are forced to shut down our manufacturing facility for a significant period of time, it would have a material adverse effect on our earnings, our other results of operations and our financial condition as a whole.

Further, continuous addition of industries in and around our manufacturing facility without commensurate growth of its infrastructural facilities may put pressure on the existing infrastructure therein, which may affect our business. Further, spiralling cost of living around our manufacturing facility may push our manpower costs in the upward direction, which may reduce our margin and cost competitiveness

37. *Some of the reports referred to in this Draft Red Herring Prospectus were commissioned by us.*

We have obtained certain market data, industry forecasts and data used throughout this Draft Red Herring Prospectus from internal surveys, market research and publicly-available industry, Government and research information, publications and websites. We have also commissioned the CARE Report, 2015 which may not be publicly available. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of the information is not guaranteed. Similarly, while we believe these industry forecasts and market research to be reliable, we have not independently verified this information and do not make any representation as to the accuracy of this information. Therefore, in discussions of matters relating to India, its economy and our industry in this Draft Red Herring Prospectus, the statistical and other data upon which such discussions are based may be incomplete or unreliable. In addition, internal company reports have not been verified by independent sources and may be incomplete or unreliable.

38. *Our Directors, and certain Key Management Personnel hold Equity Shares or stock options in our Company and are therefore interested in the Company's performance in addition to their remuneration and reimbursement of expenses.*

Certain of our Directors and Key Management Personnel 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. There can be no assurance that our Key Management Personnel will exercise their rights as shareholders to the benefit and best interest of our Company. Our Promoters will continue to exercise significant control over us, including being able to control the composition of our Board of Directors and determine decisions requiring simple or special majority voting of shareholders, and our other shareholders may be unable to affect the outcome of such voting. Our Directors and our Key Management Personnel 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.

39. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.*

The amount of our future dividend payments, if any, will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures. There can be no assurance that we will be able to pay dividends. Additionally, we may be restricted by the terms of our existing or future debt financing to make dividend payments only after a certain time period as will be agreed with the lenders.

40. *The interests of our Directors and key management personnel may cause conflicts of interest in the ordinary course of our business.*

Conflicts may arise in the ordinary course of decision-making by our Board. Some of our Directors and key management personnel may also be on the board of directors of certain companies engaged in businesses similar to or complementary to or supplementary to our business including that of the businesses of our Promoter. In accordance with the procedure laid down in the Companies Act, our Directors and key management personnel are required to disclose any conflict of interest to our Board, following which they are allowed to participate in any discussions concerning the matters tabled before our Board. Further, certain of our Directors and key management personnel also hold Equity Shares and are interested to the extent of any dividend payable to them in respect of the same. For details, see the section titled “*Capital Structure– Details of Equity Shares held by our Directors, Key Management Personnel and directors of our Promoter company*” on Page 90. There is no assurance that our Directors and/or our key management personnel will not provide competitive services or otherwise compete in business lines in which we are already present or will enter into in the future.

41. *We have certain contingent liabilities and our financial condition and profitability may be adversely affected if any of these contingent liabilities materialize.*

As of November 30, 2014, our contingent liabilities and commitments (to the extent not provided for) as disclosed in the notes to our Restated Financial Statements aggregated to ₹ 18.81 million. The following table sets forth certain information relating to our contingent liabilities as of November 30, 2014 and for fiscals 2014, 2013 and 2012:

| (₹ In million) | | | | | |
|----------------|--|----------------------------|-----------------|------|------|
| | Particulars | As at November 30, 2014 | As at March 31, | | |
| | | | 2014 | 2013 | 2012 |
| (i) | Contingent liabilities and commitments (to | | | | |

| | Particulars | As at November 30, 2014 | As at March 31, | | |
|------|--|----------------------------|-----------------|------|-------|
| | | | 2014 | 2013 | 2012 |
| | the extent not provided for) | | | | |
| | Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets | 5.35 | 1.70 | 2.35 | 31.92 |
| (ii) | Contingent Liability | | | | |
| a) | Entity is providing leak proof warranty for customers who opt for Double lock roofing system. | - | - | - | - |
| b) | Dividend on compulsory convertible preference shares | 13.43 | 7.96 | 2.49 | - |
| c) | Disputed excise duty liability for which the company preferred appeal | 0.03 | - | - | - |

If any of these contingent liabilities materialize, our results of operations and financial condition may be adversely affected. For further details of contingent liability, see the section titled “*Financial Statements*” on Page 202. Furthermore, there can be no assurance that we will not incur similar or increased levels of contingent liabilities in the future.

42. Our Company has experienced negative cash flow in prior periods and may continue to do so in the future, which could have a material adverse effect on our business, prospects, financial condition, cash flows and results of operations.

Our Company has experienced negative net cash flow in operating activities in the past, the details of which are provided below:

(₹ in million)

| Particulars | For the fiscal year ended March 31 | | | | | |
|--|------------------------------------|-------|--------|--------|--------|----------------------|
| | 2010 | 2011 | 2012 | 2013 | 2014 | November 30, 2014 |
| Net cash flows from / (used in) operating activities | (193.05) | 35.99 | 136.64 | 337.50 | 190.13 | (198.30) |

Although we have historically experienced positive net cash flow from operating activities, we have in the past experienced negative net cash flow after taking into account investing activities and financing activities. We may continue to experience losses in the future which may have a material adverse effect on our business, prospects, results of operations, cash flows and financial condition.

43. A disruption in the supply of utilities due to reasons outside our control would disrupt our operations

The facility where we carry out our manufacturing activities is located at Ankanapalli, Chandapur Village, Sadashivpet Mandal, Medak District in the State of Telangana on the Hyderabad-Mumbai National Highway (NH-9). We utilise substantial amounts of power and water as part of our manufacturing process. Supply shortages, interruptions and/or disruptions in this regard, whether arising from controlled or uncontrolled elements, such as natural forces or governmental actions, will substantially affect our operations. Although we maintain power back-ups and insurances for such incidents, the power back-up and the insured amount may not be sufficient to cover losses, damages and liabilities arising therefrom, and any such incidents may thereby materially and adversely affect our business operations and financial performance. Also, notwithstanding that we have not experienced any such power and water supply shortages, interruptions and/or disruptions since we began operations in 2009, there is no assurance they will not arise in future, and thereby materially and adversely affect our business operations and financial performance.

Although, we have obtained all necessary regulatory approvals and also installed DG sets for unhindered supply of utilities like the electricity and water supply, any disruption in supply or the occurrence of fire, flood or other calamities at our factory may result in significant damage to such manufacturing facilities. The occurrence of any of the above events may cause us to stop, suspend or curtail our production process and we may not be able to

deliver our products to our customers on a timely basis, which may have a material adverse effect on our Business. While we maintain insurance policies covering losses in respect of damage to our properties and machinery, we cannot assure you that our insurance would be sufficient to cover all of our potential losses.

44. We have issued equity shares in the last 12 months at a price that may be lower than the Issue Price

We have issued equity shares in the last 12 months at a price that may be lower than the Issue Price, the details of which are as follows:

| S. No. | Name of Person | Date of allotment | Number of the Equity Shares | Issue price (₹) | Whether part of Promoter Group | Reason |
|--------------|---------------------------------------|-------------------|-----------------------------|-----------------|--------------------------------|---------------------------------------|
| 1. | Zephyr Peacock India Fund III Limited | March 16, 2015 | 1,844,064 | 58.17 | No | Conversion of CCPS into Equity Shares |
| 2. | Zephyr Peacock India III Fund | March 16, 2015 | 828,427 | 58.17 | No | Conversion of CCPS into Equity Shares |
| TOTAL | | | 2,672,491 | | | |

For further details, see “Capital Structure” on Page 82.

45. Our information technology systems may be vulnerable to security breaches, piracy and hacking leading to disruption in services to our customers.

We use various engineering software packages for design and engineering applications related to our projects. We also use advanced software for project management, document management, database and payroll. We have successfully implemented Oracle ERP system which enables us to maintain effective system controls and real time monitoring of our projects. Our information technology systems, specifically our software may be vulnerable to computer viruses, piracy, hacking or similar disruptive problems. Computer viruses or problems caused by third parties could lead to disruptions in our services to our customers. Moreover, we may not operate an adequate disaster recovery system. Fixing such problems caused by computer viruses or security breaches may require interruptions, delays or temporary suspension of our services, which could adversely affect our operations. Breaches of our information technology systems may result in unauthorized access to confidential information. Such breaches of our information technology systems may require us to incur further expenditure to put in place advanced security systems to prevent any unauthorised access to our networks.

46. The deployment of funds for the Objects of the Issue is at the discretion of our Board. Pending utilization for the purposes described therein, our Company may temporarily invest funds from the Net Proceeds.

We intend to use the net proceeds of the Issue as described in the chapter titled “Objects of the Issue” on Page 93. Our management may determine that it is appropriate to revise our estimated costs, fund requirements and deployment schedule owing to external factors that may not be within the control of our management.

We intend to apply the proceeds that we receive from the Issue, towards the expansion of our design and engineering services and repayment / pre-payment of our working capital loans. Further, pending utilization of the net proceeds of the Issue and other financings, we intend to invest such net proceeds in interest-bearing liquid instruments, including money market mutual funds, bank deposits with banks and principal protected funds, derivative linked debt instruments, other fixed and variable return instruments, listed debt instruments and rated debentures as approved by our Board of Directors, Audit Committee or any other duly authorized committee thereof.

47. The success of our business is dependent on various project management and other operating procedures developed by us which know-how cannot be protected under any particular intellectual property right regime. Further, our customers’ and our own technical know-how or other confidential information may be misappropriated by our employees in violation of applicable confidentiality agreements.

We have since our inception developed expertise and know how relating to various management and operating methodologies and procedures, which are utilized by us in executing our projects in an efficient manner within the completion schedules specified by our customers. For further details please refer to sub-section titled “*Our Business – Project Execution Process*” on Page 134. We believe that this know-how provides us with a significant competitive advantage. However, such expert knowhow cannot be protected under any particular intellectual property right regime. In order to help maintain the confidentiality of our procedural know-how, we maintain internal controls and systems and enter into non-disclosure agreements with some of our employees. However, if we are unable to maintain the confidentiality of our procedural know-how relating to our project management and other operating methodologies, it could have a material adverse effect on our business.

Furthermore, although we require our employees to enter into non-disclosure arrangements to limit access to and distribution of our clients’ and our technical know-how and other confidential information, there can be no assurance that such steps will be adequate to ensure protection of such information. If any of our clients’ or our proprietary rights are misappropriated by our employees, this may affect our reputation and relationship with existing and potential clients, and adversely affect our business operations.

48. *We may not hold, or may not be able to prove that we hold, good title to our real estate assets which we own.*

The difficulty of obtaining title guarantees in India means that title records provide only for presumptive rather than guaranteed title. The original title to lands may often be fragmented, and land may have multiple owners. Certain properties may have irregularities of title, such as non-execution or non-registration of conveyance deeds and inadequate stamping and may be subject to encumbrances and litigation of which we may not be aware.

We may not be able to assess or identify all risks and liabilities associated with our properties, such as faulty or disputed title, unregistered encumbrances or adverse possession rights, improperly executed, unregistered or insufficiently stamped conveyance instruments in the property’s chain of title, ownership claims of family members of prior owners, or other defects that we may not be aware of. This is because of the various practical difficulties in verifying the title of a prospective seller or lessor of property. This is, in part, because the process of updating land records may be time consuming and result in errors and inaccuracy. Further, multiple property registries exist in India, which makes verification of title difficult.

Any failure to obtain good title to a particular plot of land may materially prejudice the success of a development and may in turn have a material adverse effect on our businesses, financial condition and results of operations

49. *We do not own certain premises used by the Company.*

Certain premises used by us have been obtained on a lease or license basis. We have obtained the lease or license of certain properties from third parties. If any of the owners of such leased or licensed premises do not renew the agreements under which we occupy or use the premises on terms and conditions acceptable to us, or at all, we may suffer a disruption in our operations. For further information, see the sub-section titled “*Our Business – Property*” beginning on Page 145 and for information relating to properties that we have leased from the Promoter or Promoter Group, please see the sub-section titled “*Our Promoter -Interest of Promoter in the Property of our Company*” on Page 183.

We do not own the premises on which our registered office, corporate office and sales offices are located and the same are operated from leased premises. The lease agreements which have executed are renewable at the option of both the parties at such rates as may be agreed. If the owner of such premises does not renew the agreement under which we occupy the premises or renew such agreements on terms and conditions that are non favourable to us, we may suffer a disruption in its operations which could have a material adverse effect on its business and operations.

50. *Some of the properties we have leased may not be duly registered or adequately stamped*

Our lease agreements with respect to our leased immovable properties in relation to our sales offices at Chennai and New Delhi have expired and our Company is in the process of renewing the same. The sub-lease agreements which our Company have executed with our Promoter for sub-leasing immovable properties at Hyderabad, Pune and Kolkata are not stamped. Unless such documents are adequately stamped or duly registered, such documents may be rendered as inadmissible as evidence in a court in India or attract penalty as prescribed under applicable

law, which may result in a material and adverse effect on the continuance of the operations and business of our Company.

51. *Our insurance coverage may not adequately protect us against certain operational risks to or claims by our employees.*

We maintain insurance cover for a variety of risks. We have obtained standard fire and special perils policy and burglary insurance policy for our registered office. We have obtained the directors' and officers' liability insurance for our Directors and officers with an overall coverage of ₹100,000,000 along with a group medical claim with a floater cover and group personal accident insurance for our employees. For our materials and products in transit we have obtained the marine open inland declaration policy. In relation to our engineering design services, we have obtained the professional indemnity insurance for a total sum insured of ₹120,000,000. For the machinery at our manufacturing facility we have obtained an umbrella policy to cover burglary, theft, fire and allied perils, accidental damage cover, transit cover, larceny, house-breaking and robbery cover. In relation to our projects and depending on the requirements of our customers we typically also obtain the contractors all risk policy. However, in some cases, we may not have obtained the required insurance or such insurance policies may have lapsed.

In case an uninsured loss or a loss in excess of insured limits occur, we could incur liabilities, lose capital invested in that property or lose the anticipated future income derived from that business or property, while remaining obligated for any indebtedness or other financial obligations related to our business. Any such loss could result in an adverse effect to our financial condition. Furthermore, if we are subject to litigation or claims or our operations are interrupted for a sustained period, we cannot assure you that our insurance policies will be adequate to cover the losses that may be incurred as a result of such interruption. If we suffer large uninsured losses or if any insured losses suffered by us significantly exceed our insurance coverage, it may adversely affect our cash flows, business, results of operations and financial condition.

52. *We have been inconsistent in maintaining statutory records, the inspection if any undertaken by any statutory authority may subject us to penalties.*

We are unable to trace copy of one of the corporate forms filed with the RoC by our Company and the challans for the corporate forms filed with the RoC by our Company, in relation to the corporate form required to be filed for a special resolution passed by the shareholders of our Company and challans in respect of the allotment and transfer of equity shares, change in the authorised share capital, registration of resolutions and agreements and for filing of the profit and loss account and balance sheets of the Company. While we believe that these forms were duly filed on a timely basis, we have not been able to trace copies of these documents. We cannot assure you that the challans for these form filings will be available in the future or that we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

53. *We have in the past not appointed company secretary in accordance with the requirements of the Companies Act.*

Our Company did not have a whole-time company secretary on its rolls during the period August 24, 2011 to March 2013 and December 6, 2013 to May 5, 2014, when our Company was required to have a whole time company secretary on its rolls in accordance with the Companies Act. Section 203 of Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, requires that within six months of a vacancy, every company having paid-up share capital of ₹ 50 million or more to appoint the Company Secretary in whole-time employment. If a company contravenes such provisions, the company shall be punishable with fine which shall not be less than ₹ 1,00,000 but which may extend to ₹ 5,00,000 and every director and key managerial personnel of the company who is in default shall be punishable with fine which may extend to ₹ 50,000 and where the contravention is a continuing one, with a further fine which may extend to ₹ 1,000 for every day after the first during which the contravention continues.

We cannot assure you if we will be able to satisfy all or any terms of the Companies Act and other applicable rules/regulations, non-compliance of which may have an adverse impact on our financial position.

54. *Adverse weather conditions could affect our business and results of operations.*

We have business activities that could be adversely affected by severe weather. Incidences of severe weather conditions may require us to evacuate personnel or curtail services, may damage our equipment or our facilities,

or require us to suspend our operations, preventing us from maintaining our contract schedules or generally reducing our productivity and profitability. Our operations are also adversely affected by difficult working conditions, including extremely high temperatures during summer months and heavy rain during monsoons, which could restrict our ability to carry on construction activities and fully utilize our resources.

55. *We may undertake acquisitions, investments and strategic relationships in the future which may pose management and integration challenges.*

We may make acquisitions, investments and strategic relationships in the future as part of our growth strategy in India and overseas. These acquisitions, investments and strategic relationships, may not necessarily contribute to our profitability and may divert the attention of management or require us to assume high levels of debt or contingent liabilities, as part of such transactions. In addition, we could experience difficulty in combining operations and cultures and may not realize the anticipated synergies or efficiencies from such transactions. These difficulties could disrupt our ongoing business, distract management and employees and increase our expenses.

56. *The interests of our Promoters or Directors may cause conflicts of interest in the ordinary course of our business.*

Conflicts may arise in the ordinary course of decision-making by the Promoter or Board of Directors of our Company. Some of our Promoters or non-executive Directors may also be on the board of certain companies engaged in businesses similar to the business of our Company. For instance our Promoter is also engaged in the business of solar module mounting structures and cord form buildings.

Pursuant to a non-compete agreement dated February 4, 2015, our Promoters, Promoter Group and Group Companies have undertaken not to, directly or indirectly, engage or otherwise carry on or participate or be engaged in any business or services competing with our business except such projects which have already commenced. Any violation, non-compliance (whether in whole or in part) or unenforceability of such non-compete obligations may have an adverse effect on the results of our operations and financial condition. Further there is no assurance that our Directors will not provide competitive services or otherwise compete in business lines in which we are already present or will enter into in future. Such factors may have an adverse effect on the results of our operations and financial condition.

57. *The Promoter and Promoter Group will continue to exercise control post completion of the Issue and will have considerable influence over the outcome of matters.*

Upon completion of this Issue, our Promoter and Promoter Group will continue to own a majority of our Equity Shares. As a result, our Promoters will have the ability to exercise significant influence over all matters requiring shareholders' approval. Our Promoters will also be in a position to influence any shareholder action or approval requiring a majority vote, except where they may be required by applicable law to abstain from voting. This control could also delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from obtaining control of our Company even if it is in the best interests of our Company. The interests of our Promoters could conflict with the interests of our other equity shareholders, and the Promoters could make decisions that materially and adversely affect your investment in the Equity Shares.

58. *We have entered into, and will continue to enter into, related party transactions.*

As of November 30, 2014, we have entered into several related party transactions with our Promoter and Promoter Group entities relating to operations and maintenance aspects of our projects, inter corporate loans, rental income, furnishing of guarantees etc. For further details please refer to "*Financial Statements- Annexure 35- Restated Summary Statement of Significant Transactions with Related Parties and Balances*" on Page 236.

We are involved in, and we expect that we will continue to be involved in, a number of related party transactions. There can be no assurance that we will receive favourable terms in our related party transactions or that any favourable terms which currently benefit us will continue. Also, under the Income Tax Act, 1961, there are guidelines on the domestic transfer pricing in relation to the related party transactions. We have had and expect to have a substantial amount of ongoing transactions with our Promoter Group companies and other group entities. Although, we ensure that our related party transactions are done at an arm's length and in accordance

with the applicable laws, however, we cannot assure you that we can comply with all the legal requirements in relation to our related party transactions.

59. *We have not entered into any definitive arrangement to utilize certain portions of the net proceeds of the Issue. Our funding requirements and deployment of the Net Proceeds of the Issue are based on management estimates and have not been independently appraised, and are not subject to monitoring by any independent monitoring agency.*

We intend to use the Net Proceeds of the Issue for the purposes described in “*Objects of the Issue*” on Page 93. The objects of the Issue and our funding requirement (including our working capital requirement) is based on management estimates and have not been appraised by any bank or financial institution, and are not subject to any monitoring by any independent agency. These are based on current conditions and are subject to changes in external circumstances or costs, or in other financial condition, business or strategy, as discussed further below. In addition, we have not entered into any definitive agreements to utilize the net proceeds of the Issue nor have we placed any orders for procurement of the hardware, software and other ancillary furniture and fixtures in relation to the expansion of our design and engineering services for which a part of the NET proceeds is proposed to be utilised. Our management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the net proceeds of the Issue. Based on the competitive nature of our industry, we may have to revise our business plan and/ or management estimates from time to time and consequently our funding requirements may also change. Our management estimates may exceed fair market value or the value that would have been determined by third party appraisals, which may require us to reschedule or reallocate our project and capital expenditure and may have an adverse impact on our business, financial condition, results of operations and cash flows. We may make necessary changes to the utilization of net proceeds in such cases in conformity with the provisions of the Companies Act in relation to the change in the objects in a public issue. In the event of any variations in actual utilization of funds earmarked for the above activities, any increased fund deployment for a particular activity may be met from funds earmarked from any other activity and/or from our internal accruals.

60. *Our financial results may be subject to seasonal variations.*

Our revenues and results may be affected by seasonal factors. Further, some of our customers have businesses which are seasonal in nature and a downturn in demand for our products by such customers could reduce our revenue during such periods. Our operations may also be adversely affected by difficult working conditions during monsoon season. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses, but our revenues from operations may be delayed or reduced. Although such adverse weather conditions do not typically have a material impact on our revenue from operations, abnormally rainy monsoon could have a material impact. Typically our quarter wise net sales figures are lower during the monsoon quarter, i.e. June to September in comparison to the other quarters.

61. *We will not receive any proceeds from the Offer for Sale portion*

This Issue includes an Offer for Sale of 5,516,141 Equity Shares by the Selling Shareholders. The entire proceeds from the Offer for Sale will be paid to the Selling Shareholders in proportion of the Equity Shares offered by the Selling Shareholders in the Offer for Sale and we will not receive any proceeds from such Offer for Sale. For further details, see “*Objects of the Issue*” on Page 93.

62. *Our business is dependent on few customers and the loss of, or a significant reduction in purchases by such customers could adversely affect its business.*

Revenues from any particular client may vary significantly from reporting period to reporting period depending on the nature of ongoing contracts and the implementation schedule and stage of completion of such contracts. Accordingly, our top clients may vary significantly from reporting period to reporting period. In fiscal 2012, 2013, 2014 and the eight months ended November 30, 2014, revenue from our top five clients in such periods represented 30.82%, 38.44%, 53.72% and 59.49%, respectively, of our total revenue from operations in such periods, while revenue from our top client in such periods represented 7.96%, 12.41%, 37.15% and 32.03%, respectively, of our total revenue from operations in such periods. Larger contracts from few customers may represent a larger part of our portfolio, increasing the potential volatility of our results and exposure to individual contract risks. Such concentration of our business on a few projects or clients may have an adverse effect on our results of operations if we do not achieve our expected margins or suffer losses on one or more of these large contracts.

63. *The requirements of being a public listed company may strain our resources and impose additional requirements.*

We have no experience as a public listed company or with the increased scrutiny of its affairs by shareholders, regulators and the public at large that is associated with being a public listed company. As a public company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as a private company. We will also be subject to the provisions of the listing agreements signed with the Stock Exchanges which require us to file unaudited financial results on a quarterly basis. In order to meet our financial control and disclosure obligations, significant resources and management supervision will be required. As a result, management's attention may be diverted from other business concerns, which could have an adverse effect on our business and operations. There can be no assurance that we will be able to satisfy our reporting obligations and/or readily determine and report any changes to our results of operations in a timely manner as other listed companies. In addition, we will need to increase the strength of our management team and hire additional legal and accounting staff with appropriate public company experience and accounting knowledge and we cannot assure that we will be able to do so in a timely manner.

64. *Our operations expose us to the risks of currency exchange rate fluctuations.*

The exchange rate between the Rupee and the other foreign currencies has changed substantially in recent years and may continue to fluctuate significantly in the future. A portion of our revenues and expenditure relating to our contracts with overseas entities, is denominated in U.S. dollar. Depreciation of the Indian rupee against the U.S. dollar and other foreign currencies or changes in currency exchange rates may adversely affect our results of operations.

65. *Our operations are subject to a variety of environmental laws and regulations including those relating to hazardous materials. Any failure to comply with applicable environmental laws and regulations could have an adverse effect on our financial condition and results of operations.*

Our operations are subject to numerous environmental protection laws and regulations, which are complex and stringent. The raw materials used in the development of these pre-engineered buildings, the impact of noise pollution from manufacturing activities and transportation at the project sites are subject to various environmental laws and regulations. In the event that such regulations become more stringent, such as increasing the requirements for obtaining approvals or meeting government standards, this could result in changes to the infrastructure necessary for manufacturing activities, increasing the costs related to changing manufacturing methods in order to meet government standards and increasing penalties for non-compliance. Furthermore, we may incur significant expenditure relating to operating methodologies and standards in order to comply with applicable environmental laws and regulations.

In addition, our projects may involve the handling of hazardous materials, which, if improperly handled or disposed of, could subject us to civil and criminal liabilities. Further certain environmental laws provide for joint and several liability for remediation of releases of hazardous substances, rendering a person liable for environmental damage without regards to negligence or fault on the part of such person. In addition to potential liabilities that may be incurred in satisfying these requirements, we may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances. We are also subject to regulations dealing with occupational health and safety. Such laws and regulations may expose us to liability arising out of the conduct of operations or conditions caused by others, or for our own acts. Sanctions for failure to comply with these laws, rules and regulations, many of which may be applied retroactively, may include administrative, civil and criminal penalties, revocation of permits and corrective orders. For further information on the regulatory authorities and applicable rules and regulations, see the section titled "*Regulations and Policies*" beginning on Page 146.

66. *Our Company has written off loans and advances in the past.*

Our company wrote off loans and advances furnished to its erstwhile subsidiary, Pennar Building Systems Private Limited ("**PBSPL**"), amounting to ₹ 0.89 million primarily for incorporation expenses. The loan and advances had to be written off as PBSPL was wound up on June 3, 2014. There is no assurance that our Company will not write-off investments or loans or advances in the future. Any such writing off will have adverse effect on our financial position.

External Risk Factors

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

Our performance and growth are dependent on the health of the Indian economy. Any slowdown in the Indian economy could materially and adversely impact our business, our results of operations and our financial condition. The following external risks may have an adverse impact on our business and results of operations should any of them materialize:

- Political instability, resulting from a change in the government or a change in the economic and deregulation policies may adversely affect economic conditions in India in general and our business in particular;
- A change in government policy towards controlling the pre-engineered building sector in India, including any decision to further open the sector to private sector competition;
- A slowdown in economic growth in India may adversely affect the demand for our products and consequently our business and results of operations. The growth of our business and our financial performance is linked to the performance of the overall Indian economy;
- Civil unrest, acts of violence, terrorist attacks, regional conflicts of situations or war involving India, or other countries may adversely affect the financial markets which may impact our business. Such incidents may impact economic growth or create a perception that investment in Indian companies involves a higher degree in risk which may reduce the value of the Equity Shares;
- Natural disasters in India may disrupt or adversely affect the Indian economy, on the health of which our business depends.
- Any downgrading of India's sovereign rating by international credit rating agencies may negatively impact our business, credit ratings and access to capital. In such an event, our ability to grow our business and operate profitably may be severely constrained; and
- Instances of corruption in India have the potential to discourage investors and derail the growth prospects of the Indian economy. Corruption creates economic and regulatory uncertainty and may have an adverse effect on our business, profitability and results of operations.

The Indian economy has sustained periods of high inflation. Should inflation continue to increase sharply, our profitability and results of operations may be adversely impacted. High rates of inflation in India may increase our employee costs, decrease the disposable income available to our customers and decrease our operating margins, which may have an adverse effect on our profitability and results of operations.

68. *Our growth is dependent on the Indian economy.*

Our performance and the growth of our business are dependent on the performance of the Indian economy. India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, adverse conditions affecting food and agriculture, commodity and electricity prices or various other factors. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategies. The Indian economy is currently in a state of transition and it is difficult to predict the impact of certain fundamental economic changes upon our business. Conditions outside India, such as slowdowns in the economic growth of other countries or increases in the price of oil, have an impact on the growth of the Indian economy, and government policy may change in response to such conditions. While recent governments have been keen on encouraging private participation in the industrial sector, any adverse change in policy could result in a slowdown of the Indian economy. Additionally, these policies will need continued support from stable regulatory regimes that stimulate and encourage the investment of private capital into industrial development. Any downturn in the macroeconomic environment in India could adversely affect the price of the Equity Shares, our business, prospects, financial condition and results of operations.

We presently do not know what the nature or extent of the statutory and regulatory changes will be made affecting our industry, and cannot provide assurance that such changes will not have an adverse impact on our financial condition and results of operations.

69. *Our ability to raise foreign capital may be constrained by Indian law.*

As an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions limit our financing sources and hence could constrain our ability to obtain financing on

competitive terms and refinance existing indebtedness. In addition, we cannot assure you that the required approvals will be granted to us without onerous conditions, if at all. Limitations on raising foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

70. *A third party could be prevented from acquiring control over us because of anti-takeover provisions under Indian law.*

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control over us. Consequently, even if a potential takeover would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to our stakeholders, it is possible that such a takeover would not be attempted or consummated because of Indian takeover regulations.

71. *Government policies, laws and regulations widely affect the sectors in which we operate.*

All of our businesses are largely regulated by the Central Government and State Governments in India. The regulatory framework in India is evolving and regulatory changes could have an adverse effect on our business, results of operations and financial condition. Non-compliance with any regulation may also lead to penalties, revocation of our permits or licenses or litigation.

Future government policies and changes in laws and regulations in India and elsewhere may adversely affect our business and operations, and restrict our ability to do business in our existing and target markets. The timing and content of any new law or regulation is not in our control and such new law or regulation could have an adverse effect on our business, results of operations and financial condition.

We are also subject to environmental and safety regulations. Governments may take steps towards the adoption of more stringent environmental, health and safety regulations, and we cannot assure you that we will at all times be in full compliance with these regulatory requirements. Our costs of complying with current and future environmental and safety laws and our liabilities arising from failure to comply with applicable regulatory requirements may adversely affect our business, financial condition and results of operations.

72. *Natural disasters, acts of terror and other factors beyond our control could adversely affect our business operations.*

Natural disasters such as earthquakes, typhoons, and floods, as well as accidents, acts of terror, infection and other factors beyond our control could adversely affect our business operation. These natural or other disasters could damage our facilities and equipment and force a halt to manufacturing and other operations, and such events could consequently cause severe damage to our business. We are subscribed to various insurances policies; however, these insurance policies are not guaranteed to cover all the losses and damages incurred.

73. *The extent and reliability of Indian infrastructure could adversely affect our results of operations and financial condition.*

India's physical infrastructure is less developed than that of many developed nations. Any congestion or disruption in our port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our business operations, which could adversely affect our business, prospects, financial condition and results of operations.

74. *Instability in global financial markets could materially and adversely affect our results of operations and financial condition.*

The Indian economy and financial markets are significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

The recent global financial turmoil, an outcome of the sub-prime mortgage crisis, which originated in the United States of America, has led to a loss of investor confidence in worldwide financial markets. Indian financial markets have also experienced the contagion effect of the global financial turmoil. Any prolonged financial crisis may have an adverse impact on the Indian economy, which could adversely affect our business prospects, financial condition and results of operations and price of Equity Shares.

75. *Changes in the legislation, including tax legislations or policies that are applicable to us can be unfavourable and could adversely affect our results of operations.*

The regulatory and policy environment in which we operate is evolving and subject to change. There can be no assurance that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements, conditions, costs and expenditures on our operations. Any such changes and the related uncertainties with respect to the implementation of the new regulations may have a material adverse effect on our business, financial condition and results of operations. In addition, we may have to incur capital expenditures to comply with the requirements of any new regulations, which may also materially harm our results of operations.

For instance, a majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital, disclosures in prospectus, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. Further, companies meeting certain financial thresholds are also required to constitute a committee of the board of directors for corporate social responsibility activities and ensure that at least 2% of the average net profits of the company during three immediately preceding financial years are utilized for corporate social responsibility activities. Penalties for instances of non-compliance have been prescribed under the Companies Act, 2013, which may result in inter alia, our Company, Directors and key managerial employees being subject to such penalties and formal actions as prescribed under the Companies Act, 2013, should we not be able to comply with the provisions of the New Companies Act within the prescribed timelines, and this could also affect our reputation.

To ensure compliance with the requirements of the Companies Act, 2013 within the prescribed timelines, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention. While we shall endeavour to comply with the prescribed framework and procedures, we may not be in a position to do so in a timely manner. The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Further, we cannot currently determine the impact of certain provisions of the Companies Act, 2013, which are yet to come into force. Additionally, there may be further amendments to the provisions of the Companies Act, 2013. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

The Government of India proposes to revamp the implementation of direct taxes by way of the introduction of the Direct Taxes Code (the "DTC"). If the DTC is passed in its present form by both houses of the Indian Parliament and approved by the President of India and then notified in the Gazette of India, the tax impact discussed in this DRHP will likely be altered by the DTC.

Further, the Government of India has proposed a Goods and Services Tax (the "GST"). A constitutional amendment bill for the same has been approved by the Union Cabinet and has been introduced in the Indian Parliament for its approval. If the GST is passed in its present form by both houses of the Indian Parliament and approved by the President of India and then notified in the Gazette of India, the tax impact discussed in this DRHP will most likely be altered to large extent.

The General Anti Avoidance Rules (“GAAR”) have recently been notified by way of an amendment to the Income Tax Rules, 1962, and are scheduled to come into effect from April 1, 2016. While the intent of this legislation is to prevent business arrangements set up with the intent to avoid tax incidence under the Income Tax Act, certain exemptions have been notified, viz., (i) arrangements where the tax benefit to all parties under the business arrangement is less than ₹ 30 million, (ii) where Foreign institutional Investors (“FIIs”) have not taken benefit of a double tax avoidance tax treaty under Section 90 or 90A of the Income Tax Act and have invested in listed or unlisted securities with the SEBI approval, (iii) where a non-resident has made an investment, either direct or indirect, by way of an offshore derivative instrument in an FII, or (iv) where any income is accruing from transfer of investments made before August 30, 2010, provided in all cases that the GAAR will apply to any business arrangement pursuant to which tax benefit is obtained on or after April 1, 2015, irrespective of the date on which such arrangement was entered into.

We have not determined the impact of these recent and proposed laws and regulations on our business. 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. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

76. The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to issue of capital (including provisions in relation to issue of securities on a private placement basis), disclosures in offer document, corporate governance norms, accounting policies and audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. We are also required to spend, in each financial year, at least 2% of our average net profits during three immediately preceding financial years towards corporate social responsibility activities. Further, the Companies Act, 2013 imposes greater monetary and other liability on our Company and Directors for any non-compliance. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. Additionally, some of the provisions of the Companies Act, 2013 overlap with other existing laws and regulations (such as the corporate governance norms and insider trading regulations issued by SEBI). Recently, SEBI issued revised corporate governance guidelines which are effective from October 1, 2014. Pursuant to the revised guidelines, we will be required to, amongst other things ensure that there is at least one woman director on our Board at all times, establish a vigilance mechanism for directors and employees and reconstitute certain committees in accordance with the revised guidelines. We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 and the revised SEBI corporate governance guidelines, which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

77. Companies operating in India are subject to a variety of central and state government taxes and surcharges. Any increases in tax rates could adversely affect our business and results of operations.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state government may in the future increase the corporate income tax it imposes. Also, a new direct tax code is proposed to be introduced before the Indian Parliament. In addition, there is a proposal to introduce a new goods and services tax, and the scope of the service tax is proposed to be enlarged. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

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

According to the weekly statistical supplement released by the RBI, India's foreign exchange reserves totalled US\$335.73 billion as on March 13, 2015 (*Source: RBI Website as on March 25, 2015*). A decline in India's foreign exchange reserves could impact the valuation of the Rupee and could result in reduced liquidity and higher interest rates which could adversely affect our financial condition. A future material decline in these reserves could result in reduced liquidity and higher interest rates in the Indian economy which in turn, could adversely affect our business and future financial performance.

79. *Trade deficits could have a negative impact on our business. If India's trade deficits increase or become unmanageable, the Indian economy, and therefore our business, future financial performance and the trading price of the Equity Shares could be adversely affected.*

India's trade relationships with other countries can influence India economic conditions. The trade deficit for April-February, 2014-15 was estimated at US\$ 125220.94 million which was higher than the deficit of US\$ 124844.53 million during April-February, 2013-14 (*Source: <http://commerce.nic.in/tradestats/filedisplay.aspx?id=1>*). The large trade deficit neutralises the surpluses in India's invisibles, which are primarily international trade in services, income from financial assets, labour and property and cross border transfers of workers' remittances in the current account, resulting in a current account deficit. If India's trade deficits increase or become unmanageable, the Indian economy, and therefore our business, future financial performance and the trading price of the Equity Shares could be adversely affected.

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

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditure and the trading price of our Equity Shares.

81. *The Indian economy has had a sustained period of high inflation.*

The majority of our direct costs are incurred in India. India has experienced very high levels of inflation during the period between Financial Years 2013 and 2014. In the event of continued high rate of inflation, our costs, such as salaries, travel costs and related allowances, which are typically linked to general price levels, may increase. However, we may not be able to increase the prices set of our products and services sufficiently to preserve operating margins. Accordingly, high rates of inflation in India could increase our employee costs and decrease our operating margins, which could have an adverse effect on our results of operations.

82. *Financial instability in other countries may cause increased volatility in Indian financial markets. In the event that the current difficult conditions in the global credit markets continue or if there are 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.*

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 a 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. In the past, liquidity and credit concerns and volatility in the global credit and financial markets were experienced by major US and European financial institutions. These and other related events may have 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 stabilising effects, and therefore, if such liquidity and credit concerns, financial volatility or disruptions occur again, our business, our future financial performance and the prices of the Equity Shares could be adversely affected. Further, in the event that the current difficult conditions in the global credit markets continue or if there are 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.

83. *Significant differences exist between the requirements of Indian GAAP and other accounting principles, such as U.S. GAAS and IFRS, which may be material to investors' assessments of our financial condition. The effects of the planned adoption of "Indian Accounting standards converged with IFRS" ("IND-AS") are uncertain.*

We have not attempted to quantify the impact of U.S. GAAS or International Financial Reporting Standards ("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 U.S. GAAS or IFRS. Each of U.S. GAAS and IFRS differs in significant respects from the requirements of Indian GAAP. Accordingly, the degree to which the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with 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. On January 2, 2015, the MCA released the revised road map for companies other than banking companies, insurance companies and non-banking finance companies for implementation IND-AS converged with the IFRS.

IND-AS shall be applicable on a voluntary basis for financial statements for accounting periods beginning on or after April 1, 2015, with the comparatives for the periods ending March 31, 2015 or thereafter. The IND-AS shall be applicable on a mandatory basis for the accounting periods beginning on or after April 1, 2016, with comparatives for the periods ending March 31, 2016, or thereafter, for the companies (a) whose equity and/or debt securities are listed or are in the process of listing on any stock exchange in India or outside India and having net worth of ₹ 5,000 million or more; (b) Companies other than those covered in (a) above, having net worth of ₹ 5,000 million or more; and (c) holding, subsidiary, joint venture or associate companies of companies covered under (a) and (b). The IND-AS shall be applicable on a mandatory basis for the accounting periods beginning on or after April 1, 2017, with comparatives for the periods ending 31st March, 2017, or thereafter, for the companies (x) Companies whose equity and/or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of less than rupees 500 Crore; (y) Companies other than those covered in (a), (b) and (c) and (x) above that is unlisted companies having net worth of ₹ 2,500 million or more but less than ₹ 5,000 million; and (z) holding, subsidiary, joint venture or associate companies of companies covered under paragraph (x) and (y) above.

There can be no assurance that our financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IND - AS than under current Indian GAAP. In our transition to IND - AS reporting, we may encounter difficulties in the on-going process of implementing and enhancing its management information systems. Moreover, our transition may be hampered by increasing

competition and increased costs for the relatively small number of IND - AS experienced accounting personnel available as more Indian Companies begin to prepare financial statements.

84. Third party statistical and financial data in this Draft Red Herring Prospectus may be incomplete or unreliable.

We have not independently verified data from industry publications and other sources and therefore cannot assure that they are complete or reliable. Discussions of matters relating to India, its economy or the industries in which we operate in this Draft Red Herring Prospectus are subject to the caveat that the statistical and other data upon which such discussions are based may be incomplete or unreliable. We make no representation or warranty, express or implied, as to the accuracy or completeness of this information. 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. We cannot provide any assurance that the third parties have used correct or sound methodology to prepare the information included in this Draft Red Herring Prospectus.

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

We are a limited liability company incorporated under the laws of India. All of our Directors are residents of India. A substantial portion of our assets and the assets of the Directors and our key executives are located in India. As a result, it may be difficult for investors to effect service of process upon us or such persons outside India or to enforce judgments obtained against us or such parties outside India.

Further, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with public policy or if the judgments are in breach of or contrary to Indian law. In addition, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered.

86. There may be less company information available in Indian securities markets compared to securities markets in more developed countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities market and the activities of investors, brokers and other participants and that of markets in the United States and other more developed economies. SEBI received statutory powers in 1992 to assist it in carrying out its responsibilities for improving disclosure and other regulatory standards for the Indian securities market. Subsequently, SEBI has prescribed certain regulations and guidelines in relation to disclosure requirements, insider dealing and other matters relevant to the Indian securities markets. There may, however, be less publicly available information about Indian companies than is regularly made available by public companies in more developed economies. As a result, prospective investors may have access to less information about the business, results of operations and financial condition, and those of the competitors that are listed on the BSE and the NSE of India and other stock exchanges in India on an on-going basis compared to companies subject to reporting requirements of other more developed countries.

87. Terrorist attacks or war or conflicts involving India or other countries could adversely affect business sentiment and the financial markets and adversely affect our business.

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets in which our Equity Shares will trade and also adversely affect the worldwide financial markets. Further we operate in international locations where there may be high security risks, which could result in harm to our employees or unanticipated cost. Such factors may also result in a loss of business confidence, make travel and other services more difficult and ultimately adversely affect our business. In addition, any deterioration in the relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect the price of our Equity Shares.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on us. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of our Equity Shares.

88. *An outbreak of an infectious disease or any other serious public health concerns in Asia or elsewhere could adversely affect our business. Outbreaks of infectious diseases could have an adverse impact on the Indian economy, which could adversely affect our business and thereby, our financial condition.*

The outbreak of an infectious disease or any other serious public health concern in Asia or elsewhere could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business. Incidents like the recent Ebola outbreak which has been reported across seven countries and particularly in Africa which has claimed numerous human lives has raised serious concerns about its spread globally. Historically, since late 2003, a number of countries in Asia, including India, as well as countries in other parts of the world, have had confirmed cases of the highly pathogenic H5N1 strain of avian influenza in birds and its transmission to humans, which resulted in numerous human deaths. Since April 2009, there have been outbreaks of swine flu, caused by the H1N1 virus, in certain regions of the world, including India. Such outbreaks of infectious diseases could have an adverse impact on the Indian economy, which could adversely affect our business operations and thereby, our financial condition.

89. *There may be independent press coverage about our Company and this Issue, and we strongly caution the investors not to place reliance on any information contained in press articles, including, in particular, any financial projections, valuations or other forward - looking information, and any statements that are inconsistent with the information contained in this Draft Red Herring Prospectus.*

There may be press coverage about our Company and this Issue, that may include financial projections, valuations and other forward-looking information, as well as statements that are inconsistent or conflict with the information contained in this Draft Red Herring Prospectus. We do not accept any responsibility for the accuracy or completeness of such press articles, and we make no representation or warranty as to the appropriateness, accuracy, completeness or reliability of any of the projections, valuations, forward-looking information, or of any assumptions underlying such projections, valuations, forward-looking information or any statements are inconsistent or conflict with the information contained in this Draft Red Herring Prospectus, included in or referred to by the media.

90. *The applicable competition law regime in India may adversely affect our business, results of operations and financial condition.*

The Competition Act, 2002, as amended (the “**Competition Act**”), regulates practices having or likely to have an appreciable adverse effect on competition in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an appreciable adverse effect on competition is considered void and results in the imposition of substantial monetary penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or provision of services, shares the market or source of production or provision of services by way of allocation of geographical area, type of goods or services or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an appreciable adverse effect on competition. The Competition Act also prohibits 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 penalised under the Competition Act, it may have a material adverse effect on our business, results of operations and financial condition. On March 4, 2011, the government issued and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the “**CCI**”). Additionally, on May 11, 2011, the CCI issued Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an appreciable adverse effect on competition in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an appreciable adverse effect on competition in India. However, we cannot predict the impact of the provisions of the Competition Act on the agreements entered into by us at this stage. However, 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 or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations and prospects.

Risks Relating to the Issue and the Equity Shares

91. After this Issue, the price of our Equity Shares may be volatile, or an active trading market for our Equity Shares may not be sustained.

Prior to this Issue, there has been no public market for our Equity Shares, and an active trading market may not develop or be sustained upon the completion of this Issue. The initial public offering price of the Equity Shares offered hereby was determined through our negotiations with the BRLMs and may not be indicative of the market price of the Equity Shares after this Issue. The market price of our Equity Shares after this Issue will be subject to significant fluctuations in response to, among other factors:

- variations in our operating results and the performance of our business;
- regulatory developments in our target markets affecting us, our customers or our competitors;
- changes in financial estimates by securities research analysts;
- addition or loss of executive officers or key employees;
- loss of one or more significant customers;
- the performance of the Indian and global economy;
- significant developments in India's economic liberalization and deregulation policies, and the fiscal regime;
- volatility in the Indian and global securities markets;
- performance of our competitors and perception in the Indian market about investment in the pre-engineered buildings industry; and
- adverse media reports, if any, on our Company, or the pre-engineered buildings industry.

Many of these factors are beyond our control. There has been recent volatility in the Indian stock markets and our share price could fluctuate significantly as a result of such volatility in the future. There can be no assurance that an active trading market for our Equity Shares will develop or be sustained after this Issue, or that the price at which our Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

92. Conditions in and volatility of the Indian securities market may affect the price or liquidity of our Equity Shares.

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Further, the Indian stock exchanges have often experienced periods of significant volatility in the last few years. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of securities, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading, limited price movements and restricted margin requirements. If similar problems occur in the future, the market price and liquidity of our Equity Shares could be adversely affected.

93. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.

Following the Issue, we may be subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond the specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The Stock Exchanges will not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. This circuit breaker will limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance can be given regarding the

investors' ability to sell their Equity Shares or the price at which the investor may be able to sell their Equity Shares at any particular time.

94. The investors will not be able to sell immediately on an Indian stock exchange any of the Equity Shares they purchase in the Issue.

The Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within few days of the date on which the basis of allotment is approved by NSE and BSE. Thereafter, upon receipt of final approval from the NSE and the BSE, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We cannot assure 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 above.

95. Any future issuance of Equity Shares may dilute the investors' shareholdings or sales of our Equity Shares by our Promoters or Promoter Group may adversely affect the trading price of our Equity Shares.

Any future equity issuances by us or sales of our Equity Shares by our Promoters or Promoter Group may adversely affect the trading price of our Equity Shares and our Company's ability to raise capital through an issue of securities. In addition, any perception by potential investors that such issuances or sales might occur could also affect the trading price of our Equity Shares. Additionally, the disposal, pledge or encumbrance of our Equity Shares by any of our Company's major shareholders, or the perception that such transactions may occur may affect the trading price of our Equity Shares. No assurance may be given that our Company will not issue Equity Shares or that such shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

96. There is no guarantee that the Equity Shares offered and sold in this Issue will be listed on the Stock Exchanges in a timely manner or at all.

In accordance with Indian law and practice, permission to list the Equity Shares will not be granted until after those Equity Shares have been offered and allotted. Approval will require all other relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on the Stock Exchanges. Any failure or delay in obtaining the approval would restrict the investors' ability to dispose of the Equity Shares.

In addition, pursuant to India regulations, certain actions are required to be completed before the Equity Shares can be listed and trading may commence. Investors' book entry or dematerialized electronic accounts with depository participants in India are expected to be credited only after the date on which the offer and allotment is approved by our Board of Directors. There can be no assurance that the Equity Shares allocated to prospective Investors will be credited to their dematerialized electronic accounts, or that trading will commence on time after allotment has been approved by our Board of Directors, or at all.

97. The investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, capital gains arising from the sale of Equity Shares within 12 months in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax ("STT") has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and on 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 listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of our Equity Shares.

98. *Foreign investors may be restricted in their ability to purchase or sell Equity Shares.*

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

99. *The investors may be restricted in their ability to exercise pre-emptive rights under Indian law and may be adversely affected by future dilution of their ownership position.*

Under the Companies Act, 2013, a company incorporated in India must offer its holders of shares 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 which are voted on the resolution. However, if the law of the jurisdiction the investors are in does not permit them to exercise their pre-emptive rights without us filing an offering document or registration statement with the applicable authority in the jurisdiction they are in, they will be not be able to exercise their pre-emptive rights unless we make such a filing. If we elect not to make such a filing, the new securities may be issued to a custodian, who may sell the securities for the investors' benefit. The value such custodian would receive upon the sale of such securities, if any, and the related transaction costs cannot be predicted. To the extent that the investors' are unable to exercise pre-emptive rights granted in respect of the Equity Shares, their proportional interest in us would be reduced.

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

The Companies Act and related regulations, the Articles of Association and the Listing Agreements to be entered into with the Stock Exchanges govern the corporate affairs of the Company. 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 company 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 a shareholder than as a shareholder of a corporation in another jurisdiction.

101. *Our Equity Shares are quoted in Indian Rupees in India, and therefore investors may be subject to potential losses arising out of exchange rate risk on the Indian Rupee and risks associated with the conversion of Indian Rupee proceeds into foreign currency.*

Investors are subject to currency fluctuation risk and convertibility risk since the Equity Shares are quoted in Indian Rupees on the Indian stock exchanges on which they are listed. Dividends on the Equity Shares will also be paid in Indian Rupees. The volatility of the Indian Rupee against the U.S. dollar and other currencies subjects investors who convert funds into Indian Rupees to purchase our Equity Shares to currency fluctuation risks.

Prominent Notes

1. Public issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating to ₹ [●] million. The Issue consists of a Fresh Issue of [●] Equity Shares aggregating up to ₹ 580 million and an Offer for Sale of up to 5,516,141 Equity Shares by the Selling Shareholders aggregating up to ₹ [●] million, respectively. The Issue will constitute [●]% of the post-Issue paid-up equity share capital of our Company.
2. The net worth of our Company, as of November 30, 2014, 2014 was ₹ 1,116.56 million as per our Company's restated summary statement of accounting ratios.
3. The net asset value per Equity Share of our Company, as of November 30, 2014 was ₹ 36.65 as per our Company's Restated Financial Statements.

4. The average cost of acquisition of Equity Shares by our Promoter is ₹ 10 per Equity Share.
5. For details of related party transactions, the nature and cumulative value of transactions entered into by our Company with Promoter, Promoter Group and Group Company during the last fiscal year, see “*Financial Statements- Annexure 35- Restated Summary Statement of Significant Transactions with Related Parties and Balances*” on Page 236.
6. Our Group Company has no business or other interests in our Company.
7. Our Company has not changed its name in the last three years immediately preceding the date of filing of this Draft Red Herring Prospectus.
8. There has been no financing arrangement whereby the Promoter Group, the Directors and their relatives have financed the purchase by any other person of securities of our Company other than in normal course of the 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 the BRLMs for any complaints, information or clarification pertaining to the Issue. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, or the Syndicate Members, or the Registered Broker, as the case may be, giving full details such as name, address of the Bidder, number of Equity Shares applied for, DP ID, Client ID, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSB or the Specified Locations where the Bid cum Application Form has been submitted by the ASBA Bidder. All grievances relating to Bids submitted through the Registered Broker may be addressed to the Stock Exchanges with a copy to the Registrar.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

Unless noted otherwise, the information in this section is derived from “Industry Report on Pre-engineered building Industry” published by CARE Research, a division of Credit Analysis & Research Limited (the “CARE Report 2015”), as well as other industry sources and government publications. None of the Company, the Selling Shareholders, the BRLMs and any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

CARE Research, a division of Credit Analysis & Research Limited, has taken due care and caution in preparing the CARE Report 2015 based on the information obtained by CARE from sources which it considers reliable (“Data”). However CARE does not guarantee the accuracy, adequacy or completeness of the Data/CARE Report 2015 and is not responsible for any errors or omissions or for the results obtained from the use of Data/CARE Report 2015. CARE Research operates independently of ratings division and this report does not contain any confidential information obtained by ratings division, which they may have obtained in the regular course of operations. The opinion expressed in this report cannot be compared to the rating assigned to the company within this industry by the ratings division. The opinion expressed is also not a recommendation to buy, sell or hold an instrument. The CARE Report 2015 is not a recommendation to invest/disinvest in any company covered in the Report. CARE especially states that it has no liability whatsoever to the subscribers/users/transmitters/distributors of the CARE Report 2015.

Overview of Economy

Global economy

Global economy is expected to rebound as per International Monetary Fund’s (IMF) world economic outlook, which is expected to grow at 3.5% in H2 2014 up from 3.3% in H1 2014. Global economy is expected to pick up in 2015 and 2016, with expected growth of 3.8% and 4% respectively.

Pick up in global economy in H2 2014 is expected to be driven by strong growth in USA, improved labor and employment conditions and high demand from emerging economies such as China and India.

| Exhibit 1: Global GDP growth and forecasts | | | | | | |
|--|---------------------|-------------|-------------|-------------|-------------|-------------|
| Country/ Group | Real GDP Growth (%) | | | | | |
| | Actual | | | Forecasted | | |
| | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
| Brazil | 2.7% | 1.0% | 2.5% | 0.3% | 1.4% | 2.2% |
| China | 9.3% | 7.7% | 7.7% | 7.4% | 7.1% | 6.8% |
| Emerging Asia | 9.5% | 7.7% | 6.7% | 6.6% | 6.5% | 6.6% |
| Euro Area | 2.0% | 1.6% | -0.7% | -0.4% | 0.8% | 1.3% |
| India | 6.6% | 4.7% | 5.0% | 5.6% | 6.4% | 6.5% |
| Japan | -0.5% | 1.5% | 1.5% | 0.9% | 0.8% | 0.8% |
| United Kingdom | 1.1% | 0.3% | 1.7% | 3.2% | 2.7% | 2.4% |
| United States | 1.6% | 2.3% | 2.2% | 2.2% | 3.1% | 3.0% |
| World | 4.1% | 3.4% | 3.3% | 3.3% | 3.8% | 4.0% |

Source: IMF world economic outlook (Oct 2014)

Global economy growth is expected to remain uneven across geographies with emerging economies like China and India expected to grow strongly in the next 3 years.

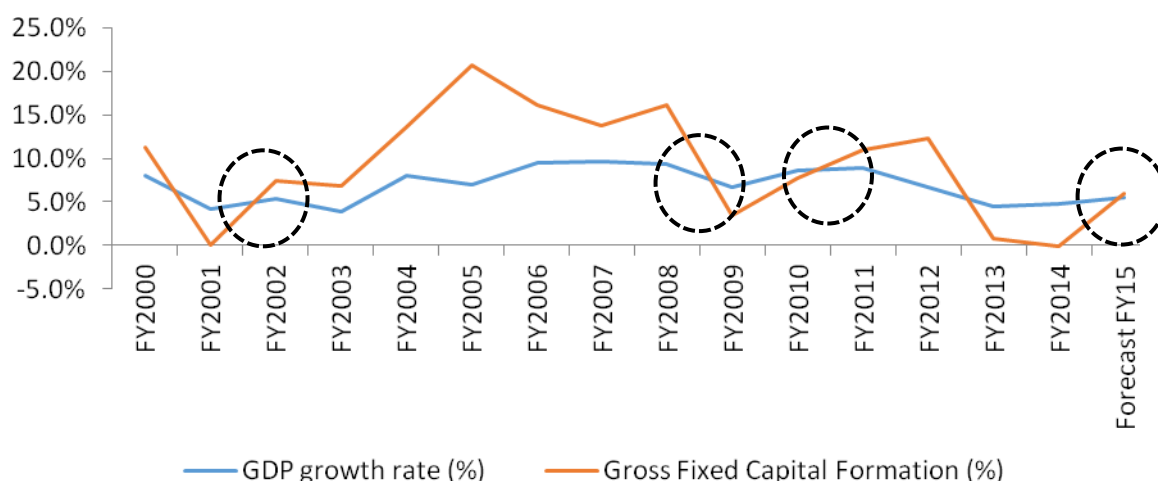
Indian Economy

Indian economy, as reflected by the GDP numbers, grew at a CAGR of 6.8% during the last 5 year period (FY 2010-14). Growth slowed down in FY 2013 and FY 2014 with decrease in investments and low business confidence. GDP growth for Q2 FY 2015 at 5.3% (year on year) has been a positive development beating the market held expectations of 5%. Higher than expected growth rate was driven by increased government expenditure in Q2. For H1 FY 2015, GDP growth was recorded at 5.5% vis-à-vis 4.9% over the same period in FY 2014. Growth was also supported by increase in business confidence and higher manufacturing output in Q2.

Infrastructure development is one of the primary drivers of India's overall development. India's infrastructure spending as a percentage of GDP grew from 5.2% in 10th five year plan period to 7.6% in the 11th five year plan period. Planning commission expects further growth to 10% in 12th plan period. For this, Government of India has earmarked USD ~1 trillion of investment in infrastructure sector. (Source: Infrastructure segment report, IBEF)

Gross Fixed Capital Formation (GFCF) is a measure of new fixed asset creation in the country. This measure has strong linkages with construction sectors which drives creation of fixed assets. With lowered investments and slow down of economy, the GFCF growth also slowed down considerably and registered a decline of ~0.1% during the FY 2014. As per RBI, the GDP is expected to be around 5.5% for FY 2015, which is expected to translate into a GFCF growth of 6% in FY 2015.

Exhibit 2: Indian GDP and Gross Fixed capital formation growth rate



Source: RBI, CARE research

With IMF's forecast of Indian GDP in 6-7% range for the next 5 years, GFCF growth is expected to be around 8-10%. This strong growth in GFCF is expected to create significant opportunities for the construction segment driving demand for pre-engineered building suppliers.

PEB Overview

India's per capita steel consumption is significantly lower than the global average with ~57.8 kg in 2013 vis-a-vis the global average of 225.2 kg. Furthermore, PEB segment in India is still in a nascent stage in the construction segment and has low penetration as compared to the advanced economies in the world. (Source: Overview of steel sector, 2013, Ministry of Steel, India)

PEB concept was introduced in India in the late 1990's and underwent the first wave of adoption in 2000's. It is highly favoured due to its lower project costs and lower turnaround time. The PEB market in India is the third largest market in the world after the United States and China as of FY 2014.

Indian PEB market size is estimated to be around ₹ 55,000 million for FY 2014. Kirby, Interarch and PEBS Pennar are the major players in India, in terms of revenues. Overall PEB Industry capacity is estimated to be around 1.6 million metric tonnes in FY2014. Capacity utilization for overall industry is estimated to be around 45%. Industrial segment (industrial sheds and manufacturing facilities) contributes to 71% of the market share followed by commercial (including warehouses and, retail shops) which contributes 19% of the market. Share of

infrastructure segment (railway stations, metro station, aviation hangars and others) is at 8% which is low in comparison to the global average.

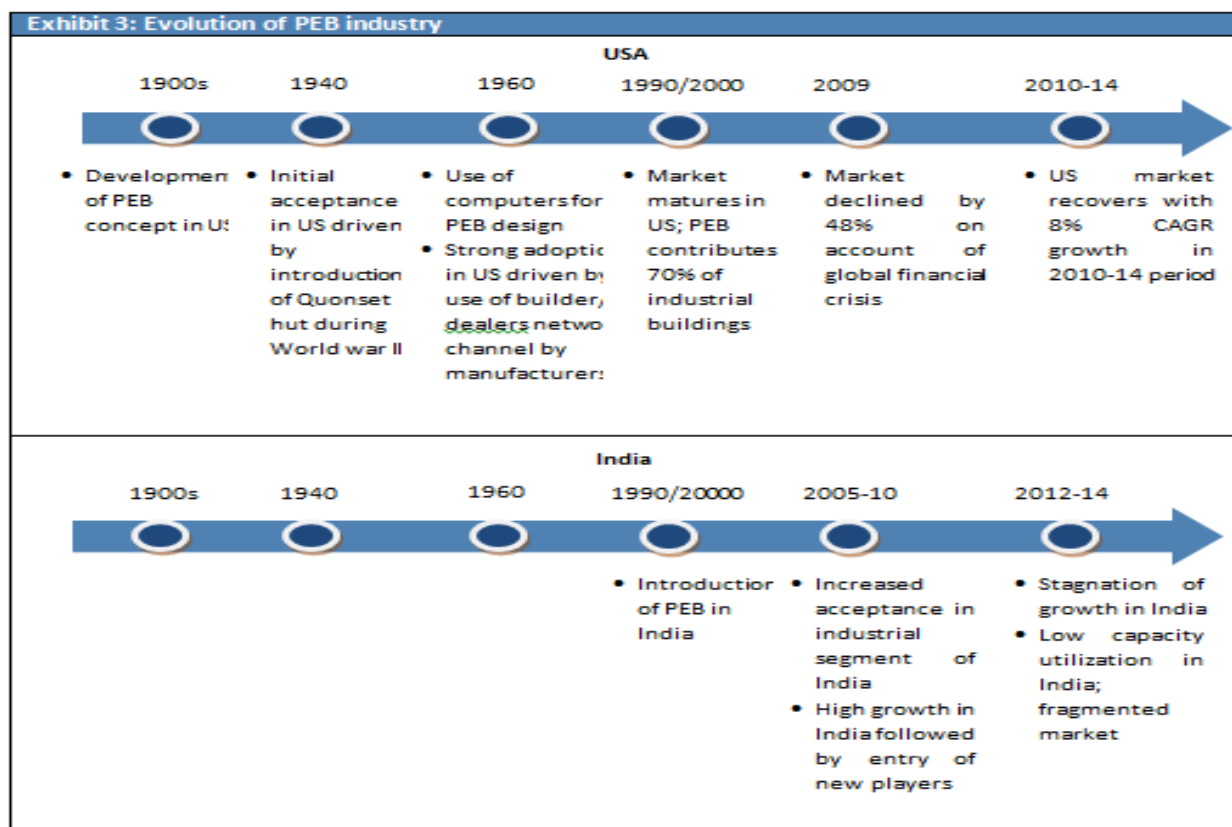
Success in PEB industry is driven by design capability of players along with their proficiency on factors such as technology, manufacturing footprint, sales and marketing and pricing. Superior design talent along with advanced design technology is a must for success in PEB industry. Ability to meet large orders and deliver them across India is a critical driver of success for the PEB players. Customer apprehension about strength of steel structures, cyclical nature of end-user demand, intermittent nature of large profitable orders, requirement of skilled manpower, fluctuation in material prices (mainly steel) and taxation anomalies remain as some of the challenges for the industry.

Indian PEB industry is a high growth opportunity market. Even though the market in India is fragmented, companies can still create profitable businesses by increasing switching costs and creating differentiation through engineering services and excellent supply chain capabilities.

Indian & Global Pre-Engineered Building (PEB) Industry

PEB Industry evolution

Pre-engineered buildings industry traces its roots to US (1900s) with construction of simple industrial buildings using straight columns, sectional roofs, truss rafters and other connectors. In 1940s acceptance of PEB grew driving mass production in USA. With advent of computers in 1960s the PEB designs became more organized driving the adoption of PEB structures even higher in USA and other advanced economies of the world.



(Source: MBMA, CARE research)

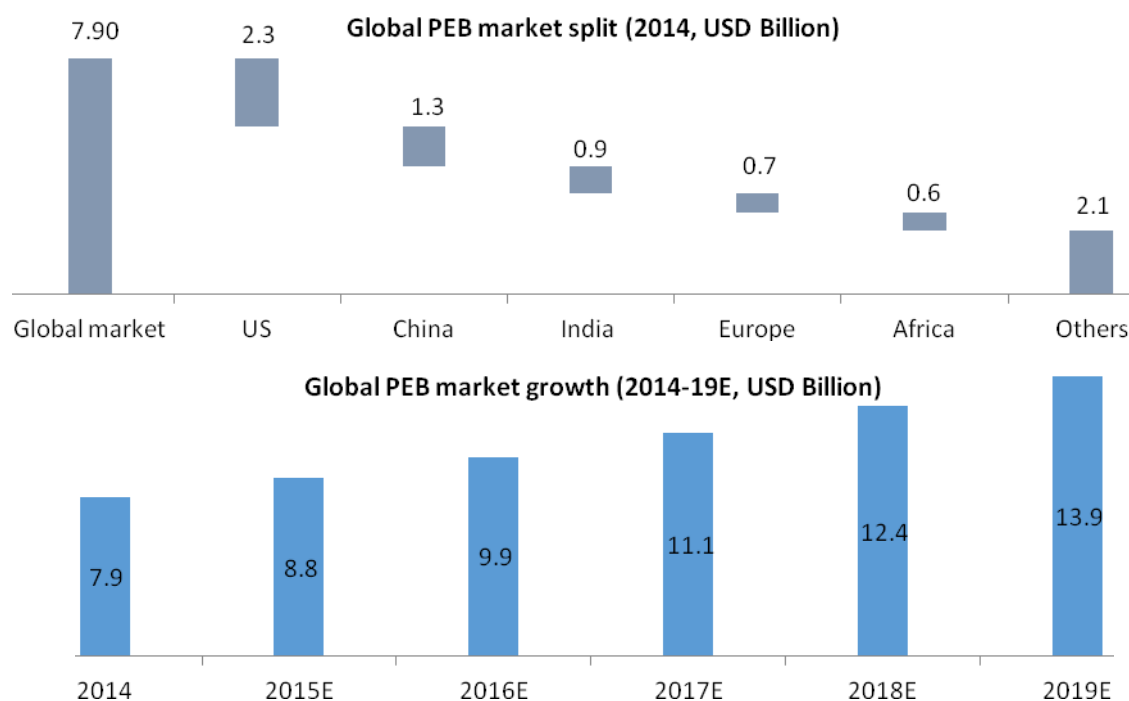
By 1980, PEB became accepted form of construction for industrial and other commercial segment in US and other developed countries. In US, the PEB contributed to as high as 70% of industrial buildings construction.

PEB was introduced in India during late 1990s with onset of Indian economic growth post liberalization of 1991. However, the acceptance among consumer segments began in early 2000 with a strong burst of growth during 2009-12 periods. PEB growth was following a strong fixed capital formation in India and increased adoption by the customers. This period of high growth saw entry of new players in the industry. However, with slowdown of Indian economic growth and decline in GFCF during last 2 years, saw the Indian PEB industry stagnate.

Market size and expected growth

Global PEB market in 2014 was estimated at US\$ 7.9 bn. USA is the largest PEB market in world with market size of roughly US\$ 2.3 billion followed by China (US\$1.3 billion) and India (US\$ 0.9 billion). In USA, 50-70% of industrial and commercial buildings are PEB based buildings. Other major markets include Europe (US\$ 0.9 billion). Africa PEB market is estimated at ~US\$ 0.6 billion driven by strong demand in South Africa and Nigeria. (Source: CARE research)

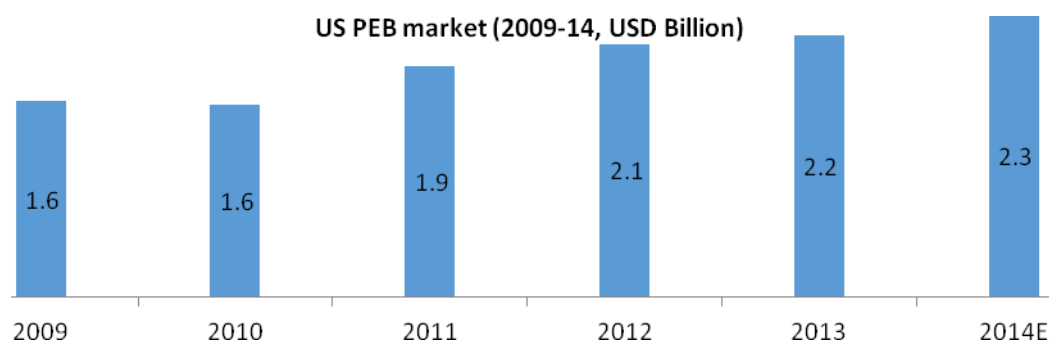
Exhibit 4: Global PEB market



Source: CARE research

Global PEB market is expected to grow at 12% CAGR in the next 5 years driven by recovery of demand in USA and new demand from emerging economies of China and India which are expected to grow in 15-20% range. In 2014, industrial sub-segment dominated the global PEB market with 60% share followed by demand from commercial (25%), infrastructure (10%) and community segment (10%).

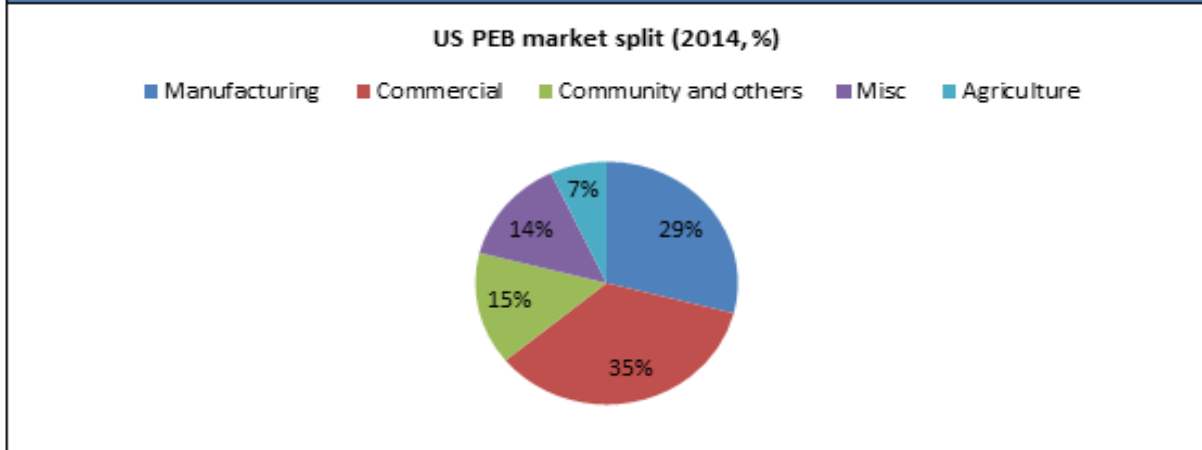
Exhibit 5: US PEB market growth



Source: MBMA, CARE research

US market has been recovering from the 2009 fall and grew at 8% CAGR during 2009-14.

Exhibit 6: US PEB market split by application areas



Source: MBMA, CARE research

In USA commercial (35%) forms the largest segment of PEB market. Manufacturing (29%) is second largest segment followed by community building (15%) and other miscellaneous buildings (14%).

SUMMARY OF OUR BUSINESS

Some of the information contained 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 titled “Forward-Looking Statements” on Page 14 for a discussion of the risks and uncertainties related to those statements and also the section titled “Risk Factors” on Page 16, “Financial Statements” on Page 190 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on Page 239 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal are to the twelve-month period ended March 31 of that year.

In this section, a reference to the “Company” means Pennar Engineered Building Systems Limited. Unless the context otherwise requires, references to “we”, “us” or “our” refers to Pennar Engineered Building Systems Limited.

Unless otherwise indicated, financial information included herein are based on our Restated Financial Statements included in this Draft Red Herring Prospectus beginning on Page 190.

Overview

We are one of the leading custom designed building systems solutions providers in India (*Source: Care Report, 2015*). Our capabilities include designing, manufacturing, supply and assembly of custom designed building systems. Our products and services include pre-engineered buildings, design and engineering services, solar module mounting structures, cold form buildings and structural steel products which are widely used for various manufacturing, warehousing, industrial, infrastructure and custom designed commercial buildings.

Since the commencement of our business activities in January 2010 and as of January 31, 2015, we have completed design, manufacturing, supply and assembly of 82,120 MT covering sqm area of 18,16,266 pre-engineered buildings in various sectors including warehousing, retail and manufacturing; design, supply and erection of solar module mounting structures for generation of solar power; design, manufacturing, supply and erection of structural steel buildings and cold form buildings. In addition to providing design and engineering services for the projects which are designed, manufactured and supplied by us, we have also provided design and engineering services for projects being executed by others. Since our inception, we have experienced sustained growth in financial indicators including our revenue, EBITDA, PAT, ROC and ROCE as well as a consistent improvement in our balance sheet position in the last five fiscals. For further details on our financial performance please refer to section titled “*Financial Statements*” beginning on Page 190 and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on Page 239.

Our core product, i.e. pre-engineered buildings are steel buildings which are custom designed and fabricated to every customer’s requirements in accordance with the applicable standards. The fabrication of pre-engineered building components is carried out in our manufacturing facility under strict quality control at every level of production and as per detailed designs created by us and approved by our customers. Pre-engineered buildings offer enhanced speed in delivery and erection, flexibility in expansion and are capable of withstanding weather pattern changes. In addition to our core manufacturing activities for pre-engineered building systems, our operations also include (i) design, supply and erection of solar module mounting structures for solar energy parks; (ii) design, manufacturing, supply and assembly of commercial buildings such as high-rise buildings, multi-level car-parks, low cost housing and other structural steel products; and (iii) cold form structures like schools, low cost housing. We also provide design and engineering services to our customers using advanced software platforms.

We have a non-exclusive technical know-how licensing arrangement with NCI Group, Inc., an established player in the United States’ metals buildings market, for supply of standing seam roofing panel system in India under the brand name ‘Double Lok®’. We are one of the few companies that offer leak-proof roofing systems in India. We have also entered into a design services out-sourcing agreement with a US based entity engaged in business similar to ours, pursuant to which we offer our design and engineering services to them by using their software for manufacturing of pre-engineered buildings by them for their overseas customers.

Our manufacturing facility, which is spread over an area of 35 acres and 27^{1/2} guntas is located at Ankenpally Village, Sadashivpet in the State of Telangana on the Hyderabad-Mumbai National Highway (NH-9). It is

equipped with high-precision machines to fabricate and supply quality-replete steel buildings and has a production capacity of 90,000 MT per annum of fabricated structural metal products a year. Our manufacturing facility also houses a testing lab for quality checks of our products at various stages of manufacturing. Our manufacturing facility has received a “Gold Rating” from the Indian Green Building Council for our practices in green building technology which includes incorporation of solar PV system, sewage treatment plant, energy efficient designs for the building, and drought tolerant species for landscaping among others. Our manufacturing facility is also ISO 9001:2008 (Design, manufacture, supply and erection of pre-engineered building systems) certified.

We believe that we have established our execution capabilities in a very short span of time, which has enabled us to develop firm relationships with various manufacturing and infrastructure companies and have managed to secure repeat orders from our customers. We have an established track record of executing projects with distinctive features, some of which were achieved for the first time in the Indian pre-engineered buildings industry. Some of our key projects include (i) execution of a 99 metre clear span building with 27 metre peak high, the single largest clear span building ever executed by a PEBS player in India; (ii) execution of the first pre-engineered building in India with EOT crane capacity of 250 MT; (iii) execution of a multi-storied building in pharma sector with a height of 33 metre (ground + 7 floors); (iv) execution of a 400,000 sq ft National Distribution Centre for a leading retail and distribution entity. In addition to the aforesaid, our products have also been used for metro stations, international airports, aircraft hangars and military engineering services projects. We have a strong customer profile and cater to some of the leading manufacturing companies in India. Some of our major customers include Ultratech Cement Limited, India Cements Limited, Volvo India Private Limited, Larsen & Toubro Limited (CMB Division), Calderys India Refractories Limited, Maha Logistics Private Limited, Etco Denim Private Limited, Shyam Indofab Private Limited, Rudrapratap Indian Logistics Private Limited, Indian Corporation and Azure Power.

As of February 28, 2015, we had 404 permanent full time employees. Some of our key managerial personnel have more than 15 years of experience in the pre-engineered building and steel structure industry. As of February 28, 2015, we have also employed around 687 contract labourers at our manufacturing facility.

We are a subsidiary of Pennar Industries Limited ("**PIL**"), a manufacturer of engineering products. The equity shares of PIL are listed on the BSE, NSE and MCX since 1988, 2010 and 2013, respectively.

In fiscal 2012, 2013, 2014 and the eight months ended November 30, 2014, revenues from operations (gross) were ₹ 2,686.05 million, ₹ 3,131.65 million, ₹ 4,022.37 million and ₹ 2,586.22 million, respectively. In fiscal 2012, 2013, 2014 and the eight months ended November, 2014, profit after tax, as restated were ₹ 105.82 million, ₹ 147.62 million, ₹ 181.86 million and ₹ 41.66 million, respectively. As of February 28, 2015, we had 147 ongoing projects across 16 states in India at various stages of execution aggregating to a total order value of ₹ 3,700.67 million. Our Order Book information is only indicative of future revenues and you should not place undue reliance on such information in making an investment decision.

Competitive Strengths

We believe the following are our principal competitive strengths:

Strong Engineering Design Capabilities

We have been able to implement the latest technologies and implement best practices for manufacturing our products.

Our Company has an in-house design and engineering team comprising of 103 technical personnel as of February 28, 2015 all of whom are trained in design and detailing. The average work experience of our design team is over 7 years. We have also entered into a design services out-sourcing agreement with an entity in the United States of America, pursuant to which we offer our design and detailing services to them by using their software platforms for manufacturing of pre-engineered buildings for their overseas customers. Access to their software platforms also gives our design and engineering team an exposure to the latest know-how, design and computer aided technologies being developed and updated overseas. We have also licensed some of the latest and advanced software in computer aided design technology and manufacturing, which are used by our design and engineering team to effectively achieve the design and detailing parameters based on our customer's requirements. Some of the latest software used by our design and engineering team includes Autodesk Auto CAD 2015, STAAD Pro, MBS, Stru AD, ETABS NL, 3Ds Max Design and Tekla X-Steel.

Our design and engineering team is trained to handle these complex software enabling them to design complex custom designed building structures. Our design and engineering team and our in house capabilities enable us to have strong designs built on knowledge of our experienced personnel.

Established track record for timely execution

In a short span of just over 5 years, since commencement of our operations, we have successfully established a track record of timely execution of more than 400 projects for various companies in sectors such as manufacturing, warehousing, retail etc. We believe that our supply chain relationships, internal processes, network of sales offices and building contracts and our integrated operations contribute significantly to enable us to complete our projects efficiently and in a timely manner.

Our raw material supply chain relationship ensures that the raw materials are delivered to our manufacturing facility on time, enabling us to manage our processes effectively and maintain our raw material inventory for a rolling period of around 2 months. We have consolidated our order management and project management departments into one, to ensure operational efficiencies by having an overall control of the manufacturing process. Our order management, operations and project management teams work in conjunction with our design and engineering team to deliver the most appropriate and customised designs for manufacturing of our products for the customers in a time bound manner. The order management department is responsible for proper handling of all secured jobs, and routing them through the various relevant departments within our Company, so as to deliver the project in the time span agreed with customer. The order management department is also responsible for coordination with the customer on all aspects of the project after an order is placed including handling of claims, timely intimation to the customer. Order management department acts as a necessary link between the customers and various necessary departments within our Company.

Each of our internal departments are governed by guidelines clearly specifying the nature of decision making and the time limit within which the decision is to be made at each step of execution of a project preventing delays. Our lean corporate structure enables us for quick response and decision making which enables us to be responsive to both market and customer needs. We believe that our clearly laid out processes for execution helps us in coordinating with our internal departments, suppliers and customers in an effective manner and the same transpires in our execution capability. We also have a network of approved building contractors across India, whom we use for site preparation works (i.e. civil works, anchor bolt casting and the general readiness of the site) for our projects. Our project management team is responsible for coordinating with the building contractors. Since we are able to obtain significant operational synergies and efficiencies through horizontal and vertical integration of our operations, including in terms of a secure connectivity and an Enterprise Resource Planning (ERP) system implemented in majority of our operations and departments, our ability to deliver projects on time is strengthened.

Our ability to provide end to end solutions to our customers ranging from product conceptualization, designing, manufacturing, testing, supplying and assembling, has made us the preferential pre-engineered buildings solution provider for some of our major customers. As of January 31, 2015, we have repeat orders from 14 customers, including customers like Ultratech Cements Limited, Volvo India Private Limited and Larson & Toubro Limited.

Diversified products and solutions

Custom designed pre-engineered buildings, is our key product offering. In addition to our core manufacturing activities for pre-engineered building systems, we offer diversified products and services to our customers. Our product offerings include (i) design, supply and erection of solar module mounting structures for solar energy parks; (ii) design, manufacturing, supply and assembly of commercial buildings such as high-rise buildings, multi-level car-parks, low cost housing and other structural steel products; and (iii) cold form structures like schools, low cost housing. We also provide design and engineering services to our customers using advanced software platforms and have provided innovative solutions in our product and services offerings. For further details on our products, please refer to sub-section titled “*Our Business-Our Product Offerings*” on Page 133.

Our ability to offer diversified product range as an integrated solutions provider having presence across various levels of pre-engineered buildings component value chain ranging from product conceptualization, designing, manufacturing, testing, supplying and assembling, makes us the preferred pre-engineered buildings solution provider for some of our major customers.

Strong financial performance

As of November 30, 2014, the total outstanding debt (short term and long term) of our Company was ₹ 330.07 million. As of November 30, 2014 our total debt to equity ratio was 0.30:1. Since our inception, we have experienced sustained growth in financial indicators including our revenue and PAT, as well as a consistent improvement in our balance sheet position in the last five fiscals, wherein we have seen an increase in our net worth. We believe that we have been able to achieve this position as an effect of capital efficient business model and cost optimization of our sourcing, design and manufacturing processes.

We strive to maintain a robust financial position with emphasis on having a strong balance sheet and increased profitability. Our strong balance sheet and positive operating cash flows coupled with low levels of debt enable us to fund our strategic initiatives, pursue opportunities for growth and better manage unanticipated cash flow variations. Our financial strength provides us a valuable competitive advantage in terms of access to bank guarantees and letters of credit, which are factors critical to our business.

The table below sets forth some of the financial indicators for fiscal 2010, 2011, 2012, 2013, 2014 and the eight months ended November 30, 2014:

(₹ in million, unless otherwise stated)

| Particulars | Fiscal 2010 | Fiscal 2011 | Fiscal 2012 | Fiscal 2013 | Fiscal 2014 | For the eight months period ended November 30, 2014 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|---|
| Revenues from Operations (net) | 309.15 | 1,461.20 | 2,458.55 | 2,869.95 | 3,643.29 | 2,353.95 |
| EBITDA | 24.51 | 176.81 | 295.19 | 369.83 | 398.25 | 167.75 |
| RONW (%) | 0.94 | 18.86 | 25.39 | 20.97 | 16.90 | 3.73 |

For further details on a comparative analysis of our financial position and revenue from operations, see the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on Page 239.

Experienced senior management team, technically skilled and motivated employees and strong parentage

We believe that our qualified and experienced senior management team, technically skilled employee base and established Promoter have contributed to growth of our operations and the development of in-house processes and competencies.

Our Chairman, Joginapally Venkata Nrupend Rao and our Managing Director, Potluri Venkateswara Rao have significant experience in the manufacturing and pre-engineered building systems businesses in India. Joginapally Venkata Nrupender Rao has around 40 years of work experience and Potluri Venkateswara Rao has around 34 years of work experience in the industry in which we operate. Our senior management team consists of technically qualified and highly experienced professionals in the industry we operate in. They bring with them, extensive experience in sales and marketing, order management, design and engineering, purchase, operations, human resources, finance and after sales services. We believe that our management framework allows us to maintain the flexibility to address the markets and the geographies we operate in. We believe in high standards of ethical integrity and we ensure that all our business functions are carried out in a transparent manner. For further information on our key managerial personnel who have contributed to our growth, see the sub-section titled “*Our Management-Key Management Personnel*” beginning on Page 176.

Our human resources policies are aimed towards recruiting talented employees and facilitating their integration into our Company and encouraging development of their skills. We believe the strength and quality of our technically skilled team and the nature of our organizational structure has been instrumental in implementing our business and growth strategies. We believe that our talented and motivated employees have been key to our success so far and will further enable us to capitalize on future growth opportunities.

Our Promoter, PIL, has been listed on the BSE Limited for 26 years and follows high standards of corporate governance. PIL has over 35 years of experience in manufacturing wide variety of steel products with over 600

customers and five manufacturing plants located at Patancheru, Isnapur in Telangana, Chennai and Hosur in Tamil Nadu and Tarapur in Maharashtra. We benefit greatly from the experiences of PIL in the industry we operate in.

Technical Know-how arrangement with NCI Group, Inc.

We have non-exclusive technical know-how license arrangement with NCI Group, Inc., an established player in the United States' metals buildings market, for supply of standing seam roofing panel system in India under the brand name 'Double Lok®'. We are one of the few companies that offer leak-proof roofing systems in India. Pursuant to the terms of the license arrangement, NCI Group, Inc., has authorised Bradbury Company, Inc., which manufactures the roll forming equipment and corresponding proprietary tooling used for production of the Double Lok® roofing systems, to replicate one or more of the roll forming equipment and corresponding proprietary tooling for us. Our technology tie up with NCI Group, Inc. has proven to be a key differentiator in comparison to our competitors.

Our Business Strategy

We are committed to continuing to increase our market shares across our product verticals and to diversify our product offerings, customer base and geographical footprint, thereby minimizing our exposure to particular sectors, markets and customers. Towards this objective, we believe, our growth and strategies are as follows:

Strengthen our presence in India and grow in new geographies

We constantly seek to enhance our addressable markets with our pan-India integrated service delivery model through our sales offices at Mumbai, New Delhi, Ahmedabad, Pune, Bengaluru, Kolkata, Chennai and Vishakhapatnam. We intend to continue to cater to the customers in other parts of India in order to increase our market share. We are exploring opportunities to expand our manufacturing facilities at such locations which are corridors of growth and also facilitate manufacturing facilities such as ours.

We are considering the possibility of setting up another manufacturing facility in either northern, western or central part of India to cater to our customers in those geographies. We plan to leverage our market presence, our brand name and execution capabilities to attract new clients and obtain new projects in different geographies.

In addition to looking for expansion opportunities within India, we intend to leverage our experience and track record of working on complex customised projects to expand our operations internationally, particularly in Africa, Indonesia and North America. We are also evaluating the possibilities of entering into partnerships/alliances with local partners to understand and penetrate newer markets. We also continue to actively evaluate opportunities to undertake international projects.

Enhancing and expanding our product portfolio and increasing our installed capacity

We propose to continue to expand our product portfolio by upgrading and introducing new products under our business verticals. We believe that our strong technical and project execution capabilities and qualified and technically skilled employee pool will enable us to enhance and expand our product portfolio. We believe that diversifying our product offerings will enable us to further grow our business operations, reduce the risk of dependency on existing products and strategically target higher margin opportunities. The Government of India's "Make in India" programme is expected to boost the industrial production in the near future which should have a positive impact on the demand for our products. Also, the decision of the Government of India to source defence equipment from domestic market to a larger extent will significantly encourage manufacturing industries in this segment. Also, the recent announcements from the Government of India to develop 'Smart Cities' is expected to have a positive impact for demand of our products. We will continue to explore opportunities to expand our manufacturing capabilities to design, manufacture, supply and assemble the following products line:

Structural Steel and High rise buildings: We believe both the products have high potential in near future. Currently, our Company is providing high rise buildings solutions only in Hyderabad. We intend to expand these products to other cities from the next fiscal year. We also intend to develop the technology for structural steel buildings for these products, for which we intend to procure the necessary software tools which can help in design of these products. Structural steel products find application in metro station structures, airport structures, telecommunication towers, multi-level car parks, broadcasting towers, flood light towers, power transmission towers among others.

Design and Engineering Services: We continue to focus on developing integrated and comprehensive engineering design solutions. We have also entered into a design services out-sourcing agreement with an entity in the United States of America, pursuant to which we offer our design and detailing services to them. We continue to explore strategic partnerships with international players for enhancement of our engineering design capabilities.

Solar Module Mounting Structures: We design, supply and erect structures which are used for mounting solar modules. This product finds application in solar photo-voltaic plants, solar canal tops, solar roof tops, solar thermal plants and solar car parks.

Low cost housing: With increase in focus of both central and state governments on providing low cost housing in India, we perceive this as a good opportunity to capitalize on cold form structures in the coming years of our operations. With experience of supplying more than thousand buildings with similar profile we have the optimum technology and experience for supplying such structures without any additional capital expenditure. We have in the past designed, manufactured and supplied school class room buildings using the cold form structures. Apart from low cost housing, we can use the same technology for designing, manufacturing, supplying and assembling rural kitchen buildings, *anganwadi* buildings, rural medical centres etc.

Other Products: Our strong technical and project execution capabilities and qualified and technically skilled employee pool enables us to offer additional products without incurring any significant capital expenditure. We intend to offer grain silos and building façade as our new product offerings. Grain silos are large storage units where grains can be stored. Due to significant grain losses during storage, central and state governments are focused toward silo storage. Presently, we have the infrastructure and technology to design and manufacture outer shells of the grain silos. In order to make an entry into this product line, we are desirous of having a technology tie up with a global player for the supply of grain silos systems.

We intend to continue the expansion of installed capacity thereby increasing our manufacturing capacities in order to, address emerging demand, leverage economies of scale, widen geographic presence and provide unique and value-added products and services to our customers. We recognize that there is significant growth potential in manufacturing the aforesaid products and we believe we are well positioned to capitalize on the opportunities presented by the markets. We will continue to use our design capabilities and manufacturing strength to develop innovative designs for our products which will help lower manufacturing costs and expand our geographical presence and customer base.

Expansion of our design and engineering capabilities

We believe our design and engineering services business is a high growth and high margin business. We intend to continue to invest in our design and engineering services which we believe forms the backbone of our business. We have also entered into a design services out-sourcing agreement with an entity in the United States of America, pursuant to which we offer our design and detailing services to them. We have developed a strong design and engineering team which exclusively works on these projects. Within a short span of 10 months, we have been able to complete orders to the satisfaction of our customer. Pursuant to our design services out-sourcing agreement our design and engineering team has been exposed to customised software thereby enhancing their skill set. Going forward we intend to leverage our design and engineering experience to concentrate on receiving big orders from overseas and domestic market. For more details on the expansion plans of our design and engineering services, please refer to section titled “*Objects of the Issue*” on Page 96.

To achieve our expansion plans, we are contemplating both organic as well as inorganic growth. In the future, we may consider setting up an off-shore branch office to cater to local opportunities at such location. We endeavor to focus on process, product innovation and value engineering solutions in order to meet the requirements of a wider range of products, geographies, applications and other customer specifications, so as to strengthen and diversify our customer base and product portfolio. We intend to continue the expansion of our design and engineering capacities in order to, address emerging demand, leverage economies of scale, widen geographic presence and provide unique and value-added services to our customers. We recognize that there is significant growth potential in design and engineering services and we believe we are well positioned to capitalize on the opportunities presented by the markets. We will continue to use our design capabilities to develop innovative designs for our products which will help us in further establishing our design and engineering capabilities.

Targeting new customer accounts and expanding existing customer accounts

We intend to increase our sales and customer penetration by targeting new customer accounts and expanding our existing customer accounts in our principal markets by offering our entire range of products. Towards this objective, we seek to continue to consolidate and develop our relationships with large and renowned corporate groups whose product portfolios are spread across manufacturing industries, as well as our design and engineering innovation competencies so as to be able to enter new and related markets and acquire, evolve and strengthen our customer relationships. While we believe our existing clients provide us with the necessary drivers to generate growth, we intend to continue to focus on new clients.

We also believe that we will be able to capitalize on our reputation for quality, consistent performance and customer satisfaction in our existing markets and product verticals to target new customers.

Continue to enhance our brand in the PEBS industry.

We believe that that our brand is synonymous with credibility, reliability, efficiency and project execution capability in the industry in which we operate. We wish to continue to enhance our brand value by continuously delivering quality product and services to our existing and prospective customers so that we become the preferred pre-engineered buildings solution provider for all our existing and prospective customers thereby increasing our market share.

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial statements derived from our Restated Financial Statements for and as of Fiscals 2014, 2013, 2012, 2011 and 2010 and eight months ended November 30, 2014. These financial statements have been prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations and are presented in the section titled “*Financial Statements*” beginning on Page 190. The summary financial statements presented below should be read in conjunction with our Restated Financial Statements, the notes and annexures thereto and the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on Page 239.

ANNEXURE – 1 : RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

(₹ in million)

| Particulars | | As at 30 November, 2014 | As at 31 March, | | | | |
|-------------|------------------------------------|-------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
| | | | 2014 | 2013 | 2012 | 2011 | 2010 |
| A | EQUITY AND LIABILITIES | | | | | | |
| 1 | Shareholders’ funds | | | | | | |
| | (a) Share capital | 304.69 | 304.69 | 274.91 | 250.00 | 250.00 | 250.00 |
| | (b) Reserves and surplus | 811.87 | 771.29 | 429.01 | 166.85 | 61.03 | 2.36 |
| | | 1,116.56 | 1,075.98 | 703.92 | 416.85 | 311.03 | 252.36 |
| 2 | Non-current liabilities | | | | | | |
| | (a) Long-term borrowings | 1.21 | 1.51 | - | 36.74 | 0.87 | 272.50 |
| | (b) Deferred tax liabilities (net) | 32.99 | 29.80 | 16.00 | 26.64 | 19.91 | 0.77 |
| | (c) Other long-term liabilities | 28.87 | 22.93 | 16.59 | 6.99 | 4.84 | - |
| | (d) Long-term provisions | 32.36 | 15.27 | 10.73 | 6.72 | 2.98 | 1.27 |
| | | 95.43 | 69.51 | 43.32 | 77.09 | 28.60 | 274.54 |
| 3 | Current liabilities | | | | | | |
| | (a) Short-term borrowings | 328.42 | 344.63 | 494.43 | 477.29 | 509.82 | 138.71 |
| | (b) Trade payables | 707.54 | 834.55 | 529.68 | 454.10 | 239.81 | 45.89 |
| | (c) Other current liabilities | 399.49 | 265.13 | 527.82 | 406.83 | 196.30 | 113.91 |
| | (d) Short-term provisions | 23.34 | 50.74 | 77.62 | 4.16 | 14.85 | 2.36 |
| | | 1,458.79 | 1,495.05 | 1,629.55 | 1,342.38 | 960.78 | 300.87 |
| | TOTAL | 2,670.78 | 2,640.54 | 2,376.79 | 1,836.32 | 1,300.41 | 827.77 |
| B | ASSETS | | | | | | |
| 1 | Non-current assets | | | | | | |
| | (a) Fixed assets | | | | | | |
| | (i) Tangible assets | 618.13 | 608.24 | 445.86 | 461.47 | 468.89 | 391.70 |
| | (ii) Intangible assets | 35.70 | 16.59 | 16.98 | 17.24 | 13.10 | 13.22 |
| | (iii) Capital work-in-progress | 3.18 | 61.44 | 137.50 | 14.77 | 2.72 | 0.99 |
| | | 657.01 | 686.27 | 600.34 | 493.48 | 484.71 | 405.91 |
| | (b) Non-current Investments | - | - | - | 0.10 | - | - |
| | (c) Long-term loans and advances | 18.07 | 19.16 | 11.31 | 23.80 | 8.58 | 5.63 |
| | (d) Other non-current assets | - | - | 38.02 | 35.53 | - | - |
| | | 675.08 | 705.43 | 649.67 | 552.91 | 493.29 | 411.54 |
| 2 | Current assets | | | | | | |
| | (a) Current investments | - | 255.01 | 33.00 | - | - | - |
| | (b) Inventories | 977.70 | 661.25 | 455.59 | 432.28 | 441.93 | 149.02 |
| | (c) Trade receivables | 712.30 | 680.80 | 633.60 | 431.95 | 246.66 | 70.91 |
| | (d) Cash and cash equivalents | 41.96 | 61.34 | 258.99 | 60.85 | 54.20 | 69.24 |
| | (e) Short-term loans and advances | 153.27 | 185.64 | 86.00 | 79.86 | 48.26 | 126.98 |
| | (f) Other current assets | 110.47 | 91.07 | 259.94 | 278.47 | 16.07 | 0.08 |
| | | 1,995.70 | 1,935.11 | 1,727.12 | 1,283.41 | 807.12 | 416.23 |
| | TOTAL | 2,670.78 | 2,640.54 | 2,376.79 | 1,836.32 | 1,300.41 | 827.77 |

To be read together with summary of significant accounting policies and notes to accounts on “*Financial Statements - Annexure -4: Summary of Significant Accounting Policies and Notes to Accounts*” on Page 197.

ANNEXURE – 2: RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

(₹ in million)

| Particulars | | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|-------------|---|---|------------------------------|-----------------|-----------------|-----------------|---------------|
| | | | 2014 | 2013 | 2012 | 2011 | 2010 |
| 1 | Revenue from operations (gross) | 2,586.22 | 4,022.37 | 3,131.65 | 2,686.05 | 1,595.05 | 323.00 |
| | Less: Excise duty | 232.27 | 379.08 | 261.70 | 227.50 | 133.85 | 13.85 |
| | Revenue from operations (net) | 2,353.95 | 3,643.29 | 2,869.95 | 2,458.55 | 1,461.20 | 309.15 |
| 2 | Other operating revenue | 17.61 | 26.23 | 30.51 | 26.98 | 13.58 | - |
| 3 | Other income | 11.20 | 27.95 | 9.15 | 3.60 | 3.10 | 1.47 |
| 4 | Total Revenue (1+2+3) | 2,382.76 | 3,697.47 | 2,909.61 | 2,489.13 | 1,477.88 | 310.62 |
| 5 | Expenses | | | | | | |
| | (a) Cost of materials consumed | 1,533.98 | 2,213.76 | 1,734.07 | 1,549.00 | 977.54 | 214.68 |
| | (b) Changes in inventories of finished goods and work-in-progress | (224.25) | (139.36) | 13.92 | (66.20) | (103.26) | (51.15) |
| | (c) Employee benefits expense | 187.17 | 223.08 | 181.13 | 143.49 | 94.12 | 53.24 |
| | (d) Finance costs | 66.53 | 77.00 | 115.36 | 109.54 | 67.91 | 16.19 |
| | (e) Depreciation and amortisation expense | 38.76 | 33.48 | 30.92 | 28.78 | 20.07 | 4.62 |
| | (f) Other expenses | 718.11 | 1,001.74 | 610.65 | 567.65 | 332.67 | 69.34 |
| | Total Expenses | 2,320.30 | 3,409.70 | 2,686.05 | 2,332.26 | 1,389.05 | 306.92 |
| 6 | Profit before tax as restated (4-5) | 62.46 | 287.77 | 223.55 | 156.87 | 88.83 | 3.70 |
| 7 | Tax expense: | | | | | | |
| | (a) Current tax expense | 16.67 | 92.53 | 86.20 | 44.68 | 12.60 | 0.53 |
| | (b) Deferred tax | 3.75 | 13.80 | (12.06) | 5.58 | 19.15 | 0.77 |
| | (c) Fringe benefit tax | - | - | 0.04 | - | - | - |
| | Add/(Less) Adjustment on account of restatement - Refer Annexure - 5 | 0.38 | (0.42) | 1.74 | 0.79 | (1.59) | 0.04 |
| | | 20.80 | 105.91 | 75.93 | 51.05 | 30.16 | 1.34 |
| 8 | Profit for the year as restated (6-7) | 41.66 | 181.86 | 147.62 | 105.82 | 58.67 | 2.36 |
| 9 | Earnings per equity share (nominal value of share ₹ 10 each): | | | | | | |
| | (a) Basic | 1.45 | 7.06 | 5.81 | 4.23 | 2.35 | 0.17 |
| | (b) Diluted | 1.37 | 6.03 | 5.81 | 4.23 | 2.35 | 0.17 |
| | Summary of Significant Accounting Policies and Notes to Accounts | | | | | | |

To be read together with summary of significant accounting policies and notes to accounts on “Financial Statements - Annexure -4: Summary of Significant Accounting Policies and Notes to Accounts” on Page 197.

ANNEXURE -3: RESTATED SUMMARY STATEMENT OF CASH FLOWS
(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|---|---|------------------------------|-----------------|----------------|----------------|-----------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Cash flow from operating activities: | | | | | | |
| Profit before Tax as restated | 62.46 | 287.77 | 223.55 | 156.87 | 88.83 | 3.70 |
| <u>Adjustments for:</u> | | | | | | |
| Depreciation and amortisation | 38.76 | 33.48 | 30.90 | 28.77 | 20.09 | 4.62 |
| Finance costs (excluding unrealised exchange loss) | 66.53 | 77.00 | 112.46 | 109.54 | 67.91 | 16.20 |
| Loss on sale of assets | - | 0.69 | - | 0.02 | 0.58 | (0.14) |
| Provision for doubtful trade and other receivables, loans and advances (net) | 13.84 | 20.36 | 6.99 | 4.85 | 0.24 | - |
| Dividend Received | (6.70) | (4.01) | - | - | - | - |
| Net gain on sale of investment | - | (8.29) | - | - | - | - |
| Interest income | (2.94) | (14.57) | (4.50) | (2.33) | (1.29) | (0.15) |
| Rental income from operating leases | (7.97) | (16.41) | (4.51) | (3.18) | (0.51) | - |
| Net unrealised exchange loss | - | - | 2.90 | 0.11 | - | - |
| Operating profit before working capital changes | 163.98 | 376.02 | 367.79 | 294.65 | 175.85 | 24.23 |
| <u>Changes in working capital:</u> | | | | | | |
| Adjustments for (increase) / decrease in operating assets: | | | | | | |
| Trade receivables | (45.34) | (67.54) | (206.76) | (189.25) | (175.74) | (71.40) |
| Inventories | (316.45) | (205.66) | (23.31) | 9.65 | (292.90) | (149.02) |
| Short-term loans and advances | 32.37 | (89.62) | (8.19) | (38.78) | 85.30 | (126.39) |
| Long-term loans and advances | (0.03) | (6.35) | 1.11 | (5.55) | (1.83) | (0.48) |
| Other current assets | (16.72) | 169.70 | 18.75 | (30.39) | (15.76) | - |
| Other non current assets | - | 34.62 | (2.49) | (34.62) | - | - |
| Adjustments for increase / (decrease) in operating liabilities: | | | | | | |
| Other current liabilities | 132.32 | (217.80) | 119.14 | (42.98) | 104.02 | 89.24 |
| Other long-term liabilities | 5.94 | 6.33 | 9.60 | 2.14 | (0.55) | - |
| Short-term provisions | 2.69 | (2.46) | 0.51 | 0.77 | 1.70 | 2.03 |
| Long-term provisions | 17.09 | 4.54 | 4.01 | 3.74 | 1.71 | 0.74 |
| Trade payables | (127.03) | 304.88 | 75.58 | 214.19 | 162.57 | 40.48 |
| Cash generated (used in) / from operations | (151.18) | 306.66 | 355.74 | 183.57 | 44.37 | (190.57) |
| Net income tax paid | (47.12) | (116.53) | (18.24) | (46.93) | (8.38) | (2.48) |
| Net cash flow (used in) / from operating activities " A " | (198.30) | 190.13 | 337.50 | 136.64 | 35.99 | (193.05) |
| Cash flow from Investing activities: | | | | | | |
| Purchase of fixed assets, including capital work-in-progress and capital advances | (7.07) | (127.66) | (124.03) | (60.89) | (97.82) | (301.96) |
| Proceeds from sale of fixed assets | - | 0.61 | 0.02 | 0.02 | 0.59 | - |
| Balances held as margin money towards bank guarantee | - | (41.25) | - | - | - | - |
| Dividend received | 6.70 | - | - | - | - | - |
| Interest received | 0.26 | 17.14 | 4.43 | 1.69 | 1.06 | 0.15 |
| Current Investments | | | | | | |
| - Purchased | - | (1,041.85) | (33.00) | - | - | - |
| - Proceeds from Sale | 255.01 | 832.15 | - | - | - | - |
| Purchase of long-term investments | - | - | - | (0.10) | - | - |
| Inter corporate deposit placed | - | (10.02) | - | - | - | - |
| Rental income from operating leases | 7.97 | 16.41 | 5.00 | 2.66 | 0.51 | - |
| Net cash from / (used in) investing activities " B " | 262.87 | (354.47) | (147.58) | (56.62) | (95.66) | (301.81) |
| Cash Flow from financing activities | | | | | | |

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|---------------|----------------|----------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Proceeds from issue of preference shares (net of expenses) | - | 190.21 | 139.44 | - | - | 143.30 |
| Proceeds from long-term borrowings | - | 159.82 | - | 86.09 | 1.18 | 290.00 |
| Repayment of long term borrowings | (0.27) | (194.00) | (40.87) | (10.21) | (20.10) | - |
| Net increase in working capital borrowings | 83.79 | 23.37 | 72.91 | 8.54 | 130.07 | 138.71 |
| Proceeds from short term borrowings | - | - | 197.61 | 220.17 | - | 2.50 |
| Repayment of other short-term borrowings | (100.00) | (173.17) | (253.38) | (272.50) | - | - |
| Finance Cost | (67.47) | (80.79) | (107.49) | (105.46) | (66.52) | (13.05) |
| Net cash (used in) / from financing activities " C " | (83.95) | (74.56) | 8.22 | (73.37) | 44.63 | 561.46 |
| Net (decrease) / increase in Cash and cash equivalents (A+B+C) | (19.38) | (238.90) | 198.14 | 6.65 | (15.04) | 66.60 |
| Cash and cash equivalents at the beginning of the year | 20.09 | 258.99 | 60.85 | 54.20 | 69.24 | 2.64 |
| Cash and cash equivalents at the end of the year | 0.71 | 20.09 | 258.99 | 60.85 | 54.20 | 69.24 |
| Reconciliation of Cash and cash equivalents with the Balance Sheet: | | | | | | |
| Cash and cash equivalents | 41.96 | 61.34 | 258.99 | 60.85 | 54.20 | 69.24 |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements: | | | | | | |
| (i) In earmarked accounts | | | | | | |
| Balances held as margin money towards bank guarantees | 41.25 | 41.25 | - | - | - | - |
| Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) | | | | | | |
| Cash and cash equivalents at the end of the year* | 0.71 | 20.09 | 258.99 | 60.85 | 54.20 | 69.24 |
| * Comprises: | | | | | | |
| (a) Cash on hand | 0.02 | 0.01 | 0.02 | 0.06 | 0.01 | 0.03 |
| (b) Cheques, drafts on hand | - | - | 6.00 | - | - | - |
| (c) Balances with banks | | | | | | |
| (i) In current accounts | 0.69 | 20.08 | 53.37 | 20.79 | 27.57 | 62.25 |
| (ii) In deposit accounts | - | - | 199.60 | 40.00 | 26.62 | 6.96 |
| Cash and cash equivalents at the end of the year | 0.71 | 20.09 | 258.99 | 60.85 | 54.20 | 69.24 |

Note

Cash Flow Statement been prepared under the Indirect method as set out in the Accounting Standard 3 on Cash Flow Statements.

ACCOUNTING RATIOS

| Particulars | For the eight months period ended/ as at 30 November, 2014 | For the year ended/ as at 31 March, 2014 | For the year ended/ as at 31 March, 2013 | For the year ended/ as at 31 March, 2012 | For the year ended/ as at 31 March, 2011 | For the year ended/ as at 31 March, 2010 |
|--|--|--|--|--|--|--|
| Earnings per share | | | | | | |
| <u>Basic</u> | | | | | | |
| Net profit for the period / year (₹ in million) | 41.66 | 181.86 | 147.62 | 105.82 | 58.67 | 2.36 |

| Particulars | For the eight months period ended/ as at 30 November, 2014 | For the year ended/ as at 31 March, 2014 | For the year ended/ as at 31 March, 2013 | For the year ended/ as at 31 March, 2012 | For the year ended/ as at 31 March, 2011 | For the year ended/ as at 31 March, 2010 |
|--|--|--|--|--|--|--|
| Less: Preference dividend (₹ in million) | 5.47 | 5.47 | 2.49 | - | - | - |
| Net profit for the period / year attributable to the equity shareholders (₹ in million) | 36.19 | 176.39 | 145.13 | 105.82 | 58.67 | 2.36 |
| Weighted average number of equity shares | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | 13,708,712 |
| Par value per share (₹) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Earnings per share - Basic (₹) Refer note (i) below | 1.45* | 7.06 | 5.81 | 4.23 | 2.35 | 0.17 |
| <u>Diluted</u> | | | | | | |
| Net profit for the period / year (₹ in million) | 41.66 | 181.86 | 147.62 | 105.82 | 58.67 | 2.36 |
| Weighted average number of equity shares - for diluted EPS | 30,468,750.00 | 30,174,235.93 | 25,068,234.00 | 25,000,000.00 | 25,000,000.00 | 13,708,712.00 |
| Par value per share (₹) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Earnings per share - Diluted (₹) Refer note (ii) below | 1.37* | 6.03 | 5.81# | 4.23 | 2.35 | 0.17 |
| Net Asset Value per Equity Share | | | | | | |
| Total Assets, as restated | 2,670.78 | 2,640.54 | 2,376.79 | 1,836.32 | 1,300.41 | 827.77 |
| Total Liabilities, as restated | 1,554.22 | 1,564.56 | 1,672.87 | 1,419.47 | 989.38 | 575.41 |
| Net Asset Value, as restated | 1,116.56 | 1,075.98 | 703.92 | 416.85 | 311.03 | 252.36 |
| Number of equity shares outstanding | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | 13,708,712 |
| Add : Impact of outstanding financial instruments i.e. Compulsorily Convertible Preference Shares (CCPS) outstanding | 5,468,750 | 5,174,236 | 68,234 | - | - | - |
| Number of equity shares considered | 30,468,750 | 30,174,236 | 25,068,234 | 25,000,000 | 25,000,000 | 13,708,712 |
| Net Assets Value per equity share Refer note (iii) below | 36.65 | 35.66 | 28.08 | 16.67 | 12.44 | 18.41 |
| Return on Net Worth (%): | | | | | | |
| Total Assets, as restated | 2670.78 | 2640.54 | 2376.79 | 1836.32 | 1300.41 | 827.77 |
| Total Liabilities, as restated | 1554.22 | 1564.56 | 1672.87 | 1419.47 | 989.38 | 575.41 |
| Less: Revaluation reserve & Miscellaneous Expenditure to the extent not written off, as restated | - | - | - | - | - | - |
| Net worth, as restated | 1,116.56 | 1,075.98 | 703.92 | 416.85 | 311.03 | 252.36 |

| Particulars | For the eight months period ended/ as at 30 November, 2014 | For the year ended/ as at 31 March, 2014 | For the year ended/ as at 31 March, 2013 | For the year ended/ as at 31 March, 2012 | For the year ended/ as at 31 March, 2011 | For the year ended/ as at 31 March, 2010 |
|--|--|--|--|--|--|--|
| Net profit for the period / year | 41.66 | 181.86 | 147.62 | 105.82 | 58.67 | 2.36 |
| Net worth at the end of the year/ period | 1,116.56 | 1,075.98 | 703.92 | 416.85 | 311.03 | 252.36 |
| Return on net worth Refer note (iv) below | 3.73%* | 16.90% | 20.97% | 25.39% | 18.86% | 0.94% |

Notes:

* Not annualised

Since anti-dilutive, basic EPS considered

| | |
|---|--|
| (i) Earning Per Share (Basic) = | $\frac{\text{Net Profit after tax, as restated for the period / year, attributable to equity shareholders}}{\text{Weighted average number of equity shares outstanding during the year / period}}$ |
| (ii) Earning Per Share (Diluted) = | $\frac{\text{Net Profit after tax, as restated for the period / year, attributable to equity shareholders}}{\text{Weighted Average Number of Diluted equity Share Outstanding during the year}}$ |
| (iii) Return on Net Worth (%) = | $\frac{\text{Net Profit after tax, as restated for the period/year, attributable to equity share holders}}{\text{Net worth, as restated, at the end of the year / period}}$ |
| (iv) Net Asset Value Per Equity Share = | $\frac{\text{Net Asset Value, as restated, at the end of the period/year}}{\text{Number of equity shares outstanding at the end of the year / period}}$ |

@ Net Asset value = Total Assets - Total Liabilities

@@ Net Worth = Share capital + Reserves (excluding revaluation reserve) - Miscellaneous Expenditure to the extent not written off.

THE ISSUE

| Equity Shares Offered | |
|---|---|
| Issue | [●] Equity Shares |
| <i>of which</i> | |
| Fresh Issue ⁽¹⁾ | [●] Equity Shares |
| Offer for Sale ⁽²⁾ | 5,516,141 Equity Shares |
| A) QIB portion ⁽³⁾⁽⁴⁾ | Not more than [●] Equity Shares |
| <i>of which:</i> | |
| Anchor Investor Portion | Up to [●] Equity Shares |
| Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed) | Up to [●] Equity Shares |
| <i>of which:</i> | |
| Available for allocation to Mutual Funds only (5.00% of the QIB Portion (excluding the Anchor Investor Portion)) | [●] Equity Shares |
| B) Non-Institutional Portion ⁽⁴⁾ | Not less than [●] Equity Shares |
| C) Retail Portion ⁽³⁾⁽⁴⁾ | Not less than [●] Equity Shares |
| Pre and post Issue Equity | |
| Equity Shares outstanding prior to the Issue | [●] Equity Shares |
| Equity Shares outstanding after the Issue | [●] Equity Shares |
| Use of Net Proceeds | See the section titled “Objects of the Issue” beginning on Page 93 for information about the use of the proceeds from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale. |

Allocation to all categories, except the Anchor Investor Portion, if any, shall be made on a proportionate basis. For further details, see the sub-section titled “Issue Procedure – Allotment Procedure and Basis of Allotment” on Page 355.

- (1) The Fresh Issue has been authorized by a resolution of our Board of Directors dated November 11, 2014 and a resolution of our shareholders in their Extraordinary General Meeting dated March 16, 2015.
- (2) The Equity Shares being offered by the Selling Shareholders in the Issue, and/or the compulsorily convertible preference shares which were converted into such Equity Shares, as the case may be, being included in the Issue, have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Issue. The Offer for Sale has been authorised by the Selling Shareholders as follows (i) Zephyr Peacock India Fund III Limited has authorised offer of 3,461,222 Equity Shares in the Offer for Sale by way of the board resolution dated March 25, 2015; (ii) Zephyr Peacock India III Fund has authorised offer of 1,554,919 Equity Shares in the Offer for Sale by way of resolution of board of directors of ZP India Advisory Private Limited, its investment manager, dated March 25, 2015; (iii) Usha Ramani Potluri has consented to offer 200,000 Equity Shares in the Offer for Sale by way of letter dated March 12, 2015; (iv) Vikram Chachra has consented to offer 200,000 Equity Shares in the Offer for Sale by way of letter dated March 11, 2015; and (v) Eight Finance Private Limited has consented to offer 100,000 Equity Shares in the Offer for Sale by way of a board resolution and a letter dated March 11, 2015.
- (3) Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60.00% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of undersubscription or non-allocation in the Anchor Investor Portion, the balance of Equity Shares shall be added to the QIB Portion. Subject to valid Bids being received at or above the Issue Price, undersubscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange. However, undersubscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.
- (4) Allocation to all categories shall be made in accordance with the SEBI ICDR Regulations.

GENERAL INFORMATION

Our Company was incorporated on January 17, 2008 as ‘Pennar Engineered Building Systems Limited’, a public limited company under the Companies Act, 1956. We received the certificate of commencement of business on February 19, 2008.

For details of the business of our Company, see the section titled “*Our Business*” beginning on Page 125.

Registered Office and Corporate Office of our Company

Pennar Engineered Building Systems Limited

9th Floor, DHFLVC Silicon Towers

Kondapur, Hyderabad 500 084

Telangana, India

Tel: +91 40 4021 0525

Fax: +91 40 4018 6992

Email: cs@pebspennar.com

Website: www.pebspennar.in

For further details of change in location of the registered office of our Company, see the sub-section titled “*History and Corporate Structure-Change in Registered Office*” on Page 155.

Corporate Identity Number: U45400AP2008PLC057182

Company registration number: 057182

Address of RoC

Our Company is registered with the Registrar of Companies, Andhra Pradesh and Telangana at Hyderabad situated at the following address:

The Registrar of Companies

2nd Floor, CPWD Building

Kendriya Sadan, Sultan Bazar

Koti, Hyderabad 500 195

Telangana, India

Board of Directors of our Company

| Name and designation | Age (in years) | DIN | Address |
|---|----------------|----------|---|
| Joginapally Venkata Nrupender Rao Chairman and non-executive Director | 69 | 00089922 | 8-2-293/82/A/381, H. No. 442, Plot No. 381, Road No. 10, Jubilee Hills, Hyderabad 500 033, Telangana, India |
| Potluri Venkateswara Rao Managing Director | 55 | 03157581 | 179 Ushodaya Enclave, HIG, Phase II, Road No. 1, Kanaka Miyapur, Hyderabad 500 049, Telangana, India |
| Aditya Narsing Rao Non-executive Director | 33 | 01307343 | 8-2-293/82/A/381, H. No. 442, Plot No. 381, Road No. 10, Jubilee Hills, Hyderabad 500 033, Telangana, India |
| Mukul Gulati Non-executive nominee Director | 41 | 00746183 | Villa No. 290, ST Phase, Adarsh Palm Meadows, Ramagondanahalli, Airport Road, Whitefield, Bengaluru 560 066, Karnataka, India |
| Manish Mahendra Sabharwal Non-executive independent Director | 45 | 00969601 | 48, Hatkesh Society, N/S Road No. 7, Juhu, Mumbai 400 049, Maharashtra, India |
| Kamalaker Rao Bandari Non-executive independent Director | 65 | 00038686 | Flat No. 603, Bandari Residency, Begumpet, Hyderabad 500 016, Telangana, India |
| Varun Chawla Non-executive independent Director | 34 | 02097425 | A-65-A, Nizamuddin East, New Delhi 110 013, Delhi, India |
| Sita Vanka Non-executive independent Director | 57 | 07016012 | 2-2-1137/3/1/1, New Nallakunta, Hyderabad, - 500044, Telangana, India |

For further details of our Directors, see the sub-section titled “*Our Management- Board of Directors*” beginning on Page 161.

Selling Shareholders

The details of our Selling Shareholders are set forth below-

| Name | Details |
|---------------------------------------|--|
| Zephyr Peacock India Fund III Limited | A Mauritius exempted limited life company, limited by shares, having its registered office at International Financial Services Limited, IFS Court, Twenty Eight, Cybercity, Ebene, Mauritius. |
| Zephyr Peacock India III Fund | A scheme of the Zephyr Peacock India Master Trust and registered with SEBI as a VCF under the SEBI VCF Regulations, represented by its trustee, IL&FS Trust Company Limited. |
| Usha Ramani Potluri | An individual holding permanent account number, AIKPP4697G. |
| Vikram Chachra | An individual holding permanent account number, AGTPC3105F. |
| Eight Finance Private Limited | A limited company incorporated under the Companies Act, 1956, having its registered office at 122, A- Wing, Mittal Court, 224, Nariman Point, Mumbai 400 021, Maharashtra, India, bearing CIN U67110MH2007PTC176884. |

For details of the share capital held by the Selling Shareholders in our Company, see the sub-section titled “*Capital Structure- Details of the share capital held by the Selling Shareholders in our Company*” on Page 85.

Company Secretary and Compliance Officer

Namrata Maheshwari
Pennar Engineered Building Systems Limited
 9th Floor, DHFLVC Silicon Towers
 Kondapur, Hyderabad 500 084
 Telangana, India
 Tel: +91 40 4021 0525
 Fax: +91 40 4018 6992
 Email: cs@pebspennar.com

Investors can contact the Company Secretary and Compliance Officer, the BRLMs or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of Allotment, credit of Allotted Equity Shares in the respective beneficiary account, refund orders, etc.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, application number, address of the applicant, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the entity and centre where the Bid cum Application Form was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB and the Syndicate Members at the Specified Locations with whom the Bid cum Application Form was submitted, giving full details such as name and address of the applicant, number of the Bid cum Application Form, number of Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form, Client ID, Permanent Account Number and Designated Branch or the collection centre of the SCSB or the address of the centre of the Syndicate Member at the Specified Locations where the Bid cum Application Form was submitted by the ASBA Bidder.

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 herein above.

Chief Financial Officer

Shrikant Bhakkad
Pennar Engineered Building Systems Limited
 9th Floor, DHFLVC Silicon Towers
 Kondapur, Hyderabad 500 084

Telangana, India
Tel: +91 40 4021 0525
Fax: +91 40 4018 6992
Email: shri@pebspennar.com

Book Running Lead Managers

Motilal Oswal Investment Advisors Private Limited

Motilal Oswal Tower
Rahimtullah Sayani Road
Opposite Parel ST Depot,
Prabhadevi, Mumbai 400 025
Maharashtra, India
Tel: +91 22 3980 4380
Fax: +91 22 3980 4315
Email: pebs.ipo@ motilaloswal.com
Investor grievance email: moiaplredressal@motilaloswal.com
Website: www.motilaloswal.com
Contact Person: Rupesh Khant
SEBI Registration No.: INM00001105
CIN: U67190MH2006PTC160583

Axis Capital Limited

1st floor, Axis House
C 2 Wadia International Centre
Pandurang Budhkar Marg
Worli, Mumbai 400 025
Maharashtra, India
Tel: +91 22 4325 2183
Fax: +91 22 4325 3000
E-mail: pebs.ipo@axiscap.in
Investor grievance e-mail: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Vivek Toshniwal
SEBI Registration No.: INM000012029
CIN: U51900MH2005PLC157853

Karvy Investor Services Limited

“Karvy House”, 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad - 500 034, Telangana,
India
Tel: +91 40 2342 8774/ 2331 2454
Fax: +91 40 2337 4714/ 2331 1968
E-mail: cmg@karvy.com
Investor grievance e-mail: igmbd@karvy.com
Website: www.karvy.com
Contact Person: Krishna Sowjanya/ Rohan Menon
SEBI Registration No.: MB/ INM000008365
CIN: U67120TG1997PLC026253

Syndicate Members

[●]

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries> and updated from time to time. For details of the Designated Branches which shall collect the Bid cum Application Forms

from the ASBA Bidders, please refer to the above mentioned link. Further, the branches of the SCSBs where the Syndicate at the Specified Locations could submit the Bid cum Application Form is provided on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>.

Registered Brokers

In terms of SEBI circular no. CIR/CFD/14/2012 dated October 4, 2012, Bidders can submit Bid cum Application Forms using the stock broker network of the Stock Exchanges, i.e., through Registered Brokers at the Broker Centres. The list of the Registered Brokers, including details such as postal address, telephone number and e-mail address, is provided on the websites of the BSE and the NSE at http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=3 and http://www.nseindia.com/products/content/equities/ipos/ipo_mem_terminal.htm, respectively. In relation to ASBA Bids submitted to the Registered Brokers at the Broker Centres, 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 the SEBI (www.sebi.gov.in) and updated from time to time.

Legal Counsel to the Company as to Indian Law

Link Legal India Law Services

Thapar House, Central Wing
First Floor, 124 Janpath
New Delhi 110 001, India
Tel: +91 11 4651 1000
Fax: +91 11 4651 1099
Email: project.endure@linklegal.in

Legal Counsel to the BRLMs as to Indian Law

Axon Partners LLP

C-4/3 Safdarjung Development Area
New Delhi 110 016, India
Tel: +91 11 4332 0000
Fax: +91 11 4332 0015
Email: projectendure@axonpartners.in

Statutory Auditors to the Company

Deloitte Haskins & Sells

1-8-384 & 385, 3rd Floor
Gowra Grand, S P Road
Begumpet, Secunderabad 500 003
Telangana, India
Tel: +91 40 6603 2600
Fax: +91 40 6603 2714
Email: bganesh@deloitte.com
Firm registration no.: 008072S

Registrar to the Issue

Karvy Computershare Private Limited

Plot no. 17 - 24, Vithalrao Nagar,
Madhapur, Hyderabad 500 081
Telangana, India
Tel: +91 40 4465 5000
Fax: +91 40 2343 1551
Email: einward.ris@karvy.com
Investor grievance email: pebspennar.ipo@karvy.com
Website: www.karisma.karvy.com
Contact Person: M. Murali Krishna
SEBI Registration No: INR0000000221

Bankers to the Issue and/or Escrow Collection Banks

[•]

Refund Bankers

[•]

Bankers to our Company

Axis Bank Limited

Corporate Banking Branch
G Pullareddy Buildings, Greenlands
Hyderabad 500 016, Telangana,
India
Contact Person : Srinivasulu K
Tel : +91 40 2340 0731
Fax : +91 40 2340 7184
Email : sreenivasulu.kadapalli@axisbank.com
Website : www.axisbank.com

State Bank of India

Industrial Finance Branch,
Somajiguda, Hyderabad,
Telangana, India
Contact Person: V P B Kulkarni
Tel: +91 40 2314 7213
Fax: +91 40 2340 3862
Email: vijay_kulkarni@sbi.co.in
Website: www.sbi.co.in

Yes Bank Limited

Ground Floor, Mayank Towers
6-3-1990/B/1&2
Raj Bhavan Road
Somajiguda
Hyderabad 500 082
Contact Person : KVN Yesu Babu
Tel : +91 40 6673 9000
Fax : +91 40 6646 9001
Email : yesubabu.k@yesbank.in
Website : www.yesbank.in

Monitoring Agency

There is no requirement for appointing a monitoring agency for this Issue under Regulation 16(1) of the SEBI ICDR Regulations since our proposed Issue size is less than ₹ 5,000 million. However, as per Clause 49 of the Listing Agreement, upon listing of the Equity Shares in accordance with the corporate governance requirements, the Audit Committee would be monitoring the utilization of the proceeds of the Issue.

IPO Grading

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

Credit Rating

As this is an issue of Equity Shares, there is no credit rating for this Issue.

Trustees

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

Project Appraisal

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

Experts

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

1. Our Company has received consent dated March 26, 2015 from the statutory auditors of our Company namely, Deloitte Haskins & Sells, to include their name as an expert under Sec. 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus in relation to their report dated February 11, 2015 and statement of tax benefits dated March 26, 2015 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act; and
2. Our Company has received consent from M/s. Serval Associates, a chartered engineer vide their certificate dated March 18, 2015, to include their name as an “expert” under Sec. 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus in relation to their certificate on detailed status of completed projects and total built-up area from January 2010 to March 2015 and the details or extracts

thereof included in this Draft Red Herring Prospectus; and

- CARE has given its written consent dated March 19, 2015 to be named as an expert under Sec. 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus and to the inclusion of its report in the form and in the context it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Statement of Inter-se Allocation of Responsibilities for the Issue

The following table sets forth the distribution of responsibility and coordination for various activities in this Issue amongst the BRLMs:

| S. No. | Activity | Responsibility | Coordinator |
|--------|---|-------------------|-------------|
| 1. | Capital structuring with relative components and formalities such as type of instruments, etc. | MO*, Axis*, KISL* | MO |
| 2. | Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Red Herring Prospectus including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing | MO, Axis, KISL | MO |
| 3. | Drafting and approval of all statutory advertisements | MO, Axis, KISL | KISL |
| 4. | Drafting and approval of all publicity material other than statutory advertisements as mentioned in 3 above, including corporate advertisement, brochures | MO, Axis, KISL | KISL |
| 5. | Appointment of intermediaries and coordination of intermediary agreements | MO, Axis | Axis |
| | - Advertising agency and printers | | |
| | - Escrow Collection Banks and Registrar | | |
| 6. | International institutional marketing strategy, including finalizing the list and allocation of investors for one to one meetings, in consultation with the Company, finalizing the international road show schedule & investor meeting schedules | MO, Axis, KISL | Axis |
| 7. | Preparation of road show presentation and frequently asked questions | MO, Axis, KISL | Axis |
| 8. | Marketing strategy for domestic institutions including banks, mutual funds, etc., finalizing the list and division of investors for one to one meetings, in consultation with the Company, and finalizing the investor meeting schedules | MO, Axis, KISL | MO |
| 9. | Non-institutional and retail marketing of the Issue, which will include inter alia, formulating marketing strategies, preparation of publicity budget, finalizing media and PR strategy, finalizing centres for holding conferences for press and brokers, deciding on the quantum of issue material and following-up on distribution of publicity and issue material including forms, prospectuses, etc. | MO, Axis, KISL | MO |
| 10. | Co-ordination with Stock Exchanges for Book Building software, bidding terminals and mock trading | MO, Axis, KISL | MO |
| 11. | Finalization of pricing, in consultation with the Company and managing the book | MO, Axis, KISL | MO |
| 12. | The post bidding & post issue activities including management of escrow accounts, co-ordination of institutional and non-institutional allocation, intimation of allocation and dispatch of refunds to bidders etc. The post Issue activities for the Issue involving essential follow up steps, which include the finalization of trading and dealing of instruments and demat of delivery of Equity Shares, with the various agencies connected with the work such as the Registrar to the Issue and Bankers to the Issue, SCSBs and the bank(s) handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfil their functions and enable it to discharge this responsibility through suitable agreements with the Company | MO, Axis | MO |

*"MO" refers to Motilal Oswal Investment Advisors Private Limited, "Axis" refers to Axis Capital Limited and "KISL" refers to Karvy Investor Services Limited.

Even if any of these activities are handled by other intermediaries, the designated BRLM(s) shall be responsible for ensuring that these agencies fulfil their functions and enable them to discharge this responsibility through suitable agreements with our Company and the Selling Shareholders.

Book Building Process

The Book Building Process, with reference to the Issue, refers to the process of collection of Bids on the basis of

the Red Herring Prospectus within the Price Band, which will be decided by our Company and the Selling Shareholders 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/Issue Opening Date. The Issue Price is finalized by our Company and the Selling Shareholders in consultation with the BRLMs after the Bid/ Issue Closing Date. The principal parties involved in the Book Building Process are:

- our Company;
- the Selling Shareholders;
- the BRLMs;
- the Syndicate Members who are intermediaries registered with the SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters. The Syndicate Members are appointed by the BRLMs;
- the SCSBs;
- the Registered Brokers;
- the Registrar to the Issue; and
- the Escrow Collection Banks.

This Issue is being made for at least 25.00% of the fully diluted post-Issue capital of our Company, pursuant to Rule 19(2)(b)(i) of SCRR read with Regulation 41 of the SEBI ICDR Regulations. Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50.00% of the Issue shall be available for allocation to QIBs on a proportionate basis. Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60.00% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of undersubscription or non-allocation in the Anchor Investor Portion, the balance of Equity Shares shall be added to the QIB Portion. Such number of Equity Shares representing 5.00% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder 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 Issue Price. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue will be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, each Retail Individual Bidder shall be allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis.

Subject to valid Bids being received at or above the Issue Price, undersubscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange. However, undersubscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

QIBs (excluding Anchor Investors) and Non-Institutional Bidders can participate in the Issue only through the ASBA process and Retail Individual Bidders have the option to participate through the ASBA process. Anchor Investors are not permitted to participate through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs bidding in the QIB Portion and Non-Institutional Bidders bidding in the Non-Institutional Portion are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/ Issue Period and withdraw their Bids until finalisation of the Basis of Allotment. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Issue Period. Allocation to the Anchor Investors will be on a discretionary basis. For further details, see the section titled “*Issue Procedure*” beginning on Page 316.

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

The Book Building Process under the SEBI ICDR Regulations is subject to change from time to time and the investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

Illustration of Book Building and Price Discovery Process

(Investors should note that this example is solely for illustrative purposes and is not specific to the Issue, it also excludes bidding by the Anchor Investors or under the ASBA process).

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. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period. The illustrative book below shows the demand for the shares of the issuer company at various prices and is collated from bids received from various investors.

| Bid Quantity | Bid Amount (₹) | Cumulative Quantity | Subscription |
|--------------|----------------|---------------------|--------------|
| 500 | 24 | 500 | 16.67% |
| 1,000 | 23 | 1,500 | 50.00% |
| 1,500 | 22 | 3,000 | 100.00% |
| 2,000 | 21 | 5,000 | 166.67% |
| 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 shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. The Issuer and the Selling Shareholders, in consultation with the BRLMs, will finalise the issue price at or below such cut-off price, i.e., at or below ₹ 22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in the respective categories.

Steps to be taken by the Bidders for Bidding

1. Check eligibility for making a Bid (For further details see the sub-section titled “Issue Procedure - Who Can Bid?” on Page 318);
2. Ensure that you have a PAN, an active dematerialized account and the dematerialized account details including DP ID, Client ID and PAN are correctly mentioned in the Bid cum Application Form;
3. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI Circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in securities market, and (ii) Bids by persons resident in the State of Sikkim, who, in terms of the SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, for Bids of all values, ensure that you have mentioned your PAN allotted under the Income Tax Act in the Bid cum Application Form. In accordance with the SEBI ICDR Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction (see the section titled “Issue Procedure” beginning on Page 316);
4. Ensure that the Bid cum Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid cum Application Form;
5. Ensure the correctness of your demographic details given in the Bid cum Application Form, with the details recorded with your Depository Participants;
6. Bids by QIBs (excluding the Anchor Investors) and Non Institutional Bidders shall be submitted only through the ASBA process;
7. Bids by non-ASBA Bidders will have to be submitted to the Syndicate (or their authorized agents) at the bidding centers or the Registered Brokers at the Broker Centers;
8. Bids by ASBA Bidders will have to be submitted to the Designated Branches or the Syndicate in the Specified Locations or the Registered Brokers in physical form. It may also be submitted in electronic form to the Designated Branches of the SCSBs only. ASBA Bidders should ensure that the specified bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that the Bid cum Application Form submitted by the ASBA Bidders is not rejected; and

9. Bids by the QIBs including Anchor Investors will have to be submitted to the BRLMs or their affiliates.

Withdrawal of the Issue

Our Company and the Selling Shareholders in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Allotment. However, if our Company and the Selling Shareholders withdraw the Issue, after the Bid/Issue Closing Date, our Company shall issue a public notice in the newspapers in which the pre-Issue advertisements were published, within two days of the Bid/ Issue Closing Date, providing reasons for not proceeding with the Issue. The BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day of receipt of such notification. Our Company shall also inform the Stock Exchanges on which the Equity Shares are proposed to be listed.

If our Company and the Selling Shareholders withdraw the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with an issue of our Company's Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus.

Bid/Issue Programme

| | |
|----------------------------|---|
| BID/ISSUE OPENS ON | [●]* |
| BID/ISSUE CLOSES ON | For QIB Bidders [●], 2015** |
| | For Retail Individual Bidders and Non Institutional Bidders: [●], 2015 |

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

**Our Company and the Selling Shareholders, in consultation with the BRLMs, may consider closing the Bid/Issue Period for QIB Bidders one day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.

Underwriting Agreement

After the determination of the Issue Price and allocation of the Equity Shares but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into the Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Issue. It is proposed that, pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that their respective 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 are several and are subject to certain conditions specified therein.

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

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

| (₹ in million, except share data) | | |
|--|--|----------------------------|
| Name, address, telephone number, fax number and email of the Underwriters | Indicative Number of the Equity Shares to be Underwritten | Amount Underwritten |
| [●] | [●] | [●] |

The above-mentioned underwriting commitments are indicative and will be finalised after pricing of the Issue and actual allocation and subject to provisions of Regulation 13(2) of the SEBI ICDR Regulations.

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

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

Notwithstanding the above table, the BRLMs and the Syndicate Members shall be responsible for ensuring payment with respect to 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/subscribe to Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement. The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus and will be executed after the determination of the Issue Price, but prior to the filing of the Prospectus with the RoC.

CAPITAL STRUCTURE

The share capital of our Company before the Issue and after giving effect to the Issue, as at the date of this Draft Red Herring Prospectus, is set forth below:

(₹ in million, except share data)

| | | Aggregate nominal value | Aggregate value at Issue Price ⁽¹⁾ |
|----|--|-------------------------|---|
| A) | Authorised Share Capital | | |
| | 36,000,000 Equity Shares | 360.00 | - |
| | 6,000,000 CCPS | 60.00 | - |
| | Total | 420.00 | - |
| B) | Issued, subscribed and paid up share capital before the Issue | | |
| | 27,672,491 Equity Shares | 276.72 | [●] |
| | 3,039,560 CCPS | 30.40 | [●] |
| | Total | 307.12 | [●] |
| C) | Present Issue in terms of this Draft Red Herring Prospectus⁽²⁾ | | |
| | Up to [●] Equity Shares | [●] | [●] |
| | Out of which | | |
| | a. Fresh Issue- [●] Equity Shares | [●] | [●] |
| | b. Offer for Sale- 5,516,141 Equity Shares ⁽³⁾ | [●] | [●] |
| | Of which: | | |
| | 1. QIB Portion of up to [●] ⁽⁴⁾ Equity Shares | [●] | [●] |
| | Of which: | | |
| | Anchor Investor Portion is up to [●] Equity Shares | [●] | [●] |
| | Net QIB Portion is up to [●] Equity Shares | [●] | [●] |
| | Of which: | | |
| | Mutual Fund Portion is up to [●] Equity Shares | [●] | [●] |
| | 2. Non Institutional Portion of not less than [●] Equity Shares | [●] | [●] |
| | 3. Retail Portion of not less than [●] Equity Shares | [●] | [●] |
| D) | Issued, subscribed and paid up Equity Capital after the Issue⁽⁵⁾ | | |
| | [●] Equity Shares | [●] | [●] |
| E) | Share premium account | | |
| | Before the Issue | | 272.53 |
| | After the Issue ⁽¹⁾ | | [●] |

⁽¹⁾ To be finalized upon determination of the Issue Price.

⁽²⁾ This Issue has been authorized by a resolution of our Board of Directors dated November 11, 2014 and a resolution of our shareholders in their Extraordinary General Meeting dated March 16, 2015.

⁽³⁾ The Offer for Sale has been authorised by the Selling Shareholders as follows: (i) Zephyr Peacock India Fund III Limited has authorised offer of 3,461,222 Equity Shares in the Offer for Sale by way of the board resolution dated March 25, 2015; (ii) Zephyr Peacock India III Fund has authorised offer of 1,554,919 Equity Shares in the Offer for Sale by way of resolution of board of directors of ZP India Advisory Private Limited, its investment manager, dated March 25, 2015; (iii) Usha Ramani Potluri has authorised offer of 200,000 Equity Shares in the Offer for Sale by way of letter dated March 12, 2015; (iv) Vikram Chachra has authorised offer of 200,000 Equity Shares in the Offer for Sale by way of letter dated March 11, 2015; and (v) Eight Finance Private Limited has authorised offer of 100,000 Equity Shares in the Offer for Sale by way of letter dated March 11, 2015.

⁽⁴⁾ For further details in relation to allocation to the QIB Category, please refer to the section titled "The Issue" on Page 69.

⁽⁵⁾ To be inserted in the Red Herring Prospectus.

The CCPS held by the Selling Shareholders as on the date of this Draft Red Herring Prospectus shall be converted into Equity Shares prior to the filing of the Red Herring Prospectus with the RoC as follows:

| S. No. | Name of the Selling Shareholder | At DRHP (CCPS) | Before filing of RHP (maximum number of Equity Shares to be issued to Selling Shareholders on conversion of CCPS held by them)* |
|--------|---------------------------------------|------------------|---|
| 1. | Zephyr Peacock India Fund III Limited | 2,097,348 | 2,307,412 |
| 2. | Zephyr Peacock India III Fund | 942,212 | 1,036,582 |
| | TOTAL | 3,039,560 | 3,343,994 |

*For details of the terms of conversion of the CCPS into Equity Shares, please refer to the sub-section titled "History and Corporate Structure-Summary of Key Agreements" on Page 158.

Changes in the Authorised Share Capital of the Company

1. The initial authorised share capital of ₹ 2.50 million divided into 250,000 Equity Shares was increased to ₹ 50.00 million divided into 5,000,000 Equity Shares pursuant to a resolution of our Shareholders passed on May 26, 2008.
2. The authorised share capital of ₹ 50.00 million divided into 5,000,000 Equity Shares was increased to ₹ 200.00 million divided into 20,000,000 Equity Shares pursuant to a resolution of our Shareholders passed on March 28, 2009.
3. The authorised share capital of ₹ 200.00 million divided into 20,000,000 Equity Shares was increased to ₹ 205.00 million divided into 20,500,000 Equity Shares pursuant to a resolution of our Shareholders passed on October 27, 2009.
4. The authorised share capital of ₹ 205.00 million divided into 20,500,000 Equity Shares was increased to ₹ 255.00 million divided into 25,500,000 Equity Shares pursuant to a resolution of our Shareholders passed on February 27, 2010.
5. The authorised share capital of ₹ 255.00 million divided into 25,500,000 Equity Shares was increased to ₹ 375.00 million divided into 31,500,000 Equity Shares and 6,000,000 CCPS, pursuant to a resolution of our Shareholders passed on February 13, 2013.
6. The authorised share capital of ₹ 375.00 million divided into 31,500,000 Equity Shares and 6,000,000 CCPS was increased to ₹ 420.00 million divided into 36,000,000 Equity Shares and 6,000,000 CCPS, pursuant to a resolution of our Shareholders passed on March 16, 2015.

Notes to Capital Structure:

1. Share capital history of our Company

(a) Equity share capital history

| Date of allotment of the Equity Shares | No. of Equity Shares | Face value (₹) | Issue price (₹) | Nature of consideration | Reasons for allotment | Cumulative number of Equity Shares | Cumulative issued and paid up capital (₹) | Cumulative share premium (₹) |
|--|----------------------|----------------|-----------------|-------------------------|--|------------------------------------|---|------------------------------|
| January 21, 2008 | 50,000 | 10.00 | 10.00 | Cash | Subscription to Memorandum ⁽¹⁾ | 50,000 | 500,000 | Nil |
| June 30, 2009 | 15,220,000 | 10.00 | 10.00 | Cash | Allotment of Equity Shares ⁽²⁾ | 15,270,000 | 152,700,000 | Nil |
| October 27, 2009 | 5,230,000 | 10.00 | 10.00 | Cash | Allotment of Equity Shares ⁽³⁾ | 20,500,000 | 205,000,000 | Nil |
| March 31, 2010 | 4,500,000 | 10.00 | 10.00 | Cash | Allotment of Equity Shares ⁽⁴⁾ | 25,000,000 | 250,000,000 | Nil |
| March 16, 2015 | 2,672,491 | 10.00 | 58.17 | Cash | Conversion of CCPS to Equity Shares ⁽⁵⁾ | 27,672,491 | 276,724,910 | 128,743,250 |
| TOTAL | 27,672,491 | | | | | | | |

(1) Subscription of 16,000 Equity Shares by Joginapally Venkata Nrupender Rao, 15,000 Equity Shares by Aditya Narsing Rao, 1,000 Equity Shares by Vijay Chandra Puljal, 1,000 Equity Shares by Pelluri Bhaskara Rao, 1,000 Equity Shares by Anantha Reddy Chinthireddy, 1,000 Equity Shares by Kuram Murali Sunil and 15,000 Equity Shares by Joginapalli Rajyalakshmi Rao.

(2) Allotment of 15,000,000 Equity Shares to Pennar Industries Limited and conversion of 220,000 equity warrants (allotted by the Company on June 8, 2009 for ₹10.00 each) held by Aditya Narsing Rao to 220,000 Equity Shares.

- (3) Allotment of 3,450,000 Equity Shares to Pennar Industries Limited and conversion of 1,780,000 equity warrants (allotted by the Company on June 8, 2009 for ₹ 10.00 each) as follows: 250,000 Equity Shares to Aditya Narsing Rao, 100,000 Equity Shares to Anantha Reddy Chinthireddy, 320,000 Equity Shares to Joginapalli Rajyalakshmi Rao, , 100,000 Equity Shares to Avanti Rao Joginapally, 90,000 Equity Shares to Jayanthi Puljal, 10,000 Equity Shares to Bhavana Puljal, 10,000 Equity Shares to Kalpana Puljal, 100,000 Equity Shares to Joginapally Venkata Nrupender Rao (HUF), 100,000 Equity Shares to Ch. Arathi, 300,000 Equity Shares to P. Anasuya, 100,000 Equity Shares to Potluri Venkateswara Rao, 100,000 Equity Shares to Usha Ramani Potluri and 200,000 Equity Shares to Eight Capital Advisory Services Private Limited.
- (4) Allotment of 50,000 Equity Shares to Pennar Industries Limited and conversion of 4,450,000 equity warrants (allotted by the Company on June 8, 2009 for ₹ 10.00 each) as follows: 1,020,000 Equity Shares to Joginapalli Rajyalakshmi Rao, 1,030,000 to Aditya Narsing Rao, 400,000 Equity Shares to Avanti Rao Joginapally, 1,000,000 Equity Shares to D. Sudeepa Rao, 300,000 Equity Shares to Joginapally Venkata Nrupender Rao (HUF), 400,000 Equity Shares to Ch. Arathi, 200,000 Equity Shares to Potluri Venkateswara Rao and 100,000 Equity Shares to Usha Ramani Potluri.
- (5) Pursuant to a resolution dated March 16, 2015, 1,676,182 CCPS held by Zephyr Peacock India Fund III Limited were converted to 1,844,064 Equity Shares and 753,008 CCPS held by Zephyr Peacock India III Fund were converted into 828,427 Equity Shares respectively at ₹ 58.17 each.

(b) Preference share capital history

| Date of allotment of the CCPS | No. of CCPS allotted/converted | Face value (₹) | Issue/Conversion price (₹) | Nature of payment | Reasons for allotment | Cumulative number of CCPS | Cumulative issued capital (₹) | Cumulative share premium (₹) |
|-------------------------------|--------------------------------|----------------|----------------------------|-------------------|--|---------------------------|-------------------------------|------------------------------|
| March 22, 2013 | 2,490,530 | 10.00 | 64.00 | Cash | Preferential allotment ⁽¹⁾ | 2,490,530 | 24,905,300 | 134,488,620 |
| April 9, 2013 | 1,118,845 | 10.00 | 64.00 | Cash | Preferential allotment ⁽²⁾ | 3,609,375 | 36,093,750 | 194,906,250 |
| May 24, 2013 | 1,859,375 | 10.00 | 64.00 | Cash | Preferential allotment ⁽³⁾ | 5,468,750 | 54,687,500 | 295,312,500 |
| March 16, 2015 | (2,429,190) | 10.00 | 58.17 | Cash | Conversion into Equity Shares ⁽⁴⁾ | 3,039,560 | 30,395,600 | 164,136,240 |
| TOTAL | 3,039,560 | | | | | | | |

- (1) Preferential allotment of 2,490,530 CCPS to Zephyr Peacock India Fund III Limited.
- (2) Preferential allotment of 1,118,845 CCPS to Zephyr Peacock India III Fund.
- (3) Preferential allotment of 1,283,000 CCPS to Zephyr Peacock India Fund III Limited and 576,375 CCPS to Zephyr Peacock India III Fund.
- (4) Pursuant to a resolution dated March 16, 2015, 1,676,182 CCPS held by Zephyr Peacock India Fund III Limited were converted to 1,844,064 Equity Shares and 753,008 CCPS held by Zephyr Peacock India III Fund were converted into 828,427 Equity Shares respectively at ₹ 58.17 each.

(c) Issue of Equity Shares in the last one year

The table below sets forth the details of the Equity Shares issued by our Company at a price which may be lower than the Issue Price during a period of one year preceding the date of this Draft Red Herring Prospectus:

| S. No. | Name of Person | Date of allotment | Number of the Equity Shares | Issue price (₹) | Whether part of Promoter Group | Reason |
|--------------|---------------------------------------|-------------------|-----------------------------|-----------------|--------------------------------|---------------------------------------|
| 1. | Zephyr Peacock India Fund III Limited | March 16, 2015 | 1,844,064 | 58.17 | No | Conversion of CCPS into Equity Shares |
| 2. | Zephyr Peacock India III Fund | March 16, 2015 | 828,427 | 58.17 | No | Conversion of CCPS into Equity Shares |
| TOTAL | | | 2,672,491 | | | |

(d) Our Company has not issued any Equity Shares for consideration other than cash.

(e) Our Company has not issued any bonus shares out of capitalization of its revaluation reserves.

2. History of Build-up, Contribution and Lock in of Promoter's Shareholding

(a) Build up of our Promoter's shareholding in our Company

As of the date of this Draft Red Herring Prospectus, our Promoter holds 18,500,000 Equity Shares, which constitutes 66.85% of the issued, subscribed and paid up Equity Share capital of our Company. All the Equity Shares held by our Promoter were fully paid-up on the respective dates of acquisition of such Equity Shares.

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

| PENNAR INDUSTRIES LIMITED | | | | | | | | |
|------------------------------|----------------------|----------------|------------------------------|-------------------------|----------------------------|---|--|-------------------|
| Date of Allotment / Transfer | No. of Equity Shares | Face Value (₹) | Issue/ Acquisition Price (₹) | Nature of Consideration | Nature of Transaction | Percentage of the pre-issue Equity Share capital (%)* | Percentage of the post-issue capital (%) | Sources of funds |
| June 30, 2009 | 15,000,000 | 10.00 | 10.00 | Cash | Allotment of Equity Shares | 54.21 | [●] | Internal accruals |
| October 27, 2009 | 3,450,000 | 10.00 | 10.00 | Cash | Allotment of Equity Shares | 12.47 | [●] | Internal accruals |
| March 31, 2010 | 50,000 | 10.00 | 10.00 | Cash | Allotment of Equity Shares | 0.18 | [●] | Internal accruals |
| TOTAL | 18,500,000 | | | | | 66.85 | [●] | |

*Does not account for the outstanding CCPS held by Zephyr Peacock India Fund III Limited and Zephyr Peacock India III Fund which would be converted into Equity Shares prior to the registration of the Red Herring Prospectus with the RoC.

(b) Following is the shareholding of our Promoter and Promoter Group –

| S. No. | Name of Person | Promoter/ Promoter Group | No. of Equity Shares | Percentage of the pre-issue capital* | Percentage of the post-issue capital |
|--------------|---|--------------------------|----------------------|--------------------------------------|--------------------------------------|
| 1. | Pennar Industries Limited | Promoter | 18,500,000 | 66.85 | [●] |
| 2. | Aditya Narsing Rao | Promoter Group | 772,498 | 2.79 | [●] |
| 3. | Joginapally Venkata Nrupender Rao | Promoter Group | 516,000 | 1.86 | [●] |
| 4. | Joginapally Venkata Nrupender Rao (HUF) | Promoter Group | 197,989 | 0.72 | [●] |
| 5. | Rajyalakshmi Rao Joginapally | Promoter Group | 690,914 | 2.50 | [●] |
| 6. | D. Sudeepa Rao | Promoter Group | 509,899 | 1.84 | [●] |
| 7. | Avanti Rao | Promoter Group | 254,950 | 0.92 | [●] |
| TOTAL | | | 21,442,250 | 77.49 | [●] |

*Does not account for the outstanding CCPS held by Zephyr Peacock India Fund III Limited and Zephyr Peacock India III Fund which would be converted into Equity Shares prior to the registration of the Red Herring Prospectus with the RoC.

(c) Details of Promoter's contribution and lock-in

Pursuant to Regulations 32 and 36 of the SEBI ICDR Regulations, an aggregate of 20.00% of the fully diluted post-Issue Equity Share capital of our Company held by our Promoter shall be locked in for a period of three years from the date of Allotment (“**Promoter's Contribution.**”).

The lock-in of the Promoter's Contribution would be created as per applicable laws and procedures and details of the same shall also be provided to the Stock Exchanges before the listing of the Equity Shares.

Our Promoter has, pursuant to letter dated March 20, 2015, given consent to include such number of Equity Shares held by them, in aggregate, as may constitute 20.00% of the fully diluted post-

Issue Equity Share capital of our Company as Promoter's Contribution and have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Promoter's Contribution from the date of filing this Draft Red Herring Prospectus, until the commencement of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations. Details of Promoter's Contribution are as provided below:

| Date of allotment/transfer* | Nature of transaction | Nature of consideration | No. of Equity Shares | Face value (₹) | Issue Price/Purchase Price (₹) | Percentage of fully diluted post-Issue paid-up capital | Sources of funds |
|----------------------------------|-----------------------|-------------------------|----------------------|----------------|--------------------------------|--|------------------|
| Pennar Industries Limited | | | | | | | |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| [●] | [●] | [●] | [●] | [●] | [●] | [●] | [●] |
| TOTAL | | | [●] | | | [●] | |

*Equity Shares were fully paid up on the date of allotment.

The Promoter's 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.

The Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Promoter's Contribution under Regulation 33 of the SEBI ICDR Regulations. In this computation, as per Regulation 33 of the SEBI ICDR Regulations, our Company confirms that the Equity Shares locked-in do not, and shall not, consist of:

- The Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets or bonus shares out of revaluations reserves or unrealised profits or bonus shares which are otherwise ineligible for computation of Promoter's Contribution;
- The Equity Shares acquired during the preceding one year, at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- The Equity Shares issued to the Promoter upon conversion of a partnership firm; and
- The Equity Shares held by the Promoter that are subject to any pledge.

Our Company further confirms that such Equity Shares shall be held in dematerialised form prior to the filing of the Red Herring Prospectus with the RoC and that these Equity Shares do not consist of Equity Shares for which specific written consent has not been obtained from the Promoter for inclusion of its subscription in the Promoter's Contribution subject to lock-in. For such time that the Equity Shares under the Promoter's Contribution are locked in as per the SEBI ICDR Regulations, the Promoter's Contribution can be pledged only with a scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions, in the event the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the Objects of the Issue and pledge of such Equity Shares is one of the terms of sanction of loan. For such time that they are locked in as per the SEBI ICDR Regulations, the Equity Shares held by the Promoter in excess of the Promoter's Contribution can be pledged only with a scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions if the pledge of the Equity Shares is one of the terms of the sanction of the loan. For details regarding the Objects of the Issue, see the section titled "*Objects of the Issue*" beginning on Page 93.

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

(d) *Other requirements in respect of lock-in:*

In addition to the 20.00% of the fully diluted post-Issue Equity Share capital of our Company held by our Promoter and locked in for three years as specified above, the entire pre-Issue Equity Share

capital of our Company, except the Equity Shares subscribed to and Allotted pursuant to the Offer for Sale and Equity Shares held by VCFs, including Zephyr Peacock India III Fund, will be locked-in for a period of one year from the date of Allotment. Additionally, any unsubscribed portion of the Offer for Sale being offered by the Selling Shareholders, except Zephyr Peacock India III Fund, would also be locked-in for one year from the date of Allotment.

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

Lock-in of Equity Shares Allotted to Anchor Investors

Any Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked in for a period of thirty days from the date of Allotment.

(e) ***Details of Equity Shares Pledged by our Promoter***

6,150,000 Equity Shares held by our Promoter, Pennar Industries Limited, have been pledged with State Bank of India towards security for working capital facilities availed from State Bank of India. The Equity Shares which are pledged as mentioned above do not constitute the minimum Promoter's Contribution.

3. Details of the share capital held by the Selling Shareholders in our Company

The build-up of the equity shareholding of the Selling Shareholders in our Company is set forth below:

| Date of transaction | Nature of transaction | Number of Equity Shares | Face value (₹) | Issue/ Transfer price per share (₹) | Nature of consideration |
|--|---|-------------------------|----------------|-------------------------------------|-------------------------|
| ZEPHYR PEACOCK INDIA FUND III LIMITED | | | | | |
| April 16, 2013 | Transfer from Joginapalli Rajyalakshmi Rao | 664,086 | 10.00 | 64.00 | Cash |
| April 16, 2013 | Transfer from Joginapalli Venkata Nrupender Rao (HUF) | 202,011 | 10.00 | 64.00 | Cash |
| April 16, 2013 | Transfer from D. Sudeepta Rao | 201,273 | 10.00 | 64.00 | Cash |
| June 22, 2013 | Transfer from Avanti Rao Joginapalli | 169,088 | 10.00 | 64.00 | Cash |
| June 22, 2013 | Transfer from Aditya Narsing Rao | 380,769 | 10.00 | 64.00 | Cash |
| March 16, 2015 | Conversion of 1,676,182 CCPS into Equity Shares | 1,844,064 | 10.00 | 58.17 | Cash |
| TOTAL | | 3,461,291 | | | |
| ZEPHYR PEACOCK INDIA III FUND | | | | | |
| May 20, 2013 | Transfer from Aditya Narsing Rao | 190,677 | 10.00 | 64.00 | Cash |
| May 20, 2013 | Transfer from D. Sudeepta Rao | 288,828 | 10.00 | 64.00 | Cash |
| June 25, 2013 | Transfer from Aditya Narsing Rao | 171,056 | 10.00 | 64.00 | Cash |
| June 25, 2013 | Transfer from Avanti Rao Joginapalli | 75,962 | 10.00 | 64.00 | Cash |
| March 16, 2015 | Conversion of 753,008 CCPS into Equity Shares | 828,427 | 10.00 | 58.17 | Cash |
| TOTAL | | 1,554,950 | | | |
| USHA RAMANI POTLURI | | | | | |
| October 27, 2009 | Allotment of Equity Shares | 100,000 | 10.00 | 10.00 | Cash |
| March 31, 2010 | Allotment of Equity Shares | 100,000 | 10.00 | 10.00 | Cash |
| TOTAL | | 200,000 | | | |
| VIKRAM CHACHRA | | | | | |
| May 28, 2012 | Transfer from Eight Capital Advisory Services Private Limited | 200,000 | 10.00 | 15.69 | Cash |
| TOTAL | | 200,000 | | | |
| EIGHT FINANCE PRIVATE LIMITED | | | | | |

| Date of transaction | Nature of transaction | Number of Equity Shares | Face value (₹) | Issue/ Transfer price per share (₹) | Nature of consideration |
|---------------------|-------------------------------|-------------------------|----------------|-------------------------------------|-------------------------|
| February 10, 2014 | Transfer from Jayanthi Puljal | 80,000 | 10.00 | 65.00 | Cash |
| February 10, 2014 | Transfer from Bhavana Puljal | 10,000 | 10.00 | 65.00 | Cash |
| February 10, 2014 | Transfer from Kalpana Puljal | 10,000 | 10.00 | 65.00 | Cash |
| TOTAL | | 100,000 | | | |
| GRAND TOTAL | | 5,516,241 | | | |

Sale, purchase or subscription of our Company's securities by our Promoter, Promoter Group and our Directors within three years immediately preceding the date of this Draft Red Herring Prospectus, which in aggregate is equal to or greater than 1% of the pre-Issue capital of our Company.

Except as disclosed in this section, there has been no sale, purchase or subscription of our Company's securities by our Promoter, Promoter Group and our Directors within three years immediately preceding the date of this Draft Red Herring Prospectus, which in aggregate is equal to or greater than 1.00% of the pre-Issue capital of our Company.

4. Shareholding pattern of our Company

The table below presents the shareholding pattern of our Company before the proposed Issue as on the date of filing of this Draft Red Herring Prospectus and as adjusted for the Issue:

| Category code (I) | Category of Shareholder (II) | Number of shareholders (III) | Total number of shares (IV) | Number of shares held in dematerialized form (V) | Total shareholding as a percentage of total number of shares** | | Share Pledged or otherwise encumbered | | Post Issue | | Shares Pledged or otherwise encumbered (post-Issue) | |
|-------------------|---|------------------------------|-----------------------------|--|--|-------------------------|---------------------------------------|---------------------------|-----------------------|-------------------------|---|------------------------|
| | | | | | As a % of (A+B) (VI) | As a % of (A+B+C) (VII) | Number of shares* (VIII) | As a % of (VIII/VI)* (IX) | Number of shares* (X) | As a % of (A+B+C)* (XI) | Number of shares (XII) | As a percentage (XIII) |
| (A) | Shareholding of Promoter and Promoter Group | | | | | | | | | | | |
| (1) | Indian | | | | | | | | | | | |
| (a) | Individuals/ Hindu Undivided Family | 6 | 2,942,250 | 2,942,250 | 10.63 | 10.63 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (b) | Central Government / State Government (s) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (c) | Bodies Corporate | 1 | 18,500,000 | 18,500,000 | 66.85 | 66.85 | 6,150,000 | 33.24 | [•] | [•] | [•] | [•] |
| (d) | Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (e) | Any Other (specify) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| Sub-Total (A)(1) | | 7 | 21,442,250 | 21,442,250 | 77.49 | 77.49 | 6,150,000 | 28.68 | [•] | [•] | [•] | [•] |
| (2) | Foreign | | | | | | | | | | | |
| (a) | Individuals (Non-Resident Individuals/ Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (b) | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (c) | Institutions | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (d) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (e) | Any Other (specify) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |

| Category code (I) | Category of Shareholder (II) | Number of shareholders (III) | Total number of shares (IV) | Number of shares held in dematerialized form (V) | Total shareholding as a percentage of total number of shares** | | Share Pledged or otherwise encumbered | | Post Issue | | Shares Pledged or otherwise encumbered (post-Issue) | | |
|---|--|------------------------------|-----------------------------|--|--|-------------------------|---------------------------------------|---------------------------|-----------------------|-------------------------|---|-------------------------|-----|
| | | | | | As a % of (A+B) (VI) | As a % of (A+B+C) (VII) | Number of shares* (VIII) | As a % of (VIII/VI)* (IX) | Number of shares* (X) | As a % of (A+B+C)* (XI) | Number of shares (XII) | As a percentage (XI II) | |
| Sub-Total (A)(2) | | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] | |
| Total Shareholding of Promoter and Promoter Group (A) = (A)(1)+(A)(2) | | 7 | 21,442,250 | 21,442,250 | 77.49 | 77.49 | 6,150,000 | 28.68 | [•] | [•] | [•] | [•] | |
| (B) | Public Shareholding | | | | | | | | | | | | |
| (1) | Institutions | | | | | | | | | | | | |
| (a) | Mutual Funds / UTI | 0 | 0 | 0 | 0.00 | | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (b) | Financial Institutions / Banks | 0 | 0 | 0 | 0.00 | | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (c) | Central Government / State Government (s) | 0 | 0 | 0 | 0.00 | | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (d) | Venture Capital Funds | 1 | 1,554,950 | 1,554,950 | 5.62 | | 5.62 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (e) | Insurance Companies | 0 | 0 | 0 | 0.00 | | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (f) | Foreign Institutional Investors | 0 | 0 | 0 | 0.00 | | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (g) | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (h) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (i) | Any Other (specify) | 0 | 0 | 0 | 0.00 | | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| Sub-Total (B)(1) | | 1 | 1,554,950 | 1,554,950 | 5.62 | | 5.62 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (2) | Non-institutions | | | | | | | | | | | | |
| (a) | Bodies Corporate | 2 | 3,561,291 | 3,561,291 | 12.87 | | 12.87 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (b) | Individuals - (i) Individual shareholders holding nominal Share capital up to ₹ 0.1 million. | 3 | 12,000 | 10,000 | 0.04 | | 0.04 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| | (ii) Individual shareholders holding nominal share capital in excess of ₹ 0.1 million | 5 | 1,102,000 | 802,000 | 3.98 | | 3.98 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (c) | Qualified Foreign Investor | 0 | 0 | 0 | 0.00 | | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (d) | Any Other (specify) | | | | | | | | | | | | |
| | - Clearing members | 0 | 0 | 0 | 0.00 | | 0.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| | Sub-Total (B)(2) | 11 | 4,675,291 | 4,272,291 | 16.90 | | 16.90 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| | Total Public Shareholding (B)=(B)(1)+(B)(2) | 12 | 6,230,241 | 5,928,241 | 22.51 | | 22.51 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| | TOTAL (A)+(B) | 18 | 27,672,491 | 27,370,491 | 100.00 | | 100.00 | 0 | 0.00 | [•] | [•] | [•] | [•] |
| (C) | Shares held by Custodians and against which Depository Receipts have been issued | | | | | | | | | | | | |

| Category code (I) | Category of Shareholder (II) | Number of shareholders (III) | Total number of shares (IV) | Number of shares held in dematerialized form (V) | Total shareholding as a percentage of total number of shares** | | Share Pledged or otherwise encumbered | | Post Issue | | Shares Pledged or otherwise encumbered (post-Issue) | |
|-------------------|--------------------------------|------------------------------|-----------------------------|--|--|-------------------------|---------------------------------------|---------------------------|-----------------------|-------------------------|---|------------------------|
| | | | | | As a % of (A+B) (VI) | As a % of (A+B+C) (VII) | Number of shares* (VIII) | As a % of (VIII/VI)* (IX) | Number of shares* (X) | As a % of (A+B+C)* (XI) | Number of shares (XII) | As a percentage (XIII) |
| (1) | Promoter and Promoter Group | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 | [•] | [•] | [•] |
| (2) | Public | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 | 0.00 | [•] | [•] | [•] |
| | GRAND TOTAL (A)+(B)+(C) | 18 | 27,672,491 | 27,370,491 | 100.00 | 100.00 | 6,150,000 | 22.22 | 22.22 | [•] | [•] | [•] |

*Based on the assumption that such shareholders shall continue to hold the same number of Equity Shares after this Issue. This does not include any Equity Shares that such shareholders (excluding Promoter and Promoter Group) may Bid for and be Allotted.

** Does not account for the outstanding CCPS held by Zephyr Peacock India Fund III Limited and Zephyr Peacock India III Fund which would be converted into Equity Shares prior to the registration of the Red Herring Prospectus with the RoC.

Our Company will file the shareholding pattern, in the form prescribed under clause 35 of the Listing Agreements, one day prior to the listing of Equity Shares. The shareholding pattern will be provided to the Stock Exchanges for uploading on the website of Stock Exchanges before commencement of trading of such Equity Shares.

5. Public shareholders holding more than 1.00% of the pre-Issue paid-up capital of our Company

The details of the public shareholders holding more than 1.00% of the pre-Issue paid-up capital of our Company and their pre-Issue and post-Issue shareholding are set forth in the table below:

| S. No. | Name of the Shareholder | Pre-Issue* | | Post-Issue | |
|--------|---------------------------------------|------------------------------|----------------|------------------------------|----------------|
| | | Number of Equity Shares held | Percentage (%) | Number of Equity Shares held | Percentage (%) |
| 1. | Zephyr Peacock India Fund III Limited | 3,461,291 | 12.51 | [•] | [•] |
| 2. | Zephyr Peacock India III Fund | 1,554,950 | 5.62 | [•] | [•] |
| 3. | P. Anasuya | 300,000 | 1.08 | [•] | [•] |
| 4. | Potluri Venkateswara Rao | 300,000 | 1.08 | [•] | [•] |
| | TOTAL | 5,616,241 | 20.29 | [•] | [•] |

*Does not account for the outstanding CCPS held by Zephyr Peacock India Fund III Limited and Zephyr Peacock India III Fund which would be converted into Equity Shares prior to the registration of the Red Herring Prospectus with the RoC.

6. Equity Shares held by top ten shareholders

The list of top ten shareholders of our Company and the number of Equity Shares held by them:

(a) As on the date of filing of this Draft Red Herring Prospectus are as follows:

| S. No. | Name | Number of Equity Shares | Percentage of pre-Issue paid-up Equity Share capital (%)* |
|--------|---------------------------------------|-------------------------|---|
| 1. | Pennar Industries Limited | 18,500,000 | 66.85 |
| 2. | Zephyr Peacock India Fund III Limited | 3,461,291 | 12.51 |
| 3. | Zephyr Peacock India III Fund | 1,554,950 | 5.62 |
| 4. | Aditya Narsing Rao | 772,498 | 2.79 |
| 5. | Joginapalli Rajyalakshmi Rao | 690,914 | 2.50 |
| 6. | Joginapally Venkata Nrupender Rao | 516,000 | 1.86 |
| 7. | D. Sudeepta Rao | 509,899 | 1.84 |

| S. No. | Name | Number of Equity Shares | Percentage of pre-Issue paid-up Equity Share capital (%)* |
|--------------|--------------------------|-------------------------|---|
| 8. | P. Anasuya | 300,000 | 1.08 |
| 9. | Potluri Venkateswara Rao | 300,000 | 1.08 |
| 10. | Avanti Rao Joginapally | 254,950 | 0.92 |
| TOTAL | | 26,860,502 | 97.05 |

**Does not account for the outstanding CCPS held by Zephyr Peacock India Fund III Limited and Zephyr Peacock India III Fund which would be converted into Equity Shares prior to the registration of the Red Herring Prospectus with the RoC.*

- (b) As of ten days prior to the date of filing of this Draft Red Herring Prospectus with SEBI were as follows:

| S. No. | Name | Number of Equity Shares | Percentage of pre-Issue paid-up Equity Share capital (%)* |
|--------------|---------------------------------------|-------------------------|---|
| 1. | Pennar Industries Limited | 18,500,000 | 66.85 |
| 2. | Zephyr Peacock India Fund III Limited | 3,461,291 | 12.51 |
| 3. | Zephyr Peacock India III Fund | 1,554,950 | 5.62 |
| 4. | Aditya Narsing Rao | 772,498 | 2.79 |
| 5. | Joginapalli Rajyalakshmi Rao | 690,914 | 2.50 |
| 6. | Joginapally Venkata Nrupender Rao | 516,000 | 1.86 |
| 7. | D. Sudeepta Rao | 509,899 | 1.84 |
| 8. | P. Anasuya | 300,000 | 1.08 |
| 9. | Potluri Venkateswara Rao | 300,000 | 1.08 |
| 10. | Avanti Rao Joginapally | 254,950 | 0.92 |
| TOTAL | | 26,860,502 | 97.05 |

**Does not account for the outstanding CCPS held by Zephyr Peacock India Fund III Limited and Zephyr Peacock India III Fund which would be converted into Equity Shares prior to the registration of the Red Herring Prospectus with the RoC.*

- (c) Two years prior to the date of filing this Draft Red Herring Prospectus with SEBI were as follows:

| S. No. | Name | Number of Equity Shares | Percentage of pre-Issue paid-up Equity Share Capital* |
|--------------|---|-------------------------|---|
| 1. | Pennar Industries Limited | 18,500,000 | 74.00 |
| 2. | Aditya Narsing Rao | 1,515,000 | 6.06 |
| 3. | Joginapalli Rajyalakshmi Rao | 1,355,000 | 5.42 |
| 4. | D. Sudeepta Rao | 1,000,000 | 4.00 |
| 5. | Joginapally Venkata Nrupender Rao | 516,000 | 2.06 |
| 6. | Avanti Rao Joginapally | 500,000 | 2.00 |
| 7. | Joginapally Venkata Nrupender Rao (HUF) | 400,000 | 1.60 |
| 8. | P. Anasuya | 300,000 | 1.20 |
| 9. | Potluri Venkateswara Rao | 300,000 | 1.20 |
| 10. | Usha Ramani Potluri | 200,000 | 0.80 |
| | Vikram Chachra | 200,000 | 0.80 |
| TOTAL | | 24,786,000 | 99.14 |

**Does not account for the outstanding CCPS held by Zephyr Peacock India Fund III Limited and Zephyr Peacock India III Fund which would be converted into Equity Shares prior to the registration of the Red Herring Prospectus with the RoC.*

7. Details of purchase or sale of Equity Shares by our Promoter Group, Directors of our Promoter company and our Directors

There has been no purchase or sale of Equity Shares by our Promoter Group, directors of our Promoter company, PIL, our Directors and their immediate relatives during the six month period immediately preceding the date on which this Draft Red Herring Prospectus was filed with SEBI.

8. Details of Equity Shares held by our Directors, Key Management Personnel and directors of our Promoter company

The table below sets forth the details of Equity Shares that are held by the Directors, Key Management Personnel and director(s) of our Promoter company, PIL:

| S. No. | Name of the person | Director/ Key Management Personnel/ Director of PIL | No. of Equity Shares | Percentage of pre-Issue paid-up Equity Share capital (%)* |
|--------|-----------------------------------|---|----------------------|---|
| 1. | Joginapally Venkata Nrupender Rao | Director/ Director of PIL | 516,000 | 1.86 |
| 2. | Potluri Venkateswara Rao | Director/ Key Management Personnel | 300,000 | 1.08 |
| 3. | Aditya Narsing Rao | Director/ Key Management Personnel/ Director of PIL | 772,498 | 2.79 |

*Does not account for the outstanding CCPS held by Zephyr Peacock India Fund III Limited and Zephyr Peacock India III Fund which would be converted into Equity Shares prior to the registration of the Red Herring Prospectus with the RoC.

This disclosure is made in accordance with Schedule VIII - Part A of the SEBI ICDR Regulations.

9. Employee Stock Option Scheme

As of November 11, 2014, we have instituted an employee stock option scheme (the “**ESOP Scheme**”) for Equity Shares as incentive schemes for the employees of our Company. Pursuant to the ESOP Scheme, options that may be converted into 1,000,000 Equity Shares can be allotted to the eligible employees of our Company. However, as on the date of this Draft Red Herring Prospectus, our Company has not granted any options under the ESOP Scheme.

Our Company confirms that it shall not grant any options under the ESOP Scheme till the date of filing of Red Herring Prospectus with RoC.

10. Our Company has not allotted any Equity Shares pursuant to any scheme approved under Sections 391 to 394 of the Companies Act, 1956.
11. There are no financing arrangements whereby the Promoter Group, the directors of our Promoter company, PIL, our Directors or their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing of this Draft Red Herring Prospectus with SEBI.
12. Neither our Company, our Promoter, Directors nor the BRLMs have entered into any buy-back, safety net and/or standby arrangements for the purchase of Equity Shares from any person.
13. Our Company has not raised any bridge loans which are proposed to be repaid from the proceeds of the Issue.
14. There will be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue, conversion of convertible instruments or in any other manner during the period commencing from submission of this Draft Red Herring Prospectus with SEBI until the Equity Shares to be issued pursuant to the Issue have been listed on the Stock Exchanges.
15. This Issue is being made for at least 25.00% of the fully diluted post-Issue paid up capital, pursuant to Rule 19(2)(b)(i) of SCRR read with Regulation 41 of the SEBI ICDR Regulations. Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50.00% of the Issue shall be available for allocation to QIBs on a proportionate basis. Our Company and the Selling Shareholders

may, in consultation with the BRLMs, allocate up to 60.00% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of undersubscription or non-allocation in the Anchor Investor Portion, the balance of Equity Shares shall be added to the QIB Portion. Such number of Equity Shares representing 5.00% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder 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 Issue Price. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue will be available for allocation to Retail Individual Bidders in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, each Retail Individual Bidder shall be allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis.

Subject to valid Bids being received at or above the Issue Price, undersubscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange. However, undersubscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

16. Over-subscription to the extent of 10.00% of the Issue can be retained for the purpose of rounding off to the nearest multiple of the minimum allotment lot while finalising the Basis of Allotment.
17. The Equity Shares being offered through the Issue shall be made fully paid-up or may be forfeited for non-payment of calls within twelve months from the date of allotment of Equity Shares.
18. A Bidder cannot make a Bid for more than the number of Equity Shares offered in this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
19. Our Promoter and members of our Promoter Group will not participate in the Issue.
20. 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 preferential or otherwise. Additionally, if our Company enters into acquisitions or joint ventures, we may, subject to necessary approvals, consider using our Equity Shares as currency for acquisitions or participation in such joint ventures we may enter into and/or we may raise additional capital to fund accelerated growth.
21. There will be only one denomination of Equity Shares unless otherwise permitted by law and our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
22. Our Company, Directors, Promoter or Promoter Group shall not make any payments direct or indirect, discounts, commissions, allowances or otherwise under this Issue except as disclosed in this Draft Red Herring Prospectus.
23. For details of our related party transactions, see the sub-section titled “*Financial Statements-Annexure 35-Restated Summary Statement of Significant Transactions with Related Parties and Balances*” on Page 236.
24. The Company has 18 Shareholders as of the date of this Draft Red Herring Prospectus.
25. Our Company shall ensure that transactions in the Equity Shares by the Promoter and the members of the Promoter Group during the period between the date of registering the Red Herring Prospectus with the RoC and the date of closure of the Issue shall be reported to the Stock Exchanges within 24 hours of the transaction.

26. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as of the date of filing this Draft Red Herring Prospectus.
27. The BRLMs or their associates do not hold any Equity Shares as on the date of filing of this Draft Red Herring Prospectus. The BRLMs and their affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.
28. No person connected with the Issue, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, the Directors, the Promoter, members of our Promoter Group, Group Company and the Selling Shareholders, 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. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.
30. Our Company and the Selling Shareholders agree that they will not, without the prior written consent of the BRLMs, during the period commencing from the date of Issue Agreement and ending 180 (One Hundred and Eighty) calendar days after the date of the Prospectus, (i) issue, offer, lend, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option or contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose off or create any encumbrances in relation to, directly or indirectly, any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares or whether by way of split or consolidation of the denomination of the Equity Shares; (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Equity Shares or any securities convertible into or exercisable as or exchangeable for the Equity Shares; or (iii) publicly announce any intention to enter into any transaction described in (i) or (ii) above; whether any such transaction described in (i) or (ii) above is to be settled by delivery of the Equity Shares or such other securities, in cash or otherwise.
31. Except as provided in this section, none of the Equity Shares held by the members of our Promoter Group, are pledged or otherwise encumbered.

OBJECTS OF THE ISSUE

The Issue comprises a Fresh Issue and an Offer for Sale.

The proceeds of the Offer for Sale

The funds from the Offer for Sale (net of Issue related expenses for the Selling Shareholders) shall be received by the Selling Shareholders and our Company shall not receive any proceeds from the Offer for Sale.

Objects of the Fresh Issue

The activities for which funds are being raised by our Company through the Fresh Issue after deducting the Issue related expenses for our Company are:

1. Repayment/ prepayment, in full or part, of certain working capital facilities availed by our Company;
2. Financing the procurement of infrastructure (including software and hardware) for the expansion of our design and engineering services; and
3. General corporate purposes

(collectively, the “**Objects**”).

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges.

The main objects clause, as set out in the Memorandum of Association, enables our Company to undertake its existing activities and the activities for which funds are being raised by our Company through the Fresh Issue. The activities which have been carried out until now by our Company are valid in terms of the objects clause of our Memorandum of Association. The borrowings availed by our Company which are proposed to be repaid / pre-paid, in full or part, are for activities carried out as enabled by the objects clause of the Memorandum of Association of our Company.

Utilisation of the proceeds of the Fresh Issue

The details of the proceeds of the Fresh Issue are summarized below:

| Particular | Estimated Amount* (₹ in million) |
|--|----------------------------------|
| Gross proceeds from the Fresh Issue | [●] |
| Less Issue related expenses of our Company* | [●] |
| Net Proceeds of the Fresh Issue after deducting the Issue related expenses of our Company (“ Net Proceeds ”)* | [●] |

* Will be incorporated after finalization of the Issue Price. Upon the listing and trading of the Equity Shares in the Issue on the Stock Exchanges, all Issue related expenses shall be shared by the Company and the Selling Shareholders in proportion to the number of Equity Shares sold to the public in the Fresh Issue and the Offer for Sale, respectively.

Means of Finance

The fund requirements described below are proposed to be entirely funded from the Net Proceeds. Accordingly, we confirm that there is no requirement to make firm arrangements of finance under Regulation 4(2)(g) of the SEBI ICDR Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Requirement of funds

The proposed utilization of Net Proceeds is set forth in the table below:

| Particulars | Estimated Amount (₹ in million) |
|--|---------------------------------|
| Repayment/ prepayment, in full or part, of certain working capital facilities availed by our Company | 340.00 |
| Financing the procurement of infrastructure (including software and hardware) | 80.00 |

| Particulars | Estimated Amount (₹ in million) |
|---|---------------------------------|
| for our design and engineering services | |
| General corporate purposes* | [●]* |

*To be finalized upon determination of Issue Price.

Deployment of Net Proceeds

The Net Proceeds are currently expected to be deployed in accordance with the estimated schedule set forth below:

| (₹ in million) | | | | |
|--|--|-------------|-------------|--------|
| Particulars | Amount proposed to be funded from the Net Proceeds | Fiscal 2016 | Fiscal 2017 | Total |
| Repayment/ prepayment, in full or part, of certain borrowings availed by our Company | 340.00 | 340.00 | - | 340.00 |
| Financing the procurement of infrastructure for our design and engineering services | 80.00 | 40.00 | 40.00 | 80.00 |
| General corporate purposes* | [●] | [●] | [●] | [●] |

*To be finalized upon determination of Issue Price.

Note: As of the date of this Draft Red Herring Prospectus, our Company has not deployed any amount towards the stated Objects.

Our funding requirements for the Objects and the deployment schedule of the Net Proceeds are based on internal management estimates and current conditions and are subject to change in light of factors such as (i) economic and business conditions; (ii) increased competition; (iii) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfill, or obtain waivers for fulfilment of, such requirements; (iv) terms and conditions of consents and waivers if any, required from our lenders for pre-payment; (v) levy of any pre-payment penalties or premiums, if any levied by our lenders and the quantum thereof; (vi) timely completion of the Issue, market conditions outside the control of our Company or the Selling Shareholders; (vii) other commercial considerations such as interest rate, tenor of the debt and availability of alternate financial resources and other external factors which may not be in our control. This may also entail rescheduling or revising the planned funding requirements and deployment and increasing or decreasing the funding requirements from the planned funding requirements at the discretion of our management. See “Risk Factors – We have not entered into any definitive arrangement to utilize certain portions of the net proceeds of the Issue. Our funding requirements and deployment of the Net Proceeds of the Issue are based on management estimates and have not been independently appraised, and are not subject to monitoring by any independent monitoring agency” on Page 37.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of other purposes for which funds are being raised in this Issue. If the actual utilisation towards any of the Objects is lower than the proposed deployment, such balance will be used for future growth opportunities including funding existing objects, if required, and/or for general corporate purposes, subject to the funds utilised towards general corporate purposes not exceeding 25% of the gross proceeds of the Issue.

Details of the Objects of Fresh Issue

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

As on March 20, 2015, our Company had an outstanding of ₹ 358.09 million against fund based facilities availed for the working capital requirements of our Company. For details of our borrowings, please refer to the section titled “Financial Indebtedness” beginning on Page 263

Our Company proposes to utilize an estimated amount of ₹ 340.00 million from the Net Proceeds towards repayment of certain borrowings availed for the working capital requirements of our Company. The aggregate amount to be utilised from the Net Proceeds towards repayment of borrowings, in part or full, would not exceed ₹ 340.00 million.

We believe that such repayment will help reduce our outstanding indebtedness and enable utilization of our accruals for further investment in business growth and expansion. In addition, we believe that the leverage capacity of our Company will improve to raise further resources in the future to fund our potential business development opportunities and plans to grow and expand our business in the coming years.

The following table provides details of borrowings availed by our Company which are currently proposed to be fully or partially repaid from the Net Proceeds:

| S. No. | Name of the lender | Date of the sanction letter/ document | Purpose | Amount sanctioned (₹ in million) | Amount outstanding as at March 20, 2015 (₹ in million) | Repayment date / schedule |
|--------------------|---------------------|---|---|---|--|--|
| 1. | State Bank of India | Sanction letters dated June 30, 2009 and December 16, 2009, agreement of loan for overall limit dated December 26, 2009 sanction letter dated June 1, 2010, supplemental agreement of loan for increase in overall limit dated June 5, 2010, arrangement letter dated November 29, 2011, arrangement letter dated September 1, 2012, supplemental agreement of loan for increase in overall limit dated December 15, 2012, arrangement letter dated July 18, 2013, supplemental agreement of loan for increase in overall limit dated September 13, 2013, arrangement letter dated February 14, 2014, supplemental agreement of loan for increase in overall limit dated March 20, 2014 and letter dated March 3, 2015. | Funding the working capital requirements of our Company | Cash credit: 150.00 WCDL: 150.00 | 123.32 150.00 | Cash credit: Repayable on demand WCDL: August 30, 2015. |
| 2. | Axis Bank Limited | Sanction letter dated February 5, 2011, March 15, 2012, July 31, 2012, March 30, 2013, January 23, 2014 and March 11, 2015 | Funding the working capital requirements of our Company | Cash credit: 100.00 | 84.77 | Repayable on demand |
| GRAND TOTAL | | | | | 358.09 | |

Some of our loan agreements and other financing arrangements provide for the levy of prepayment penalties or premiums, which may be dependent on the repayment/pre-payment being made on dates other than those specified in the relevant documents, to be calculated based on the amount outstanding / being pre-repaid, as applicable. See the section titled “*Risk Factors*” on Page 18. Payment of such pre-payment penalty or premium, if any, shall be made by our Company out of the Net Proceeds of the Issue. We may also be required to obtain consent or provide notice to some of our lenders prior to prepayment.

Given the nature of these borrowings and the terms of repayment/pre-payment, the aggregate outstanding borrowing 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 as may be required for our business purposes.

2. Procurement of infrastructure for our design and engineering services

We started our design and engineering services business in Fiscal 2014 by entering into a design services out-sourcing agreement with a US based entity engaged in business similar to ours, pursuant to which we offer our design and engineering services to them by using their software for manufacturing of pre-engineered buildings for their overseas customers. We have an experienced design and engineering team which is presently working for our Company's captive projects. We plan to leverage the experience of our design and engineering team and develop a large scale design and engineering services division which provides services to third parties. We believe that our design and engineering services business is a high growth and better margins business in comparison to our core business.

In order to achieve the expansion plan of our design and engineering services, we propose to increase the strength of our design and engineering team, invest in IT hardware, purchase engineering and design software and related fixtures and furniture. We recognize that there is significant growth potential in design and engineering services and we believe we are well positioned to capitalize on the opportunities presented by our markets.

We plan to purchase the following design and engineering licenses from the Net Proceeds:

STAAD - STAAD is one of the most widely used structural analysis and design software. It supports several steel, concrete and timber design codes. In recent years it has become part of integrated structural analysis and design solutions mainly using an exposed API called OpenSTAAD to access and drive the design programs.

E-TABS - ETABS is the integrated software package for the structural analysis and design of buildings. ETABS offers 3D object based modelling and visualization tools, fast linear and non-linear analytical power, sophisticated and comprehensive design capabilities for a wide-range of materials, and insightful graphic displays, reports, and schematic drawings that allow users to quickly and easily decipher and understand analysis and design results.

Tekla - Tekla is 3D building information modelling (BIM) software used in the building and construction industries for steel and concrete detailing, precast and cast in-situ. The software enables users to create and manage 3D structural models in concrete or steel, and guides them through the process from concept to fabrication.

In view of the proposed expansion plan, we intend to use ₹ 80.00 million towards enhancement of our design and engineering services. For more details of our design and engineering services, refer to the sub-section titled "*Our Business- Our Product Offerings- Design and Engineering Services*" on Page 133.

The breakdown of the cost for the proposed expansion of our design and engineering services is as follows:

| S. No. | Particulars | ₹ in million |
|--------|---|--------------|
| (i) | Design and engineering software | 56.25 |
| (ii) | Information technology related software | 3.70 |
| (iii) | Information technology related hardware materials | 11.56 |
| (iv) | Office equipment, furniture and fixtures | 6.91 |
| (v) | Contingencies | 1.57 |
| | Total | 80.00 |

The cost estimates based on the quotes received by us are listed below:

- (i) Design and engineering software

| S. No. | Description of Software | Indicative quantity (No. of units) | Cost per unit (₹ in million) | Amount to be funded out of Net proceeds (₹ in million) | Name of Supplier | Date of quotation |
|--------|--|------------------------------------|------------------------------|--|--|-------------------|
| 1. | Tekla STD-C domestic license (Steel detailing) | 25 | 1.14 | 28.61 | Tekla India Private Limited | March 18, 2015 |
| 2. | License of Autodesk AutoCAD 2015/2016 (with AMC) | 50 | 0.27 | 13.30 | Microgenesis CADSoft Private Limited | March 20, 2015 |
| 3. | ETABS NL-V 2014 | 25 | 0.34 | 8.44 | CSI Engineering Software Private Limited | March 20, 2015 |
| 4. | STAAD Pro Software - IS Code | 20 | 0.15 | 2.95 | Bentley Systems India Private Limited | March 20, 2015 |
| 5. | STAAD Pro Software - US Code | 20 | 0.15 | 2.95 | Bentley Systems India Private Limited | March 20, 2015 |
| | Total | | | 56.25 | | |

(ii) Information technology related software

| S. No. | Description of Software | Indicative quantity (No. of units) | Cost per unit (₹) | Amount to be funded out of Net proceeds (₹ in million) | Name of Supplier | Date of quotation |
|--------|--|------------------------------------|-------------------|--|--|-------------------|
| 1. | MS Office Std 2013 SNGL OLP NL | 100 | 24,533 | 2.45 | Bluecom Technologies India Private Limited | March 17, 2015 |
| 2. | Windows 8.1 OLP NL Legalization GetGenuine | 100 | 12,509 | 1.25 | Bluecom Technologies India Private Limited | March 17, 2015 |
| | Total | | | 3.70 | | |

(iii) Information technology related hardware materials

| S. No. | Description of Software | Indicative quantity (No. of units) | Cost per unit (₹) | Amount to be funded out of Net proceeds (₹ in million) | Name of Supplier | Date of quotation |
|--------|---|------------------------------------|-------------------|--|-------------------------|-------------------|
| 1. | OptiPlex 3020 Minitower CTO, Intel Core i3-4150 Processor, OptiPlex 3020 Minitower Chasis with Standard Power Supply V2 4GB 1600 MHz DDR 3 Non-ECC 500 GB 3.5 inch Serial ATA (7,200 Rpm), hard drive minitower chassis mainstream Heat Sink (65 watts) 16XHalf Height DVD +/-RW Drive Monitor Power cord (EURO-INDIA), 6A Intel Integrated Graphics, Dell OptiPlex Internal Dell Business Audio Speaker Dell MS111 USB Optical Mouse US English (QWERTY) Dell KB212-B Quiet Key USB Keyboard Black | 100 | 42,263 | 4.23 | Bulzer Tech | January 30, 2015 |
| 2. | 18.5 inches Dell LED Monitor | 100 | 5,513 | 0.55 | Bulzer Tech | January 30, 2015 |
| 3. | HP C7000 Blade Enclosure | 1 | 1,207,500 | 1.21 | Sanbay Networks Private | March 2, 2015 |

| S. No. | Description of Software | Indicative quantity (No. of units) | Cost per unit (₹) | Amount to be funded out of Net proceeds (₹ in million) | Name of Supplier | Date of quotation |
|--------|---|------------------------------------|-------------------|--|---------------------------------|-------------------|
| | | | | | Limited | |
| 4. | HP Proliant BL460G9 Server | 8 | 3,93,750 | 3.15 | Sanbay Networks Private Limited | March 2, 2015 |
| 5. | HP MSA 1040 2-port Fibre Channel Dual Controller SFF Storage / 8GB Cache / 4 x 8Gbps FC Ports / Snapshot and Clone included / Support 512 LUN's with maximum LUN Size of 64 TB) and HP MSA 4TB 6G SAS 7.2K rpm LFF (3.5-inch) Midline | 1 | 640,500 | 0.64 | Sanbay Networks Private Limited | March 2, 2015 |
| 6. | Ricoh Afficio MP W 2401 | 2 | 892,500 | 1.79 | Ricoh india Limited | March 20, 2015 |
| | Total | | | 11.56 | | |

(iv) Office equipment, furniture and fixtures

| S. No. | Description of Software | Indicative quantity (No. of units) | Cost per unit (₹) | Amount to be funded out of Net proceeds (₹ in million) | Name of Supplier | Date of quotation |
|--------|------------------------------|------------------------------------|-------------------|--|------------------|-------------------|
| 1. | Corner Workstation 1500x1200 | 200 | 28,008 | 5.60 | BP Ergo Limited | March 13, 2015 |
| 2. | Pedestal | 200 | 6,561 | 1.31 | BP Ergo Limited | March 13, 2015 |
| | Total | | | 6.91 | | |

In addition to the above, we also propose to set aside an amount of ₹ 1.57 million as a provision for any contingencies that may arise at the time of implementation of such expansion.

Implementation schedule

As per utilisation requirements, the funds for expansion of design and engineering services shall be deployed over Fiscal 2016 and Fiscal 2017.

3. General Corporate Purposes

Our Company proposes to deploy the balance Net Proceeds aggregating ₹ [●] million towards general corporate purposes, subject to such utilization not exceeding 25% of the Net Proceeds, in compliance with the SEBI ICDR Regulations, including but not limited to strategic initiatives, partnerships and joint ventures, brand building exercises, funding growth opportunities, meeting expenses incurred in the ordinary course of business, meeting exigencies which our Company may face in the ordinary course of business, or any other purposes as may be approved by the Board of Directors or a duly appointed committee from time to time, subject to compliance with necessary provisions of the Companies Act. Our Company's management, in accordance with the policies of the Board of Directors, will have flexibility in utilising any surplus amounts. However, the general corporate purposes for which the proceeds are deployed shall only pertain to the Company.

Appraisal and Bridge Financing Facilities

The Objects have not been appraised by any banks, financial institutions or agency and the fund requirements for the Objects are based on internal management estimates. Further, 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.

Interim use of Net Proceeds

Our Company, in accordance with the policies formulated by the Board of Directors from time to time, will have flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company will have flexibility to temporarily invest the funds in high quality interest-bearing liquid instruments including money market mutual funds, deposits with scheduled commercial banks for necessary duration and investment grade interest bearing securities, as may be approved by our Board of Directors. 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.

Issue Expenses

The total expenses of the Issue are estimated to be approximately ₹ [●] million. The Issue expenses consist of listing fees, underwriting fees, selling commission, fees payable to the BRLMs, legal counsel, Registrar to the Issue, Bankers to the Issue including processing fee to the SCSBs for processing Bid cum Application Forms submitted by ASBA Bidders procured by the Members of the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, printing and stationary expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges. All expenses in relation to the Issue will be paid by and shared between our Company and the Selling Shareholders in proportion to the Equity Shares contributed to the Issue. The break-up for the estimated Issue expenses are as follows:

| Activity | Amount (₹ in million) | % of Issue Expenses | % of total Issue Size |
|--|-----------------------|---------------------|-----------------------|
| Book Running Lead Managers' fees* | [●] | [●] | [●] |
| Underwriting commission, brokerage and selling commission | [●] | [●] | [●] |
| Registrar's fees* | [●] | [●] | [●] |
| Advertisement and marketing expenses* | [●] | [●] | [●] |
| Printing and distribution expenses* | [●] | [●] | [●] |
| Advisors* | [●] | [●] | [●] |
| Bankers to the Issue* | [●] | [●] | [●] |
| Others (SEBI filing fees, Stock Exchanges fees bidding software expenses, depository charges, listing fees, SCSB's processing fees, etc.)* | [●] | [●] | [●] |

*Will be incorporated at the time of filing of the Prospectus.

Monitoring of Utilisation of Funds

There is no requirement for a monitoring agency as the Fresh Issue size is less than ₹ 5,000 million. Our Audit Committee shall monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the Net Proceeds, including interim use, under a separate head specifying the purpose for which such proceeds have been utilized along with details, if any in relation to all such proceeds of the Issue that have not been utilised thereby also indicating investments, if any, of such unutilized proceeds of the Issue in our balance sheet for the relevant financial years commencing from Fiscal 2016.

Pursuant to Clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the audit committee of the Board of Directors the uses and applications of the Net Proceeds. Additionally, the Audit Committee shall make recommendations to our Board of Directors for further action, if appropriate. On an annual basis, our Company shall 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 until such time that all the Issue Proceeds have been utilised in full. The statement shall be certified by our Auditors.

Further, in terms of Clause 43A of the Listing Agreement, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the Objects stated in this

Draft Red Herring Prospectus. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Clause 41 of the Listing Agreement and be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the Audit Committee in terms of Clause 49 of the Listing Agreement.

Variation in Objects

In accordance with Section 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 through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution shall specify the prescribed details as required under the Companies Act. The notice in respect of such resolution to Shareholders shall simultaneously be published in the newspapers, one in English and one in Telugu, the vernacular language of the jurisdiction where our Registered Office is situated. Our Promoters or controlling Shareholders will be required to provide an exit opportunity to such dissenting Shareholders who do not agree to the above stated proposal, at a price and in such manner as may be prescribed by SEBI, in this regard.

Other Confirmations

No part of the Net Proceeds will be paid by our Company as consideration to our Promoter, our board of Directors, our Key Management Personnel or Group Company except in the normal course of business and in compliance with applicable law. Further our Company confirms that it shall not use any amount raised through the Issue for buying or otherwise dealing in equity shares of a listed company. None of the vendors from whom the quotations for supply of hardware, design and engineering software and furniture is proposed to be procured are related to our Company, our Promoter, Promoter Group, Group Company or our Directors in any manner.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the IPO Committee of our Company and the Selling Shareholders in consultation with the Book Running Lead Managers on the basis of an assessment of market demand for the offered Equity Shares by the Book Building Process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares of our Company is ₹ 10 each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Qualitative Factors

We believe that the following are our competitive strengths:

- Strong engineering design capabilities
- Established track record for timely execution
- Diversified products and solutions
- Strong financial performance
- Experienced senior management team, technically skilled and motivated employees and strong parentage
- Technical know-how arrangement with NCI Group, Inc.

For a detailed discussion on the qualitative factors, which form the basis for computing the Issue Price, see the sections titled “*Our Business*” and “*Risk Factors*” on Pages 125 and 16, respectively.

Quantitative Factors

The information presented below relating to our Company is based on the restated financial statements for the eight months ended November 30, 2014 and Fiscal 2014, 2013 and 2012 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations. For details, see the section titled “*Financial Statements*” beginning on Page 190. Some of the quantitative factors which may form the basis for computing the Issue Price are as follows:

1. Basic and Diluted Earnings / Loss per Equity Share (“EPS”) of our Company (in ₹)

As per our Restated Financial Statements:

| For the year/ period ended* | Basic EPS | Weight | Diluted EPS | Weight |
|-----------------------------|-------------------|--------|-------------|--------|
| November 30, 2014 | 1.45 [#] | | 1.37 | |
| March 31, 2014 | 7.06 | 3 | 6.03 | 3 |
| March 31, 2013 | 5.81 | 2 | 5.81 | 2 |
| March 31, 2012 | 4.23 | 1 | 4.23 | 1 |
| Weighted average | 6.17 | | 5.66 | |

Notes:

1. Weighted average number of Equity Shares are the number of Equity Shares outstanding at the beginning of the year adjusted by the number of Equity Shares issued during year multiplied by the time weighing factor. The time weighing factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the year.
2. Earnings per share is calculated in accordance with Accounting Standard 20 ‘Earnings Per Share’, notified accounting standard by Companies (Accounting Standards) Rules, 2006 (as amended).”

* Annual Figures except for November 30, 2014 figures which are not annualized

[#] The basic EPS after taking into account the conversion of CCPS into Equity Shares on March 16, 2015, will be ₹ 1.31 per Equity Share.

2. Return on Net Worth (“RONW”) (%)

As per our Restated Financial Statements:

| For the year/ period ended* | RONW | Weight |
|-----------------------------|---------------|--------|
| November 30, 2014 | 3.73% | |
| March 31, 2014 | 16.90% | 3 |
| March 31, 2013 | 20.97% | 2 |
| March 31, 2012 | 25.39% | 1 |
| Weighted average | 19.67% | |

* Annual Figures except for November 30, 2014 figures which are not annualized

Note: Return of net worth has been computed as Net profit after tax, as restated for the period/year, attributable to equity shareholders divided by the Networth for equity shareholders for the respective period/year.

3. Minimum Return on Increased Net Worth required to maintain pre-Issue EPS for the year ended March 31, 2014:

As per the Restated Financial Statements:

The minimum return on increased net worth required to maintain pre-Issue basic EPS for the year ended March 31, 2014 is [●] at the Floor Price and [●] at the Cap Price.

The minimum return on increased net worth required to maintain pre-Issue diluted EPS for the year ended March 31, 2014 is [●] at the Floor Price and [●] at the Cap Price.

4. Net Asset Value (“NAV”) for the Company (₹)

As per our Restated Financial Statements:

| As on | NAV | Weight |
|-------------------------|--------------|--------|
| November 30, 2014 | 36.65 | |
| March 31, 2014 | 35.66 | 3 |
| March 31, 2013 | 28.08 | 2 |
| March 31, 2012 | 16.67 | 1 |
| Weighted average | 29.97 | |

Note: NAV calculated by dividing the net asset value, as restated, at the end of the year/period by the total number of Equity Shares outstanding (assuming full conversion of CCPS) at the end of the year/ period.

Issue Price: ₹ [●] per Equity Share

NAV after the Issue: ₹ [●] per Equity Share

5. Price/Earning (P/E) ratio in relation to Issue Price of ₹ [●] per Equity Share of ₹ 10 each:

- P/E based on basic and diluted EPS at the lower end of the Price Band is [●].
- P/E based on basic and diluted EPS at the higher end of the Price Band is [●].
- P/E based on basic and diluted EPS as per our Restated Financial Statements for year ended March 31, 2014 is [●].

6. Comparison with Industry Peers

There are no listed companies in India that engage in a business similar to that of our Company. Hence, it is not possible to provide an industry comparison in relation to our Company.

This Issue Price of ₹ [●] per Equity Share is [●] times the face value of ₹ 10 per equity share. The Issue Price has

been determined by the Company and the Selling Shareholders in consultation with the BRLMs, on the basis of the demand from investors for the Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. The BRLMs believe that the Issue Price of ₹ [●] is justified in view of the above parameters. For further details, prospective investors should also review the entire Draft Red Herring Prospectus, including, in particular, the sections “*Risk Factors*” and “*Financial Information*” and the chapters “*Industry Overview*” and “*Our Business*” beginning on Pages 16, 190, 107 and 125, respectively. The trading price of the Equity Shares could decline due to the factors mentioned in the section titled “*Risk Factors*” beginning on Page 16 or any other factors that may arise in the future and you may lose all or part of your investments.

STATEMENT OF TAX BENEFITS

March 26, 2015

The Board of Directors,
PENNAR ENGINEERED BUILDING SYSTEMS LIMITED,
9th Floor, West Wing, DHFLVC Silicon Towers,
Kondapur, Hyderabad,
500084

Dear Sirs,

Re: Certificate of Statement of possible tax benefits available to Pennar Engineered Building Systems Limited (“The Company”) and its shareholders

We refer to the proposed public issue of the shares of Pennar Engineered Building Systems Limited (“the Company”) and enclose a Note (Refer annexure) showing the possible tax benefits available to the Company and its shareholders as per the provisions of the Income Tax Act, 1961 (“IT Act”) (incorporating amendments introduced by Finance Act (No. II), 2014) and the Wealth Tax Act, 1957 for inclusion in the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus (“**Offer Documents**”). Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the IT Act. Hence, the ability of the Company or its shareholders to derive these direct tax benefits is dependent upon their fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfill.

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

The benefits outlined in the enclosed statement are based on the information and particulars provided by the Company and on the basis of our understanding of the business activities and operations of the Company.

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

- The Company or its shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefits have been or would be met with.

Limitations

Our views expressed herein 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. The views are exclusively for the limited use of Pennar Engineered Building Systems Limited in connection with its public issue referred to herein above and shall not, without our prior written consent, be disclosed to any other person.

The Direct Taxes Code (‘Code’) has been presented in the Parliament for approval and once approved would be enacted as a law. We are unable to express any opinion on the effect of the same on the shareholders as the Code has not yet been approved.

This statement has been prepared solely in connection with the offering of Equity shares by the Company under the Securities & Exchange Board of India ("SEBI") (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the Offering).

If this Note is to be included in any offering document prepared in connection with the offering and thereby associating our name with this Note (either as Preparer or otherwise), the same shall be subject to our prior written consent.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Firm's Registration No.
008072S)

Place: Connecticut, US
Date: March 26, 2015

Ganesh Balakrishnan
Partner
(Membership No. 201193)

NOTE ON POSSIBLE TAX BENEFITS AVAILABLE TO PENNAR ENGINEERED BUILDING SYSTEMS LIMITED AND TO ITS SHAREHOLDERS

UNDER THE INCOME TAX ACT, 1961 (the IT Act)

Pennar Engineered Building Systems Limited (“the Company”) is an Indian Company, subject to tax in India. Pennar Engineered Building Systems Limited is taxed on its profits. Profits are computed after allowing all reasonable business expenditure, laid out wholly and exclusively for the purposes of the business, including depreciation.

The Minister of Finance for the Government of India has presented the Union Budget for the financial year 2015-16 in Lok Sabha on February 28, 2015. The Union Budget has proposed certain amendments to the Income-tax Act, 1961 through the Finance Bill, 2015. The proposed amendments would be enacted into law only after the Lok Sabha and Rajya Sabha pass the Finance Bill, 2015 and receives assent from the President of India.

The proposed amendments to the Income-tax Act, 1961 have not been included in the certificate as the said Finance Bill is currently under discussions before both houses of the Parliament and is yet to be enacted into law.

Considering the activities and the business of Pennar Engineered Building Systems Limited, the following benefits may be available to them.

I. SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY

There are no special tax benefits available to the Company.

II. SPECIAL TAX BENEFITS AVAILABLE TO THE SHAREHOLDERS

There are no special tax benefits available to the shareholders.

III. GENERAL TAX BENEFITS HAVE NOT BEEN COVERED IN THE STATEMENT OF TAX BENEFITS.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

Unless noted otherwise, the information in this section is derived from “Industry Report on Pre-engineered building Industry” published by CARE Research, a division of Credit Analysis & Research Limited (the “CARE Report 2015”), as well as other industry sources and government publications. None of the Company, the Selling Shareholders, the BRLMs and any other person connected with the Issue has independently verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

CARE Research, a division of Credit Analysis & Research Limited, has taken due care and caution in preparing the CARE Report 2015 based on the information obtained by CARE from sources which it considers reliable (“Data”). However CARE does not guarantee the accuracy, adequacy or completeness of the Data/CARE Report 2015 and is not responsible for any errors or omissions or for the results obtained from the use of Data/CARE Report 2015. CARE Research operates independently of ratings division and this report does not contain any confidential information obtained by ratings division, which they may have obtained in the regular course of operations. The opinion expressed in this report cannot be compared to the rating assigned to the company within this industry by the ratings division. The opinion expressed is also not a recommendation to buy, sell or hold an instrument. The CARE Report 2015 is not a recommendation to invest/disinvest in any company covered in the Report. CARE especially states that it has no liability whatsoever to the subscribers/users/transmitters/distributors of the CARE Report 2015.

Overview of Economy

Global economy

Global economy is expected to rebound as per International Monetary Fund’s (IMF) world economic outlook, which is expected to grow at 3.5% in H2 2014 up from 3.3% in H1 2014. Global economy is expected to pick up in 2015 and 2016, with expected growth of 3.8% and 4% respectively.

Pick up in global economy in H2 2014 is expected to be driven by strong growth in USA, improved labor and employment conditions and high demand from emerging economies such as China and India.

| Exhibit 1: Global GDP growth and forecasts | | | | | | |
|--|---------------------|-------------|-------------|-------------|-------------|-------------|
| Country/ Group | Real GDP Growth (%) | | | | | |
| | Actual | | | Forecasted | | |
| | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
| Brazil | 2.7% | 1.0% | 2.5% | 0.3% | 1.4% | 2.2% |
| China | 9.3% | 7.7% | 7.7% | 7.4% | 7.1% | 6.8% |
| Emerging Asia | 9.5% | 7.7% | 6.7% | 6.6% | 6.5% | 6.6% |
| Euro Area | 2.0% | 1.6% | -0.7% | -0.4% | 0.8% | 1.3% |
| India | 6.6% | 4.7% | 5.0% | 5.6% | 6.4% | 6.5% |
| Japan | -0.5% | 1.5% | 1.5% | 0.9% | 0.8% | 0.8% |
| United Kingdom | 1.1% | 0.3% | 1.7% | 3.2% | 2.7% | 2.4% |
| United States | 1.6% | 2.3% | 2.2% | 2.2% | 3.1% | 3.0% |
| World | 4.1% | 3.4% | 3.3% | 3.3% | 3.8% | 4.0% |

Source: IMF world economic outlook (Oct 2014)

Global economy growth is expected to remain uneven across geographies with emerging economies like China and India expected to grow strongly in the next 3 years.

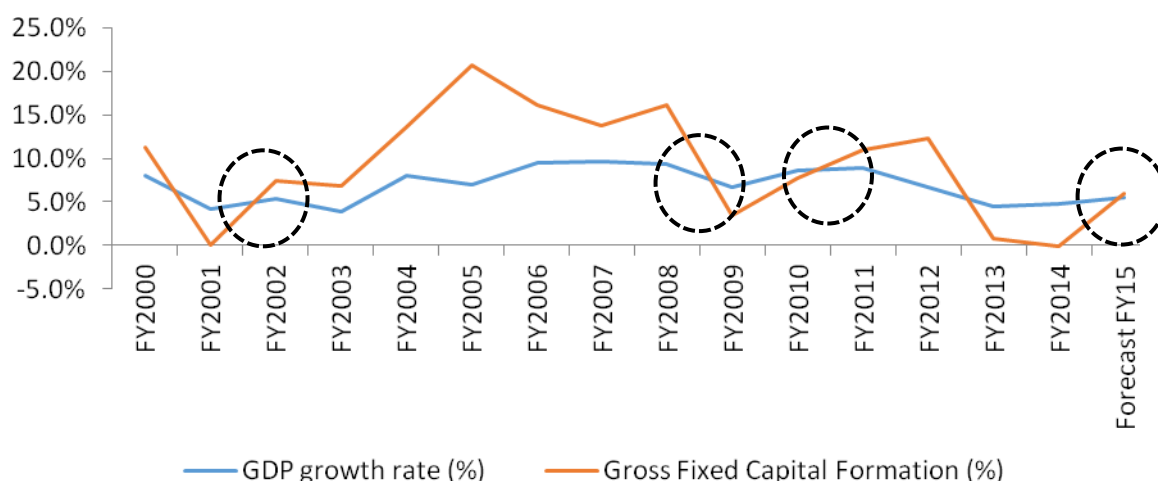
Indian Economy

Indian economy, as reflected by the GDP numbers, grew at a CAGR of 6.8% during the last 5 year period (FY 2010-14). Growth slowed down in FY 2013 and FY 2014 with decrease in investments and low business confidence. GDP growth for Q2 FY 2015 at 5.3% (year on year) has been a positive development beating the market held expectations of 5%. Higher than expected growth rate was driven by increased government expenditure in Q2. For H1 FY 2015, GDP growth was recorded at 5.5% vis-à-vis 4.9% over the same period in FY 2014. Growth was also supported by increase in business confidence and higher manufacturing output in Q2.

Infrastructure development is one of the primary drivers of India's overall development. India's infrastructure spending as a percentage of GDP grew from 5.2% in 10th five year plan period to 7.6% in the 11th five year plan period. Planning commission expects further growth to 10% in 12th plan period. For this, Government of India has earmarked USD ~1 trillion of investment in infrastructure sector. (Source: Infrastructure segment report, IBEF)

Gross Fixed Capital Formation (GFCF) is a measure of new fixed asset creation in the country. This measure has strong linkages with construction sectors which drives creation of fixed assets. With lowered investments and slow down of economy, the GFCF growth also slowed down considerably and registered a decline of ~0.1% during the FY 2014. As per RBI, the GDP is expected to be around 5.5% for FY 2015, which is expected to translate into a GFCF growth of 6% in FY 2015.

Exhibit 2: Indian GDP and Gross Fixed capital formation growth rate



Source: RBI, CARE research

With IMF's forecast of Indian GDP in 6-7% range for the next 5 years, GFCF growth is expected to be around 8-10%. This strong growth in GFCF is expected to create significant opportunities for the construction segment driving demand for pre-engineered building suppliers.

PEB Overview

India's per capita steel consumption is significantly lower than the global average with ~57.8 kg in 2013 vis-a-vis the global average of 225.2 kg. Furthermore, PEB segment in India is still in a nascent stage in the construction segment and has low penetration as compared to the advanced economies in the world. (Source: Overview of steel sector, 2013, Ministry of Steel, India)

PEB concept was introduced in India in the late 1990's and underwent the first wave of adoption in 2000's. It is highly favoured due to its lower project costs and lower turnaround time. The PEB market in India is the third largest market in the world after the United States and China as of FY 2014.

Indian PEB market size is estimated to be around ₹ 55,000 million for FY 2014. Kirby, Interarch and PEBS Pennar are the major players in India, in terms of revenues. Overall PEB Industry capacity is estimated to be around 1.6 million metric tonnes in FY2014. Capacity utilization for overall industry is estimated to be around 45%. Industrial segment (industrial sheds and manufacturing facilities) contributes to 71% of the market share followed by commercial (including warehouses and, retail shops) which contributes 19% of the market. Share of

infrastructure segment (railway stations, metro station, aviation hangars and others) is at 8% which is low in comparison to the global average.

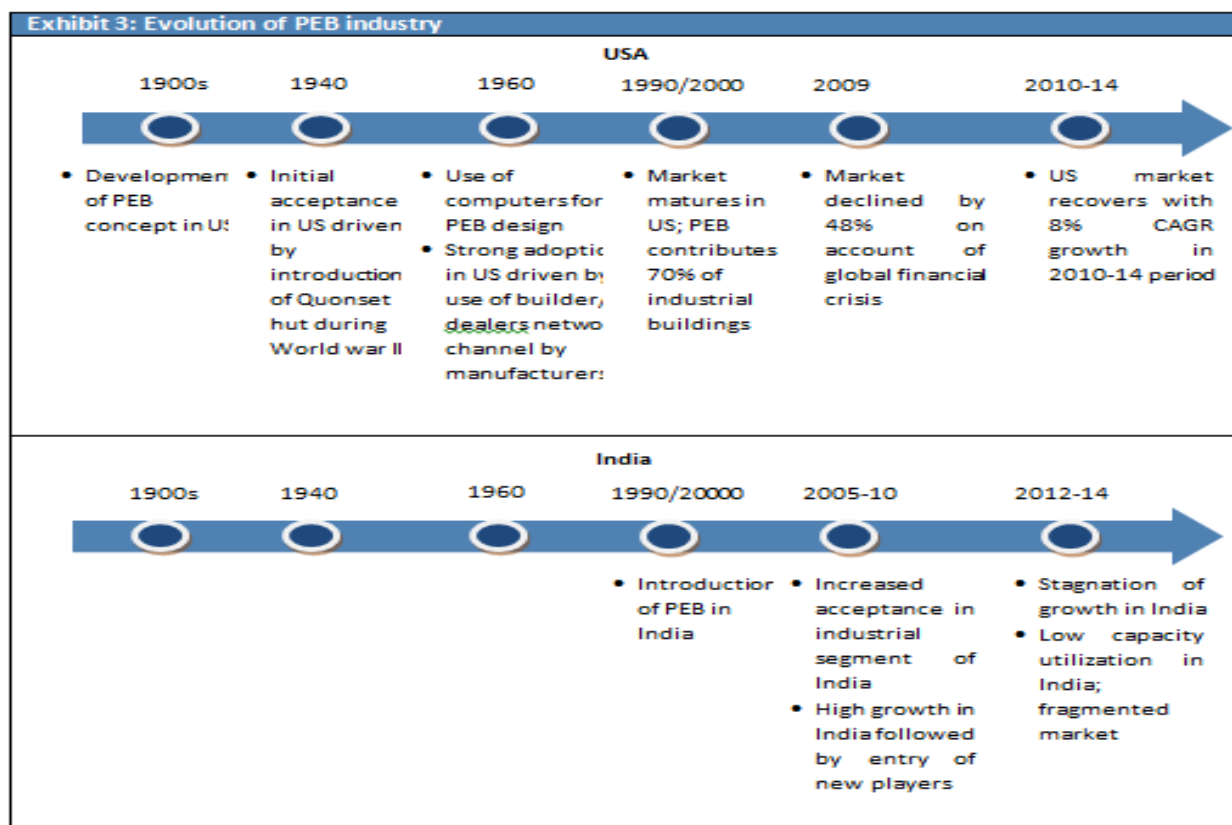
Success in PEB industry is driven by design capability of players along with their proficiency on factors such as technology, manufacturing footprint, sales and marketing and pricing. Superior design talent along with advanced design technology is a must for success in PEB industry. Ability to meet large orders and deliver them across India is a critical driver of success for the PEB players. Customer apprehension about strength of steel structures, cyclical nature of end-user demand, intermittent nature of large profitable orders, requirement of skilled manpower, fluctuation in material prices (mainly steel) and taxation anomalies remain as some of the challenges for the industry.

Indian PEB industry is a high growth opportunity market. Even though the market in India is fragmented, companies can still create profitable businesses by increasing switching costs and creating differentiation through engineering services and excellent supply chain capabilities.

Indian & Global Pre-Engineered Building (PEB) Industry

PEB Industry evolution

Pre-engineered buildings industry traces its roots to US (1900s) with construction of simple industrial buildings using straight columns, sectional roofs, truss rafters and other connectors. In 1940s acceptance of PEB grew driving mass production in USA. With advent of computers in 1960s the PEB designs became more organized driving the adoption of PEB structures even higher in USA and other advanced economies of the world.



(Source: MBMA, CARE research)

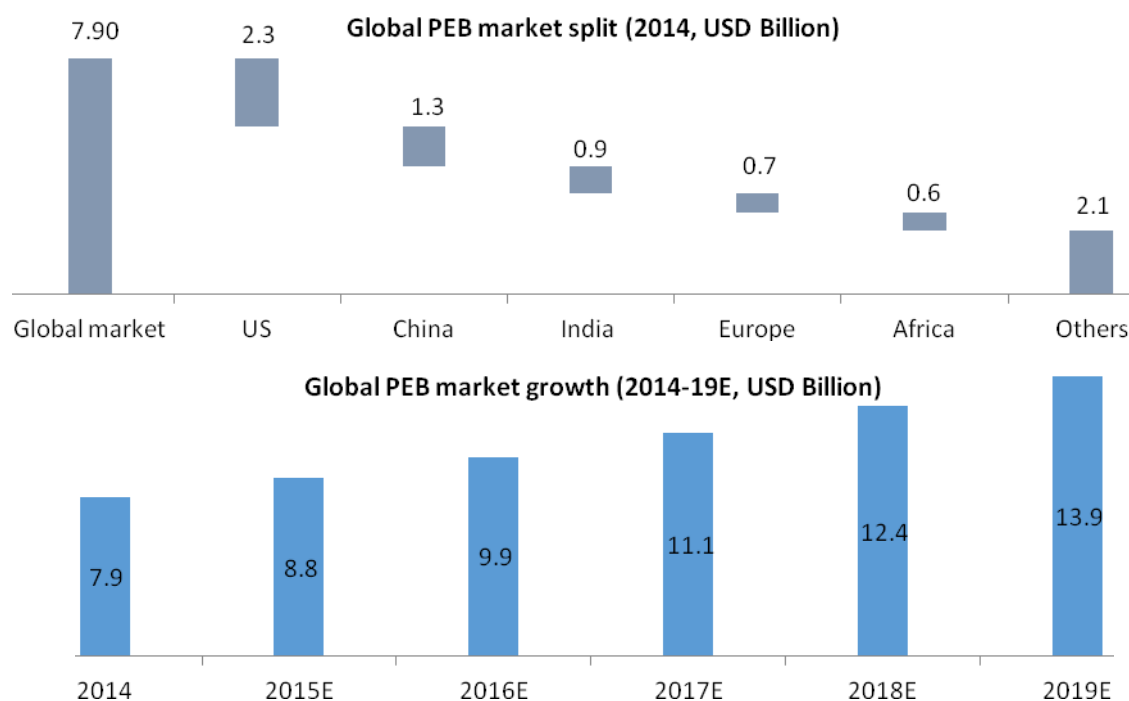
By 1980, PEB became accepted form of construction for industrial and other commercial segment in US and other developed countries. In US, the PEB contributed to as high as 70% of industrial buildings construction.

PEB was introduced in India during late 1990s with onset of Indian economic growth post liberalization of 1991. However, the acceptance among consumer segments began in early 2000 with a strong burst of growth during 2009-12 periods. PEB growth was following a strong fixed capital formation in India and increased adoption by the customers. This period of high growth saw entry of new players in the industry. However, with slowdown of Indian economic growth and decline in GFCF during last 2 years, saw the Indian PEB industry stagnate.

Market size and expected growth

Global PEB market in 2014 was estimated at US\$ 7.9 bn. USA is the largest PEB market in world with market size of roughly US\$ 2.3 billion followed by China (US\$1.3 billion) and India (US\$ 0.9 billion). In USA, 50-70% of industrial and commercial buildings are PEB based buildings. Other major markets include Europe (US\$ 0.9 billion). Africa PEB market is estimated at ~US\$ 0.6 billion driven by strong demand in South Africa and Nigeria. (Source: CARE research)

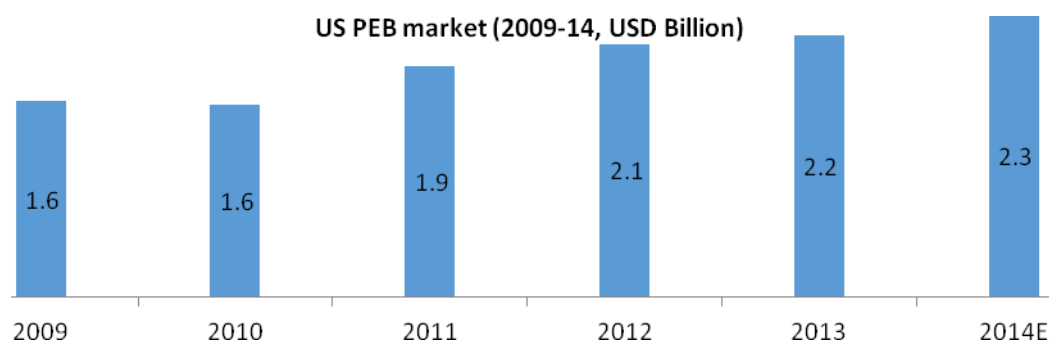
Exhibit 4: Global PEB market



Source: CARE research

Global PEB market is expected to grow at 12% CAGR in the next 5 years driven by recovery of demand in USA and new demand from emerging economies of China and India which are expected to grow in 15-20% range. In 2014, industrial sub-segment dominated the global PEB market with 60% share followed by demand from commercial (25%), infrastructure (10%) and community segment (10%).

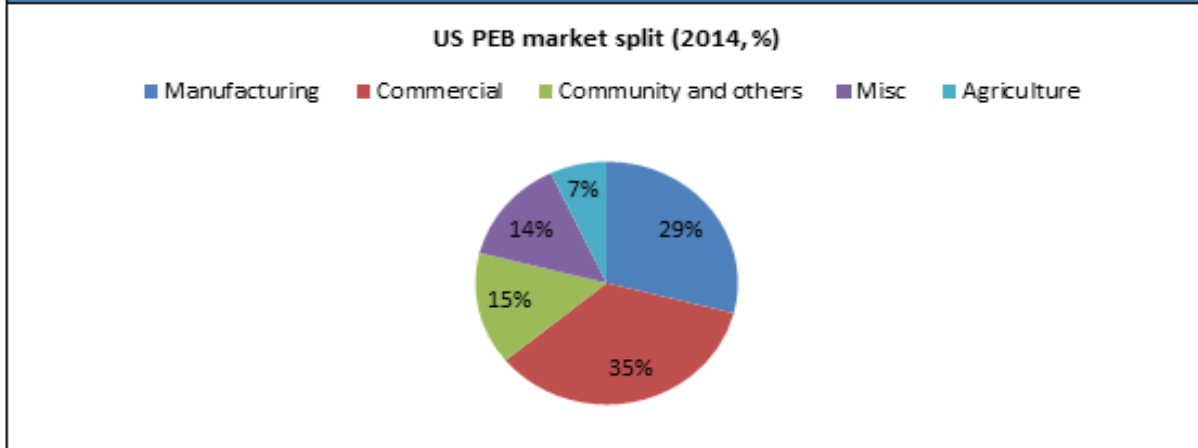
Exhibit 5: US PEB market growth



Source: MBMA, CARE research

US market has been recovering from the 2009 fall and grew at 8% CAGR during 2009-14.

Exhibit 6: US PEB market split by application areas



Source: MBMA, CARE research

In USA commercial (35%) forms the largest segment of PEB market. Manufacturing (29%) is second largest segment followed by community building (15%) and other miscellaneous buildings (14%).

Indian PEB Industry

Overview of the Indian PEB Industry

Indian PEB industry started in late 1990s. The current industry would be characterized as a high growth, fragmented, cyclical industry with strong linkage to country's economic cycle.

Key characteristics of Indian PEB industry:

The business model of the PEB industry is characterized by the following factors:

➤ High growth market

PEB penetration in overall construction segment is lower than the advanced economies, providing a scope for rapid growth. Indian PEB industry thus can be characterized as a high growth opportunity market.

➤ Fragmented market

PEB Market in India is fragmented. Companies can though create profitable businesses by increasing switching costs and creating differentiation through engineering services and supply chain capabilities.

➤ Medium capital outlay

Capital investments required for business are not extremely high, especially for players in the steel industry working on steel sections. As a result, multiple regional players have entered the fray during last 5 years.

➤ High working capital

PEB industry is working capital intensive with high inventory requirement of around 70 days along with high collection days of 65 days.

➤ Cyclical business

Cash flows are cyclical as the major customer segments are industrial and commercial segment which are strongly linked to the economic cycle (especially linked with GFCF).

➤ Profitability driven by management of material costs

Variable cost form bulk of costs for the business. Ability to manage input prices (especially steel prices) over the period of contract, though short duration, is critical since most of contracts are fixed priced.

Indian PEB industry: Current scenario

Indian construction industry (industrial, commercial and residential) has evolved over the last decade. The major concerns for customers remain about safety of their buildings. This remains true for PEB construction as well. In order to meet the stringent safety requirements PEB players have made changes to erection technology (installation procedures and equipment/tools). With growth in demand for multilevel buildings, the complexity of construction is growing. Also, the demand for aesthetically better buildings is growing. PEB players are developing newer installation system to cater to these design complexity.

Customer expectations are also evolving as the market matures. This is reflected in contracts for most of the large projects. Customer usually insist on having timelines, liquidated damages clause and payment linkage to project execution as part of the contract.

Currently, ticket size of projects has declined as large projects are on hold. Though, with renewal of Government's promotion of SEZ and other infrastructure, the large ticket size projects are expected to pick up. There is also emergence of government projects which are small in size but large in numbers. This creates both a challenge and opportunity to PEB players. It creates huge demand for supply of material but creates operational challenges in terms of erecting this small project at remotely located sites.

PEB players' selection criteria

Customers usually evaluate PEB players on 6 primary factors.

Exhibit 7: PEB players selection criteria



Source: CARE Research

Pricing, as for any product, remain a key selection criteria for customers. Along with pricing the capability of PEB player in term of its design software, qualification & strength of design engineers play a critical role in vendor selection. Customers also look for design flexibility in terms of adding newer components and/or facility expansions. Customers do evaluate PEB players on their brand and their prior experience in terms of delivering large project in time and on costs. The other critical factor is manufacturing capability of the player. Customers look for players with large capacities to meet their requirements. Significant transport costs drive customer to look for vendor who are close by and can supply quickly.

Critical success factors for Indian PEB players

Exhibit 8: Critical success factor

| | |
|-------------------------|---|
| Design capability | •Superior design talent to meet customer expectation |
| Pricing | •Competitive pricing |
| Technology | •Ability to use high end building information modeling software |
| Manufacturing footprint | •Higher capacity to meet large projects |
| Sales and marketing | •Ability to deliver across India |
| Standardization | •Ability to mass produce project components |

Source: CARE Research

Indian PEB players' success is primarily driven by its design capability and ability to deliver projects across India at competitive price.

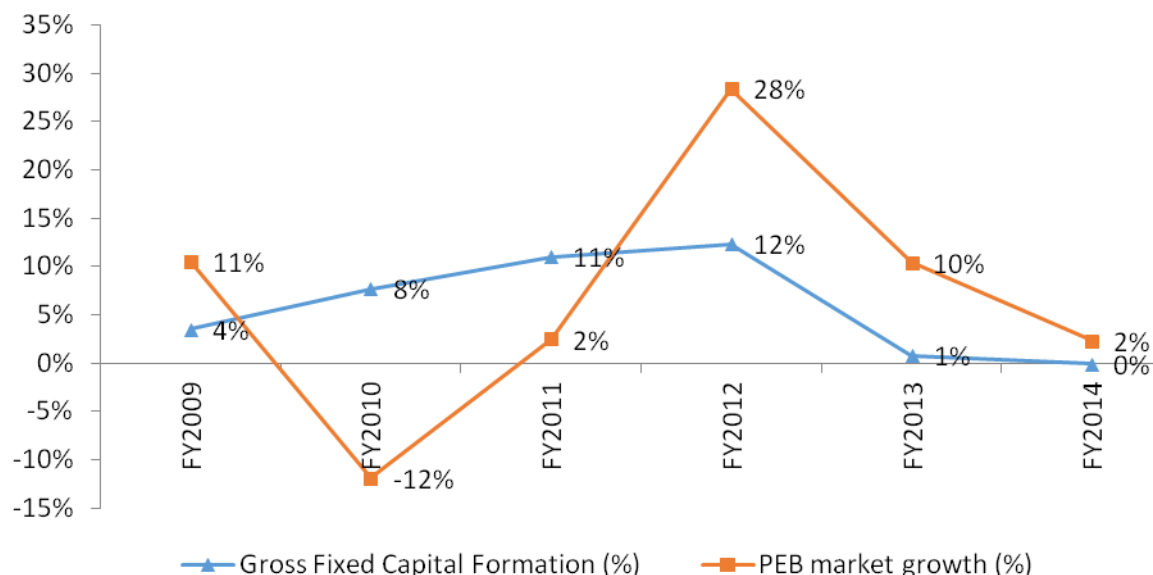
- **Design capability:** PEB players' ability to deliver diverse set of design ranging from low rise factory sheds to a complex housing project is a critical success factor. This enables players to diversify across revenues segment, which is especially critical for player in an industry where demand is linked to economic cycles.
- **Pricing:** There is no clear market leader and brand recognition is also nascent in this emerging area. Moreover, regional players compete on price (due to lack of differentiation), making it a critical driver of success.
- **Technology:** Technology is a critical driver to create differentiation for the PEB player. Technological ability to support building with very high dead and live loads, design and implement complex structures can help player in establishing its brand.
- **Manufacturing footprint:** With India's vast landscape, cost of transporting steel/end products becomes a real challenge. At the same time, most of PEB projects are large and time critical capex projects for clients. Thus, presence across India and ability to meet large project on time create a significant differentiator for the success of a PEB player.
- **Sales and Marketing:** PEB industry's awareness is high in India only for the industrial segment. Sales and marketing ability to create awareness among emerging areas such as residential and commercial sector would create a strong differentiator for PEB player. Also, a significant sales and marketing footprint would allow PEB players to deliver projects across India reducing revenue concentration from a particular region.
- **Standardization:** PEB projects are usually fulfilled as engineer to order. Each project has different specification. Ability of a PEB player to mass customize this project components would allow them to

enjoy dividends of economies of scale. Thus, developing production strategies that allow standardization are critical for success of a PEB player.

Market size and potential

PEB market is linked to GFCF as investments in capital formation drives demand for PEB construction across industrial and commercial segments.

Exhibit 9: PEB market has linkages with GFCF

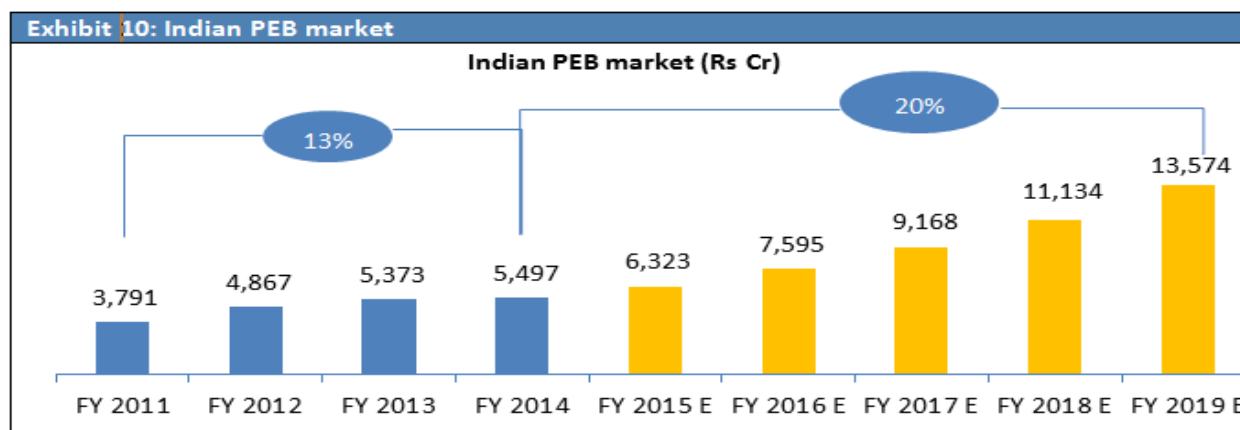


Source: Planning commission, CARE research

Indian PEB market has grown at 13% CAGR in the last 3 years. Though, the market growth has been low in last year with a growth of 2% in FY 2014 driven by lower growth in Indian economy and sluggishness in fixed capital formation.

In case of positive movements in GFCF growth (above 5% level), there has been a trend of positive multiplier effect on PEB growth. Over the period of last 8 years, the multiplier is estimated to be in range of 2x-2.5x. GFCF growth below 5% usually has resulted in a negative PEB growth.

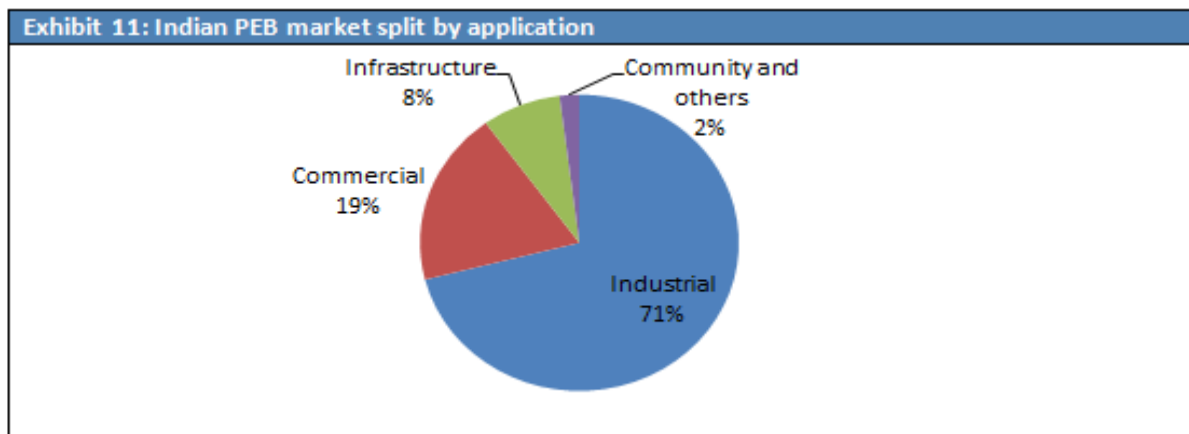
On basis of IMF forecasts of Indian GDP growth rate of 6-6.5% in the next 5 years, GFCF is expected to grow in range of 8-10% in the next 5 years. This strong growth in GFCF is expected to create a strong demand for PEB market and drive PEB growth at 2x-2.5x in 15-20% range over next 5 years.



Source: CARE research

Growth of major user segments

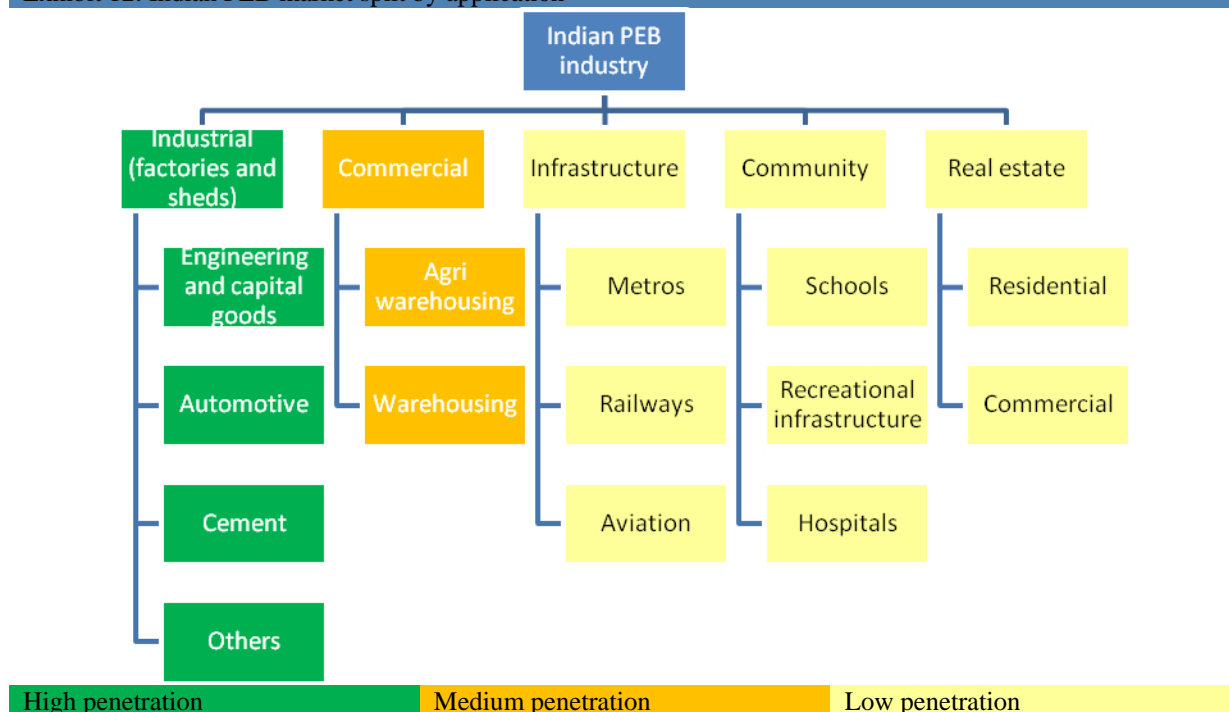
Industrial segment (including factories, workshops and industrial sheds) forms a larger share of Indian market with 71% share in FY2014 followed by commercial (including warehousing and retail). Infrastructure project is the other emerging segment with 8% share. Community and other miscellaneous project are one-off projects and contribute to 2% of the overall market.



Source: CARE research

Indian PEB industry user segments

Exhibit 12: Indian PEB market split by application



Source: CARE research

Industrial segment has high PEB penetration in India. Commercial segment has medium PEB penetration and all other segments have low PEB penetration.

Industrial segment (Factory and manufacturing sheds) growth drivers

Industrial applications are spread across the verticals of capital goods, auto, cement, FMCG and others. Investment requirement for industrial segment is estimated at ~₹2.5 trillions for the 2012-17 periods, as per the

India's 12th five year plan. This strong investment in 12th 5 year plan is expected to create a PEB market potential of ₹2,50,000 millions in the next 5 years.

Engineering and capital goods

Engineering and capital goods sector is the largest sector in overall industrial sub-segment in India. It is further subdivided into heavy and light engineering market. Heavy engineering segment involves manufacturing of large size plants and equipment's for various industrial sectors. Light engineering includes manufacturing of low and medium size equipment. Being the largest sub segment in the Industrial segment, Engineering sector create significant demand in form of manufacturing plants and sheds for PEB.

Investment in engineering and capital goods had stagnated with slowdown of economy. However, with announcement of 'Make in India' program, the investment in the segment is expected to pick up. There have been early signs of clearance of the stuck up manufacturing projects creating demand for capital goods sector. The manufacturing activity seems to have picked up in 3rd quarter of FY 2015. Manufacturing PMI rose to 53.3% in November 2014 from 51.6% in October, 2013; which is highest since February 2013.

As the implementation of announced capex starts, the capital goods sector is expected to pick up, driving a strong demand for the PEB market.

Cement

India is second largest producer of cement in the world. Cement industry is user of PEB industry both for manufacturing and warehousing. Indian cement industry has production capacity of 373 million tonnes. With strong growth in Indian infrastructure and announcement of 100 smart cities, the demand for Cement industry is expected to grow rapidly.

It is estimated that investment in cement industry to be more than ₹ 2,50,000 millions in FY 2015 led by ₹ 1,00,000 millions investments by Ultratech cement. It is expected that the cement manufacturing capacity is expected to rise to 479 million tonnes by 2017. This capacity addition is expected to drive strong demand for PEB construction in cement industry.

Automotive industry

Indian automobile industry is among the largest sub-segment in Indian industrial sector. Auto industry usually uses large factories for auto assembly and require large span of control. It is estimated that Auto OEM players are looking to invest approximately ₹ 1,50,000 millions in FY 2015. Out of the total investment, 1/3rd investment is expected for capacity addition. Thus, auto sector alone is expected to create a market potential of ₹ 50,000 millions in FY 2015 for PEB sector.

Indian auto sales had stagnated over the last 3 years. Thus, the investments in auto sector remain subdued. Over the last 6 months there has been reduction in fuel prices because of global fall in prices. This is expected to pick up the sales demand. However, continued high interest scenario and roll back of excise exemption is expected to counter balance the auto demand and capex.

Commercial segment growth drivers

Commercial segment usually includes warehouses and retail shops. These applications are spread across the industry vertical of warehousing and FMCG retail shops.

Agri-warehousing industry

Agri-warehousing involves primarily grain warehouses and silos for storage. It creates a strong demand potential for PEB in the form of construction requirements for warehouses. Agri-warehousing forms ~10% of total warehousing in India. As per the report of working group on Warehousing Development and Regulation for the 12th five year plan period, India has a total agri-warehousing capacity of about 112.73 Million Metric Tonne (MMT) at present to store and conserve agriculture produce with central and state agencies owning 69% of the capacity and the balance distributed among private entrepreneurs, cooperative societies, farmers. The storage space available in the country is not sufficient to cater to the procured stocks. Therefore, the demand for warehousing facilities has constantly been on the rise due to factors like rise in agricultural output, increase in

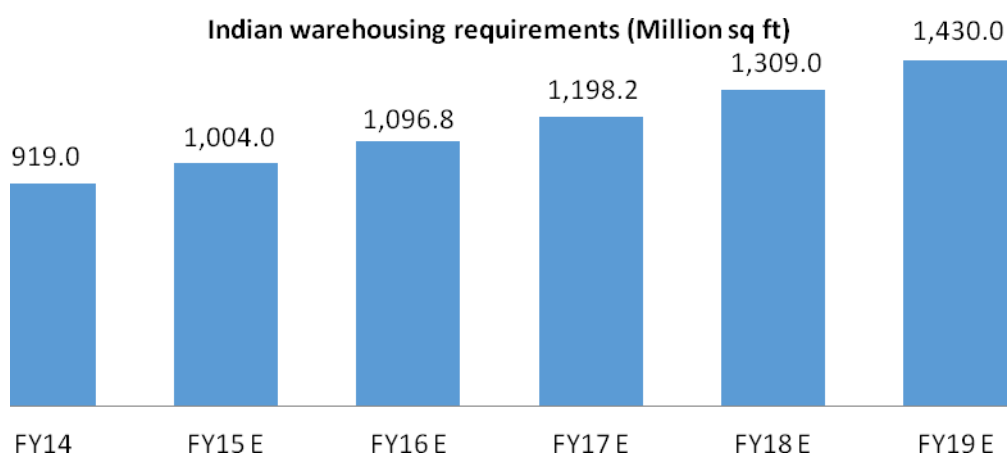
government procurement, rise in contract farming, development of organized retail sectors requiring large storage capacities to achieve economies of scale as well as capacity constraints at existing facilities. Also, with the implementation of food security bill, the requirement for storage capacities would increase significantly going forward.

Grain Silos: India's grain storage requirement is expected to be to the tune of ~200 MMT in 2014. With storage shortage in range of ~90 MMT, the capacity addition per year is expected to be approximately 10 MMT. This is expected to create demand of ~₹20,000 millions of silos every year. Grain silos can be executed by existing PEB players by acquiring design expertise. PEB players can produce grain silos with their existing infrastructure.

Warehousing

Indian industrial warehousing forms 90% of overall industry. Warehousing requires large clear-span storage sheds. This sheds can be catered by PEB construction effectively. Indian warehousing requirement which stands at ~919 million square feet is expected to grow at a healthy 9% in the next 5 years as per the Knight Frank India Logistics and Warehousing Report 2014.

Exhibit 13: Indian Warehousing requirements



Source: Knight Frank – CARE Report 2015

This is expected to drive on an average an addition of ~100 million square feet of space per year in the next 5 years. This addition of warehouse space is expected to create a demand of PEB of ₹ 20,500 millions every year for the next 5 years. Indian e-commerce sector is expected to be the major driver of growth for warehousing in the next 5 years.

Infrastructure segment growth drivers

Indian infrastructure requires investments to tune of ₹ 65 trillion in FY 2012-2017 period as per the 12th five year plan. This requirement is driven by requirement of improved infrastructure across all the segments ranging from road and ports to civil aviation. This significant investment in infrastructure is expected to drive strong construction requirements and create a strong demand for the next 5 years.

Andhra Pradesh after split is looking for establishing a new capital. This is expected to create strong demand for fast and cost effective building solutions. This is expected to create a strong demand for PEB players who have strong presence in South India.

Civil aviation

India is 9th largest civil aviation market in the world. With growing demand for infrastructure improvement, there has been demand for airports and hangars in tier II and tier III cities. There is also demand for expansion and newer airports in the existing metros. Airports and hangars employ structural steel and PEB for construction. As per 12th five year plan, the investment in civil aviation is expected to be around ₹ 72,000 million in the plan period. This is expected to create a strong demand for PEB and structural steel players in the coming 5 years.

Metro rail

PEB can play an important role in developing metro stations by being both a time and cost effective solution. In India, Metro rail is currently operational in 5 cities, viz. Delhi, Kolkata, Bangalore, Gurgaon and Mumbai. Metro rail system is under construction in cities of Chennai, Hyderabad, Jaipur, and Kochi. With the proposed expansion of metro rail in existing locations along with new metro projects, planning commission of India has estimated investment requirement of ~₹13,00,000 million for metro projects in 12th five plan period. Planning commission has established that there will be a requirement of metro rail in cities where population is more than 2 million. This is expected to drive strong investment requirement for metro rail in next decade or so. This high investment requirement in metro rail alone is expected to create a PEB demand of ₹70,000 million in the next 5 years.

Power plants

India is a power deficient country with significant transmission losses. Government of India estimates an investment of ~USD 250 billion in the 2014-19 for set up of power plants and reduction of losses. This is a newer segment which PEB industry can look to enter for market expansion.

Ports

Indian port sector is going through a revival attracting significant private investments, both from within India and abroad. Port ancillary structure can employ PEB structure for construction. Government of India has awarded USD 3.53 billion for 30 port projects. Moreover it is envisaged that the investments to the tune of USD 49.75 billion would be required to upscale India's cargo handling capacity to 3,130 million tonne by 2020. This is expected to create a demand for PEB industry in Port infrastructure's ancillary structures.

Real estate segment growth drivers

Housing

PEB construction can be employed in housing (light gauge steel), creating a strong market potential for PEB players. As per the 12th five year plan, there would be shortage of 18.78 million houses in 2012-17. Around 95% of these shortages pertain to houses for economically weaker sections and low income families group. This drives a need for cost-effective and fast solution housing or 'Affordable housing'. As a result Government of India has launched various schemes for delivering affordable houses. Considering dwelling units with carpet area between 21 to 27 Sq. m. for Economically Weaker Section (EWS) category and 28 to 60 Sq. m. for Lower Income Group (LIG) category, it is expected to create a market potential of ₹1,80,000 million for PEB industry. PEB players can move into this segment with their pre-fabrication experience, however, this would require a separate division since the products, design, manufacturing process and customer profiles are different from industrial PEBs. At the same time this segment is part of Light gauge steel market with players using different materials/technology (for example, Monolithic construction) for pre-fabrication.

Commercial buildings/ High rise buildings

Indian commercial building space requirements are growing exponentially with growth of services sector like IT/ITES, Telecom and others. With limited land availability and rising demand for commercial offices, high-rise buildings have emerged as a potential solution. PEB as a concept was conceived only as a low rise product for industrial and commercial purposes. Though, with evolution of PEB technology, pre-fabricated products can be used to serve these high-rise segments. This makes high rise buildings a potentially attractive market for PEB players. Few PEB players have already constructed high rise buildings (10 floors) in India.

As per USAID ECO-III Internal Estimate, the availability of commercial space is expected to grow from 650 million square meters in 2012 to 1,900 million square meters in 2030. Growth in commercial building is expected to create market potential to the tune of ~ ₹ 55,000 million in the next 5 years. Though, with higher penetration in high-rise buildings segment, potential market for PEB can be significantly larger.

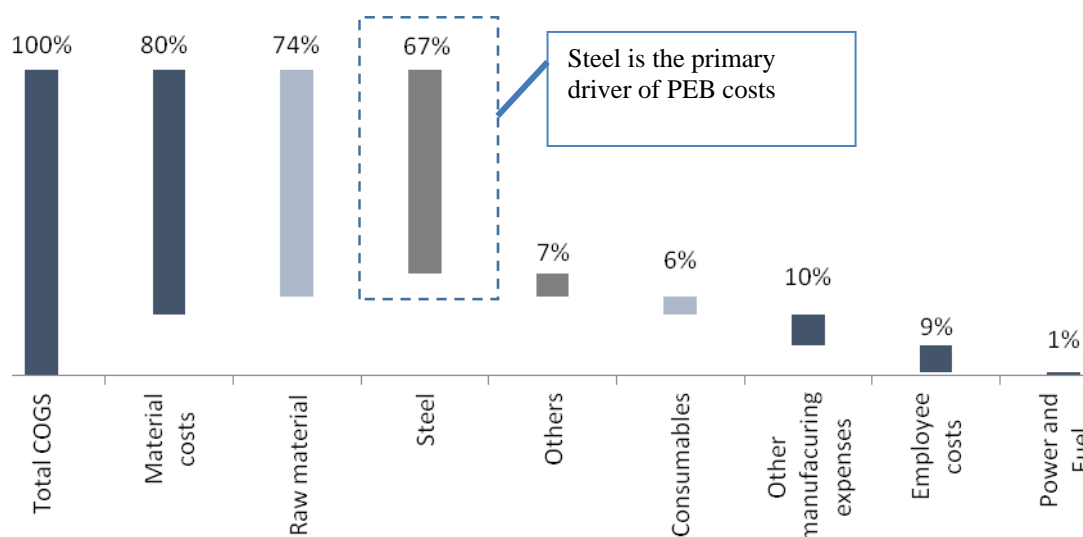
Buildings up to 10 floors can be executed with existing resources; however, design capabilities remain a challenge in buildings higher than 10 floors. High buildings' design requires specialized Building Information Modeling (BIM) software. Penetration of this kind of specialized software in Indian construction market is low

(~22%) (Source: *State of BIM adoption and outlook in India* (Anil Sawhney, 2014)). Usage of such software is expected to be even lower amongst the PEB players. Thus, PEB players would need to invest in this high-end software, develop separate design and sales expertise to enter this emerging, yet lucrative market. PEB players are likely to face inertia from the end customers as PEB are perceived as low rise products. PEB thus also need to invest in customer education to develop this market, which could be a strong driver of growth in the next 5-10 years.

Cost structure

Steel is the dominant input in PEB construction and contributes roughly to 67% of the total cost of goods sold. Other manufacturing expenses and employee costs forms the other important cost components with 10% and 9% share respectively.

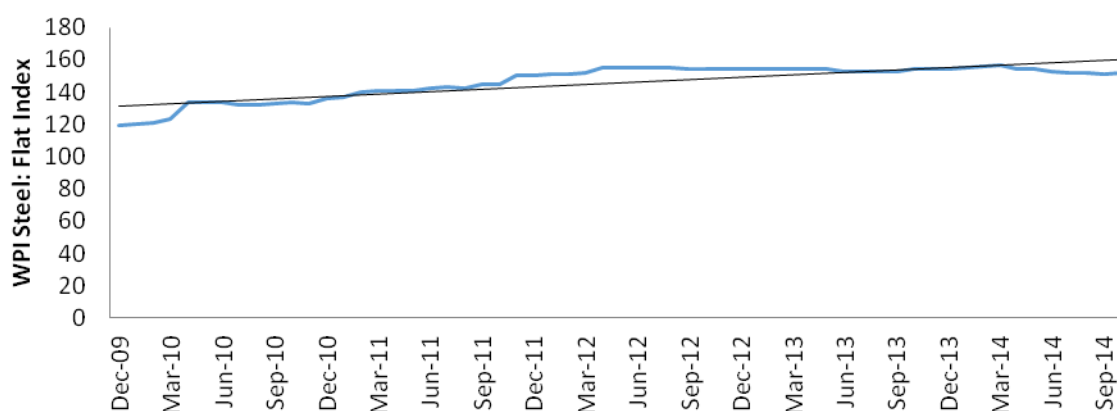
Exhibit 14: PEB cost structure breakdown



Source: CARE research

As steel is the primary driver of costs for PEB players, its availability and price remains critical. PEB uses flat hot rolled/cold rolled steel as a primary input. Steel price fluctuation poses a threat to PEB industry as most of PEB contracts are done on fixed price basis. However, the PEB projects are of short duration making price fluctuation risks manageable.

Exhibit 15: Steel price movement (WPI Steel flat index)



Source: RBI

Steel prices have remained steady in last three years helping the PEB industry in managing the costs. Price Index has grown at CAGR ~4% in the last 3 years with low price fluctuation (Standard deviation = 7% of index average).

Steel Outlook

India has about 95 million tonnes of installed steel capacity with expected capacity addition of 26.8 million tonnes in 2014-15 and 12.4 million tonnes in 2015-16. India's per capita steel consumption in 2013 stood at a mere 57.8 kg, nearly one-fourth of the global average of 225.2 kg. A slowdown in infrastructure investment in two-three years impacted the steel sector. The steel demand in India grew by merely 0.6% in 2013-14 despite an average GDP growth of 5%. (Source: CMIE steel industry outlook, Oct 2014)

The industry has been reeling under the impact of slowdown in demand from the major end user industries like automobiles and real estate and construction on one hand and increase in cost of production on the other due to the continued disruption in availability of iron-ore and coal impacting capacity utilisation. Further, weak macro environment, higher inflation, volatility in raw material prices, depreciating rupee, widening current account deficit and heightened regulatory risks has further impacted the steel industry scenario in India.

There is an expected revival in demand from sectors like construction, infrastructure and automobiles to improve the long-term outlook for steel. It is expected that the adverse impact of a low volume growth will get neutralised from the benefits of lower raw material cost in the near term. It is expected that a part of the benefits of lower costs would be passed on to customers (including PEB).

Key Industry risk

| Exhibit 16: PEB industry risks | | |
|--------------------------------|--------------------------|--|
| 1 | Manpower | <ul style="list-style-type: none"> ➤ Scarcity of skilled manpower ➤ PEB requires semi-skilled labour for welding and bolting activities during structure erection |
| 2 | Raw material (Steel) | <ul style="list-style-type: none"> ➤ Steel forms 67% of input cost making it the critical raw material ➤ Variation in steel prices is a real risk |
| 3 | Absence of industry body | <ul style="list-style-type: none"> ➤ There is currently no regulatory body on lines of ARAI which can certify and regulate industry (providing confidence to customers) ➤ There is no official industry association |
| 4 | Lack of standardization | <ul style="list-style-type: none"> ➤ Lack of standardization makes interoperability lower and drives costs higher |
| 5 | Business risk | <ul style="list-style-type: none"> ➤ High working capital requirement driven by requirement to store steel and turning over the inventory a critical factor for success of player |
| 6 | Tax structure anomalies | <ul style="list-style-type: none"> ➤ PEB industry faces myriad of taxes ranging from Excise duty, VAT, Sales tax, Service tax and work contracts tax ➤ The tax structure varies across states making it difficult to operate |

Source: CARE research

PEB fabrication requires semi-skilled labor both on factory floor and on site for pre-fabrication and building erection. Though, India has a numerous supply of semi-skilled workforce, PEB industry finds it difficult to put this talent directly on production. It may require upto 4 months of training. As cost of manpower is currently ~10%, escalation on procuring talent from other PEB players may not be very high. But, the limited pool of talent may pose an issue during rapid industry expansion.

India is 4th largest producer of steel. With ongoing capacity addition in India, supply of steel may not pose a significant threat to PEB players. However, a strong price increase can impact the industry profit margins significantly as steel forms ~67% of total costs.

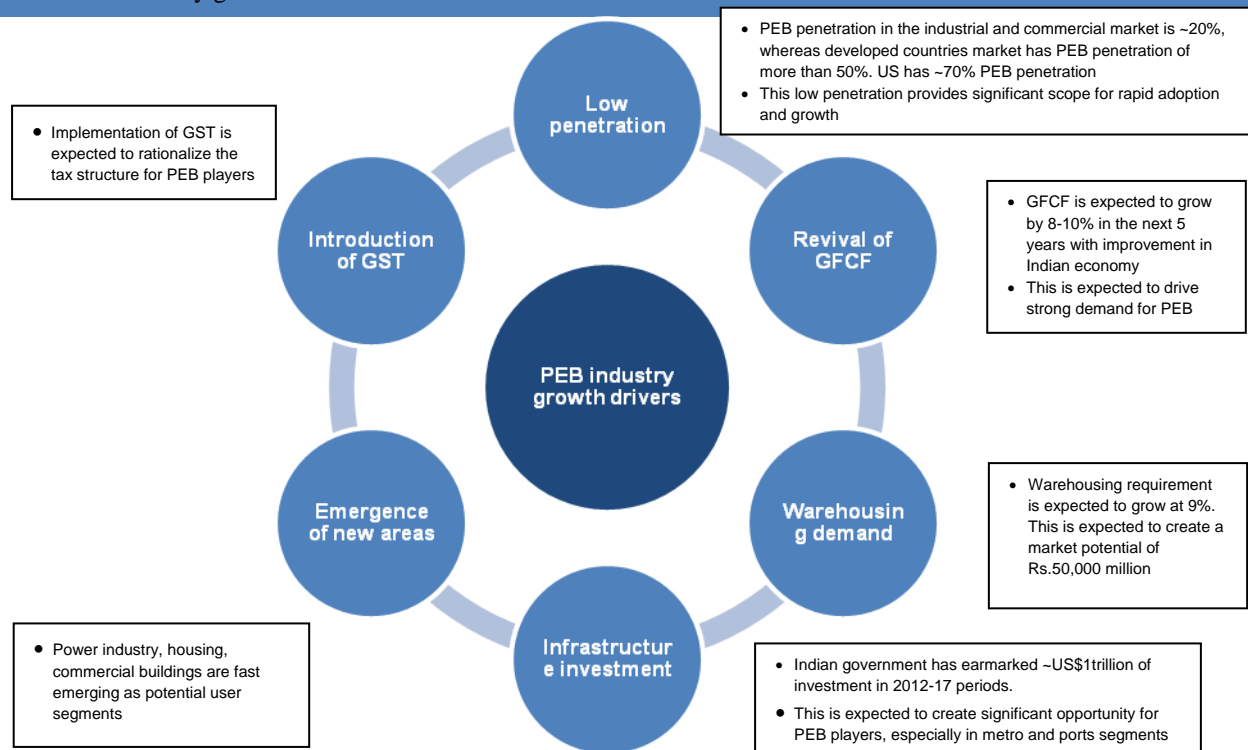
There is an absence of regulatory body which may certify the durability and useable life of steel building products. This may lead to a lower customer confidence and deterioration in quality. At the same time, there is no industry body of PEB players, which makes industry representation weak, especially with regards to government incentives and taxation.

Currently, Indian PEB manufacturers use a MBMA (US) code or Indian code for fabrication. Thus, there is lack of standardization among usage of code which poses a threat in terms of inter-operability issues. For example, an expansion to be done by a different vendor may not work as codes are different. Indian PEB industry's main threat is the business risk associated with its linkage to business cycle. Managing working capital remains a serious challenge especially during a downturn. PEB industry faces a high tax structure posing a challenge to profitability of PEB players. PEB pre-fabrication products are exposed to excise duty, VAT, inter-state sales tax. On the other hand, during site erection, PEB players are exposed to service tax and works contract tax. Moreover, tax differential exists among states. For example, Uttaranchal has no excise duty, driving many PEB players to set up factory in Uttaranchal. On the other hand VAT and other taxes also vary state by state. However, introduction of GST may ease out the structure for PEB players.

Industry growth drivers

The Following figure sets of the key drivers of the PEB industry:

Exhibit 17: Industry growth drivers



Source: CARE research

• Low penetration

India's steel consumption stands at ~60 kg per capita vis-à-vis global consumption of ~225 kg in 2013. PEB penetration also stands low at ~20% presenting a strong opportunity for PEB industry to grow.

• Revival of GFCF

GFCF has remained stagnant in last few years with a decline in FY 2014. With revival of Indian economy, GFCF is expected to pick up creating a strong demand for PEB construction.

- **Warehousing**

With growing economy and development of e-commerce sector, demand for warehousing is expected to grow substantially.

- **Infrastructure investments**

Indian government is expected to drive strong investment in transport infrastructure especially, railways, metros and aviation. This segment provides ample opportunity for PEB construction.

- **Emergence of new areas**

Power plants, ports, commercial offices, low rise housing emerges as new potential areas for a strong growth of PEB demand.

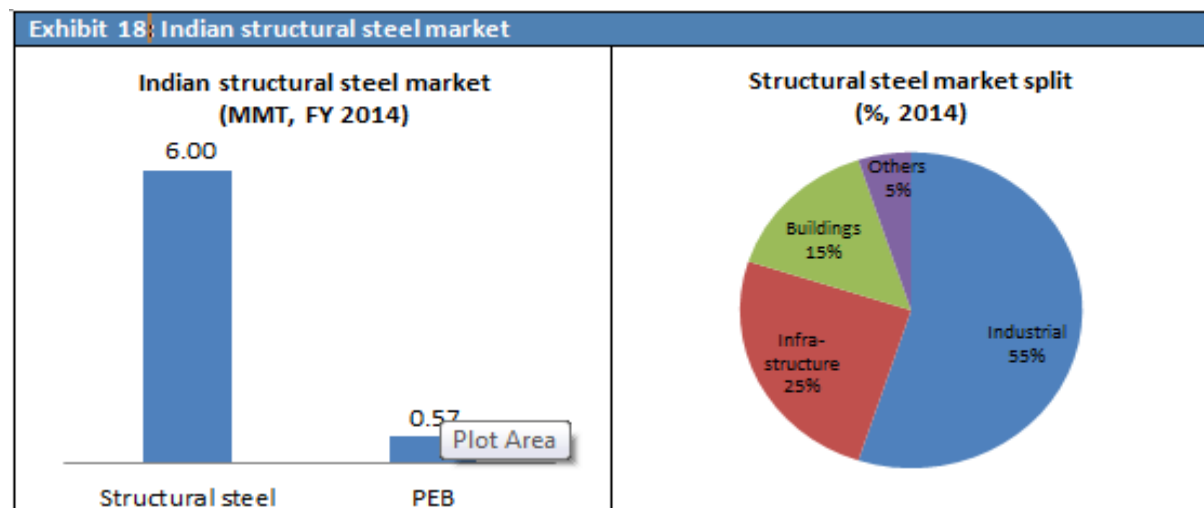
- **Implementation of GST**

Indian government has been working with state government to finalize the GST structure. It is expected that GST may get implemented as early as April 2016, rationalizing tax structure of PEB industry.

Structural steel market

Structural steel are steel sections (I, H, T sections) that are used for construction activities. They are usually heavy steel shapes (Hot-rolled) designed as load bearing members in construction. PEBs usually use light to medium steel section for its application. As against standardized sections of PEB, structural steel elements are customized and are more complex in design. Most of the fabrication is done in-situ in case of structural steel vis-à-vis pre-fabrication at factory for PEB. Structural steel find its application in areas requiring high load bearing structural capacity such as power plants, railway bridges, high rise buildings and others.

Indian structural steel market is 10 times larger than PEB market (FY2014). Structural steel market grew at CAGR of around 10% in the last 3 years ended FY14. It is expected to continue its growth driven by around USD 1 trillion investments in infrastructure segment lined up in 12th plan period.



Source: Deloitte – conference paper on steel structures, CARE research

Industrial segment forms roughly half of the market in 2014. Cement and Steel industry are the major demand drivers of structural steel in industrial segment. Power industry is an important driver in infrastructure segment which forms the quarter of structural steel market. High rise buildings typically employ structural steel as compared to PEB and contribute to 15% of the structural steel market. Structural steel penetration in high rise building is low (<5%). This creates a strong opportunity for structural steel players in this emerging market segment.

Over the last few years, players in structural steel market have started to move towards pre-fabrication to take advantages of costs reduction and standardization. However, lack of infrastructure to transport these large and heavy sections remains a challenge. Pre-fabrication is dominant model for structural steel in advanced markets of USA and Europe, where infrastructure is far superior to India. Though, with improvement in Indian infrastructure, the pre-fabrication model may become viable for structural steel in coming years, opening doors for PEB players.

As in case of housing, PEB players need to create a separate division to target this attractive market as the product and design requirements are different

Engineering services market

Almost all the players in Indian PEB market provide end to end services (from design to erection) to the customers. The annual repairs and maintenance works are also done by PEB suppliers in most cases. Most players are open to provide design as standalone services, but the Indian market is still dominated by full services contracts.

However, there exists a potential for Indian PEB players to provide outsourcing service for PEB players in USA and other advanced economies of the world. Most of the Indian players have worked on an international design code (USA, Europe) for fabrication in India. This familiarity with the design codes and an availability of skilled manpower can make PEB design service (engineering services) an attractive opportunity to Indian players. This market segment is in its inception phase with a couple of firms using their resources to deliver these engineering services to PEB players in US. Indian PEB players also have an opportunity to extend this service to conventional RCC and structural steel segments. This market would be substantially larger than engineering services for PEB design.

With design software in place, manpower costs are the major cost driver for delivering these engineering services. As a result, this service segment can add significant value to PEB players as the profitability could be much higher than other existing business segments.

Considering language proficiency, Indian PEB players would be more suited to provide services to 'English' speaking countries of Europe, US and Australia. As per a NASSCOM report, Indian Engineering and R&D Outsourcing (ERO) market is estimated at US\$ 12 billion in 2013. Share of infrastructure segment is estimated at 5%. This indicates a market potential of US\$ 0.6 billion for ERO in 2013. ERO outsourcing in Infrastructure primarily included CAD and drawing/drafting work. Over the years, it is expected move to a higher level to include analysis and design. In order to tap this small but profitable market, Indian PEB players would need to invest in training manpower and create a separate sales channel. Ability to break through with foreign customers remains a challenge. (*Source: Global ER&D: Accelerating Innovation with Indian Engineering*)

Industry Players

Indian PEB industry comparison is usually conducted, primarily looking at the following four set of factors:

1. PEB industry market share
2. Profitability
3. PEB revenue growth
4. Manufacturing capability (capacity and utilization)

PEB industry market share

Market share is a key indicator of success within an industry. It indicates company's position vis-à-vis competitor in term of penetration within the market. Indian PEB industry is fragmented with more than 20 players operating in India. PEBS Pennar is one of the top three companies in this industry with a market share of 8%. As of 2014, no single player has been able to create a strong position in term of market share. There is a large regional (unorganized) market with more than 30% share.

PEB manufacturing capability

Players' manufacturing capability is a critical indicator of success especially in emerging market such as PEB industry, which is expected to grow substantially in a decade. A higher capacity indicates a better position for company to meet large projects. Kirby, Interarch, PEBSL and Apex buildsys are major player in terms of manufacturing capacity.

OUR BUSINESS

Some of the information contained 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 titled “Forward-Looking Statements” on Page 14 for a discussion of the risks and uncertainties related to those statements and also the section titled “Risk Factors” on Page 16, “Financial Statements” on Page 190 and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” on Page 239 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Our fiscal year ends on March 31 of each year, so all references to a particular fiscal are to the twelve-month period ended March 31 of that year.

In this section, a reference to the “Company” means Pennar Engineered Building Systems Limited. Unless the context otherwise requires, references to “we”, “us” or “our” refers to Pennar Engineered Building Systems Limited.

Unless otherwise indicated, financial information included herein are based on our Restated Financial Statements included in this Draft Red Herring Prospectus beginning on Page 190.

Overview

We are one of the leading custom designed building systems solutions providers in India (*Source: Care Report, 2015*). Our capabilities include designing, manufacturing, supply and assembly of custom designed building systems. Our products and services include pre-engineered buildings, design and engineering services, solar module mounting structures, cold form buildings and structural steel products which are widely used for various manufacturing, warehousing, industrial, infrastructure and custom designed commercial buildings.

Since the commencement of our business activities in January 2010 and as of January 31, 2015, we have completed design, manufacturing, supply and assembly of 82,120 MT covering sqm area of 18,16,266 pre-engineered buildings in various sectors including warehousing, retail and manufacturing; design, supply and erection of solar module mounting structures for generation of solar power; design, manufacturing, supply and erection of structural steel buildings and cold form buildings. In addition to providing design and engineering services for the projects which are designed, manufactured and supplied by us, we have also provided design and engineering services for projects being executed by others. Since our inception, we have experienced sustained growth in financial indicators including our revenue, EBITDA, PAT, ROC and ROCE as well as a consistent improvement in our balance sheet position in the last five fiscals. For further details on our financial performance please refer to section titled “*Financial Statements*” on Page 190 and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on Page 239.

Our core product, i.e. pre-engineered buildings are steel buildings which are custom designed and fabricated to every customer’s requirements in accordance with the applicable standards. The fabrication of pre-engineered building components is carried out in our manufacturing facility under strict quality control at every level of production and as per detailed designs created by us and approved by our customers. Pre-engineered buildings offer enhanced speed in delivery and erection, flexibility in expansion and are capable of withstanding weather pattern changes. In addition to our core manufacturing activities for pre-engineered building systems, our operations also include (i) design, supply and erection of solar module mounting structures for solar energy parks; (ii) design, manufacturing, supply and assembly of commercial buildings such as high-rise buildings, multi-level car-parks, low cost housing and other structural steel products; and (iii) cold form structures like schools, low cost housing. We also provide design and engineering services to our customers using advanced software platforms.

We have a non-exclusive technical know-how licensing arrangement with NCI Group, Inc., an established player in the United States’ metals buildings market, for supply of standing seam roofing panel system in India under the brand name ‘Double Lok®’. We are one of the few companies that offer leak-proof roofing systems in India. We have also entered into a design services out-sourcing agreement with a US based entity engaged in business similar to ours, pursuant to which we offer our design and engineering services to them by using their software for manufacturing of pre-engineered buildings by them for their overseas customers.

Our manufacturing facility, which is spread over an area of 35 acres and 27^{1/2} guntas is located at Ankenpally Village, Sadashivpet in the State of Telangana on the Hyderabad-Mumbai National Highway (NH-9). It is

equipped with high-precision machines to fabricate and supply quality-replete steel buildings and has a production capacity of 90,000 MT per annum of fabricated structural metal products a year. Our manufacturing facility also houses a testing lab for quality checks of our products at various stages of manufacturing. Our manufacturing facility has received a “Gold Rating” from the Indian Green Building Council for our practices in green building technology which includes incorporation of solar PV system, sewage treatment plant, energy efficient designs for the building, and drought tolerant species for landscaping among others. Our manufacturing facility is also ISO 9001:2008 (Design, manufacture, supply and erection of pre-engineered building systems) certified.

We believe that we have established our execution capabilities in a very short span of time, which has enabled us to develop firm relationships with various manufacturing and infrastructure companies and have managed to secure repeat orders from our customers. We have an established track record of executing projects with distinctive features, some of which were achieved for the first time in the Indian pre-engineered buildings industry. Some of our key projects include (i) execution of a 99 metre clear span building with 27 metre peak high, the single largest clear span building ever executed by a PEBS player in India; (ii) execution of the first pre-engineered building in India with EOT crane capacity of 250 MT; (iii) execution of a multi-storied building in pharma sector with a height of 33 metre (ground + 7 floors); (iv) execution of a 400,000 sq ft National Distribution Centre for a leading retail and distribution entity. In addition to the aforesaid, our products have also been used for metro stations, international airports, aircraft hangars and military engineering services projects. We have a strong customer profile and cater to some of the leading manufacturing companies in India. Some of our major customers include Ultratech Cement Limited, India Cements Limited, Volvo India Private Limited, Larsen & Toubro Limited (CMB Division), Calderys India Refractories Limited, Maha Logistics Private Limited, Etco Denim Private Limited, Shyam Indofab Private Limited, Rudrapratap Indian Logistics Private Limited, Indian Corporation and Azure Power.

As of February 28, 2015, we had 404 permanent full time employees. Some of our key managerial personnel have more than 15 years of experience in the pre-engineered building and steel structure industry. As of February 28, 2015, we have also employed around 687 contract labourers at our manufacturing facility.

We are a subsidiary of Pennar Industries Limited ("**PIL**"), a manufacturer of engineering products. The equity shares of PIL are listed on the BSE, NSE and MCX since 1988, 2010 and 2013, respectively.

In fiscal 2012, 2013, 2014 and the eight months ended November 30, 2014, revenues from operations (gross) were ₹ 2,686.05 million, ₹ 3,131.65 million, ₹ 4,022.37 million and ₹ 2,586.22 million, respectively. In fiscal 2012, 2013, 2014 and the eight months ended November, 2014, profit after tax, as restated were ₹ 105.82million, ₹ 147.62 million, ₹ 181.86 million and ₹ 41.66 million, respectively. As of February 28, 2015, we had 147 ongoing projects across 16 states in India at various stages of execution aggregating to a total order value of ₹ 3,700.67 million. Our Order Book information is only indicative of future revenues and you should not place undue reliance on such information in making an investment decision.

Competitive Strengths

We believe the following are our principal competitive strengths:

Strong Engineering Design Capabilities

We have been able to implement the latest technologies and implement best practices for manufacturing our products.

Our Company has an in-house design and engineering team comprising of 103 technical personnel as of February 28, 2015 all of whom are trained in design and detailing. The average work experience of our design team is over 7 years. We have also entered into a design services out-sourcing agreement with an entity in the United States of America, pursuant to which we offer our design and detailing services to them by using their software platforms for manufacturing of pre-engineered buildings for their overseas customers. Access to their software platforms also gives our design and engineering team an exposure to the latest know-how, design and computer aided technologies being developed and updated overseas. We have also licensed some of the latest and advanced software in computer aided design technology and manufacturing, which are used by our design and engineering team to effectively achieve the design and detailing parameters based on our customer's requirements. Some of the latest software used by our design and engineering team includes Autodesk Auto CAD 2015, STAAD Pro, MBS, Stru AD, ETABS NL, 3Ds Max Design and Tekla X-Steel.

Our design and engineering team is trained to handle these complex software enabling them to design complex custom designed building structures. Our design and engineering team and our in house capabilities enable us to have strong designs built on knowledge of our experienced personnel.

Established track record for timely execution

In a short span of just over 5 years, since commencement of our operations, we have successfully established a track record of timely execution of more than 400 projects for various companies in sectors such as manufacturing, warehousing, retail etc. We believe that our supply chain relationships, internal processes, network of sales offices and building contracts and our integrated operations contribute significantly to enable us to complete our projects efficiently and in a timely manner.

Our raw material supply chain relationship ensures that the raw materials are delivered to our manufacturing facility on time, enabling us to manage our processes effectively and maintain our raw material inventory for a rolling period of around 2 months. We have consolidated our order management and project management departments into one, to ensure operational efficiencies by having an overall control of the manufacturing process. Our order management, operations and project management teams work in conjunction with our design and engineering team to deliver the most appropriate and customised designs for manufacturing of our products for the customers in a time bound manner. The order management department is responsible for proper handling of all secured jobs, and routing them through the various relevant departments within our Company, so as to deliver the project in the time span agreed with customer. The order management department is also responsible for coordination with the customer on all aspects of the project after an order is placed including handling of claims, timely intimation to the customer. Order management department acts as a necessary link between the customers and various necessary departments within our Company.

Each of our internal departments are governed by guidelines clearly specifying the nature of decision making and the time limit within which the decision is to be made at each step of execution of a project preventing delays. Our lean corporate structure enables us for quick response and decision making which enables us to be responsive to both market and customer needs. We believe that our clearly laid out processes for execution helps us in coordinating with our internal departments, suppliers and customers in an effective manner and the same transpires in our execution capability. We also have a network of approved building contractors across India, whom we use for site preparation works (i.e. civil works, anchor bolt casting and the general readiness of the site) for our projects. Our project management team is responsible for coordinating with the building contractors. Since we are able to obtain significant operational synergies and efficiencies through horizontal and vertical integration of our operations, including in terms of a secure connectivity and an Enterprise Resource Planning (ERP) system implemented in majority of our operations and departments, our ability to deliver projects on time is strengthened.

Our ability to provide end to end solutions to our customers ranging from product conceptualization, designing, manufacturing, testing, supplying and assembling, has made us the preferential pre-engineered buildings solution provider for some of our major customers. As of January 31, 2015, we have repeat orders from 14 customers, including customers like Ultratech Cements Limited, Volvo India Private Limited and Larson & Toubro Limited.

Diversified products and solutions

Custom designed pre-engineered buildings, is our key product offering. In addition to our core manufacturing activities for pre-engineered building systems, we offer diversified products and services to our customers. Our product offerings include (i) design, supply and erection of solar module mounting structures for solar energy parks; (ii) design, manufacturing, supply and assembly of commercial buildings such as high-rise buildings, multi-level car-parks, low cost housing and other structural steel products; and (iii) cold form structures like schools, low cost housing. We also provide design and engineering services to our customers using advanced software platforms and have provided innovative solutions in our product and services offerings. For further details on our products, please refer to sub-section titled “*Our Business- Our Product Offerings*” on Page 133.

Our ability to offer diversified product range as an integrated solutions provider having presence across various levels of pre-engineered buildings component value chain ranging from product conceptualization, designing, manufacturing, testing, supplying and assembling, makes us the preferred pre-engineered buildings solution provider for some of our major customers.

Strong financial performance

As of November 30, 2014, the total outstanding debt (short term and long term) of our Company was ₹ 330.07 million. As of November 30, 2014 our total debt to equity ratio was 0.30:1. Since our inception, we have experienced sustained growth in financial indicators including our revenue and PAT, as well as a consistent improvement in our balance sheet position in the last five fiscals, wherein we have seen an increase in our net worth. We believe that we have been able to achieve this position as an effect of capital efficient business model and cost optimization of our sourcing, design and manufacturing processes.

We strive to maintain a robust financial position with emphasis on having a strong balance sheet and increased profitability. Our strong balance sheet and positive operating cash flows coupled with low levels of debt enable us to fund our strategic initiatives, pursue opportunities for growth and better manage unanticipated cash flow variations. Our financial strength provides us a valuable competitive advantage in terms of access to bank guarantees and letters of credit, which are factors critical to our business.

The table below sets forth some of the financial indicators for fiscal 2010, 2011, 2012, 2013, 2014 and the eight months ended November 30, 2014:

(₹ in million, unless otherwise stated)

| Particulars | Fiscal 2010 | Fiscal 2011 | Fiscal 2012 | Fiscal 2013 | Fiscal 2014 | For the eight months period ended November 30, 2014 |
|--------------------------------|-------------|-------------|-------------|-------------|-------------|---|
| Revenues from Operations (net) | 309.15 | 1,461.20 | 2,458.55 | 2,869.95 | 3,643.29 | 2,353.95 |
| EBITDA | 24.51 | 176.81 | 295.19 | 369.83 | 398.25 | 167.75 |
| RONW (%) | 0.94 | 18.86 | 25.39 | 20.97 | 16.90 | 3.73 |

For further details on a comparative analysis of our financial position and revenue from operations, see the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on Page 239.

Experienced senior management team, technically skilled and motivated employees and strong parentage

We believe that our qualified and experienced senior management team, technically skilled employee base and established Promoter have contributed to growth of our operations and the development of in-house processes and competencies.

Our Chairman, Joginapally Venkata Nrupender Rao and our Managing Director, Potluri Venkateswara Rao have significant experience in the manufacturing and pre-engineered building systems businesses in India. Joginapally Venkata Nrupender Rao has around 40 years of work experience and Potluri Venkateswara Rao has around 34 years of work experience in the industry in which we operate. Our senior management team consists of technically qualified and highly experienced professionals in the industry we operate in. They bring with them, extensive experience in sales and marketing, order management, design and engineering, purchase, operations, human resources, finance and after sales services. We believe that our management framework allows us to maintain the flexibility to address the markets and the geographies we operate in. We believe in high standards of ethical integrity and we ensure that all our business functions are carried out in a transparent manner. For further information on our key managerial personnel who have contributed to our growth, see the sub-section titled “*Our Management – Key Management Personnel*” beginning on Page 176.

Our human resources policies are aimed towards recruiting talented employees and facilitating their integration into our Company and encouraging development of their skills. We believe the strength and quality of our technically skilled team and the nature of our organizational structure has been instrumental in implementing our business and growth strategies. We believe that our talented and motivated employees have been key to our success so far and will further enable us to capitalize on future growth opportunities.

Our Promoter, PIL, has been listed on the BSE Limited for 26 years and follows high standards of corporate governance. PIL has over 35 years of experience in manufacturing wide variety of steel products with over 600

customers and five manufacturing plants located at Patancheru, Isnapur in Telangana, Chennai and Hosur in Tamil Nadu and Tarapur in Maharashtra. We benefit greatly from the experiences of PIL in the industry we operate in.

Technical Know-how arrangement with NCI Group, Inc.

We have a non-exclusive technical know-how license arrangement with NCI Group, Inc., an established player in the United States' metals buildings market, for supply of standing seam roofing panel system in India under the brand name 'Double Lok®'. We are one of the few companies that offer leak-proof roofing systems in India. Pursuant to the terms of the license arrangement, NCI Group, Inc. has authorised Bradbury Company, Inc., which manufactures the roll forming equipment and corresponding proprietary tooling used for production of the Double Lok® roofing systems, to replicate one or more of the roll forming equipment and corresponding proprietary tooling for us. Our technology tie up with NCI Group, Inc. has proven to be a key differentiator in comparison to our competitors.

Our Business Strategy

We are committed to continuing to increase our market shares across our product verticals and to diversify our product offerings, customer base and geographical footprint, thereby minimizing our exposure to particular sectors, markets and customers. Towards this objective, we believe, our growth and strategies are as follows:

Strengthen our presence in India and grow in new geographies

We constantly seek to enhance our addressable markets with our pan-India integrated service delivery model through our sales offices at Mumbai, New Delhi, Ahmedabad, Pune, Bengaluru, Kolkata, Chennai and Vishakhapatnam. We intend to continue to cater to the customers in other parts of India in order to increase our market share. We are exploring opportunities to expand our manufacturing facilities at such locations which are corridors of growth and also facilitate manufacturing facilities such as ours.

We are considering the possibility of setting up another manufacturing facility in either northern, western or central part of India to cater to our customers in those geographies. We plan to leverage our market presence, our brand name and execution capabilities to attract new clients and obtain new projects in different geographies.

In addition to looking for expansion opportunities within India, we intend to leverage our experience and track record of working on complex customised projects to expand our operations internationally, particularly in Africa, Indonesia and North America. We are also evaluating the possibilities of entering into partnerships/alliances with local partners to understand and penetrate newer markets. We also continue to actively evaluate opportunities to undertake international projects.

Enhancing and expanding our product portfolio and increasing our installed capacity

We propose to continue to expand our product portfolio by upgrading and introducing new products under our business verticals. We believe that our strong technical and project execution capabilities and qualified and technically skilled employee pool will enable us to enhance and expand our product portfolio. We believe that diversifying our product offerings will enable us to further grow our business operations, reduce the risk of dependency on existing products and strategically target higher margin opportunities. The Government of India's "Make in India" programme is expected to boost the industrial production in the near future which should have a positive impact on the demand for our products. Also, the decision of the Government of India to source defence equipment from domestic market to a larger extent will significantly encourage manufacturing industries in this segment. Also, the recent announcements from the Government of India to develop 'Smart Cities' is expected to have a positive impact for demand of our products. We will continue to explore opportunities to expand our manufacturing capabilities to design, manufacture, supply and assemble the following products line:

- **Structural Steel and High rise buildings:** We believe both the products have high potential in near future. Currently, our Company is providing high rise buildings solutions only in Hyderabad. We intend to expand these products to other cities from the next fiscal year. We also intend to develop the technology for structural steel buildings for these products, for which we intend to procure the necessary software tools which can help in design of these products. Structural steel products find application in metro station structures, airport structures, telecommunication towers, multi-level car parks, broadcasting towers, flood light towers, power transmission towers among others.

- Design and Engineering Services: We continue to focus on developing integrated and comprehensive engineering design solutions. We have also entered into a design services out-sourcing agreement with an entity in the United States of America, pursuant to which we offer our design and detailing services to them. We continue to explore strategic partnerships with international players for enhancement of our engineering design capabilities.
- Solar Module Mounting Structures: We design, supply and erect structures which are used for mounting solar modules. This product finds application in solar photo-voltaic plants, solar canal tops, solar roof tops, solar thermal plants and solar car parks.
- Low cost housing: With increase in focus of both central and state governments on providing low cost housing in India, we perceive this as a good opportunity to capitalize on cold form structures in the coming years of our operations. With experience of supplying more than thousand buildings with similar profile we have the optimum technology and experience for supplying such structures without any additional capital expenditure. We have in the past designed, manufactured and supplied school class room buildings using the cold form structures. Apart from low cost housing, we can use the same technology for designing, manufacturing, supplying and assembling rural kitchen buildings, *anganwadi* buildings, rural medical centres etc.
- Other Products: Our strong technical and project execution capabilities and qualified and technically skilled employee pool enables us to offer additional products without incurring any significant capital expenditure. We intend to offer grain silos and building façade as our new product offerings. Grain silos are large storage units where grains can be stored. Due to significant grain losses during storage, central and state governments are focused toward silo storage. Presently, we have the infrastructure and technology to design and manufacture outer shells of the grain silos. In order to make an entry into this product line, we are desirous of having a technology tie up with a global player for the supply of grain silos systems.

We intend to continue the expansion of installed capacity thereby increasing our manufacturing capacities in order to, address emerging demand, leverage economies of scale, widen geographic presence and provide unique and value-added products and services to our customers. We recognize that there is significant growth potential in manufacturing the aforesaid products and we believe we are well positioned to capitalize on the opportunities presented by the markets. We will continue to use our design capabilities and manufacturing strength to develop innovative designs for our products which will help lower manufacturing costs and expand our geographical presence and customer base.

Expansion of our design and engineering capabilities

We believe our design and engineering services business is a high growth and high margin business. We intend to continue to invest in our design and engineering services which we believe forms the backbone of our business. We have also entered into a design services out-sourcing agreement with an entity in the United States of America, pursuant to which we offer our design and detailing services to them. We have developed a strong design and engineering team which exclusively works on these projects. Within a short span of 10 months, we have been able to complete orders to the satisfaction of our customer. Pursuant to our design services out-sourcing agreement our design and engineering team has been exposed to customised software thereby enhancing their skill set. Going forward we intend to leverage our design and engineering experience to concentrate on receiving big orders from overseas and domestic market. For more details on the expansion plans of our design and engineering services, please refer to section titled “*Objects of the Issue*” on Page 96.

To achieve our expansion plans, we are contemplating both organic as well as inorganic growth. In the future, we may consider setting up an off-shore branch office to cater to local opportunities at such location. We endeavor to focus on process, product innovation and value engineering solutions in order to meet the requirements of a wider range of products, geographies, applications and other customer specifications, so as to strengthen and diversify our customer base and product portfolio. We intend to continue the expansion of our design and engineering capacities in order to, address emerging demand, leverage economies of scale, widen geographic presence and provide unique and value-added services to our customers. We recognize that there is significant growth potential in design and engineering services and we believe we are well positioned to capitalize on the opportunities presented by the markets. We will continue to use our design capabilities to

develop innovative designs for our products which will help us in further establishing our design and engineering capabilities.

Targeting new customer accounts and expanding existing customer accounts

We intend to increase our sales and customer penetration by targeting new customer accounts and expanding our existing customer accounts in our principal markets by offering our entire range of products. Towards this objective, we seek to continue to consolidate and develop our relationships with large and renowned corporate groups whose product portfolios are spread across manufacturing industries, as well as our design and engineering innovation competencies so as to be able to enter new and related markets and acquire, evolve and strengthen our customer relationships. While we believe our existing clients provide us with the necessary drivers to generate growth, we intend to continue to focus on new clients.

We also believe that we will be able to capitalize on our reputation for quality, consistent performance and customer satisfaction in our existing markets and product verticals to target new customers.

Continue to enhance our brand in the PEBS industry.

We believe that that our brand is synonymous with credibility, reliability, efficiency and project execution capability in the industry in which we operate. We wish to continue to enhance our brand value by continuously delivering quality product and services to our existing and prospective customers so that we become the preferred pre-engineered buildings solution provider for all our existing and prospective customers thereby increasing our market share.

Our Business

Pre-engineered Building Systems

We are one of the leading pre-engineered building systems manufacturing company in India (*source: Care Report, 2015*) having design, manufacturing, supply and assembly capabilities. Pre-engineered buildings are steel buildings which are uniquely designed and fabricated to end user's requirements in accordance with global standards. The fabrication of these components is carried out in our manufacturing facility under stringent quality control as per the detailed shop drawings. Pre-engineered buildings provide enhanced delivery and erection, flexibility in expansion and can withstand extreme temperatures. We rely on advances in computer aided design technology and manufacturing (including CAD/CAM, STAAD, ETABS) for designing and engineering our pre-engineered buildings, such advances have contributed to the increasing penetration of pre-engineered buildings. Design engineers have leveraged the on-going improvements in CAD/CAM technologies to accurately design pre-engineered structures.

We manufacture the components of our pre-engineered buildings which consists of mainly three groups of components viz: Primary members; Secondary framing members; and Sheeting (walls and roof cladding systems). All the three components are dependent on one another, and all of them are designed to work together. For example the purlins which gives support to the sheeting, is essential for the stability of the main frames, as without them the frames will not have any lateral restraint.

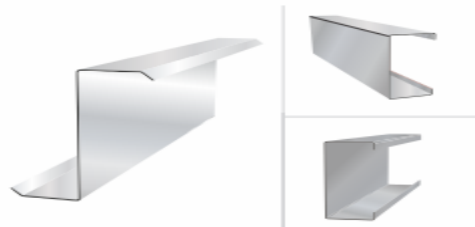
(a) Primary Framing

Primary framing members mainly consist of the main frame structure items which are mostly tapered "H sections" fabricated from plates. Flanges and webs of such built-up members will be joined by a continuous automatic submerged arc welding process. The primary framing structure of a pre-engineered building is an assembly of I-shaped members, often referred as I beams. In pre-engineered buildings, the I beams used are usually formed by welding together steel plates to form the I section. The I beams are then field-assembled (e.g. bolted connections) to form the entire frame of the pre-engineered building. Primary members are main components of the building, which can be considered as skeleton of the building. The entire building depends on the load bearing capacity of the primary members. Primary members are fabricated from high strength hot rolled steel plates.



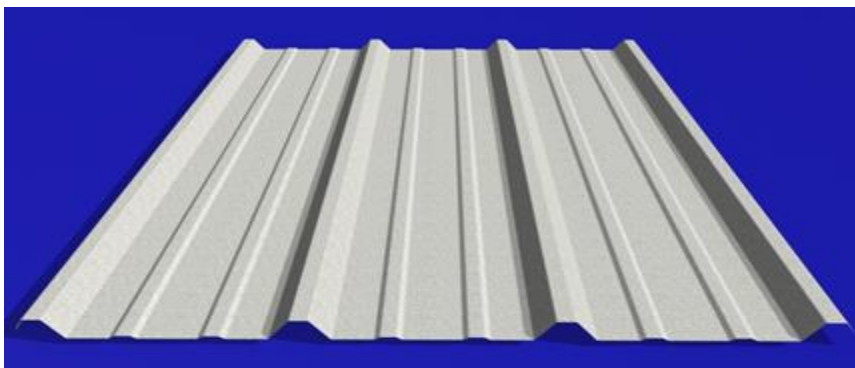
(b) *Secondary Framing*

Secondary framing members are mostly the roof purlins and the wall girts. These are roll-formed “Z” or “C” sections. Sheets used for cold forming are pre-galvanized with zinc coating of various specifications. Cold formed Z and C-shaped members are also used as secondary structural elements to fasten and support the external cladding. Secondary members used in a pre-engineered building include purlins, side runners, eave struts, fascia channels, door posts, window posts, rafter stays and column stays base angles and other miscellaneous structural parts. These are small parts and secondary skeleton that goes into a building. Purlins are used on the roof; girts are used on the walls and eave struts are used at the intersection of the sidewall and the roof. Secondary members have two functions: they act as support that help in resisting part of the longitudinal loads that are applied on the building such as wind and earthquake loads, and they provide lateral bracing to the compression flanges of the main frame members thereby increasing frame capacity.



(c) *Cladding System or Sheeting*

Cladding system consists of zinc-aluminium alloy coated steel sheets. These are roll-formed into corrugated sheets of various sheeting profiles. These panels are available either with mill finish, or with pre-painted finish. The roof sheet is profiled out of plain galvalume and can be a trapezoidal profile or a leak proof standing seam. The wall sheet is usually in coloured galvalume and of trapezoidal profile. In addition to the steel sheets, wood, tensioned fabric, precast concrete, masonry block, glass curtain-wall or other materials may be used for the external cladding of the building.



Our Pre-engineered building construction enjoys certain advantages over conventional concrete or steel construction such as:

- I. *Design and Versatility*: Large structures are easily designed, providing increased flexibility for plant layout. Our efficient pre-engineered building design ensures light weight structures and lower steel consumption. Moreover, buildings are easily expandable allowing future modular expansion.
- II. *Completion*: Our customers, who are in the construction industry segments such as office buildings and warehouses value faster delivery. Our PEBS structures have significantly shorter project execution timelines than traditional construction. Also, conventional construction projects in India are increasingly encountering issues related to lack of skilled construction labor and cost/time overruns.
- III. *Cost Savings*: Pre-engineered buildings have lower lifetime costs compared to conventional construction, owing to faster construction time and lower maintenance costs. A faster completion of a building can have direct positive impact on the revenue in sectors such as manufacturing, commercial and retail.

Our Product Offerings

Our products find application in a variety of building constructions for commercial, industrial, retail, residential or institutional requirements. Based on our existing technology and facilities, we offer the following pre-engineered building products:

- *Pre-engineered Buildings*: These buildings are available in large multi-dimensional spans; lean to roof at all required heights and side claddings. They feature a structural steel framework of primary and secondary members (rigid frame, beams, purlins and girts, trusses and columns) on to which cladding and roofing components are attached. As our core business product, pre-engineered buildings constitute majority of our revenues from operation. The table below sets out the top 10 (by value) pre-engineered buildings erected by us since our inception:

| Product | Nature of Building | Location |
|-------------------------|----------------------------|-------------------------------|
| Pre-engineered Building | Coal Storage Shed Building | Kotputli, Rajasthan |
| | Factory Building | Khopoli, Maharashtra |
| | Warehouse Building | Nalgonda, Telangana |
| | Warehouse Building | Dahej, Gujarat |
| | Factory Building | Odisha |
| | Warehouse Building | Bengaluru, Karnataka |
| | Factory Building | Bhongir, Telangana |
| | Factory Building | Bengaluru, Karnataka |
| | Coal Storage Shed Building | Vishakapatnam, Andhra Pradesh |
| | Factory Building | Perambalur, Tamil Nadu |

Our pre-engineered-buildings are offered as ‘*prime build*’ and ‘*value build*’ products to our customers. ‘*Prime build*’ caters to the customers desiring premium features, while *value build* is a solution for those who wish to have economy buildings. The specifications for the building elements and the services offered for both of our *prime build* and *value build* products differ. In our *prime build* products, we offer the Double-Lok® standing seam roofing with 10 years leak proof warranty, the purlins/girts/eave struts are pre-galvanized with 275 gsm, the primary structures are shot-blasted to Swedish standard SA 2.5 with epoxy primer and we also provide continuous supervision to the entire installation process. In our *value build* products we offer standard trapezoidal roof sheeting, purlins/girts/eave struts are pre-galvanized with 120 gsm, primary structures are manually cleaned with alkyd primer and periodic supervision is done at the site at the time of installation.

As of February 28, 2015, we had 147 ongoing projects across 16 states in India at various stages of execution aggregating to a total order value of ₹ 3,700.67 million.

Custom designed steel Structures

Custom designed steel structures include Cold Form Buildings, Structural and High Rise Steel Buildings, Solar Module Mounting Structures.

- *Cold Form Buildings*: Cold formed structures can be mass manufactured, with wide-ranging end-market applications. These are small pre-engineered structures of 1 to 4 MT to be used mainly for small closed cabins, houses, schools or enclosures for both residential and office use. The primary advantages of cold formed structures are portability, modularity and ease of assembly.

- *Structural and High Rise Steel Buildings:* Comprising of steel plants, cement plants, towers and high rise buildings, structural steel buildings have complex design and detailing requirements and entails heavy fabrication. We have existing in-house capabilities for design and manufacture of structural steel buildings. The table below sets out the details of structural steel buildings erected by us since our inception:

| Product | Nature of Building | Location |
|--------------------------|-------------------------------|----------------------|
| High Rise Steel Building | G+7 – Multi Storied Building | Hyderabad, Telangana |
| High Rise Steel Building | G+10 – Multi Storied Building | Hyderabad, Telangana |

- *Solar Module Mounting Structures:* We design, supply and erect structures which are used for mounting solar modules. This product finds application in solar photo-voltaic plants, solar canal tops, solar roof tops, solar thermal plants and solar car parks. The table below sets out the details of solar module mounting structures erected by us since our inception:

| Product | Nature of Building | Location |
|---------------------------|---------------------------------------|--------------------|
| Module Mounting Structure | Supply for 10 MW Solar Power Project | Rajasthan |
| Module Mounting Structure | Supply for 6.6 MW Solar Power Project | Bhongir, Telangana |

- *Design and Engineering Services:* Our Company has an in-house design and engineering team comprising of 103 technical personnel as of February 28, 2015, all of whom are trained and competent design and detailing experts. Our Order Management Department (**OMD**) and Project Management Departments (**PMD**) works in conjunction with our design and engineering team to deliver the most appropriate and customised designs for manufacturing of our products for the customers. We have also entered into a design services out-sourcing agreement with a US based entity engaged in business similar to ours, pursuant to which we offer our design services to them by using their software for manufacturing of pre-engineered buildings for their overseas customers.

Project Execution Process

All enquiries for our products from a potential customer whether verbal or written are recorded in an enquiry/order input or order intake details. After receiving of the inquiry from the potential customer along with sketches, our sales team reviews the requirements and seek for necessary clarification from the potential customer, if required. Thereafter our sales team prepares the project information form and send it to our design and engineering department for preliminary design and estimation. Upon preparation of the preliminary design, our design and engineering department forwards the proposal sketch along with price advice sheet to our sales team. The sales team then forwards the same to the PMD for installation pricing. Upon receipt of the installation pricing the sales team prepare the quotation and submit the same to a potential customer for negotiations. Upon conclusion of the price negotiation and finalising the customers' requirements, the purchase order or the acceptance letter is received from the customer for execution of the project.

After receiving of purchase order /acceptance letter of our proposal either by hard copy or email, our sales team interacts with our OMD to review the purchase order /acceptance letter with our quotation. If all the conditions are matching with our quotation then the job documents will be forward to OMD for further process.

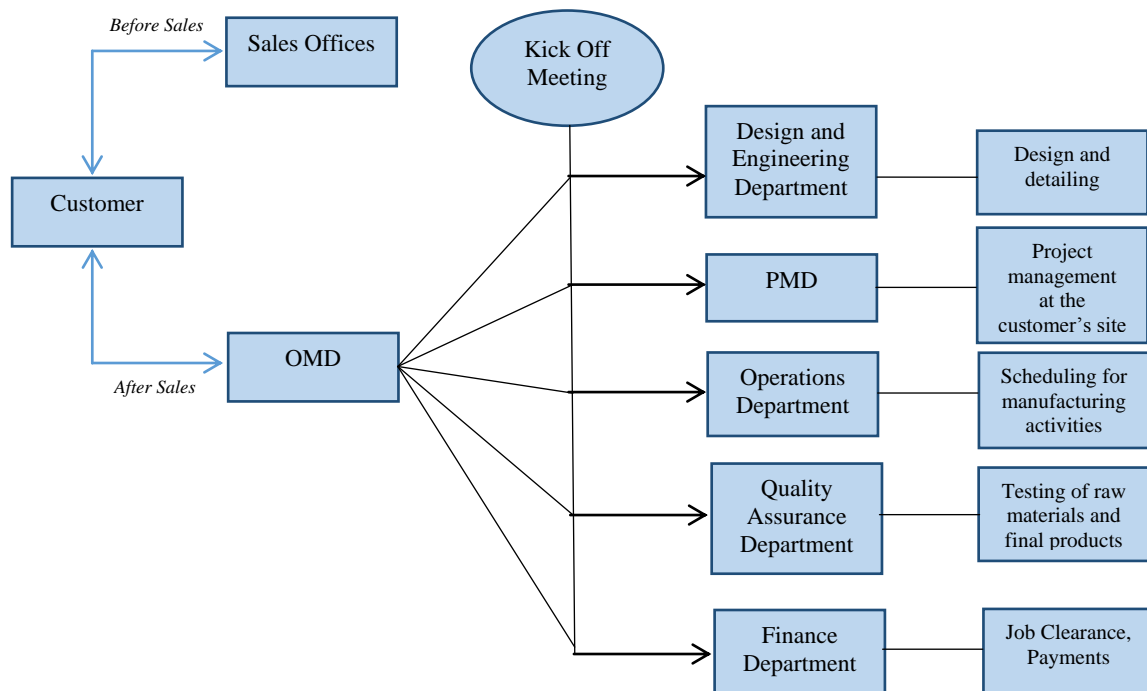
On receipt of the complete set of documents from our sales team, OMD circulates the documents to all departments. The job is entered as a firm order in our systems. This is done within one working day from receipt of documents from the sales team. OMD calls for a project kick-off meeting with all internal departments within 48 hours of order circulation. The objective of conducting the kick-off is to bring all departments on the same plane with respect to the project and to arrive at firm schedules for engineering, manufacturing and erection teams. Critical items like special buy outs are identified and action plans for procurement are drawn for the same. The outcome of the kick-off meeting is conveyed to the Customer in the form of a firm schedule.

Once the project schedule is established, OMD is responsible for tracking the process through the following process:

- **Approval Drawings –** Our design and engineering department, after studying the job gives a schedule for releasing approval drawings. When the drawings are released, OMD and the PMD meet the customers for obtaining design approval. The approved drawings are then sent back to the design and engineering department.

- **Detailing** – Once the approved drawings are returned to design and engineering team, they start with the preparation of detailed bill of material, fabrication shop sketches and erection drawings. OMD follows up regularly to ensure that the schedule is adhered to.
- **Manufacturing** – Before shop sketches are released, OMD plans for manufacturing, if the customer has made necessary arrangements for meeting the agreed payment terms (opening of letter of credit /receipt of payment). OMD follows up with operations department, which handles the complete manufacturing activities of the secured Jobs, and shipping them to site. OMD also starts interacting on a daily basis with PMD to check site readiness regarding anchor bolt casting, preparedness for receipt of material etc.
- **Shipping** – On completion of fabrication, OMD plans for start and close of shipments. Once shipments are closed, intimation is given to the finance department for necessary invoicing.

The OMD is responsible for proper handling of all secured jobs, and routing them through the various relevant departments within our Company, so as to deliver the project in the time span agreed with customer. OMD is also responsible for coordination with the customer on all aspects of the project after an order is placed including handling of claims, timely intimation to the customer. OMD acts as the necessary link between the customers and various necessary departments within our Company. An indicative flow-chart depicting the roles and responsibilities of the OMD is set out below:

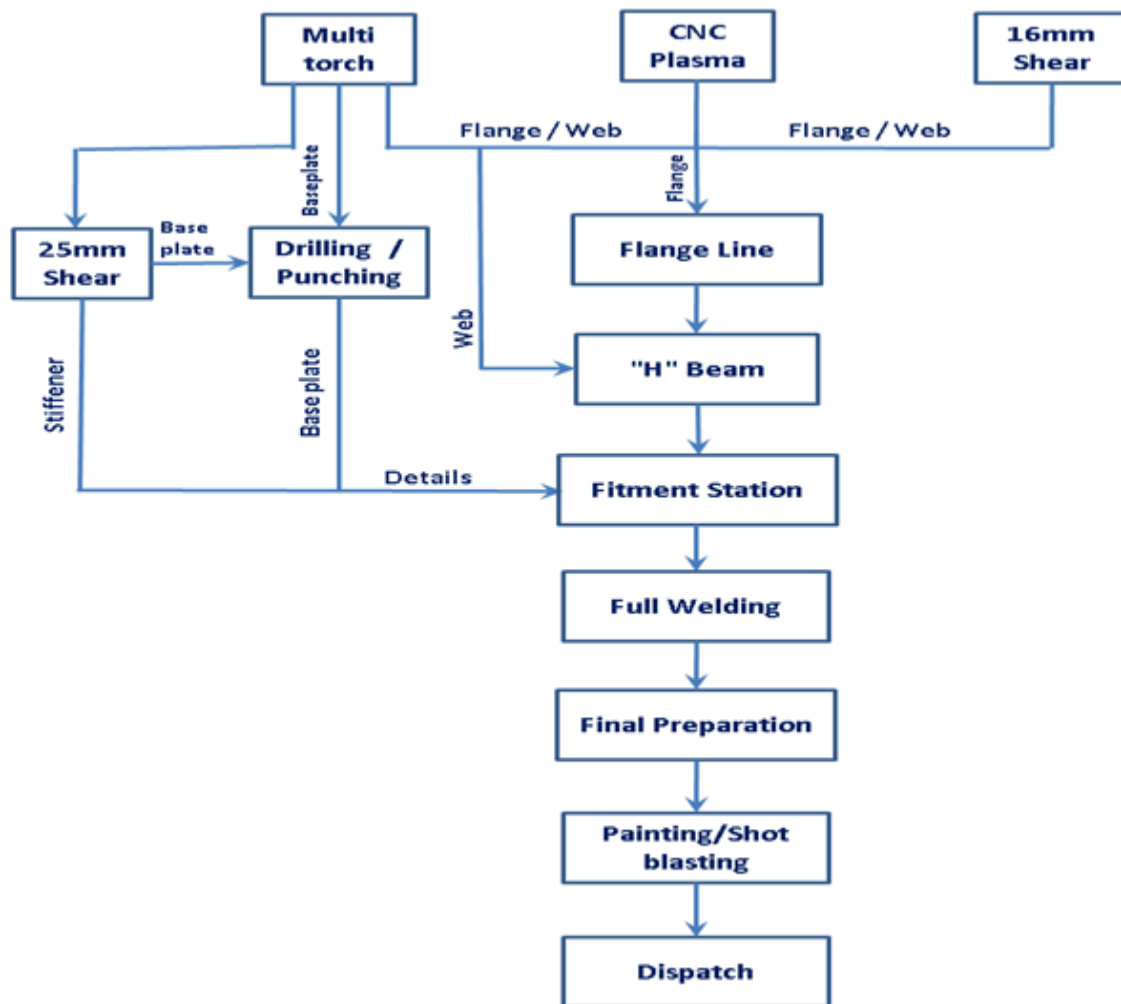


The PMD is responsible for erection of the building on the customers' site and hand over the building to the customer. We sub-contract the installation of the structures to our approved building contractors. We have tied-up with several experienced contractors across India. Our PMD is responsible for project management at the customer's site and ensures that the safety, the time of execution and the quality of the installation are meeting our standards and the requirements of the customer. Our purchase order and our contracts which we execute with our customers set out the entire set of activities that we are required to undertake for execution of a particular project.

Manufacturing Process

Manufacturing process of our products involve manufacturing of the main components of the pre-engineered buildings i.e. primary members, secondary framing members and sheeting (cladding systems) separately, which are then assembled together to form the pre-engineered buildings at the customer's site. The primary members are manufactured on the beam line at our manufacturing facility. Beam line is referred to a series of machinery that are lined together on the basis of the sequencing of the activities that are required to be performed on the raw

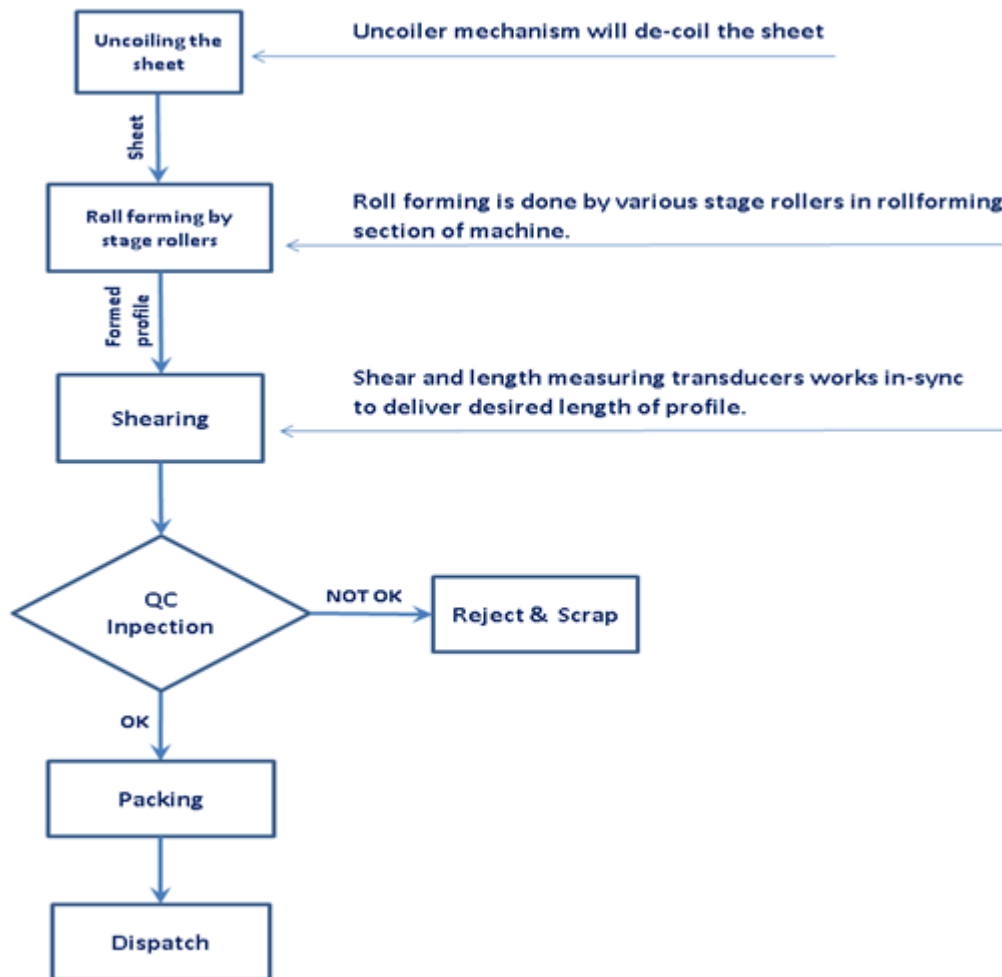
material (hot rolled steel plates) to manufacture the primary members. Set out below is an indicative depiction of our beam line.



The beam line process comprises of two major activities: a) plates cutting; and b) welding apart from painting and shot blasting. Plates cutting process involves cutting the hot rolled steel plates (raw materials) of various thickness ranging from 3mm to 60mm into various sizes depending on the requirement of a particular project. Our design and engineering department is responsible for providing the specifications and sizes of the plates to the operations team for execution. Hot rolled steel plates are cut using the shearing machine if the thickness of the steel plates ranges from 4 mm to 25 mm. Plasma and multi torch machines are also used for cutting plates. Plasma machine can be used to cut steel plates up to a thickness of 15 mm and multi torch machine can be used to cut steel plates up to a thickness of 30 mm. Punching machines are then used to punch holes to the cut steel plates as per the requirements. The cutting and punching process prepares the I beam sections. The fitted I beam sections are welded along the edge to form the primary H beams section. Welding is the most important activity in the production life cycle and the entire capacity utilisation of our manufacturing plant depends on it. We use the flange seaming machine and the pull through welder for uniform welding at higher speed.

The I beams and the H beams are finished to remove the excess welding and then the shot blasting is used in order to improve surface finish and remove contaminants before the coating process. Primer is applied on the steel parts to prevent corrosion through rusting before applying paint to the steel beams. We undertake quality control checks at each of the aforesaid steps to ensure the quality of our pre-engineered buildings.

The secondary framing members and the sheeting (wall and roof cladding) manufactured at our manufacturing facility uses the following process:



The flange bracing roll former, the trapezoidal roll former and the standing seam roll former are used to roll form sheeting profile at various angles and of various descriptions. The slitter machine is used to slit the sheets in the desired specifications. The hemming machines are used to form the folding lock, followed by bending the plates using the press brake. The power press is used to fabricate notches in sheets by using various tools and dies.

Once the primary members, the secondary framing members and the sheeting elements are manufactured, they are dispatched to the customers' site for erection after conducting the quality checks.

Our Facilities

Manufacturing Facility—Our manufacturing facility is located at Anakapalli, Chandapur Village, Sadashivpet Mandal, Medak District in the State of Telangana on the Hyderabad-Mumbai National Highway (NH-9) on a plot of land admeasuring 35 acres and 27^{1/2} guntas. Our manufacturing facility is equipped with high-precision machines to fabricate and supply quality-replete steel buildings and has a production capacity of 90,000 MT per annum of steel buildings a year. Some of the important machines installed at our manufacturing facility includes:

- Double-Lok® standing seam mobile roll former from Bradbury, USA, under technological agreement with MBCI, a division of NCI Group Inc., USA (**NCI Group**). Using this machine, the roofing will provide 10 years leak proof warranty by our Company;
- CNC 16 mm shear machine from YSD, China, with a capacity of 16 mm X 6.0 M. The machinery is used to cut the straight webs and flanges upto 16 mm thick and also has a back support arrangement to achieve an accuracy of +/- 1.5 mm;
- Pull-through welder machine from Primo, India. Custom built with Lincoln, USA, welding source to produce high-slitiepeed welded beams at an output of 3 linear metres per minute;
- Roll formers from Ilkwang, South Korea.

Our manufacturing facility also houses a testing lab for quality checks of our products at various stages of manufacturing. Our manufacturing facility has also received a “Gold Rating” from the Indian Green Building Council for our practices in green building technology.

Electricity arrangement: We have obtained the electricity connection for our manufacturing facility from Telangana Southern Power Distribution Company Limited for a contracted maximum demand of 625 KVA. Our consumer number for the electricity connection is MDK1221. We have also recently installed our captive solar plant of 500 KW capacity to supplement for our power requirement at our manufacturing facility. In addition to our regular electricity supply we have also made arrangements for electricity back-up by installing generator sets of 750 KVA capacity. Pursuant to the incentives extended to us under the Industrial Investment Promotion Policy 2005 – 2010 (“IIPP”), we receive a reimbursement of the electricity costs incurred by us at our manufacturing facility at the rate of ₹ 0.75 per unit on a quarterly basis. This incentive is available to us for a period of 5 years from date of commencement of the commercial commencement at our manufacturing facility. We have applied for an extension of the period of incentives for a further period of 5 years.

Water arrangement: We extract water from bore wells to cater to the water requirements at our manufacturing facility. The Office of the Gram Panchayat, Ankenapalli, Sadashivpet Mandal, Medak District vide its letter dated August 20, 2008 has granted us the permission to dig bore-well for extracting water for the following permitted usage: (i) for setting up industries; (ii) for drinking purposes and for the purpose of food facility; and (iii) for the use of the industry and the employees. We are not allowed to sell water from the bore-well to outsiders.

Design and Engineering facility – Our design and engineering facility is located at our registered and corporate office at 9th floor, DHFLVC Silicon Towers, Kondapur, Hyderabad– 500034, Telangana, India as well as on 3rd floor, DHFLVC Silicon Towers, Kondapur, Hyderabad– 500034, Telangana, India.

Our Machines and Software

We believe we have some of the latest equipment installed at our manufacturing facility for production of our products. We have imported most of our machinery from overseas. Set out below is a list of our equipment / machines with specification details.

| S. No. | Type | Make / Year | Specifications | Capacity | Ownership |
|--------|---|---|--|---|------------------|
| 1. | Gas Straight Cutting Machine | EWAC Alloys Limited, India / 2009 | 3.5M(w)x17M(L) | Upto 200mm thick, idle speed: 12m per/min | First hand owner |
| 2. | CNC-Plasma Cutting Machine and Plasma Cutting table and fume exhaust system | EWAC Alloys Limited, India / 2009 | 3.5M(w)x17M(L) Profile Cutting | Upto 25mm thick, idle speed: 12m per/min | First hand owner |
| 3. | Automatic beam welding Station with moving beam | Primo Automation – India / 2008 | Twin wire, saw welder with Lincoln power source 1000Amps – 2 nos. along with web seamer and tack fixture | Flange – thickness: 5mm to 25mm; width 150mm to 500mm, length 2.4m to 13m, speed: upto 3m/minute (idle speed) | First hand owner |
| 4. | Punching Machine | GEKA – Spain/2008 | 110T – Puma semi praxy – 500 x 2000mm auto feeding table, TD-500 | Max 40 dia on 20mm thick plate | First hand owner |
| 5. | Double-Lok® Standing Seam Mobile Roll Former | Bradbury, USA, under technological agreement with MBCI, a division of NCI Group/ 2009 | Galvanized and pre painted coil with 0.53mm to 0.73mm nominal | Thickness with Min. 345 Mpa and Max. 483 Mpa | First hand owner |
| 6. | C, U & Z Purlin, Trapezoidal Roll Forming Machine | Ilkwang Metal Forming Company Limited – South Korea/ 2009 | As per profile, flying cutting system | Thickness: 0.4mm to 0.65mm for 550Mpa material | First hand owner |
| 7. | Crimp Curver Machine | Ilkwang Metal | Pressing capacity – 20 | As per profile with | First hand |

| S. No. | Type | Make / Year | Specifications | Capacity | Ownership |
|--------|--|--|---|--|------------------|
| | | Forming Company Limited – South Korea / 2009 | tonne, Min – start and end point – 50mm | 550mpa material, Min radius – 250, minimum length: 550mm | owner |
| 8. | Shot blasting and dry filter paint fume extraction booth | Surface Preparation Solutions and Technologies Private Limited, India / 2012 | Wheel unit: 385 mm dia x 65 mm wide; wheel motor: 8x11 kw x 3000 rpm. | Maximum component length: unlimited, maximum component height: 2000 mm, maximum component width: 1500 mm | First hand owner |

In addition to our machinery, we have also licensed some of the latest and advanced software in computer aided design technology and manufacturing, which are used by our design and engineering department to achieve the design and detailing parameters based on our customer's requirements. The software we have procured assist our design and engineering department to accurately assess several technical indicators including the clear span between bearing points, bay spacing, roof slope, live loads, dead loads, collateral loads, wind uplift, deflection criteria, internal crane system and maximum practical size and weight of the fabricated members while designing and detailing a pre-engineered building. The details of the software we have licensed for our design and engineering department are set out in the table below:

| S. No. | Name | License Period | Purpose |
|--------|---------------|----------------|---|
| 1. | Auto CAD 2015 | Permanent | Design of buildings |
| 2. | STAAD Pro | Permanent | Structural analysis and design |
| 3. | MBS | Permanent | Design costing and detailing |
| 4. | Stru CAD | Permanent | Steel detailing |
| 5. | 3D Max | Permanent | Visualization of designs in 3D |
| 6. | Tekla X-Steel | Permanent | Steel detailing |
| 7. | ETABS NL | Permanent | Structural analysis and design of buildings |

Capacity and Capacity Utilisation

Our manufacturing facility has an annual installed capacity to manufacture 90,000 MT of our products. Our annual installed capacity was increased from 60,000 MT/annum to 90,000 MT/annum in 2013. The manufacturing and shipment pattern of our products for the period from January 1, 2010 to November 30, 2014 is set out in the table below:

| | January 2010 - March 2010 | FY 2010-11 | FY 2011-12 | FY 2012-13 | FY 2013-14 | April, 2014- November, 2014 |
|------------------------|---------------------------|------------|------------|------------|------------|-----------------------------|
| Production (MT) | 5,492.00 | 20,947.00 | 31,079.31 | 32,419.72 | 35,300.00 | 26,715.14 |
| Sales (MT) | 4807.00 | 20,459.00 | 32,611.97 | 34,900.00 | 42,534.26 | 28,874.28 |

Technical Know-How Arrangement

We have entered into a technical know-how license arrangement with NCI Group in March 2009 for manufacturing, distribution, marketing and sale of NCI Group's Double Lok® roof system along with all accessories and components directly related thereto. Our license arrangement with NCI Group is on a non-exclusive, non-transferable basis with no right to sub-license either the product or the mark. Pursuant to the terms of the license we have also received the technical know-how material including the electronic copies of engineering (including detail design), advertising or promotional material and other information used by NCI Group in the manufacturing of and marketing of the Double Lok® roof system. NCI Group has also provided to us the computer software packages, including software updates, that have been developed by NCI Group for use in price estimation for the Double Lok® roof system and related components and accessories.

The term of our license arrangement is automatically renewed on a yearly basis, without any requirement of serving any notice and our license rights can be used by us in the territory of South Asia (including but not limited to India), Africa and the Middle East. In consideration of the license rights, we have paid a one-time up-

front fee and a royalty payment on per linear foot for any and all Double Lok® roof system manufactured by us.

Pursuant to the terms of the license, NCI Group has also authorised Bradbury Company, Inc., which manufactures the roll forming equipment and corresponding proprietary tooling used for production of the Double Lok® roofing systems, to replicate one or more of the roll forming equipment and corresponding proprietary tooling for us. We are not permitted to sell the roll forming equipment and corresponding proprietary tooling to a non-licensee of NCI Group. Such equipment can be sold by us only to Bradbury or NCI Group at a price solely determined by NCI Group.

NCI Group was founded in 1984 and reincorporated in the State of Delaware (USA) in 1991. NCI Group, Inc. is one of North America's largest integrated manufacturers and marketers of metal products for the non-residential construction industry. NCI Group has more than 40 manufacturing facilities across the United States of America, Mexico and China with its 2014 revenues being USD 1.37 billion. NCI Group provides metal coil coating services for commercial and construction applications servicing both internal and external customers. NCI Group designs, engineers and markets what they believe is one of the most comprehensive lines of metal components and engineered building systems in the industry. As on November 2, 2014, NCI Group has issued 7,37,69,095 common stock of face value of USD 0.01 each.

NCI Group's market share (in its relevant market) for its three business segments in FY 2014 are as follows:

Metal components – 14%

Metal coaters: Heavy Gauge Hot Rolled steel coating – 42% and Light Gauge Coil Coating – 13%

Metal engineered building systems – 24%

Raw Materials

The main raw materials required for our business is steel in various descriptions and thickness i.e. hot rolled plates, galvanized steel coil sheets, sheeting coils, hot rolled sections, bought outs and other consumables. High strength plates complying to the American and European standards are used for fabrication of primary members like beams, columns and rafters. We source most of the high strength plates from various steel suppliers including JSW Steel Limited, JSW Steel Coated Products Limited, Tata Steel Limited and Uttam Galva Steels Limited with a lead time of 3 to 8 weeks. The cold rolled galvanised and the hot rolled black coils are used for fabrication of purlins and girts, which we source from suppliers like Sujana Metal Products Limited. Sheeting coils are used for profiling roof sheeting, wall cladding and for trims and flashings which we source from various suppliers including Tata Bluescope Steel Limited. The paints we use on the surface of the steel beams are sourced from Kansai Nerolac Paints Limited, Asian Paints PPG Private Limited and Berger Paints India Limited.

For the transportation of the raw materials from our suppliers' factory to our manufacturing facility we usually engage transporters, whom we empanel on an annual basis after undertaking a limited bid process. The price for the entire period is fixed at the time of selection and any escalation to the price is only allowed when there is a fluctuation in the price of diesel after a certain threshold. The payment is made on metric tonne per kilometer basis. In case of any short or non-delivery due to the fault of the transporter, the cost of the product is to be recovered from the transporter. Losses due to accident are underwritten by insurance.

In fiscal 2012, 2013, 2014 and the eight months period ended November, 2014 cost of materials consumed by us were ₹ 1,549.00 million, ₹ 1,734.07 million, ₹ 2,213.76 million and ₹ 1,533.98 million, respectively.

Procurement Process

We procure our capital equipment, raw materials, spares/components and all other inputs required for our business only from the vendors approved by us. We evaluate vendors for their facilities, technical capabilities and reputation in the industry before finally approving them. We also send our technical teams to the vendor's premises for assessment. We evaluate our vendor's performance at periodic intervals based on parameters such as price, quality and delivery time. In case the vendors are found to be unsatisfactory, we either remove them from our approved list or advise them to improve their performance depending on the nature of inadequacy. Depending on the material to be procured, our purchase department after making the inventory enquiries generates the purchase requisition for procurement of materials.

Materials for procurement are indented through our standard for purchase requisitions by our purchase department through ERP and the same is approved by the approving authority within our Company in the ERP.

Our purchase requisition contains details such as description of the item / products, specifications or the drawings as the case may be, quantity with unit of measurement, delivery schedule and any other specific instructions, if required.

Our purchase department receives the detailed quoted from our approved vendors. After receiving the quotes, comparison of the quotes is prepared in respect of price, delivery schedules and suitability of the inputs. Based on the merits of quotes our purchase department will put up the proposal for approvals to release purchase orders depending on the value of purchases. For all orders above a threshold of ₹ 100,000, approval of our Managing Director is required. In case any of the materials to be procured requires any advance payments or letter of credits the same is arranged through our finance department.

Upon the receipt of the materials, the materials are verified for quantities and an inspection is done for quality checks. In case of discrepancies the same is brought to the notice of the purchase department, who follow up with the vendors till the rejected material is replaced free of cost, in case advance payments have been made.

In case the materials are to be imported, the same procedure is followed to get quotes from the sources and for the placement of orders. Letters of credits are established wherever necessary and C&F agents are nominated by our purchase department. When the materials are received at sea port / airport, our purchase department follows up with the C&F agent for the assessment of bill of entry. The finance department is responsible for arranging the payments and the materials are transported to our stores after clearance.

Contractual Arrangements

Our purchase orders with our customers for fabrication, supply and installation of pre-engineered buildings are of standard form and usually contain the details such as the name and address of the client, delivery address, product details, price, terms of payment, delivery schedule, erection schedule and the standard terms and conditions. Some of our more established and reputed customers also execute long form agreements with us for the execution of the project and in certain cases we are also required to furnish advance bank guarantees and performance bank guarantees as a part of the terms of payment. For the details of the outstanding guarantees as on November 30, 2014, see the section titled “*Risk Factors*” on Page 16.

We enter into transportation contracts for delivering our products to the customers’ site. We award annual contract to the transporters whom we select after a limited bidding process. The contracts are issued to the respective transporters with the terms and conditions such as payment terms, detention charges allowed, penalties, diesel rate escalation among others.

Employees and Contract Labor

We believe that a motivated and empowered employee base is key to our operations and business strategy, and have developed a large pool of skilled and experienced personnel. As of February 28, 2015, we had 404 permanent full time employees, of which a large number were qualified engineers. Our skilled technicians have significant experience in Engineering and Design field. Our employee policies aim to recruit a talented and qualified work force, facilitate their integration and encourage development of their skills in order to facilitate the growth of our operations. We are also committed to an empowering environment that motivates and facilitates growth and rewards contribution. Various welfare measures have also been implemented by our employee association including provision of medical and health benefits to our employees and families, financial assistance in case of permanent disabilities, deaths and other accidents, as well as general welfare of our employees. As of February 28, 2015, our employees are divided into following departments:

| Department | Number of Employees |
|------------------------|----------------------------|
| Managing Director | 1 |
| Sales and Marketing | 50 |
| Order Management | 10 |
| Project Management | 60 |
| Design and Engineering | 103 |
| Operations | 108 |
| Purchase | 5 |
| Quality Assurance | 21 |
| Human Resource | 17 |

| Department | Number of Employees |
|------------------------|---------------------|
| Finance | 26 |
| Information Technology | 3 |
| Total | 404 |

We also engage a large number of contract labours depending on the requirements of more labour-intensive projects particularly in our manufacturing facility. As of February 28 2015, we have employed around 687 contract labours at our manufacturing facility. The number of contract labourers vary from time to time based on the nature and extent of work involved in our on-going projects. All contract labourers engaged at our facilities are assured minimum wages that are fixed by the State Government.

The workmen of Company have formed a trade union in January 2014 under the name and style of '*PEBS Pennar Employees Union*' and the same is registered with Deputy Registrar of Trade Unions and Deputy Commissioner of Labour, Medak District, Telangana. Our trade union is affiliated to Centre of India Trade Unions.

Information Systems

Our resources, personnel, equipment and finances are efficiently and optimally utilized through the use of management information systems and tools. We use various engineering software packages for design and engineering applications related to our projects. We also use sophisticated software for project management, document management, database and payroll. We have successfully implemented oracle ERP system which enables us to maintain effective system controls and real time monitoring of our projects. These management information system reports provide updates on progress of ongoing projects for the seamless flow of data and enable us to achieve optimal planning and utilization of resources.

Clients and Markets

We have a strong customer profile and some of our major customers are Ultratech Cements, India Cements Limited, Volvo India Private Limited, Maha Logistics Private Limited, Etco Denim Private Limited, Shyam Indofab Private Limited, Welspun India Limited, Larson and Toubro Limited, Rudrapratap Indian Logistics Private Limited, Holtec Asia Private Limited, Ferromatik and Calderys India Refractories Limited. Presently, we have manufacturing facility only in the state of Telangana near Hyderabad. Our sales offices at Mumbai, New Delhi, Ahmedabad, Pune, Bengaluru, Kolkata, Chennai, and Vishakhapatnam assists us in increasing addressable markets in other geographies in India. We are presently examining the possibility of setting up another manufacturing facility in the northern part of India to cater to our customers in these geographies. We plan to leverage our market presence, our brand name and execution capabilities to attract new clients and obtain new projects in different geographies. We may also in future enter into partnerships/ alliances with local partners to understand and penetrate newer markets.

Competition

We operate in competitive markets. The principal factors affecting competition include: customer relationships; technical excellence or differentiation; price; service delivery including the availability of qualified personnel and skilled manpower, ability to deliver processes as required including local content and presence; service quality; health, safety and environmental standards and practices; financial strength; breadth of technology and technical sophistication and risk management awareness and processes. The level of competition also varies depending on the size, nature and complexity of the project and the geographical region where the project is to be implemented.

We compete against domestic companies operating in our industry. Some of our competitors have (i) greater financial and other resources and better access to capital than we do, which may enable them to compete more effectively for large scale project awards; and (ii) better geographical reach which gives them the ability to quote competitively as the transportation costs are limited. However depending on various factors, including our prior experience on such projects and the extent of our presence in the relevant geographical region, we are able to leverage our local experience, established contacts with local clients, access to approved building contractors and familiarity with local working conditions to provide more cost effective services than our competitors or offer a better value proposition.

Some of our major product wise competitors are

- Kirby Building Systems India Limited, Interarch Building Products Private Limited, Tata Blue Scope Steel Limited and Everest Industries Limited for pre-engineered building systems;
- Eversendai Construction Private Limited and JSW Severfield Structures Limited for structural steel and high rise structures; and
- Tata International Limited for solar module mounting structure.

Health, Safety and Environment

We are committed to following stringent health, safety and environmental policies and practices in our manufacturing facility and during the assembly of our products at the customer's site. We follow international standards of quality to ensure best quality products and services at every stage of delivery. Our stringent quality code is followed through a comprehensive plan complying with Metal Building Manufacturers Association (MBMA), American Society for Testing and Materials (ASTM) and American Welding Society (AWS) requirements at various stages of design and manufacturing of our products. We have also received the ISO 9001:2008 certification for quality management systems for design, manufacturing, supply and erection of our products from TUV India. Our manufacturing facility has also received a "Gold Rating" from the Indian Green Building Council for our practices in green building technology. We are also using Oracle ERP for our operations, project management, and finance functions for effective management and coordination.

We believe that accidents and occupational health hazards can be prevented through systematic analysis and control of risks and by providing appropriate training to our employees and contract labour. Our employees work constantly and proactively towards eliminating or minimizing the impact of hazards to people and the environment. We maintain an occupational health and safety manual that defines guiding principles and standards for occupational health and safety performance. We have set up health and safety procedures at our manufacturing facility with participation of all levels of employees. Appropriate safety equipment is provided to all employees, contract labour and visitors to our manufacturing facility.

Risk Evaluation and Compliance

Since we are primarily into manufacturing business apart from the design and engineering services, our risk identification and assessment practices revolve around manufacturing processes at our manufacturing facility. We believe that of all the processes prevalent in our Company, the process of manufacturing our products is exposed to risks the most and therefore requires the maximum focus. We have established quality control checks at every stage of manufacturing a ready to transport product. We ensure that the quality of our supplies is in accordance with the purchase order description, specifications, drawings and samples.

In terms of other processes, we follow a comprehensive risk identification and mitigation policy at the time of soliciting a customer. Our sales team takes into consideration factors such as our existing capabilities, client profile, place of work, ability to undertake the project based on the geological conditions, our existing capabilities, and also the ability to execute the projects within the specified timelines.

Further several operational risks are identified and mitigation process is followed during the different stages of execution of a project. These risks generally fall into categories such as contractual and commercial risks, design and engineering risks, and subcontracting risks. All these risks are dealt with adequately through effective management within our departments. In this process our OMD and PMD enables us to effectively identify such risks on a timely basis and also initiate corrective actions for mitigation of such risks.

Insurance and Guarantees

Our operations are subject to hazards inherent in heavy manufacturing industry, such as risk of equipment failure, work accidents, fire, earthquake, flood and other force majeure events, acts of terrorism and explosion including hazards that may cause injury and loss of life, severe damage to and destruction of property, equipment and environmental damage. We may also be subject to claims resulting from defects arising from the pre-engineered buildings provided by us within the warranty periods extended by us, which is for 24 months from the date of erection.

We have obtained standard fire and special perils policy covering buildings, plants and machinery, stocks and furniture and burglary insurance policy for our registered office. We have obtained the directors' and officers' liability insurance for our Directors and officers with an overall coverage of ₹ 100,000,000 apart from with a group medi-claim policy of ₹ 44,750,000 with a floater cover and group personal accident insurance policy of ₹ 76,600,000 for our employees. For our materials and products in transit we have obtained the marine open inland declaration policy. In relation to our design and engineering services, we have obtained the professional indemnity insurance for a total sum insured of ₹ 120,000,000. For the machinery at our manufacturing facility we have obtained a special contingency insurance policy to cover burglary, theft, fire and allied perils, accidental damage cover, transit cover, larceny, house-breaking and robbery cover. In relation to our projects and depending on the requirements of our customers we typically also obtain the contractors all risk policy. We are typically required to provide advance and performance guarantees guaranteeing our performance obligations in relation to a project. The amount of guarantee facilities available to us depends upon our financial condition and availability of adequate security for the banks and financial institutions that provide us with such facilities.

Notwithstanding our insurance coverage, accidents at our project sites could nevertheless have a material adverse effect on our business, financial condition and results of operations to the extent such occurrences disrupt normal operations of our business or to the extent our insurance policies do not cover our economic loss resulting from such damage. For further information, see the section titled “*Risk Factors*” on Page 16.

Intellectual Property

In January 2015, we have filed applications for the registration of (i) words “PEBS Pennar” under classes 6, 37 and 42; and (ii) PEBS Pennar logo under classes 6, 37 and 42.

We have also licensed the non-exclusive rights from NCI Group to use the brand name ‘Double Lok®’ for the supply of standing seam roofing panel system in India and other Asian countries.

Corporate Social Responsibility

In order to ensure that our operations are conducted efficiently and in a sustainable manner, we are committed to ensuring that the communities we operate in also benefit and develop together with us. Some of the CSR initiatives being undertaken by us include education assistance to the villages in the vicinity of our manufacturing facility, where we contribute infrastructure to the schools and other facilities like books, food and school dresses to the students along with scholarships to meritorious students. We have also initiated tree plantation drive in the schools in neighboring villages. We have also initiated building toilets in nearby schools as part of our Prime Minister’s vision under Swachh Bharat Mission.

We endeavor to make a positive contribution to the under-privileged communities in the villages by providing support to the children’s education, healthcare, sustainable livelihood, infrastructure development and drinking water facilities. We intend to constantly participate in the development of the communities near our facilities and contribute to social stability in the areas where we operate.

Property

We are headquartered in Hyderabad and have our sales offices at Mumbai, New Delhi, Ahmedabad, Pune, Bengaluru, Kolkata, Chennai and Vishakhapatnam. Our registered office and sales offices are all on lease. Our manufacturing facility at Sadashivpet in the State of Telangana which is spread over an area of 35 acres and 27^{1/2} guntas of land is owned by us.

We have entered into sale deeds with our Promoter and third parties for purchase of land at which our manufacturing facility is situated. Further, the land acquired by our Company *vide* these sale deeds is free from all encumbrances. The details of all the properties acquired by us are set out in the table below:

| S. No. | Date of Agreement | Parties | Description of Property and Area | Total Consideration Paid (₹) |
|--------|----------------------------------|---|--|------------------------------|
| 1. | Sale deed dated December 6, 2008 | PIL (‘Vendor’) and our Company (‘Vendee’) | Ac. 06-11 guntas, situated at Ankenpally village, Sadashivpet Mandal, Dist. Medak. | 24,66,577 |

| S. No. | Date of Agreement | Parties | Description of Property and Area | Total Consideration Paid (₹) |
|--------|-----------------------------------|---|---|------------------------------|
| 2. | Sale deed dated July 23, 2008 | PIL ('Vendor') and our Company ('Vendee') | Ac. 28-11 guntas, situated at Chandapur village and Ankenpally village, Sadashivpet Mandal, Dist Medak. | 1,11,14,337 |
| 3. | Sale deed dated September 2, 2011 | Gandige Pradeep Kumar, Gandige Pramod Kumar ('Vendors') and our Company ('Vendee') | Ac. 3-05 guntas, situated at Ankenpally village, Sadashivpet Mandal, Dist Medak. | 9,37,500 |
| 4. | Sale deed dated April 15, 2011 | B. Veeramani, Gouramma alias Ram Eshwaramma ('Vendor') and our Company ('Vendee') | Ac. 3-21 guntas situated at Ankenpally village, Sadashivpet Mandal, Dist Medak. | 14,10,000 |
| 5. | Sale deed dated November 14, 2013 | Ratanlal Agarwal, Vikas Agarwal, Arun Agarwal, Mangla Agarwal ('Vendor') and our Company ('Vendee') | Ac. 3-20 guntas, situated at Ankenpally village, Sadashivpet Mandal, Dist Medak. | 24,99,000 |

Note: Of the Ac. 44-28 guntas purchased by our Company, land admeasuring Ac. 9-0.50 guntas was sold to PIL for a consideration of ₹ 3,879,232 and the remaining land is owned by our Company on which our manufacturing facility is situated.

The details of the properties leased by us are set out in the table below:

| S. No. | Region/ State | Location | Address |
|--------|----------------|---------------|---|
| 1. | Telangana | Hyderabad | 9 th Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad – 500084 |
| 2. | Karnataka | Bangalore | No. G-1, Tulsi Manor, Ground Floor, No. 49/50, 80 Feet Road, RT Nagar, Bangalore – 560032 |
| 3. | Tamil Nadu | Chennai* | Ground Floor, Flat No.3, No.10, 50 th Street, Ashok Nagar, Chennai – 600083 |
| 4. | Maharashtra | Mumbai | 507, Monarch Plaza, Plot No.56, Sector-11, CBD Belapur, Navi Mumbai – 400614 |
| 5. | Andhra Pradesh | Visakhapatnam | D.No.39-33-84/1, Madhavdhara, VUDU Layout, Visakhapatnam – 530048 |
| 6. | Maharashtra | Pune | 1 st Floor, Equatorials Forum Building, No.14, Wakdewadi, Pune-Mumbai Highway, Pune – 411003 |
| 7. | Gujarat | Ahmedabad | 22, Ground Floor, Ravi Kiran Society, Behind Dharanidhar Jain Temple, New Vikas Gruh Road, Vasna, Ahmedabad-380007 |
| 8. | NCR | New Delhi* | Flat No.612, Ansal Chambers -II, 6, Bhikaji Cama Place, New Delhi -110066 |
| 9. | West Bengal | Kolkata | 3 rd Floor, No.1502, Salil Chowdary Surani, Plot No.8, DD-8, Rajdanga Main Road, Opposite Kasba New Market, Kolkata – 700107 |

** The agreements for our leased properties at New Delhi and Chennai have expired. For further details please refer to section titled 'Risk Factors' on Page 16.*

We have also entered into a sub-lease agreement for property admeasuring 3 acres 36¼ guntas, situated at Ankenpally village and gram panchayat, Sadashivpet Mandal with our Promoter for our 0.50 MW solar power project for a period of 25 years.

REGULATIONS AND POLICIES

The following description is a summary of the relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our Company. The information detailed below has been obtained from various legislations, including rules and regulations promulgated by regulatory bodies, and the bye laws of the respective local authorities that are available in the public domain. The regulations set out below may not be exhaustive and are merely intended to provide general information to the investors and are neither designed nor intended to substitute for professional legal advice. For details of government approvals obtained by us, please see the chapter “Government Approvals” beginning on Page 289.

Except as otherwise specified in this Draft Red Herring Prospectus, taxation statutes including the Income Tax Act, 1961, Central Sales Tax Act, 1956, Central Excise Act, 1944, Service Tax under the Finance Act, 1994, and applicable local sales tax statutes, and other miscellaneous regulations and statutes apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Environmental Laws

The Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986, as amended (the “**EPA**”) is an umbrella legislation designed to provide a framework for the Government to co-ordinate the activities of various central and state authorities established under previous laws, such as the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, etc. The EPA vests with the Government of India the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment, and preventing and controlling environmental pollution. This includes rules for laying down the quality of environment, standards for emission of discharge of environment pollutants from various sources as given under the Environment (Protection) Rules, 1986, inspection of any premises, plant, equipment, machinery and examination of manufacturing processes and materials likely to cause pollution.

The Water (Prevention and Control of Pollution) Act, 1974

The Water (Prevention and Control of Pollution) Act, 1974, as amended (the “**Water Act**”) aims to prevent and control water pollution by factories and manufacturing units and to maintain and restore the quality and wholesomeness of water. Under the Water Act, any person establishing any industry, operation or process, any treatment or disposal system, use of any new or altered outlet for the discharge of sewage or new discharge of sewage, must obtain the consent of the relevant state pollution control board, which is empowered to establish standards and conditions that are required to be complied with.

The Water (Prevention and Control of Pollution) Cess Act, 1977

The Water (Prevention and Control of Pollution) Cess Act, 1977, as amended (the “**Water Cess Act**”) provides for the levy and collection of a cess on water consumed by industries. Under this statute, every person carrying on any industry is required to pay a cess calculated on the basis of the amount of water consumed for any of the purposes specified under the Water Cess Act, at such rate not exceeding the rate specified under the Water Cess Act. A rebate of up to 25% on the cess payable is available to persons who install any plant for the treatment of sewage or trade effluent, provided that they consume water within the quantity prescribed for that category of industries and also comply with the provision relating to restrictions on new outlets and discharges under the Water Act or any standards laid down under the EPA.

The Air (Prevention and Control of Pollution) Act, 1981

The Air (Prevention and Control of Pollution) Act, 1981, as amended (the “**Air Act**”) provides for the prevention, control and abatement of air pollution. Pursuant to the provisions of the Air Act, any person establishing or operating any industrial plant within an air pollution control area, must obtain the consent of the relevant state pollution control board prior to establishing or operating such industrial plant. The state pollution control board must decide on the application within a period of four months of receipt of such application. The consent may contain certain conditions relating to specifications of pollution control equipment to be installed at

the facilities. No person operating any industrial plant in any air pollution control area is permitted to discharge the emission of any air pollutant in excess of the standards laid down by the state pollution control board.

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, as amended (the “**Hazardous Wastes Rules**”) aim to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste. The Hazardous Wastes Rules impose an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such waste without adverse effect on the environment, including through the proper collection, treatment, storage and disposal of such waste. Every occupier and operator of a facility generating hazardous waste must obtain an approval from the relevant pollution control board. The occupier, the transporter and the operator are liable for damages caused to the environment resulting from improper handling and disposal of hazardous waste. The operator and the occupier of a facility are liable for any fine that may be levied by the relevant state pollution control board.

The Noise Pollution (Regulation and Control) Rules, 2000

The Noise Pollution (Regulation & Control) Rules, 2000 (the “**Noise Regulation Rules**”) regulate noise levels in industrial, commercial, residential and silence zones. The Noise Regulation Rules also establish zones of silence of not less than 100 meters near schools, courts, hospitals, etc.

Environmental Impact Assessment Notification, 2006

The Environmental Impact Assessment Notification S.O. 1533 dated September 14, 2006 (“**2006 Notification**”) superseded the Environment Impact Assessment Notification, 1994. Under the 2006 Notification, the environmental clearance process for new projects consists of four stages – screening, scoping, public consultation and appraisal. After completion of public consultation, the applicant may be required to make appropriate changes in the draft environment impact assessment report and the environment management plan. The final environment impact assessment report has to be submitted to the concerned Expert Appraisal Committee (“**EAC**”) for appraisal. EAC is required to give its decision within 105 days of the receipt of the final Environment Impact Assessment Report.

The Public Liability Insurance Act, 1991

The Public Liability Insurance Act, 1991, as amended (the “**PLI Act**”) imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated by the government by way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the PLI Act mandate that the employer has to contribute towards the Environmental Relief Fund a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer.

Labour Related Regulations

As part of its business, our Company is required to comply with certain laws in relation to the employment of labour. Brief descriptions of certain labour legislations which are applicable to our Company are set forth below:

The Factories Act, 1948

The Factories Act, 1948, as amended (the “**Factories Act**”) seeks to regulate the employment of workers in factories and makes provisions for the health, safety and welfare of the workers while at work in the factory including requiring adequate maintenance of plant, systems and other places of work, and provision of adequate training and supervision. The Factories Act defines a ‘factory’ to be any premises which employs 10 or more workers on any day of the preceding 12 months and in which a manufacturing process is carried on with the aid of power, or a premises where there are at least 20 workers who are engaged in a manufacturing process without the aid of power. Each State Government has set out rules in respect of the prior submission of plans, their approval for the registration of the establishment, and licensing of factories.

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952, as amended (the “**EPF Act**”) applies to factories employing 20 or more employees and such other establishments and industrial undertakings as notified by the Government of India from time to time. The EPF Act requires all such establishments to be registered with the Regional Provident Fund Commissioner and requires the employers and their employees to contribute in equal proportion to the employees' provident fund, the prescribed percentage of basic wages and dearness and other allowances payable to employees. The EPF Act also requires the employer to maintain registers and submit a monthly return to the State Provident Fund Commissioner.

The Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970, as amended (the “**CLRA Act**”) requires companies employing 20 or more contract labourers to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labourers. Under the CLRA Act, both the principal employer and the contractor are to be registered with the registering officer. The CLRA Act imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period.

The Employees' State Insurance Act, 1948

The Employees' State Insurance Act, 1948, as amended (the “**ESI Act**”) provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers. Every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in receipt of wages up to ₹ 15,000 per month is entitled to be insured under the ESI Act.

The Industrial Employment (Standing Orders) Act, 1946

The Industrial Employment (Standing Orders) Act, 1946 as amended (the “**Standing Orders Act**”) is applicable to industrial establishments, where 100 or more workmen are employed, or were employed on any day of the preceding 12 months. The Standing Orders Act seeks to define the conditions of employment of workmen employed and to make them known to such workmen. The employers in such establishments are required to frame draft standing orders and thereafter obtain necessary certification for such orders. The certified standing orders are required to be posted by the employer in English and in the language understood by the majority of his workmen on boards to be maintained for this purpose, at or near the entrance through which the majority of workmen enter the industrial establishment and in all departments where the workmen are employed.

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965, as amended (the “**PoB Act**”) provides for payment of minimum bonus to factory employees and every other establishment in which 20 or more persons are employed and requires maintenance of certain books and registers and filing of monthly returns showing computation of allocable surplus, set on and set off of allocable surplus and bonus due. The minimum bonus to be paid to each employee is 8.33% of the annual salary or wage or ₹100, whichever is higher.

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972, as amended (the “**Gratuity Act**”) establishes a scheme for the payment of gratuity to employees engaged in every factory, mine, oil field, plantation, port and railway company, every shop or establishment, in which 10 or more persons are employed or were employed on any day of the preceding 12 months and in such other establishments in which 10 or more employees are employed or were employed on any day of the preceding 12 months, as notified by the central government from time to time.

Under the Gratuity Act, an employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement, resignation, superannuation, death or disablement due to accident or

disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent upon an employee having completed five years of continuous service. The maximum amount of gratuity payable may not exceed ₹ 1,000,000.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948, as amended (the “**MWA**”) provides a framework for State Governments to stipulate the minimum wage applicable to a particular industry. The minimum wage may consist of a basic rate of wages and a special allowance, or a basic rate of wages and the cash value of concessions in respect of supplies of essential commodities, or an all inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government.

The Payment of Wages Act, 1936

The Payment of Wages Act, 1936, as amended (the “**Payment of Wages Act**”) is applicable to factories and industrial or other establishments where the monthly wages payable are less than ₹ 6,500. The Payment of Wages Act *inter alia* seeks to regulate the payment of wages in terms of the duration of employment (work hours, overtime wages, and holidays), quantum of wages including overtime wages, deductions from wages, of certain classes of employed persons. The Payment of Wages Act also regulates minimum wages to be fixed by the appropriate governments for the employees, bonus entitlements, disbursements of wages by the employers within the stipulated time frame without unauthorised deductions, etc.

The Trade Unions Act, 1926

The Trade Unions Act, 1926, as amended (the “**Trade Unions Act**”) provides for registration of trade unions (including association of employers) with a view to render lawful organization of labour to enable collective bargaining. The Trade Unions Act also confers certain protection and privileges on a registered trade union. It applies to all kinds of unions of workers and associations of employers which aim at regularizing labour management relations. Pursuant to the Trade Unions (Amendment) Act, 2001, no trade union shall be registered unless 10% or 100 workers, whichever is less and subject to a minimum of seven workmen engaged or employed in the establishment or industry with which it is connected, are the members of such trade union on the date of making of application for registration. The trade union so formed has the right to act for the individual and/or for the collective benefit of workers at different levels.

The Employees’ Compensation Act, 1923

The Employee’s Compensation Act, 1923, as amended provides that if personal injury is caused to a workman by accident during employment, his employer would be liable to pay him compensation. However, no compensation is required to be paid if the injury did not disable the workman for more than three days or the workman was at the time of injury under the influence of drugs or alcohol, or the workman wilfully disobeyed safety rules. Where death results from the injury, the workman is liable to be paid the higher of 50% of the monthly wages multiplied by the prescribed relevant factor (which bears an inverse ratio to the age of the affected workman, the maximum of which is 228.54 for a worker aged 16 years) or ₹50,000. Where permanent total disablement results from injury, the workman is to be paid the higher of 60% of the monthly wages multiplied by the prescribed relevant factor or ₹60,000. The maximum wage which is considered for the purposes of reckoning the compensation is ₹4,000.

The Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 (the “**ID Act**”), as amended provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labour court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workmen.

Buildings and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996

The Buildings and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996 (the “**Construction Workers Act**”), provides for regulation of employment and conditions of service of

building and other construction workers including safety, health and welfare measures in every establishment which employs or employed during the preceding year, 10 or more workers. However, it does not apply in respect of residential houses constructed for one's own purpose at a cost of less than ₹1,000,000 and in respect of other activities to which the provisions of the Factories Act, 1948 and the Mines Act, 1952 apply. Every establishment to which the Construction Workers Act applies must be registered within a period of 60 days from the commencement of work.

Further, every employer must give notice of commencement of building or other construction work 30 days in advance. Comprehensive health and safety measures for construction workers have been provided through the Building and Other Construction Workers (Regulation of Service and Conditions of Service) Central Rules, 1998.

This Construction Workers Act provides for constitution of safety committees in every establishment employing 500 or more workers with equal representation from workers and employers in addition to appointment of safety officers qualified in the field. Any violation of the provisions for safety measures is punishable with imprisonment for three months or a fine of a maximum of ₹2,000 or both. Continuing contraventions attract an additional fine of ₹100 per day. It also provides for penalties for failure to give notice of commencement of building or other construction work and obstruction of inspection, enquiry, etc.

Buildings and Other Construction Workers' Welfare Cess Act, 1996 ("BOCW Cess Act")

The Buildings and Other Construction Workers' Welfare Cess Act, 1996 (the "**BOCW Cess Act**"), as amended, provides for the levy and collection of a cess on the cost of construction incurred by employers with a view to augmenting the resources of the Building and Other Construction Workers' Welfare Boards constituted under the BOCW Cess Act. Currently, 1% of the construction cost incurred by the employer is required to be deposited by the employer as welfare cess under the BOCW Cess Act.

Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 (the "**Migrant Workmen Act**") is applicable to an establishment, which employs five or more Inter-State migrant workmen through an intermediary (who has recruited workmen from one State for employment in an establishment situated in another State). The Inter-State migrant workmen, in an establishment to which the Migrant Workmen Act becomes applicable, are required to be provided with certain facilities such as housing, medical aid, travel expenses etc.

Maternity Benefits Act, 1961

The Maternity Benefit Act, 1961, as amended (the "**Maternity Benefit Act**") provides that a woman who has worked for at least 80 days in the 12 months preceding her expected date of delivery, is eligible for maternity benefits. Under the Maternity Benefit Act, a woman working in a factory may take leave for six weeks immediately preceding her scheduled date of delivery and for this period of absence she must be paid maternity benefit at the rate of the average daily wage. The maximum period during which a woman shall be paid maternity benefit is 12 weeks. Women entitled to maternity benefit are also entitled to a medical bonus of ₹ 2,500, if no pre-natal and post-natal care has been provided free of charge by the employer.

Child Labour (Prohibition and Abolition) Act, 1986

The Child Labour (Prohibition and Abolition) Act, 1986 (the "**Child Labour Act**") prohibits employment of children below 14 years of age in certain occupations and processes and provides for regulation of employment of children in all other occupations and processes. Under the Child Labour Act the employment of child labour in the building and construction industry is prohibited.

Equal Remuneration Act, 1976

The Equal Remuneration Act, 1976 ("**ER Act**") aims to provide for the payment of equal remuneration to men and women workers and for the prevention of discrimination, on the ground of sex, against women in the matter of employment and for matters connected therewith or incidental thereto. According to the ER Act, no employer shall pay to any worker, employed by him/ her in an establishment, a remuneration (whether payable in cash or in kind) at rates less favourable than those at which remuneration is paid by him/ her to the workers of the

opposite sex in such establishment for performing the same work or work of a similar nature. Also, no employer shall, for the purpose of complying with the foregoing provisions of the ER Act, reduce the rate of remuneration of any worker. No employer shall, while making recruitment for the same work or work of a similar nature, or in any condition of service subsequent to recruitment such as promotions, training or transfer, make any discrimination against women except where the employment of women in such work is prohibited or restricted by or under any law for the time being in force.

It also provides that every employer shall maintain such registers and other documents in relation to the workers employed by him/ her in the prescribed manner. If any employer (i) makes any recruitment in contravention of the provisions of this Act; or (ii) makes any payment of remuneration at unequal rates to men and women workers for the same work or work of a similar nature; or (iii) makes any discrimination between men and women workers in contravention of the provisions of this Act; or (iv) omits or fails to carry out any direction made by the appropriate Government, then in case of contravention of the provisions of the ER Act, such employer shall be punishable with fine, which shall not be less than ₹10,000, but which may extend to ₹20,000 or with imprisonment for a term, which shall not be less than three months, but which may extend to one year, or both, for the first offence and imprisonment which may extend to two years for the second and subsequent offences. Where an offence under the ER Act has been committed by a company, every person who at the time the offence was committed, was in charge of, and was responsible to the company for the conduct of the business of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

Apprentices Act, 1961

The Apprentices Act, 1961 was enacted to regulate and control the programme of training of apprentices and for matters connected therewith. The term ‘apprentice’ means “a person who is undergoing apprenticeship training in pursuance of a contract of apprenticeship”. While, ‘apprenticeship training’ means “a course of training in any industry or establishment undergone in pursuance of a contract of apprenticeship and under prescribed terms and conditions which may be different for different categories of apprentices”.

This Act makes it obligatory on part of the employers both in public and private sector establishments having requisite training infrastructure as laid down in the Act, to engage apprentices in 254 groups of companies covered under this Act. The provisions of this Act shall not apply to (i) any area or to any industry in any area unless the Central Government by notification in the Official Gazette specifies that area or industry as an area or industry to which the said provisions shall apply with effect from such date as may be mentioned in the notification; and (ii) any such special apprenticeship scheme for imparting training to apprentices as may be notified by the Central Government in the Official Gazette.

Fiscal Regulations

Foreign Investment Regulations

The new industrial policy was formulated in 1991 to implement the Government’s liberalisation programme, and consequent industrial policy reforms relaxed the industrial licensing requirements and restrictions on foreign investment.

Foreign investment in India is governed primarily by the provisions of the Foreign Exchange Management Act, 1999 as amended (the “**FEMA**”) and the rules, regulations and notifications there under, read with the presently applicable Consolidated FDI Policy (effective from April 17, 2014) as issued by the Department of Industrial Policy and Promotion.

The RBI, in exercise of its powers under the FEMA, has notified the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, to regulate the transfer to/by and issue of security, to a person resident outside India.

At present, investments in manufacturing companies, except the companies manufacturing items reserved for production in micro and small enterprises and companies in defence sector, fall under the RBI automatic approval route for foreign direct investment up to 100%.

Foreign Trade (Development and Regulation) Act, 1992

The Foreign Trade (Development and Regulation) Act, 1992, as amended (the “**FTA**”) seeks to increase foreign trade by regulating imports and exports to and from India. The FTA read with the Indian Foreign Trade Policy provides that no exports or imports can be made by a person or company without having obtained an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the Office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

Foreign Trade Policy

Under the Foreign Trade Policy, the Central Government is empowered to periodically formulate the Export-Import Policy (the “**EXIM Policy**”) and amend it thereafter whenever it deems fit. All exports and imports have to be in compliance with such EXIM Policy. The EXIM Policy provides for certain schemes for the promotion of export of finished goods and import of inputs.

The Duty Exemption Scheme enables duty free import of inputs required for export production. The Duty Exemption Schemes consist of:

- (i) Advance Authorisation; and
- (ii) Duty Free Import Authorisation.

The Duty Remission Scheme enables post-export replenishment/remission of duty on inputs used in export product. The Duty Remission Scheme consists of:

- (i) Duty Entitlement Passbook Scheme (discontinued for exports made on or after October 1, 2011); and
- (ii) Duty Drawback Scheme.

The Special Economic Zones Act, 2005 and Special Economic Zone Rules, 2006

Special Economic Zones (“**SEZs**”) are established, regulated and governed by the Special Economic Zones Act, 2005, as amended (the “**SEZ Act**”). The SEZ Act was enacted for the establishment, development and management of SEZs for promotion of exports. An SEZ is a specifically delineated duty free enclave, deemed to be a foreign territory for the purposes of trade as well as duties and tariffs. A board of approval (“**SEZ Board**”) has been set up under the SEZ Act, which is responsible for promoting SEZs and ensuring their orderly development. The SEZ Board has a number of powers including the authority to approve proposals for the establishment of SEZs, the operations to be carried out in the SEZ by the developer, foreign collaborations and foreign direct investments.

The Special Economic Zone Rules, 2006 (the “**SEZ Rules**”) have been enacted to effectively implement the provisions of the SEZ Act. The SEZ Rules provide a simplified procedure for a single window clearance from central and state governments for setting up SEZs and ‘units’ in SEZs. The SEZ Rules also prescribe the procedure for the operation and maintenance of an SEZ, the setting up of a SEZ and conducting business within SEZs, with an emphasis on ‘self-certification’. The SEZ Rules also provide for the terms and conditions subject to which entrepreneurs and developers shall be entitled to exemptions, drawbacks and concessions, etc. The SEZ Rules stipulate the minimum area requirement for various categories of SEZs.

Customs Regulations

All imports in the country are subject to duties under the Customs Act, 1962 at rates specified under the Customs Tariff Act, 1975. However, the Central Government has the power to exempt certain specified goods from excise duty, by notification. The current customs duty on iron and steel is 10%.

Laws Relating to Intellectual Property

The Trade Marks Act, 1999

The Trade Marks Act, 1999, as amended (the “**Trade Marks Act**”) governs the law pertaining to trade marks in India. A trade mark is essentially any mark capable of being represented graphically and distinguishing goods or

services of one person from those of others and includes a device, brand, heading, label, ticket, name, signature, word, letter, numeral, shape of goods, packaging or combination of colours or combination thereof. In India, trademarks enjoy protection under both statutory and common law. The Trade Marks Act permits the registration of trade marks for goods and services. Certification trademarks and collective marks can also be registered under the Trade Marks Act. The Registrar of Trade Marks is the authority responsible for registration of trademarks, settling opposition proceedings and rectification of the register of trade marks. Once a trade mark is registered, it is valid in India only, for a period of 10 years and can be renewed from time to time in perpetuity. The registration of a trade mark grants the owner a right to exclusively use the trade mark as a mark of goods and services and prevents the fraudulent use of deceptively similar marks by any third party.

Miscellaneous Regulations

Shops and Establishments Legislations

The provisions of various shops and establishments legislations, applicable in the states in which the establishments are set up, regulate the work and employment of the workers employed in shops and establishments, including commercial establishments, and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments, and other rights and obligations of the employers and employees.

The Industries (Development and Regulation) Act, 1951

The Industries (Development and Regulation) Act, 1951, as amended (the “**I (D&R) Act**”) has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defence equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector.

An industrial undertaking which is exempt from licensing is required to file an Industrial Entrepreneurs Memorandum (“**IEM**”) with the Secretariat for Industrial Assistance, Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required under the I (D&R) Act.

Approvals from Local Authorities

Setting up of a factory or manufacturing/housing unit entails the requisite planning approvals to be obtained from the relevant local panchayat(s) outside the city limits and appropriate metropolitan development authority within the city limits. Consents from the state pollution control board(s) and the relevant state electricity board(s), among others, are required to be obtained before commencing the building of a factory or starting manufacturing operations.

The Competition Act, 2002

The Competition Act, 2002 (the “**Competition Act**”) as amended, prohibits anti-competitive agreements, abuse of dominant positions by enterprises and regulates “combinations” in India. The Competition Act also established the Competition Commission of India (the “**CCI**”) as the authority mandated to implement the Competition Act. The provisions of the Competition Act, relating to combinations were notified recently on March 4, 2011 and have come into effect on June 1, 2011. Combinations which are likely to cause an appreciable adverse effect on competition in a relevant market in India are void under the Competition Act. A combination is defined under Section 5 of the Competition Act as an acquisition, merger or amalgamation of enterprise(s) that meets certain asset or turnover thresholds. There are also different thresholds for those categorized as ‘Individuals’ and ‘Group’. The CCI may enquire into all combinations, even if taking place outside India, or between parties outside India, if such combination is likely to have an appreciable adverse effect on competition in India. Effective June 1, 2011, all combinations have to be notified to the CCI within 30 days of the execution of any agreement or other document for any acquisition of assets, shares, voting rights or control of an enterprise under Section 5(a) and (b) of the Competition Act (including any binding document conveying an agreement or decision to acquire control, shares, voting rights or assets of an enterprise); or the Board of Directors of a company (or an equivalent authority in case of other entities) approving a proposal for a merger or amalgamation under Section 5(c) of the Competition Act. The obligation to notify a combination to

the CCI falls upon the acquirer in case of an acquisition, and on all parties to the combination jointly in case of a merger or amalgamation.

Other Laws

In addition to the above, our Company is also required to comply with the provisions of the Companies Act, and other applicable statutes imposed by the Centre or the State for its day-to-day operations.

HISTORY AND CORPORATE STRUCTURE

Our History

Our Company was incorporated as ‘Pennar Engineered Building Systems Limited’, a public limited company under the Companies Act, 1956, on January 17, 2008. It received the certificate of commencement of business on February 19, 2008.

Change in Registered Office

The registered office of our Company was originally located at 305, Saptagiri Towers, Begumpet, Hyderabad 500 016, Telangana (erstwhile Andhra Pradesh), India. Pursuant to a resolution of our Board of Directors dated March 24, 2009, the registered office of our Company was shifted to 9th Floor, DHFLVC Silicon Towers, Kondapur, Hyderabad 500 084, Telangana (erstwhile Andhra Pradesh), India to enable greater operational efficiency.

Shareholders

The total number of shareholders of our Company as on the date of filing this Draft Red Herring Prospectus is 18.

Key Events, Milestones and Achievements

| Year | Key events, milestones and achievements |
|------|--|
| 2008 | Incorporation and commencement of business of our Company |
| 2009 | Entered into Double Lok® technical know-how agreement with NCI Group, Inc. |
| 2010 | Commenced commercial production of our Company with a capacity of 30,000 MT Received “Gold Rating” from the Indian Green Building Council for achieving the green building standards as per IGBC Green Factory Building Rating Technology |
| 2011 | Manufacturing capacity expanded from 30,000 MT to 60,000 MT |
| 2013 | Investment by Zephyr Peacock India Fund III Limited and Zephyr Peacock India III Fund in the form of subscription and purchase of equity and CCPS. Manufacturing capacity expanded from 60,000 MT to 90,000MT Entered into an agreement for commencement of engineering services |
| 2014 | Commissioning of 0.5 MW solar power generation facility at Sadashivpet |

Awards and Accreditations

1. Awards

| Year | Awards |
|------|---|
| 2015 | Best pre-engineered building for Ultratech Cement Factory, Kotputli, Rajasthan – CIDC Vishwakarma Award Commemorative medal for best professionally managed company (turnover ₹ 100-500 crores) – CIDC Vishwakarma Awards Manufacturing Company of the Year 2015 - VC Circle Awards |
| 2014 | Excellence in corporate governance – Business Today - Emerging Companies Excellence Awards Certificate of commendation for a cold storage shed at Kotputli, Rajasthan- INSDAG National Award for Professionals on Structural Steel Design and Construction : 2012-13 IEI Industry Excellence Award 2014 |
| 2013 | Infrastructure company of the year - Construction Week India Awards, 2013 (Runner up) PEB Contractor of the year - Construction Week India Awards, 2013 Scroll of Honour for overall business excellence and industry practices – IEI Industry Excellence Awards, 2013 |

2. Accreditations

| Year | Certifying authority | Accreditation | Certificate number | Validity |
|------|----------------------|---|--------------------|----------|
| 2011 | FM Approvals | Certificate of compliance for double-lok standing, seam roof systems as class 1 panel roofs | 3036416 | - |

| Year | Certifying authority | Accreditation | Certificate number | Validity |
|------|-------------------------------------|---|--------------------|-------------------|
| 2010 | TUV India Private Limited | ISO 9001:2008 (Design, manufacture, supply and erection of pre-engineered building systems) | QM 06 09151 | December 21, 2016 |
| 2010 | India Green Building Council (IGBC) | Achievement of green building standards for IGBC green factory building gold | - | - |

Main Objects

Our main objects enable us to carry on our current business and also the business proposed to be carried on by us. The main objects of our Company as contained in our Memorandum of Association are as follows:

- To carry on the business of selling buildings systems including preengineered buildings, pre-fabricated structures, pre-stressed concrete assemblies and structures, high rise metal buildings, framing systems, heavy steel and metal structures for use as warehouses, commercial buildings, factories, aircraft hangers, sports facilities, insulated cold chains and including sub assemblies such as wall systems, roofing assemblies, solar panel systems and building facades.*
- To carry on the business of selling components and building materials such as roof panels, wall panels, polyurethane foam filled panels, mineral wool insulated panels, 'standing seam' roofing solutions, gutters, downspouts, secondary framing components (z-purlins, c-purlins and girts), primary framing members and systems and various accessories including fasteners, trims, walk doors, roll up doors, windows, louvers, skylights, ridge ventilators, roof jacks, roof curbs and sealers.*
- To carry on the business of providing supervisory, consulting and contract services for building erection, civil works, foundations, concrete works, finishing, electrical, mechanical, lighting solutions, heating, ventilation, air conditioning and ducting.*
- To carry on the business of providing engineering services including the generation of initial building designs, detailed Computer Aided Design (CAD), structural detailing, 3d modelling, shop drawings, erection drawings bill of materials, elevations, architectural designs and other Information Technology (IT) enabled services. Our Company will also utilize and develop software for engineering design and detailing, 3d modelling and price estimation.*
- To carry on the business of trading and marketing by the purchase or sale of components, systems, building components, coloured sheets, insulated panels, software licenses, drawings and designs from an overseas source or nationally for use in the manufacture of the above products or for the purpose of sale to customers.*

Amendments to Memorandum of Association

Set out below are the amendments to our Memorandum of Association since the incorporation of our Company.

| Date of Shareholders' resolution | Nature of amendment |
|----------------------------------|--|
| May 26, 2008 | Increase in authorised share capital of our Company of ₹ 2.50 million comprising 250,000 Equity Shares to ₹ 50.00 million comprising 5,000,000 Equity Shares. |
| March 28, 2009 | Increase in authorised share capital of our Company of ₹ 50.00 million divided comprising 5,000,000 Equity Shares to ₹ 200.00 million comprising 20,000,000 Equity Shares. |
| October 27, 2009 | Increase in authorised share capital of our Company of ₹ 200.00 million comprising 20,000,000 Equity Shares to ₹ 205.00 million comprising 20,500,000 Equity Shares. |
| February 27, 2010 | Increase in authorised share capital of our Company of ₹ 205.00 million comprising 20,500,000 Equity Shares to ₹ 255.00 million comprising 25,500,000 Equity Shares. |
| February 13, 2013 | Increase in authorised share capital of our Company of ₹ 255.00 million comprising 25,500,000 Equity Shares to ₹ 375.00 million comprising 31,500,000 Equity Shares and 6,000,000 CCPS. |
| March 16, 2015 | Increase in authorised share capital of our Company of ₹ 375.00 million comprising 31,500,000 Equity Shares and 6,000,000 CCPS to ₹ 420.00 million comprising 36,000,000 Equity Shares and 6,000,000 CCPS. |
| | Adoption of memorandum of association in accordance with Companies Act, 2013. |

Other Details Regarding our Company

For details regarding the description of our activities, services, products, market of each segment, the growth of our Company, technology, capacity/facility creation, market capacity build-up, marketing and competition the standing of our Company with reference to the prominent competitors with reference to our products, management, major suppliers and customers, environmental issues and segment, see the sections titled “*Our Business*” and “*Industry Overview*” on Pages 125 and 107 respectively.

There have been no lock-outs or strikes at any time in our Company and our Company is not operating under any injunction or restraining order.

For details regarding our management and its managerial competence, see the sub-section titled “*Our Management- Board of Directors*” on Page 161.

Our Company has entered into a design services out-sourcing agreement with an entity in the United States of America, pursuant to which we offer our design and detailing services to them by using their software platforms for manufacturing of pre-engineered buildings for their overseas customers. For more details, please see the section titled “*Our Business*” beginning on Page 125.

Details regarding acquisition of business/undertakings, mergers, amalgamation, revaluation of assets

Our Company has neither acquired any entity, business or undertaking nor has undertaken any mergers, amalgamation or revaluation of assets.

Capital raising activities through equity and debt

Except as mentioned in the section titled “*Capital Structure*” beginning on Page 80, our Company has not raised capital through equity. For details on the debt facilities of our Company, see the section titled “*Financial Indebtedness*” on Page 263.

Defaults or rescheduling of borrowings with financial institutions/ banks and conversion of loans into equity

There have been no defaults with financial institutions in respect of our current borrowings from our lenders. There has been no rescheduling of the existing facilities of our Company or conversion of any loans into equity.

Time and cost overruns

In relation to twelve of our projects, there have been delays in completion of work primarily due to delay in handing over of sites by our customers. In addition to these, for six of our projects, we have been levied liquidated damages by our customers due to delays attributable to us on account of delays in receipt of materials and design/detailing delays. Except as stated above, there have been no time or cost overruns in relation to any of our projects.

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 of our Company including discontinuance of line of business, loss of agencies or markets and similar factors.

Strategic or Financial Partners

We have entered into a non-exclusive technical know-how collaboration with NCI Group, a market leader in the United States’ metals buildings market, for manufacture, distribution, marketing and supply of standing seam roofing panel system and all components and accessories related thereto in India under the brand name ‘Double Lok®’. For more details, see the section titled “*Our Business*” beginning on Page 125.

Summary of Key Agreements

Share Subscription Agreement dated March 12, 2013 (“SSA”) between our Company, Zephyr Peacock India

Fund III Limited, Zephyr Peacock India III Fund (collectively, the “Investors”) and Pennar Industries Limited, Aditya Narsing Rao, Joginapally Venkata Nrupender Rao (HUF), Joginapally Venkata Nrupender Rao, Rajya Lakshmi Rao Joginapally, D. Sudeepta Rao, Avanthi Rao, Potluri Venkateswara Rao, Usha Ramani Potluri (collectively, the “SSA Promoter Group Members”).

The Investors, the SSA Promoter Group Members and our Company have entered into a share subscription agreement dated March 12, 2013 pursuant to which our Company has issued and allotted 54,68,750 CCPS at a premium of ₹ 54 each, for an aggregate consideration of ₹ 350.00 million to the Investors. The CCPS are convertible into Equity Shares in the manner set out in the SSA.

As per the SSA, no dividend is allowed to be paid to the Shareholders without the prior written consent of the Investors. The Investors are entitled to preferential dividend of ₹ 1 per Financial Year per CCPS till such time that the CCPS are outstanding. Further, in the event of distribution of any excess profits other than dividends the holder of above mentioned CCPS shall be entitled in priority to the holders of any other class(es) of shares.

Share Purchase Agreement dated March 12, 2013 (“SPA”) between our Company, Zephyr Peacock India Fund III Limited, Zephyr Peacock India III Fund (collectively, the “Investors”) and Joginapally Venkata Nrupender Rao (HUF), J. Rajya Lakshmi, Aditya Narsing Rao, Avanti Rao and D. Sudeepta Rao (collectively, the “Sellers”).

Pursuant to the SPA, the Investors have purchased 2,343,750 Equity Shares from the Sellers at a premium of ₹ 54 each, for a total consideration of ₹ 150.00 million, on the terms and conditions set out in the SPA.

Shareholders Agreement dated March 12, 2013 (“SHA”) between our Company, Zephyr Peacock India Fund III Limited, Zephyr Peacock India III Fund (collectively, the “Investors”) and Pennar Industries Limited, Aditya Narsing Rao, Joginapally Venkata Nrupender Rao (HUF), Joginapally Venkata Nrupender Rao, Rajya Lakshmi Rao Joginapally, D. Sudeepta Rao, Avanthi Rao, Potluri Venkateswara Rao and Usha Ramani Potluri (collectively, the “SHA Promoter Group Members”).

Pursuant to the SSA, SPA and the investment by the Investors in our Company, the Investors, SHA Promoter Group Members and our Company entered into a shareholders’ agreement dated March 12, 2013 (the “SHA”) for regulating the relationship between the parties in relation to the functioning of our Company.

The Investors collectively hold 5,468,750 CCPS and 2,343,750 Equity Shares (the “Investor Shares”).

The following are some important terms of the SHA-

- The SHA Promoter Group Members shall not transfer any shares of our Company without the prior written consent of the Investors, until such time that the shares of our Company are listed on a stock exchange. However, the SHA Promoter Group Members may transfer 10% of the total shareholding of our Company held by them with an advance notice of 15 business days to any other SHA Promoter Group Member, provided that the Promoters (i.e. Pennar Industries Limited, Aditya Narsing Rao, Joginapally Venkata Nrupender Rao (HUF), Joginapally Venkata Nrupender Rao) continue to hold at least 89% (eighty nine percent) of the total Company securities held by the SHA Promoter Group Members after such transfers..
- The SHA provides certain rights to the Investors including, inter alia, right of first offer, tag along rights, pre-emptive rights, right to nominate 2 directors and 1 observer to the Board, certain corporate matters related rights and affirmative voting rights in relation to certain matters including change in capital structure of our Company, re-structuring of our Company, alteration or dilution of the rights of any securities of our Company, transactions in relation to the sale, leasing, licensing or other disposition of the assets of our Company exceeding in value of ₹ 25 million or 3% of the value of assets, amendment, modification, or waiver of any provisions of our charter documents, creation of any subsidiary, any change in the scope of business, commencement of voluntary winding up proceedings, any change in policies and plans which may materially affect operational expenses of business and not otherwise approved by the Investor, any transactions with related parties, initial public offering other than a qualified initial public offering, change in control of our Company, change in size or composition of the Board, approval, adoption or amendment of any employee stock option scheme, declaration of dividend and transfer of shares of our Company. Presence of a director nominated by the Investors is mandatory to form quorum of meetings of the Board.

- Our Company is required to provide an exit to the Investors by way of a qualified initial public offering within 4 years from the date of acquisition of any shares of our Company by the Investors or their affiliates. Further, the Investors may require an offer for sale of shareholding held by them, along with securities being offered pursuant to the qualified IPO. In the event that our Company is unable to initiate a qualified initial public offering within the stipulated period, the Investors have a right to require the Promoters to buy-back our Company's shares held by the Investors or drag-along the SHA Promoter Group Members.
- Each party to the SHA is required to maintain confidentiality of the terms of the SHA and not disclose any such terms unless required under applicable law, with prompt written notice to the other parties.
- Our Directors, Joginapally Venkata Nrupender Rao and Aditya Narsing Rao shall not take any other management responsibility outside our Company, except their responsibilities in Pennar Industries Limited. The SHA Promoter Group Members shall, from the date of the SHA, give up, part with, cease and refrain from directly or indirectly carrying on business which directly or indirectly competes with or is similar to the business of our Company.
- The breach, failure of any party to observe or comply with any terms, covenants, obligations under the SHA, representations, warranties or covenants under the SHA or any other transaction documents, material breach, bankruptcy, winding up and/or liquidation or dissolution of a party to the SHA and/or a person in the SHA Promoter Group Member who collectively holds more than 5% of the Equity Shares, constitute an event of default. In case of a default by the SHA Promoter Group Members that is not cured within a period of 30 days after being notified in writing by the non-defaulting party, the non-defaulting party shall have a right to cause the Promoters to jointly and severally purchase or cause the Company to buy-back the shares of our Company held by the Investors at a price which is higher of the fair market value or the consideration paid by the Investor to purchase the CCPS held by them.
- The SHA shall terminate by mutual consent of the parties to the SHA, upon the occurrence of an event of default or at the consummation of an initial public offering by our Company.
- Upon the Investors ceasing to hold less than 1,562,500 shares of our Company, all the rights available to the Investors shall cease other than the right to appoint an observer to our Board, appointment of 2 independent directors on our Board who are also the independent directors on the board of directors of PIL and right to receive information and reports from our Company.
- In the event that the Investor Shares are transferred by the Investors in accordance with the provisions contained in the SHA, such transferee shall be entitled to all the rights of the Investors as set out in the SHA.

Amendment letter dated March 19, 2013 to the SSA, SPA and SHA (the "Amendment Letter 1")

Pursuant to the Amendment Letter 1, the SSA, SPA and the SHA have been amended in relation to certain conditions precedent contained in the SSA, SPA and the SHA.

Amendment letter dated September 10, 2013 to the SSA (the "Amendment Letter 2")

Pursuant to the Amendment Letter 2, the SSA has been amended and conversion price of the CCPS has been revised to ₹ 60.20 per CCPS, based on the revised valuation of our Company, subject to any future adjustments based on other applicable provisions of the SSA and our Articles of Association including but not limited to provisions relating to adjustments on account of deductible claims and anti dilutions provisions in the SSA.

Amendment letter dated February 28, 2015 (the "Amendment Letter 3")

Pursuant to the Amendment Letter 3, the SSA has been amended and conversion price of the CCPS has been revised to ₹ 58.17 per CCPS, based on the revised valuation of our Company, subject to any future adjustments based on other applicable provisions of the SSA and our Articles of Association including but not limited to provisions relating to adjustments on account of deductible claims and anti dilutions provisions in the SSA.

Amendment dated March 6, 2015 to the SSA (“SSA Amendment Agreement”)

Pursuant to the SSA Amendment Agreement, the SSA has been further amended to reclassify the promoter and promoter group of our Company, as mentioned in schedule I of the SSA, on the basis that Potluri Venkateswara Rao is associated with our Company only in his professional capacity and does not exercise any control either on the management and affairs of our Company or on the Board of our Company and that only our Promoter, PIL, exercises control over the Board, management and affairs of our Company and the professional management of our Company runs the day to day operations of our Company in terms of the definition of ‘control’ as provided in SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

Amendment dated March 6, 2015 to the SHA (“SHA Amendment Agreement”)

Pursuant to the SHA Amendment Agreement, the SHA has been amended to reclassify the promoter and promoter group of our Company, as mentioned in schedule I of the SHA, on the basis that Potluri Venkateswara Rao is associated with our Company only in his professional capacity and does not exercise any control either on the management and affairs of our Company or on the Board of our Company and that only our Promoter, PIL, exercises control over the Board, management and affairs of our Company and the professional management of our Company runs the day to day operations of our Company in terms of the definition of ‘control’ as provided in SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011.

Accordingly, our Articles of Association have also been amended to record the above understanding.

Holding Company

Our Promoter, Pennar Industries Limited, is also our holding company. For further details, see the sub-section titled “*Our Promoter and Promoter Group*” on Page 180.

Our Subsidiary

As on the date of this Draft Red Herring Prospectus, our Company does not have any subsidiary.

Joint Ventures

As on the date of this Draft Red Herring Prospectus, our Company does not have any joint ventures.

Partnership Firms

Our Company is not a partner in any partnership firm.

OUR MANAGEMENT

Board of Directors

The composition of our Board of Directors is governed by the provisions of Companies Act, 2013 and our Articles of Association. The Companies Act, 2013 provides that the number of directors shall not be less than three and more than fifteen. At present, our Company has eight Directors, of which one is an executive director, seven are non-executive directors out of which four are independent Directors and one Director nominated by the Selling Shareholders.

The following table sets forth the details of our Directors as on the date of this Draft Red Herring Prospectus:

| S. No | Name, Father's Name, Nationality, Director Identification Number, Residential Address, Occupation and Term | Age (in years) | Designation | Other Directorships/Proprietorships/Partnerships / Trusteeships |
|-------|--|----------------|-------------------------------------|--|
| 1. | <p>Joginapally Venkata Nrupender Rao</p> <p>Father's Name: <i>Venkata Narsinga Rao Joginapally</i></p> <p>Nationality : <i>Indian</i></p> <p>DIN : <i>00089922</i></p> <p>Address: <i>8-2-293/82/A/381 442, Plot No. 381, Road No. 10, Jubilee Hills, Hyderabad 500 033, Telangana, India</i></p> <p>Occupation: <i>Business</i></p> <p>Date of appointment: <i>January 17, 2008</i></p> <p>Current term: <i>Liable to retire by rotation</i></p> | 69 | Chairman and non-executive Director | <p><i>Other Directorships:</i></p> <p>(i) Pennar Management Services Limited; (ii) Pennar Industries Limited; (iii) Thapati Trading Private Limited; (iv) Palguna Consultants Private Limited; (v) Pennar Enviro Limited; (vi) Pennar Solar Limited; and (vii) Saven Technologies Limited.</p> <p><i>Partnerships</i></p> <p>Nil</p> <p><i>Trusteeships</i></p> <p>JV Narsing Rao Foundation</p> |
| 2. | <p>Potluri Venkateswara Rao</p> <p>Father's Name: <i>Venkata Krishna Rao Potluri</i></p> <p>Nationality : <i>Indian</i></p> <p>DIN : <i>03157581</i></p> <p>Address: <i>179 Ushodaya Enclave, HIG, Phase-II, Road No. 1, Kanaka Miyapur, Hyderabad 500 049, Telangana, India</i></p> <p>Occupation: <i>Service</i></p> <p>Date of appointment: <i>May 26, 2010</i></p> <p>Current term: <i>February 9, 2015 to February 8, 2020</i></p> | 55 | Managing Director | <p><i>Other Directorships:</i></p> <p>(i) Pennar Enviro Limited</p> <p><i>Partnerships</i></p> <p>Nil</p> <p><i>Trusteeships</i></p> <p>PEBS Pennar Gratuity Trust</p> |
| 3. | <p>Aditya Narsing Rao</p> | 33 | Non-executive Director | <p><i>Other Directorships:</i></p> |

| S. No | Name, Father's Name, Nationality, Director Identification Number, Residential Address, Occupation and Term | Age (in years) | Designation | Other Directorships/Proprietorships/Partnerships / Trusteeships |
|-------|---|----------------|-------------------------------------|--|
| | <p>Father's Name: <i>Joginapally Venkata Nrupender Rao</i></p> <p>Nationality : <i>Indian</i></p> <p>DIN : <i>01307343</i></p> <p>Address: <i>8-2-293/82/A/381 442, Plot No. 381, Road No. 10, Jubilee Hills, Hyderabad 500 033, Telangana, India</i></p> <p>Occupation: <i>Business</i></p> <p>Date of appointment: <i>January 17, 2008</i></p> <p>Current term: <i>Liable to retire by rotation</i></p> | | | <p>(i) Pennar Management Services Limited;</p> <p>(ii) Thapati Trading Private Limited;</p> <p>(iii) Palguna Consultants Private Limited;</p> <p>(iv) Pennar Industries Limited;</p> <p>(v) Pennar Enviro Limited;</p> <p>(vi) Pennar Solar Limited;</p> <p>(vii) 135 Tech Labs Private Limited; and</p> <p>(viii) Mainstay Tech Solutions Private Limited.</p> <p><i>Partnerships</i></p> <p>Nil</p> <p><i>Trusteeships</i></p> <p>Nil</p> |
| 4. | <p>Mukul Gulati</p> <p>Father's Name: <i>Ved Prakash Gulati</i></p> <p>Nationality : <i>United States</i></p> <p>DIN : <i>00746183</i></p> <p>Address: <i>Villa No. 290, ST Phase, Adarsh Palm Meadows, Ramagondanahalli, Airport Road, Whitefield, Bengaluru 560 066, Karnataka, India</i></p> <p>Occupation: <i>Service</i></p> <p>Date of appointment: <i>March 21, 2013</i></p> <p>Current term: <i>Liable to retire by rotation</i></p> | 41 | Non- executive nominee Director* | <p><i>Other Directorships:</i></p> <p>(i) Zephyr Peacock Management India Private Limited;</p> <p>(ii) Miles Software Solutions Private Limited;</p> <p>(iii) ZP India Advisory Private Limited;</p> <p>(iv) Aizant Drug Research Solutions Private Limited;</p> <p>(v) E to E Transportation Infrastructure Private Limited; and</p> <p>(vi) 20Cube Logistics Pte. Limited.</p> <p><i>Partnerships</i></p> <p>Nil</p> <p><i>Trusteeships</i></p> <p>Nil</p> |
| 5. | <p>Manish Mahendra Sabharwal</p> <p>Father's Name: <i>Mahendra Sabharwal</i></p> <p>Nationality : <i>Indian</i></p> <p>DIN : <i>00969601</i></p> <p>Address: <i>48, Hatkesh Society, N/S Road No. 7, Juhu, Mumbai 400 049, Maharashtra, India</i></p> <p>Occupation: <i>Business</i></p> <p>Date of appointment: <i>August 9, 2010</i></p> | 45 | Non- executive independent Director | <p><i>Other Directorships:</i></p> <p>(i) ICAP India Private Limited;</p> <p>(ii) Team Lease Services Private Limited;</p> <p>(iii) India Life Capital Private Limited;</p> <p>(iv) Lupin Ventures Private Limited;</p> <p>(v) Neev Schools Private Limited;</p> <p>(vi) Pennar Industries Limited;</p> <p>(vii) TeamLease Education Foundation;</p> <p>(viii) Global Crossover Venture Pte Limited (Singapore); and</p> <p>(ix) HR Offshoring Venture Pte Limited (Singapore).</p> <p><i>Partnerships</i></p> <p>Nil</p> <p><i>Trusteeships</i></p> |

| S. No | Name, Father's Name, Nationality, Director Identification Number, Residential Address, Occupation and Term | Age (in years) | Designation | Other Directorships/Proprietorships/Partnerships / Trusteeships |
|-------|---|----------------|------------------------------------|---|
| | Current term: <i>February 11, 2015 to February 10, 2020</i> | | | Neev Trust |
| 6. | Kamalaker Rao Bandari Father's Name: <i>B. Venkat Rao</i> Nationality : <i>Indian</i> DIN : <i>00038686</i> Address: <i>Flat no. 603, Bandari Residency, Begumpet, Hyderabad 500 016, Telangana, India</i> Occupation: <i>Service</i> Date of appointment: <i>February 11, 2015</i> Current term: <i>February 11, 2015 to February 10, 2020</i> | 65 | Non-executive independent Director | <i>Other Directorships:</i> (i) Aiswarya Holdings Private Limited; (ii) Feno Plast Limited; and (iii) Pennar Industries Limited. <i>Partnerships</i> Nil <i>Trusteeships</i> Shri Venkateshwara Seva and Vedic Trust, (Regd) Delhi |
| 7. | Varun Chawla Father's Name: <i>Madhusudan Chawla</i> Nationality : <i>Indian</i> DIN : <i>02097425</i> Address: <i>A-65-A, Nizamuddin East, New Delhi 110 013, Delhi, India</i> Occupation: <i>Business</i> Date of appointment: <i>February 11, 2015</i> Current term: <i>February 11, 2015 to February 10, 2020</i> | 34 | Non-executive independent Director | <i>Other Directorships:</i> (i) Springboard Solutions Private Limited; (ii) Sidharth Travels Private Limited; (iii) Pennar Industries Limited <i>Partnerships</i> (i) 91 Ultimate Frisbee LLP <i>Trusteeships</i> Nil |
| 8. | Sita Vanka Father's Name: <i>Late V.S.R. Murthy</i> Nationality : <i>Indian</i> DIN : <i>07016012</i> Address: <i>2-2-1137/3/1/1, New Nallakunta, Hyderabad, - 500044, Telangana, India</i> Occupation: <i>Service</i> | 57 | Non-executive independent Director | <i>Other Directorships:</i> (i) Pennar Industries Limited <i>Partnerships</i> Nil <i>Trusteeships</i> Nil |

| S. No | Name, Father's Name, Nationality, Director Identification Number, Residential Address, Occupation and Term | Age (in years) | Designation | Other Directorships/Proprietorships/Partnerships / Trusteeships |
|-------|--|----------------|-------------|---|
| | Date of appointment: <i>February 11, 2015</i> Current term: <i>February 11, 2015 to February 10, 2020</i> | | | |

** Nominee Director of an affiliate of the Selling Shareholders, Zephyr Peacock India Fund III Limited and Zephyr Peacock India III Fund. For more details, refer to the sub-section titled "History and Corporate Structure- Summary of Key Agreements" on Page 158.*

Confirmations

None of our Directors is or was a director of any listed company during the last five years preceding the date of filing 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 is or was a director of any listed company, which has been or was delisted from any recognized stock exchange in India.

No consideration, either in cash or shares or otherwise have been paid or agreed to be paid to any of our Directors or to the firms or companies in which they are interested by any person, either to induce 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.

Our Company has not entered into any service contracts with our Directors which provide for benefits upon termination of employment of our Directors.

No relatives of our Directors currently hold any office or place of profit in our Company.

Relationship between our Directors

Except Aditya Narsing Rao, who is the son of Joginapally Venkata Nrupender Rao, there is no family relation between the Directors of our Company.

Biographies of our Directors

Joginapally Venkata Nrupender Rao

Joginapally Venkata Nrupender Rao is the founder and chairman of our Promoter, Pennar Industries Limited. He is an alumni of IIT Kharagpur and also has a master's degree in operations research and industrial engineering from Purdue University, USA. He has forty years of experience in various disciplines in organizations like National Cash Register-USA, Union Carbide India, Nagarjuna Steels Limited and Pennar Industries Limited. He co-promoted Nagarjuna Signode in the year 1980 along with Nagarjuna Steels Limited and Signode Corporation of USA. He was the national president of the Indo American Chamber of Commerce in the year 1989-90 and president of the Hyderabad Management Association in the year 1980-81. He has received the Dr. Nayudamma gold medal for his contribution to industrial development in the state of Andhra Pradesh, the "Entrepreneur of the Year" award by the Hyderabad Management Association in the year 1994 and National Award for Outstanding Entrepreneur Award by the Council of State Industrial Development and Investment Corporations of India in the year 2013. He was also conferred the Distinguished Alumni Award by IIT Kharagpur. He was the Chairman of the Andhra Pradesh Industrial Infrastructure Corporation during the years 1984-1986. He is also the Managing Trustee of J.V. Narsing Rao Foundation, which is involved in social service and education and is currently the vice chairman of CII, Telangana State Council.

Potluri Venkateswara Rao

Potluri Venkateswara Rao is the Managing Director of our Company. He holds a bachelor's degree in civil engineering from Jawaharlal Nehru Technological University, Kakinada and is a member of the Institution of Engineers (India). He has been associated with our Company since its inception. Potluri Venkateswara Rao has

more than thirty four years of experience in the construction industry and last twenty two years in pre-engineered buildings sector. Prior to joining our Company he worked with Tata Blue Scope Steel (as chief operating officer) and Kirby Building Systems India Limited (as general manager - sales & construction). He received the “Manager of the Year” award from Hyderabad Management Association in the year 2013. Under his leadership, our Company has received awards namely, PEB Company of the year 2013 and Infrastructure Company of the year 2013 from Construction Week, IEI Industry Excellence Award for the year 2013 as well as in 2014, Business Today–YES Bank Emerging Companies Excellence Award 2014 in Corporate Governance, INSDAG National Award 2014 for professionals on Structural Steel Design and Construction, Manufacturing Company of the year 2015 award from VC Circle, CIDC Vishwakarma Awards 2015 for Best Professionally Managed Company (₹ 100–500 crore turnover) and Best Pre-Engineered Building. He is also a columnist in engineering magazines like Construction World, Construction Week, Steel Structures & Metal Buildings (SSMB), ACE Update, Master Builder, Construction & Architecture (C&A) Update, EPC World, B2B Purchase etc., and vernacular press.

Aditya Narsing Rao

Aditya Narsing Rao is the vice chairman of Pennar Industries Limited, Pennar Enviro Limited and our Company. He is also the managing director of our Promoter, PIL. He holds a bachelor’s degree in geophysics and master’s degree in engineering management from Cornell University, New York, USA. He has worked on new product development and the development of new revenue verticals including the solar power and environment treatment businesses at PIL and our Company. Prior to joining PIL he was associated with Karvy Stock Broking Limited in the corporate planning division. He has an experience of 10 years in corporate strategy and corporate planning.

Mukul Gulati

Mukul Gulati is a non-executive nominee director of our Company. He is a cum laude graduate of the University of Maryland, where he was a Dean’s Scholar at the Department of Economics and also holds masters of business administration degree from Columbia University in the City of New York. He is the co-founder and managing partner of Zephyr Peacock India. He has over 18 years of experience in the field of investment management including private equity, investment research and general management. Mukul Gulati is responsible for overall leadership of Zephyr’s business activities in South Asia. Mukul Gulati was previously associated with Multex.com, where he was involved in setting up and managing the firm’s quantitative equity research business. He is also a charter member of the Bangalore chapter of The Indus Entrepreneurs (TiE) Global, member of Young Presidents’ Organization (YPO) and serves on the Asia Council of Emerging Markets Private Equity Association (EMPEA).

Manish Mahendra Sabharwal

Manish Mahendra Sabharwal is a non-executive independent Director of our Company. He is an alumni of Shriram College of Commerce, University of Delhi and master’s degree in business administration from the Wharton School, University of Pennsylvania. Manish Sabharwal is an investor, vice chairman and chief executive officer of ICAP India Private Limited and chairman and co-founder of Team Lease Services Private Limited. He had co-founded India Life Pension Services and has also been the chief executive officer of Hewitt Outsourcing (Asia), Singapore. Manish serves on committees of State and Central Government on education, employment and employability and is a columnist for the Indian Express and the Economic Times. He has an experience of 20 years in the field of finance, education, labour laws and skill development.

Kamalaker Rao Bandari

Kamalaker Rao Bandari is a non-executive independent Director of our Company. He holds a bachelor’s degree in engineering from the Indian Institute of Technology, Delhi and a master’s degree in business administration from Faculty of Management Studies, University of Delhi. He is a guest faculty at Institute of Public Enterprise, Osmania University, S. K. University, Anantapur, Andhra Pradesh and Northern India Institute of Banking, New Delhi. Kamalaker Rao has been a member of the Andhra Pradesh Legislative Council and was also a senior spokesperson for Andhra Pradesh Congress Committee. He was nominated to be a part time non-official director on the board of directors of Oriental Bank of Commerce, Vijaya Bank and he was also Audit Committee Chairman of Vijaya Bank. He received the Rashtriya Rattan Award and the Rashtriya Ekta Award for “Outstanding Individual Achievements & Distinguished Services to the Nation” by the Global Economic Council in the year 2000 and was also granted a certificate of appreciation by the United Nations for being proactive in raising children’s issues in the Q&A sessions in the year 2007-08 of the Andhra Pradesh Legislative

Council. He is a writer on management and socio-economic issues and is columnist for newspapers and professional journals such as All India Management Institute and House Journal of Oriental Bank of Commerce. He has an experience of 45 years in management consultancy, management and financial services.

Varun Chawla

Varun Chawla is a non-executive independent Director of our Company. He holds a bachelor's degree in science from Cornell University. He has more than five years of investment banking experience with Goldman Sachs in the U.S. and India and over four years of experience in advising start-ups for fund raising. He is a co-founder of My Guest House Accomodations Private Limited and Springboard Solutions Private Limited.

Sita Vanka

Sita Vanka is a non-executive independent Director of our Company. She holds a master's degree in arts from Osmania University, master's degree in philosophy from University of Hyderabad and holds a doctorate from Osmania University. She is currently a professor and dean at the School of Management Studies, and a joint professor at the Centre for Women's Studies, University of Hyderabad, Hyderabad. She has over three decades of teaching experience in the areas of women studies, educational management, human resource management and entrepreneurship. She has worked in the Institute of Public Enterprise, Hyderabad ("IPE"), prior to joining the University of Hyderabad, where she was involved in teaching, training, consulting and research in management. She has also served for fifteen years in an affiliated college of Osmania University before her stint at the IPE. She was awarded the Best Research Paper Award at Detroit, USA, in July, 2013, ISDI Best Paper Award in December, 2013, the IndoFrench Exchange Scholar fellowship in 2008, Silver Jubilee Fellowship for advanced research in HRM by IIM-Ahmedabad in 2006 and the Best B-School Award and the B School Leadership Award at Mumbai in 2014.

Shareholding of Directors

Except as provided in the sub-section titled "*Capital Structure- Details of Equity Shares held by our Directors, Key Management Personnel and directors of our Promoter company*" on Page 90, none of our Directors hold any Equity Shares of our Company as on the date of this Draft Red Herring Prospectus.

In terms of our Articles of Association, the Directors are not required to hold any qualification shares.

Our Directors do not hold any outstanding vested options, pursuant to the employee stock option scheme implemented by our Company.

For details of shareholding of our Directors in our Company, please refer to the sub-section titled "*Capital Structure- Details of Equity Shares held by our Directors, Key Management Personnel and directors of our Promoter Companies*" on Page 90.

Terms of appointment of Executive Directors

Potluri Venkateswara Rao was appointed as whole-time Director of our Company, pursuant to a resolution of our Shareholders dated July 1, 2010 for a period of two years, with effect from May 26, 2010. Subsequently, he was re-appointed pursuant to a resolution of the Board of Directors dated May 28, 2012 and resolution of our Shareholders dated July 12, 2012 for a period of three years with effect from May 26, 2012. Potluri Venkateswara Rao was subsequently appointed as Managing Director of our Company with effect from February 9, 2013 for a period of two years, pursuant to a resolution of our Board of Directors dated February 8, 2013 and resolution of our Shareholders dated July 30, 2013. He was reappointed as the Managing Director of our Company with effect from February 9, 2015 for a period of five years, pursuant to resolutions of our Board and Shareholders, both dated February 11, 2015.

The following are the terms of remuneration of Potluri Venkateswara Rao as the Managing Director of our Company, with effect from February 9, 2015, applicable for two years:

| Particulars | Amount |
|------------------------|--|
| Basic salary | ₹ 6.70 million p.a. |
| House rent allowance | ₹ 2.68 million p.a. or 40% of the basic salary |
| Medical reimbursement | ₹ 0.30 million p.a. |
| Leave travel allowance | ₹ 0.71 million p.a. |

| Particulars | Amount |
|------------------------|---|
| Personal insurance | ₹ 0.53 million p.a. |
| Provident fund | ₹ 0.80 million p.a. |
| Club membership fees | Subject to a maximum of two clubs, admission and life membership fees not being allowed |
| Performance incentives | upto ₹ 2.00 million p.a. |

Apart from the above, he is also entitled to a car with a driver and a telephone at his residence.

Our Company has entered into an agreement dated March 14, 2015 with Potluri Venkateswara Rao, in relation to his appointment as the managing director of our Company including, among other things, details of the abovementioned terms of compensation, non-solicitation, non-competition and removal from directorship.

Remuneration paid to Directors

The sitting fees/ other remuneration paid to our Directors are as follows:

1. Executive Directors

The aggregate value of remuneration paid to the executive Directors in Financial Year 2013 is as follows:

| (₹ in million) | |
|--------------------------|--------|
| Name of Director | Salary |
| Potluri Venkateswara Rao | 9.20 |

The aggregate value of remuneration paid to the executive Directors in Financial Year 2014 is as follows:

| (₹ in million) | |
|--------------------------|--------|
| Name of Director | Salary |
| Potluri Venkateswara Rao | 8.95 |

The aggregate value of remuneration paid to the executive Directors in Financial Year 2015 (up to February 2015) is as follows:

| (₹ in million) | |
|--------------------------|--------|
| Name of Director | Salary |
| Potluri Venkateswara Rao | 9.06 |

2. Non-executive Directors

Our Company has not paid any remuneration or sitting fees to our non-executive Directors. Aditya Narsing Rao, who is also a non-executive Director of our Company, has been paid a professional consultancy fee of ₹ 1.67 million up to February 2015, beginning from August 6, 2014 in his capacity as a strategic business advisor to our Company.

Bonus or profit sharing plan for our Managing Directors/ Whole-time Directors

No compensation has been paid to our Managing Director, pursuant to any bonus or profit-sharing plan.

Borrowing Powers of the Board of Directors

As per the Articles of our Company, the Board is authorised to exercise all the powers of the Company to borrow money, subject to the provisions of the Articles and the Companies Act, 2013.

The Shareholders of our Company, through a resolution passed at the Annual General Meeting dated August 6, 2014, authorised our Board to borrow from time to time any sum or sums of money as it may deem required or proper monies for the purpose of the business of our Company, from one or more banks, financial institutions and other persons, firms, bodies corporate notwithstanding that monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business) up to a sum of ₹ 5,000 million.

Arrangement or understanding with major shareholders, customers, suppliers or others

None of our Directors have been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others, except for our Director, Mukul Gulati, nominated by the Selling Shareholders, Zephyr Peacock India Fund III Limited and Zephyr Peacock India III Fund, and their affiliates pursuant to the terms of the shareholders' agreement entered into with the aforementioned Selling Shareholders. For further details of the shareholders' agreement and other agreements entered into with the aforementioned Selling Shareholders, see the sub-section titled "*History and Corporate Structure- Summary of Key Agreements*" on Page 158.

Corporate Governance

The provisions of the Listing Agreement and the Companies Act, 2013 with respect to corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges.

Our Company has complied with the corporate governance code in accordance with Clause 49 of the Listing Agreement and the Companies Act, 2013, particularly, in relation to appointment of independent Directors to our Board and constitution of the Audit Committee, the Stakeholders' Relationship Committee and the Nomination and Remuneration Committee. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Clause 49 of the Listing Agreement and the Companies Act, 2013.

Currently our Board has eight Directors, comprising of one executive Director, seven non-executive Directors out of which four are independent Directors, thereby constituting fifty percent of our Board of Directors. This is in compliance with Clause 49 of the Listing Agreement.

In terms of the Clause 49 of the Listing Agreement and the provisions of Companies Act, 2013, our Company has constituted the following committees:

Committees of the Board

1. Audit Committee

The Audit Committee was constituted by our Board of Directors in their meeting held on June 30, 2009. The Audit Committee was re-constituted in the meetings of our Board of Directors held on January 30, 2012, May 8, 2013, November 5, 2013, August 6, 2014 and February 11, 2015. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement.

At present, the members of the Audit Committee are:

- (i) Kamalaker Rao Bandari (*Chairman*);
- (ii) Varun Chawla (*Member*);
- (iii) Manish Mahendra Sabharwal (*Member*);
- (iv) Aditya Narsing Rao (*Member*); and
- (v) Mukul Gulati (*Member*).

The terms of reference of the Audit Committee are as follows:

- (a) Overseeing the Company's financial reporting process and the disclosure of its financial information, to ensure that the financial statements are true, accurate and credible and provide sufficient information in accordance with prevalent law in force;
- (b) Recommending to the Board, the appointment, re-appointment and the replacement or removal of the statutory, internal auditors, tax auditors and the fixation of audit fees and approval for any other services;
- (c) Review and monitor the auditor's independence and performance, and effectiveness of audit process;

- (d) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- (e) Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- (f) Reviewing with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's responsibility statement to be included in the Board's report in terms of Section 134 (5) of the Companies Act, 2013 (i.e., erstwhile clause (2AA) of section 217 of the Companies Act, 1956);
 - Changes, if any, in accounting policies and practices and reasons for the same;
 - Major accounting entries involving estimates based on the exercise of judgment by management;
 - Significant adjustments made in the financial statements arising out of audit findings;
 - Compliance with listing and other legal requirements relating to financial statements;
 - Disclosure of any related party transactions; and
 - Qualifications in the draft audit report.
- (g) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- (h) Approval of the appointment of the Chief Financial Officer of the Company (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate, and, reappointment and removal of the same;
- (i) Reviewing the adequacy of internal audit function including the structure of the internal audit department, staffing and seniority of the official heading the department, availability and deployment of resources to complete their responsibilities and the performance of the out-sourced audit activity;
- (j) Discussion with internal auditors with respect to the coverage and frequency of internal audits as per the audit plan, nature of significant findings and follow up thereof;
- (k) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- (l) Obtaining an update on the risks management framework and the manner in which risks are being addressed;
- (m) Discussion with statutory auditors, about the nature and scope of audit as well as to ascertain any area of concern;
- (n) Review the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors, if any;
- (o) To review the functioning of the vigil mechanism policy, whistle blower mechanism and the nature of complaints received by the ombudsman;
- (p) The Audit Committee is empowered, pursuant to its terms of reference, to investigate any activity within its terms of reference, to seek any information it requires from any employee, to obtain

outside legal or other professional advice and to secure attendance of outsiders with relevant expertise, if it considers necessary;

- (q) The Audit Committee shall mandatorily review the following:
- Management discussion and analysis of financial condition and results of operations;
 - Management certificates on internal controls and compliance with laws and regulations, including any exceptions to these;
 - Management letters /letters of internal control weaknesses issued by the statutory auditors;
 - Internal audit reports relating to internal control weaknesses;
 - The appointment, removal and terms of remuneration of the internal auditor; and
 - Statement of significant related party transactions (as defined by the Audit Committee), submitted by management.
 - Statement of deviations:
 1. quarterly statement of deviation(s) quarterly statement of deviation(s) including report of monitoring agency, if applicable.
 2. annual statement of funds utilized for purposes other than those stated in the offer document/prospectus.
- (r) Approval or subsequent modification of transactions of the Company with related parties;
- (s) Valuation of undertakings or assets of the Company, wherever it is necessary;
- (t) Evaluation of internal financial controls and risk management systems;
- (u) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- (v) Scrutiny of inter-corporate loans and investments; and
- (w) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee is required to meet at least four times in a year in accordance with Clause 49 of the Listing Agreement.

2. Nomination and Remuneration Committee

The Remuneration Committee was constituted by a meeting of our Board of Directors held on March 31, 2010. The Remuneration Committee was re-constituted in the meetings of our Board of Directors held on January 30, 2012, May 8, 2013, November 5, 2013 and February 11, 2015. The Remuneration Committee was re-named as 'Nomination and Remuneration Committee', pursuant to the resolution passed by our Board dated May 6, 2014.

At present, the members of the Nomination and Remuneration Committee are:

- (i) Varun Chawla (*Chairman*);
- (ii) Mukul Gulati (*Member*);
- (iii) Manish Mahendra Sabharwal (*Member*); and
- (iv) Joginapally Venkata Nrupender Rao (*Member*).

The terms of reference of the Nomination and Remuneration Committee are as follows:

- (a) Attraction and retention strategies for employees;
- (b) Determine the compensation (including salaries and salary adjustments, incentives, benefits, bonuses) and performance targets of the Chairman, Managing Director, COO, CFO, CEO & other senior management personnel;
- (c) Review employee development strategies;
- (d) Assess the learning and development needs of the directors and recommend learning opportunities which can be used by directors to meet their needs for development;
- (e) Review its terms of reference on an annual basis and recommend any changes to the Board;
- (f) Review all human resource related issues including succession plan of key personnel;
- (g) The Committee shall also consider any other key issues/matters as may be referred by the Board or as may be necessary in view of any other statutory provisions;
- (h) Review and recommend the structure, size and composition (including the skills, knowledge, experience and diversity) of the Board of Directors and Board Committees;
- (i) Evaluate the balance of skills, knowledge, experience and diversity on the Board for description of the role and capabilities required for particular appointment;
- (j) Formulate a criteria for determining qualifications, positive attributes and independence of a director;
- (k) Recommend to the Board a policy for the remuneration of directors, key managerial personnel and other employees;
- (l) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- (m) Review succession planning for executive and non-executive Directors and other senior executives particularly the Chairman and CEOs;
- (n) Recommend the appointment of any director to executive or other employment/place of profit in the Company;
- (o) Conduct an annual evaluation of the overall effectiveness of the Board and the committees of the Board;
- (p) Recommend the sitting fees to be paid to Non Executive Directors;
- (q) Formulation of criteria for evaluation of Independent Directors and the Board; to consider any other matters as may be requested by the Board;
- (r) Devising a policy on Board diversity; and
- (s) Other key issues as may be referred by the Board.

3. Stakeholders' Relationship Committee

The Stakeholders' Committee was constituted in a meeting of our Board of Directors held on February 11, 2015. The members of the Stakeholders' Committee are:

- (i) Kamlaker Rao Bandari (*Member*);
- (ii) Varun Chawla (*Member*);
- (iii) Aditya Narsing Rao (*Member*); and
- (iv) Mukul Gulati (*Member*).

The terms of reference of the Stakeholders' Committee are as follows:

- (a) The Committee monitors and reviews the performance and service standards of the registrar and share transfer agents of our Company and provides continuous guidance to improve the service levels for investors.
- (b) Any such matters that may be considered necessary in relation to shareholders and investors of our Company.
- (c) To appoint compliance officer and fix responsibilities.

4. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted in a meeting of our Board of Directors held on August 6, 2014 and reconstituted in the meeting of our Board of Directors held on February 11, 2015. The members of the Corporate Social Responsibility Committee are:

- (i) Kamalaker Rao (*Chairman*);
- (ii) Joginapally Venkata Nrupender Rao (*Member*);
- (iii) Mukul Gulati (*Member*);
- (iv) Potluri Venkateswara Rao (*Member*);
- (v) Sita Vanka (*Member*).

The terms of reference of the Corporate Social Responsibility Committee are as follows:

- (a) Formulate, monitor and recommend to the Board CSR Policy and the activities to be undertaken by the Company, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 as amended, modified, re-enacted from time to time and rules made thereunder;
- (b) Recommend the amount of expenditure to be incurred on the activities undertaken;
- (c) Monitor the CSR Policy of the Company and its implementation from time to time;
- (d) Evaluate social impact of the Company's CSR Activities;
- (e) Review the Company's disclosure of CSR matters including any annual social responsibility report;
- (f) Review the following, with the management, before submission to the Board for approval:
 - CSR Report;
 - Establish a monitoring mechanism to ensure that the funds contributed by the Company are spent by any charitable organization to which the Company makes contribution, for the intended purpose only; and
 - Consider other functions, as defined by the Board, or as may be stipulated under any law, rule or regulation including the Listing Agreement, Corporate Social Responsibility under the Companies Act, 2013.

5. Finance Committee

The Finance Committee was constituted in a meeting of our Board of Directors held on October 11, 2011. The Finance Committee was re-constituted in the meetings of our Board of Directors held on May 8, 2013, November 5, 2013 and February 11, 2015. The members of the Finance Committee are:

- (i) Potluri Venkateswara Rao (*Chairman*);
- (ii) Aditya Narsing Rao (*Member*); and
- (iii) Mukul Gulati (*Member*).

The terms of reference of the Finance Committee are as follows:

- (a) To review and make recommendation to the Board about the financial affairs.
- (b) To look into various credit facilities granted by the banks/ financial institutions.
- (c) To execute the documents works related to Banks/ Financial Institutions.
- (d) Opening and closing of the bank accounts and facilities from each such Bank.
- (e) To provide corporate guarantee and extend corporate guarantee for various projects received from the customers.
- (f) To determine the authorized person/signatories for availing financial facilities and other facilities from various Banks/institutes.
- (g) To give operating instructions and all other banking matters in the interest of the business.

6. Allotment Committee

The Allotment Committee was constituted in a meeting of our Board of Directors held on March 21, 2013. The Allotment Committee was re-constituted in the meetings of our Board of Directors held on May 8, 2013, November 5, 2013 and February 11, 2015. The members of the Allotment Committee are:

- (i) Joginapally Venkata Nrupender Rao (*Chairman*);
- (ii) Potluri Venkateswara Rao (*Member*);
- (iii) Aditya Narsing Rao (*Member*); and
- (iv) Mukul Gulati (*Member*).

The terms of reference of the Allotment Committee are as follows:

- (a) The Committee will support the Board in the execution of its duties and responsibilities by considering and, if appropriate, authorising the allotment of equity and preference shares.
- (b) Transfer of Company securities.

7. Operational Committee

The Operational Committee was constituted in a meeting of our Board of Directors held on February 8, 2013 and re-constituted in the meeting of our Board of Directors held on February 11, 2015. The members of the Operational Committee are:

- (i) Joginapally Venkata Nrupender Rao (*Chairman*);
- (ii) Potluri Venkateswara Rao (*Member*);
- (iii) Aditya Narsing Rao (*Member*); and
- (iv) Mukul Gulati (*Member*).

The terms of reference of the Operational Committee are as follows:

- (a) Identify and raise issues to senior management that may impact on achieving the Company's capex strategy.
- (b) Consider and respond to issues referred to the Committee by senior management that relate to the capex activities.
- (c) Discuss and review operational and business issues relating to achievement of the Company's capex strategy.
- (d) Ensure transfer of information, knowledge and identification of linkages in the activities across Departments and Divisions.
- (e) Provide a forum for development and exchange of good practice in Company's capex activities.
- (f) To look after the proposed investment in the plant and machinery, taking a land and building on lease, finalization of the terms of lease, obtaining all the necessary approvals and licenses for setting up a plant new capex plan.

8. Compensation Committee

The Compensation Committee was constituted in a meeting of our Board of Directors held on September 30, 2014. The Compensation Committee was re-constituted in the meetings of our Board of Directors held on February 11, 2015. The members of the Compensation Committee are:

- (i) Kamalaker Rao Bandari (*Member*);
- (ii) Varun Chawla (*Member*);
- (iii) Aditya Narsing Rao (*Member*); and
- (iv) Mukul Gulati (*Member*).

The terms of reference of the Compensation Committee are as follows:

- (a) Formulation of ESOP plans and decide on future grants;
- (b) Formulation of terms and conditions on following under the present ESOP Schemes of the Company with respect to:
 - Quantum of options to be granted under ESOP Scheme(s) per employee and in the aggregate under a plan;
 - Performance conditions attached to any ESOP Plan;
 - Conditions under which options vested in employees may lapse in case of termination of employment for misconduct;
 - Exercise period within which the employee should exercise the option and that option would lapse on failure to exercise the option within the exercise period; Specified time period within which the employee must exercise the vested options in the event of termination or resignation of an employee;
 - Right of an employee to exercise all the options vested in him at one time or at various points of time within the exercise period;
- (c) Procedure for making a fair and reasonable adjustment to the number of options and to the exercise price in case of corporate actions such as the rights issues, bonus issues, merger, sale of division and others. In this regards, the following be taken into consideration by the committee:
 - The number and the price of ESOS shall be adjusted in a manner such that total value of the ESOS remains the same after the corporate action.
 - Global best practices in this area including the procedures followed by the derivative markets in India and abroad shall be considered.
 - The vesting period and the life of the options shall be left unaltered as far as possible to protect the rights of the option holders.
- (d) Grant, vest and exercise of option in case of employees who are on long leave; and the procedure for cashless exercise of options;
- (e) To frame suitable policies and processes to ensure that there is no violation of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 1995.
- (f) Other key issues as may be referred by the Board;
- (g) Tax on issue of options or the shares upon exercise of the options;
- (h) Any other matter which may be relevant for administration of ESOP schemes from time to time.

9. IPO Committee

The IPO committee was constituted in a meeting of our Board of Directors held on November 11, 2014 to facilitate the Company to undertake the IPO and was reconstituted in the meeting of our Board of Directors held on February 11, 2015. The members of the IPO committee are:

- (i) Joginapally Venkata Nrupender Rao (*Chairman*);
- (ii) Aditya Narsing Rao (*Member*);
- (iii) Mukul Gulati (*Member*); and
- (iv) Potluri Venkateswara Rao (*Member*).

Interest of Directors

All our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board of Directors or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles, and to the extent of remuneration paid to them for services rendered as an officer or employee of our Company, if any.

All our Directors may also be regarded as interested in our Company to the extent of Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. 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 said Equity Shares.

None of our Directors have any interest in the promotion of our Company.

Except as provided in this section and the sub-section titled “*Financial Statements- Annexure 35- Restated Summary Statement of Significant Transactions with Related Parties and Balances*” on Page 236, 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 for services rendered as Directors.

Our Directors have no interest in any property acquired or proposed to be acquired by our Company within the two years from the date of this Draft Red Herring Prospectus, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery

Except as stated in the sub-section titled “*Financial Statements- Annexure 35- Restated Summary Statement of Significant Transactions with Related Parties and Balances*” on Page 236 and described herein to the extent of shareholding in our Company, if any, our Directors do not have any other interest in our business.

Loans taken by Directors

No loans have been availed by our Directors from our Company.

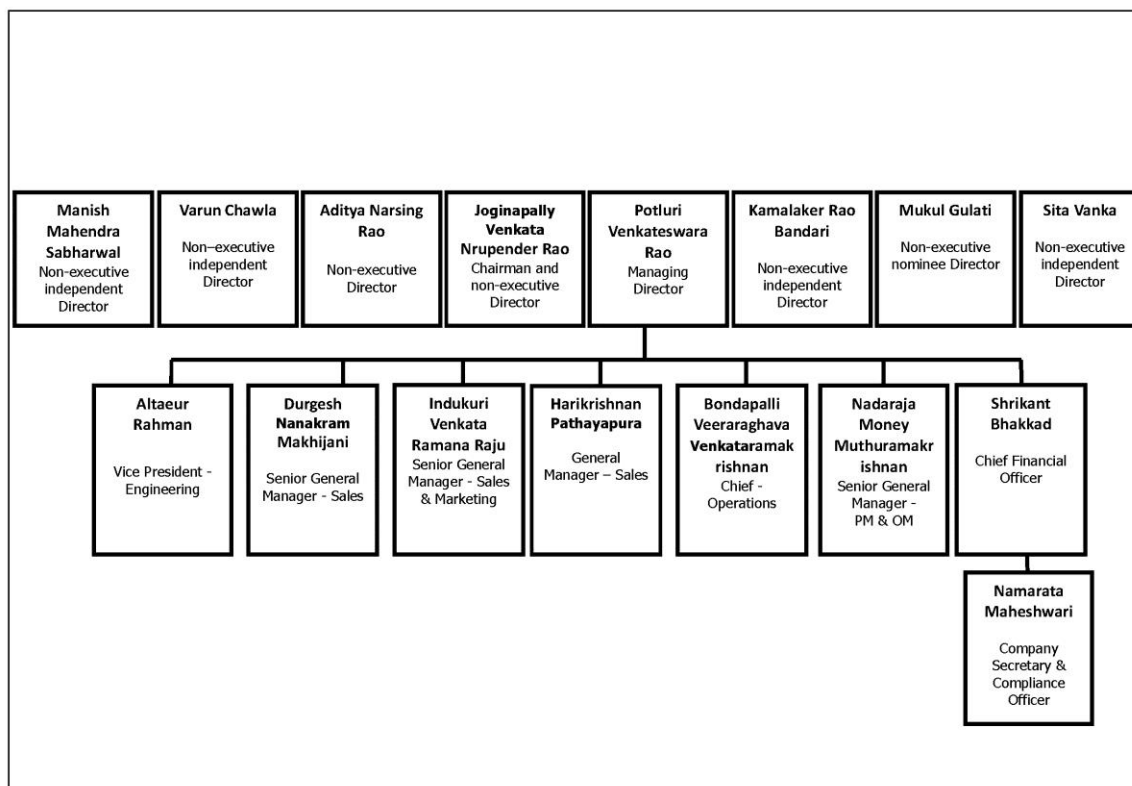
Further, except statutory benefits upon termination of their employment in our Company on retirement, neither our Directors nor the Key Management Personnel, are entitled to any benefits upon termination of employment.

Changes in the Board of Directors during the last three years from the date of filing of this Draft Red Herring Prospectus:

| S. No | Name of Director | Date of Appointment/ Change/ Cessation | Reason |
|-------|--------------------------|--|----------------------------------|
| 1. | Potluri Venkateswara Rao | May 26, 2012 | Re-appointment |
| 2. | Anantha Reddy | July 12, 2012 | Regularised |
| 3. | Potluri Venkateswara Rao | February 8, 2013 | Regularised as Managing Director |
| 4. | C. Parthasarthy | March 21, 2013 | Appointment |
| 5. | Mukul Gulati | March 21, 2013 | Appointment |
| 6. | Vishal Avinash Dixit | March 21, 2013 | Appointment |
| 7. | Krishna Ati Rao | March 21, 2013 | Resignation |
| 8. | Aditya Narsing Rao | May 8, 2013 | Re-designated as non-executive |

| S. No | Name of Director | Date of Appointment/ Change/ Cessation | Reason |
|-------|---------------------------|--|---|
| | | | vice chairman |
| 9. | C. Parthasarthy | July 30, 2013 | Regularised as independent director |
| 10. | Mukul Gulati | July 30, 2013 | Regularised as non-executive Director |
| 11. | Vishal Avinash Dixit | July 30, 2013 | Regularised as non-executive Director |
| 12. | Vishal Avinash Dixit | November 7, 2013 | Resignation |
| 13. | Karthik Bhat | November 7, 2013 | Appointment |
| 14. | Anantha Reddy | January 30, 2014 | Resignation |
| 15. | Karthik Bhat | August 6, 2014 | Regularised as non-executive Director |
| 16. | C. Parthasarthy | December 4, 2014 | Resignation |
| 17. | Vijay Chandra Puljal | December 10, 2014 | Resignation |
| 18. | Potluri Venkateswara Rao | February 9, 2015 | Re-appointment as Managing Director |
| 19. | Karthik Bhat | February 10, 2015 | Resignation |
| 20. | Manish Mahendra Sabharwal | February 11, 2015 | Re-appointment as non- executive independent Director |
| 21. | Kamalaker Rao Bandari | February 11, 2015 | Appointment |
| 22. | Varun Chawla | February 11, 2015 | Appointment |
| 23. | Sita Vanka | February 11, 2015 | Appointment |

Management Organization Structure



Key Management Personnel

The Key Management Personnel of our Company are:

Joginapally Venkata Nrupender Rao

Please refer to his biography on Page 164.

Potluri Venkateswara Rao*

Please refer to his biography on Page 164.

Aditya Narsing Rao

Please refer to his biography on Page 165.

Shrikant Bhakkad*

Shrikant, aged 34, is the Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from Osmania University, Hyderabad and is also an associate of the Institute of Chartered Accountants of India. He joined our Company on October 18, 2013 as Vice President (Finance & Accounts). Shrikant has an experience of 10 years in statutory audit. Prior to joining our Company, Shrikant was a manager in the statutory audit function at Deloitte Haskins & Sells. Shrikant leads the finance and accounts team and is responsible for all the activities pertaining to accounts, treasury management and MIS. He is also in charge of ERP implementation and overview of secretarial, taxation, statutory compliance and legal including contracts to extent relevant in his role.

Bondapalli Veeraraghava Venkataramakrishnan

Bondapalli Veeraraghava Venkataramakrishnan (B.V.R. Krishnan), aged 45, is the 'chief – operations' of our Company. He holds a bachelor's degree in mechanical engineering from University of Madras and master's degree in thermal sciences and energy engineering from Anna University, Chennai. He joined our Company on April 16, 2008. He has an experience of 18 years in PEB and Cement Industry. Prior to joining our Company, B.V.R. Krishnan has worked with Kirby Building Systems India Limited and Tata BlueScope Steel Limited. He is responsible for general supervision of all phases of plant operations including, production, quality control, maintenance, receiving, and shipping. His responsibilities also include recruiting, hiring and training personnel and facility/physical plant up-keep, capital improvements and annual budget planning and execution.

Altaeur Rahman

Altaeur Rahman, aged 45 years, is the vice president - engineering of our Company. He holds a bachelors' degree in civil engineering from Kakatiya University (REC Warangal) and a master's degree in structural engineering from Jawaharlal Nehru Technological University, Hyderabad. He joined our Company on June 7, 2008. He has an experience of 21 years in design, detailing, estimation, tendering and management. Prior to joining our Company he has worked with Emirates Building Systems-Dubai, UAE, Kirby Building Systems-Kuwait, Zamil Steel Buildings Co. Dubai & Dammam KSA. He is responsible for engineering departments, design, detailing, product development and technical outsourcing. Altaeur has been responsible for setting-up of different departments, booking projects as per business plan and establishing standards for design and detailing procedures of our Company.

Nadaraja Money Muthuramakrishnan

Nadaraja Money Muthuramakrishnan, aged 38, is the senior general manager - project management and order management of our Company. He holds a bachelor's degree in civil engineering from Madurai Kamaraj University. He joined our Company on November 14, 2008. He has an experience of 18 years in designs and execution of projects. Prior to joining our Company, he has worked with Mecon Limited, Kirby Building Systems India Limited, Eversendai Engineering LLC, Mammut Building Systems FZE, and Tata BlueScope Steel Limited. He is responsible for overall coordination, project controls and execution of projects.

Harikrishnan Pathayapura

Harikrishnan Pathayapura, aged 42, is the general manager - sales of our Company. He holds a bachelor's degree in mechanical engineering from the University of Calicut. He joined our Company on November 24, 2008 and has an experience of 20 years in sales of pre-engineered buildings and also in fabrication and inspection of structural steel. Prior to joining our Company, he has worked with Tata Bluescope Steel Limited. He is responsible for business development and sales activities in the regions of Tamil Nadu and Kerala.

Indukuri Venkata Ramana Raju

Indukuri Venkata Ramana Raju, aged 40, is the senior general manager - sales and marketing of our Company. He holds a master's degree in business administration from Sikkim Manipal University. He joined our Company on January 1, 2009 and has an experience of 14 years in sales, marketing and customer service. Prior to joining our Company, he has worked with Tata BlueScope Steel Limited, Mammut Building Systems (Dubai) and Kirby Building Systems India Limited. He is responsible for business development activities of our Company and sales activities for the regions of Andhra Pradesh, Telangana, Karnataka, eastern parts of India and exports.

Durgesh Nanakram Makhijani

Durgesh Nanakram Makhijani, aged 49, is the senior general manager - sales of our Company. He holds a bachelor's degree in civil engineering from Kakatiya University. He joined our Company on October 21, 2010 and has an experience of 26 years in sales and marketing. Prior to joining our Company he has worked with Everest Industries Limited, Jindal Saw Limited, Kirby Building Systems India Limited, Engineers League Inc., Lars Enviro Private Limited and Reva Enviro Systems Private Limited. He is responsible for business development and sales activities in the western region of India.

Namrata Maheshwari*

Namrata Maheshwari, aged 27 years, is the executive company secretary of our Company. She is an associate member of the Institute of Company Secretaries of India. She joined our Company on November 11, 2013 as Executive-finance and accounts and was re-designated as executive company secretary on May 6, 2014. Prior to joining our Company, she was associated with M/s. Bajaj Capital Insurance Broking Limited. She has an experience of 4 years and is responsible for secretarial compliance of our Company.

**Potluri Venkateswara Rao, Shrikant Bhakkad and Namrata Maheshwari are also the key management personnel of our Company as per the Companies Act, 2013.*

Our Company has not entered into any service contracts with our Key Management Personnel which provide for benefits upon termination of employment of our Key Management Personnel.

Relationship between Key Management Personnel

Except Aditya Narsing Rao, who is the son of Joginapally Venkata Nrupender Rao, there is no family relation between the Key Management Personnel of our Company.

Remuneration paid to Key Management Personnel

The remuneration paid to our Key Management Personnel for the FY 2014 is as follows:

| (₹ in million) | | |
|----------------|-----------------------------------|-------------------|
| S.No | Name of Key Management Personnel | Remuneration paid |
| 1. | Joginapally Venkata Nrupender Rao | Nil |
| 2. | Aditya Narsing Rao | Nil |
| 3. | Potluri Venkateswara Rao | 8.95 |
| 4. | Shrikant Bhakkad | Nil ¹ |
| 5. | Namrata Maheshwari | Nil ² |
| 6. | B.V.R. Krishnan | 3.53 |
| 7. | Altaeur Rahman | 4.74 |
| 8. | Nadaraja Money Muthuramakrishnan | 3.15 |
| 9. | Harikrishnan Pathayapura | 3.17 |
| 10. | Indukuri Venkata Ramana Raju | 3.22 |
| 11. | Durgesh Nanakram Makhijani | 3.46 |

¹ Shrikant was appointed as CFO with effect from May 6, 2014

² Namrata was appointed as Company Secretary with effect from May 6, 2014

Our Company has not made any payment under a bonus or a profit sharing plan to its Key Management Personnel.

Shareholding of the Key Management Personnel

Except as provided in the sub-section titled “*Capital Structure- Details of Equity Shares held by our Directors, Key Management Personnel and directors of our Promoter company*” on Page 90, no other Equity Shares are held by the Key Management Personnel as of the date of this Draft Red Herring Prospectus.

Arrangement or understanding with major shareholders, customers, suppliers or others

There are no arrangements or understanding with the major shareholders, customers, suppliers or others, pursuant to which any of the Key Management Personnel was selected as a director or member of the senior management.

Interests of Key Management Personnel

The Key Management Personnel of our Company do not have any interest in our Company other than to the extent of remuneration or benefits to which they are entitled as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business, Equity Shares held, if any.

Changes in our Key Management Personnel in the last three years

| Name | Designation | Date of appointment/change/resignation | Reason for change |
|--------------------|-------------------------|--|-------------------|
| Mirza Mohammed Ali | Company Secretary | April 1, 2013 | Appointment |
| Mirza Mohammed Ali | Company Secretary | December 5, 2013 | Resignation |
| Shrikant Bhakkad | Chief Financial Officer | May 6, 2014 | Appointment |
| Namrata Maheshwari | Company Secretary | May 6, 2014 | Appointment |

All our Key Management Personnel are permanent employees of our Company.

Payment or Benefit to Officers of our Company (Non-Salary Related)

Except as disclosed in the sub-section titled “*Financial Statements*” beginning on Page 190, no amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment and as per the policies of our Company.

OUR PROMOTER AND PROMOTER GROUP

Pennar Industries Limited (“**PIL**”) is the Promoter of our Company.

PIL currently holds 18,500,000 Equity Shares, constituting 66.85% of the pre-Issue issued, subscribed and paid-up Equity Share capital of our Company.

Corporate Information

PIL was originally incorporated as Pennar Steels Limited on August 8, 1975 as a public limited company under the Companies Act, 1956 and received a certificate of commencement of business on December 16, 1975. On September 30, 1998, its name was changed to Pennar Industries Limited and a fresh certificate of incorporation was issued by the RoC.

The registered office of PIL was originally situated at 3rd Floor, Saptagiri Towers, Begumpet, Hyderabad – 500 016, Andhra Pradesh, India and was shifted to Floor No. - 1, DHFLVC Silicon Towers, Kondapur, Hyderabad – 500 084, Andhra Pradesh, India, with effect from February 17, 2011. Subsequently, the registered office of PIL was shifted to Floor No. 3, DHFLVC, Silicon Towers, Kondapur, Hyderabad, Telangana (erstwhile Andhra Pradesh) – 500084, India with effect from May 10, 2013.

PIL is engaged in the business of manufacturing precision engineering products such as precision tubes, railway wagons/coaches, sheet metal components, road safety systems, solar module mounting structures, hydraulic products, auto components, etc.


The equity shares of PIL are presently listed on the NSE, BSE and MCX.

Board of Directors

The board of directors of PIL as on the date of this Draft Red Herring Prospectus comprises the following directors:

| S. no. | Name of Director | Designation |
|--------|-----------------------------------|-------------------------------------|
| 1. | Joginapally Venkata Nrupender Rao | Executive Chairman |
| 2. | Aditya Narsing Rao | Vice chairman and managing director |
| 3. | Sita Vanka | Independent non-executive director |
| 4. | Ravi Chachra | Non-executive director |
| 5. | Kamalaker Rao Bandari | Independent non-executive director |
| 6. | Manish Mahendra Sabharwal | Independent non-executive director |
| 7. | Jupally Ramu Rao | Independent non-executive director |
| 8. | Vishal Satinder Sood | Non-executive director |
| 9. | Varun Chawla | Independent non-executive director |
| 10. | Lavanya Kumar Rao Kondapally | Whole-time/ Executive director |

The promoters of PIL are:

| S. No. | Name of the Promoter | Details |
|--------|---|---|
| 1. |  <p>Joginapally Venkata Nrupender Rao</p> | <p>Joginapally Venkata Nrupender Rao, 69, is also the Chairman and non-executive Director of our Company. He is a resident Indian national.</p> <p>Joginapally Venkata Nrupender Rao resides at 8-2-293/82/A/381 H. No. 442, Plot No. 381, Road No. 10, Jubilee Hills, Hyderabad 500 033, Telangana, India.</p> <p><i>Voting identification number:</i> FZZ5603113 <i>Driving license number:</i> 16131993OD</p> <p>For further details, see the section titled “<i>Our Management</i>” beginning on Page 161.</p> |
| 2. |  <p>Aditya Narsing Rao</p> | <p>Aditya Narsing Rao, 33, is also a non-executive Director of our Company. He is a resident Indian national.</p> <p>Aditya Narsing Rao resides at 8-2-293/82/A/381 442, Plot No. 381, Road No. 10, Jubilee Hills, Hyderabad 500 033, Telangana, India.</p> <p><i>Voting identification number:</i> FZZ5603147 <i>Driving license number:</i> DLFAP009262482005</p> <p>For further details, see the section titled “<i>Our Management</i>” beginning on Page 161.</p> |

There has been no change in the management or control of PIL in the three years immediately preceding the date of filing of this Draft Red Herring Prospectus.

Shareholding Pattern

The shareholding pattern of PIL as on December 31, 2014 is as follows:

| Ca t. co de | Category of shareholder | No. of sharehol ders | Total no. of shares | Total no. of shares held in dematerializ ed form | Total shareholding as a % of total no. of shares | | Shares pledged or otherwise encumbered | |
|----------------------|--|----------------------------|------------------------|--|---|---------------|---|--|
| | | | | | A+B (%) | A+B+ C (%) | No. of shares | As a % of total no. of shares |
| (I) | (II) | (III) | (IV) | (V) | (VI) | (VII) | (VIII) | (IX)=(V III/(IV)* 100) |
| A | Promoter and Promoter Group | | | | | | | |
| 1 | Indian | | | | | | | |
| a | Individual / HUF | 19 | 26,145,435 | 26,145,435 | 21.72 | 21.72 | 2,500,000 | 9.56 |
| b | Central Government / State Government | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| c | Bodies corporate | 10 | 20,953,811 | 20,953,811 | 17.41 | 17.41 | 1,574,000 | 7.51 |
| d | Financial Institutions/Banks | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| e | Others | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Sub Total A(1) : | 29 | 47,099,246 | 47,099,246 | 39.14 | 39.14 | 4,074,000 | 8.65 |
| 2 | Foreign | | | | | | | |
| a | Individuals (NRIs / Foreign Individuals) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| b | Bodies Corporate | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| c | Others | | | | | | | |
| | -Foreign Bodies Corporates | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Sub Total A(2) : | 0 | 0 | 0 | 0 | 0 | 0 | 0.00 |
| | Total A= A(1) + A (2) : | 29 | 47,099,246 | 47,099,246 | 39.14 | 39.14 | 4,074,000 | 8.65 |
| B | Public Shareholding | | | | | | | |
| 1 | Institutions | | | | | | | |
| a | Mutual Funds / UTI | 7 | 2,246,950 | 2,246,950 | 1.87 | 1.87 | 0 | 0.00 |
| b | Financial Institutions/Banks | 17 | 7,908,538 | 7,906,088 | 6.57 | 6.57 | 0 | 0.00 |
| c | Central Government/State Government(s) | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| d | Venture Capital Funds | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| e | Insurance Companies | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| f | Foreign Institutional Investors | 4 | 12,774,593 | 12,774,593 | 10.61 | 10.61 | 0 | 0.00 |
| g | Foreign Venture Capital Investors | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| h | Others | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | Sub Total B(1): | 28 | 22,930,081 | 22,927,631 | 19.05 | 19.05 | 0 | 0.00 |
| 2 | Non - Institutions | | | | | | | |
| a | Bodies corporate | 763 | 10,199,412 | 10,166,029 | 8.47 | 8.47 | 0 | 0.00 |
| b | Individuals | | | | | | | |

| Ca t. co de | Category of shareholder | No. of sharehol ders | Total no. of shares | Total no. of shares held in dematerializ ed form | Total shareholding as a % of total no. of shares | | Shares pledged or otherwise encumbered | |
|----------------------|---|----------------------------|------------------------|--|---|---------------|---|--|
| | | | | | A+B (%) | A+B+ C (%) | No. of shares | As a % of total no. of shares |
| | (i) Individual holding nominal share capital up to ₹ 0.1 million | 33,487 | 19,262,818 | 17,608,813 | 16.01 | 16.01 | 0 | 0.00 |
| | (ii) Individual holding nominal share capital in excess of ₹ 0.1 million | 209 | 18,469,561 | 18,389,561 | 15.35 | 15.35 | 0 | 0.00 |
| c | Others | | | | | | | |
| | Clearing members | 200 | 930,940 | 930,940 | 0.77 | 0.77 | 0 | 0.00 |
| | NRIs | 622 | 1,444,501 | 1,329,874 | 1.20 | 1.20 | 0 | 0.00 |
| | Trusts | 4 | 12,955 | 12,955 | 0.01 | 0.01 | 0 | 0.00 |
| | | | | | | | | |
| | Sub Total B(2): | 35,285 | 50,320,187 | 48,438,172 | 41.81 | 41.81 | 0 | 0.00 |
| | Total B = B(1) + B (2) : | 35,313 | 73,250,268 | 71,365,803 | 60.86 | 60.86 | 0 | 0.00 |
| | Total (A + B) : | 35,342 | 120,349,514 | 118,465,049 | 100.00 | 100.00 | 40,740,000 | 3.39 |
| | | | | | | | | |
| C | Shares Held by Custodians. against which Depository Receipts have been issued | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | | 0 | 0 | 0 | 0.00 | 0.00 | 0 | 0.00 |
| | GRAND TOTAL (A + B + C) : | 35,342 | 120,349,514 | 118,465,049 | 100.00 | 100.00 | 4,074,000 | 3.39 |

(Source: http://www.bseindia.com/corporates/ShareholdingPattern.aspx?scripcd=513228&flag_qtr=1&qtrid=84.00&Flag=New)

Our Company undertakes that the permanent account number, bank account number, company registration number and the address of the Registrar of Companies where PIL is registered will be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with them.

Interest of Promoter

Except as disclosed in this Draft Red Herring Prospectus, our Promoter is not interested in our Company other than to the extent of its shareholding and the dividends declared, if any, and other distributions in respect of the Equity Shares held by it.

For details of the build up of our Promoter's shareholding in our Company, see sub-section titled "*Capital Structure-History of Build-up, Contribution and Lock in of Promoter's Shareholding*" on Page 83.

Except as mentioned in this section and the sections titled "*Our Business*", "*History and Corporate Structure*", and "*Financial Statements- Annexure 35- Restated Summary Statement of Significant Transactions with Related Parties and Balances*" on Pages 125, 155, 236, respectively, our Promoter does not have any interest in our Company other than as a promoter.

Our Promoter is also interested in our Company to the extent of its shareholding in our Group Company, Pennar Enviro Limited. For more details, please see the section titled "*Our Group Company*" on Page 180.

Interest of Promoter in the Property of our Company

Except as disclosed below, our Promoter has no interest in any property acquired or proposed to be acquired by our Company within the two years from the date of this Draft Red Herring Prospectus, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery:

1. Our Company has entered into a lease deed dated February 13, 2014 with PIL for lease of non-agricultural lands bearing Survey No. 89 to the extent of 3 acres 36^{1/4} guntas situated at Ankenpally Village and Gram Panchayat, Sadashivpet Mandal & Medak District, Andhra Pradesh, India, for a period

of twenty five years with effect from February 1, 2014. In terms of the said lease deed, our Company is required to pay a rent of ₹ 10,000 per month with an escalation of 5% every year.

2. Our Company has entered into a sub-lease deed dated August 1, 2014 with PIL for sub-lease of the office space on the 3rd floor of DHFLVC Silicon Towers, Kondapur, Madhapur Road, Hyderabad - 500 084, Telangana, India, admeasuring 17, 315 sq. feet, from August 1, 2014 to July 31, 2017. In terms of the said sub-lease deed, PIL is required to pay a rent of ₹ 805,148 per month with effect from August 1, 2014. Other than the aforementioned rent, PIL is also required to pay to our Company, electricity consumption charges, water charges, wash room maintenance and all other charges in connection with PIL's office and maintenance charges at the rate of ₹ 8.50 per sq. feet.
3. Our Company has entered into a sub-lease deed dated December 1, 2014 with PIL for sub-lease of office space on Equatorials Forum Buildings, No. 14, Wakdewadi, Pune Mumbai Highway, Pune 411 003, Maharashtra, India, admeasuring 1,000 sq. feet, from December 1, 2014 to November 30, 2015. In terms of the said sub-lease deed, our Company is required to pay a rent of ₹ 5,000 per month with effect from December 1, 2014.
4. Our Company has entered into a sub-lease deed dated December 1, 2014 with PIL for sub-lease of office space on 3rd Floor, 1502, Salil Chowdary Surani, Opp: Kasba New Market, Kolkata 700 107, West Bengal, India, admeasuring 1,000 sq. feet, from December 1, 2014 to November 30, 2015. In terms of the said sub-lease deed, our Company is required to pay a rent of ₹ 5,000 per month with effect from December 1, 2014.

Except as disclosed in the sub-section titled "*Financial Statements- Annexure 35- Restated Summary Statement of Significant Transactions with Related Parties and Balances*" on Page 236, our Company has not entered into related party transactions with our Promoter or our Group Company.

Except as disclosed in the sub-section titled "*Financial Statements- Annexure 35- Restated Summary Statement of Significant Transactions with Related Parties and Balances*" on Page 236, our Promoter is not related to any sundry debtors of our Company.

Interest of our Promoter in the Promotion of our Company

Our Promoter is interested in our Company as mentioned in the sub-section titled "*Our Promoter and Promoter Group – Common Pursuits*" on Page 187 and to the extent of its shareholding in our Company and the dividend declared, if any, by our Company.

Payment or benefits to our Promoter or Promoter Group

Except as stated in the sections titled "*Financial Statements- Annexure 35- Restated Summary Statement of Significant Transactions with Related Parties and Balances*" and "*Our Promoter and Promoter Group*" on Pages 236 and 180 respectively, there has been no payment or benefits to our Promoter or Promoter Group during the two years preceding the filing of this Draft Red Herring Prospectus.

Declarations

There are no violations of securities laws committed by our Promoter, any member of our Promoter Group or any Group Company, in the past or are currently pending against them and neither our Promoter, nor the directors of our Promoter or the persons in control of our Promoter have 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 nor have they been detained as wilful defaulters by the RBI or any other authority.

Our Promoter is not or has never been a promoter or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other regulatory or governmental 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 the filing of this Draft Red Herring Prospectus

against our Promoter, except as disclosed under the sections titled “*Risk Factors*” and “*Outstanding Litigation and Defaults*” on Pages 16 and 269 respectively.

Our Promoter is not interested in any entity which holds any intellectual property rights that are used by our Company.

There have been no sales or purchases between our Company and members of the Promoter Group where such sale or purchase exceed in value in the aggregate 10.00% of the total sales or purchases of our Company.

Common Pursuits

Pursuant to a non-compete agreement dated February 4, 2015, our Promoter, Promoter Group and Group Company have undertaken not to, directly or indirectly, engage or otherwise carry on or participate or be engaged in any business or services competing with our Company’s business or acquire interest in any business or services competing with our Company’s business, for a period of ten years, except any ongoing projects that may be in competition with our Company’s business. Our Company has also undertaken to directly or indirectly, engage or otherwise carry on or participate or be engaged in any business or services competing with the business of our Promoter or acquire interest in any business or services competing with the business of our Promoter, being manufacturing of cold rolled steel strips and engineered steel products/ cold rolled profiles/ sections, tubes (including electric resistant welded, cold drawn tubes among others), building products, railway products and solar structures and other industrial components (press metal components for automotive and white goods segment), except any ongoing projects of our Company that may be in competition with our Promoter’s business.

Change in Management and Control of our Company

There has been no change in management and control of our Company.

Group Companies and Interest of Promoter

For details on our Group Company and the nature and extent of interest of our Promoter in our Group Company, see the section titled “*Our Group Company*” on Page 186.

Companies/Firms from which our Promoter has disassociated in the last three years

Our Promoter has not disassociated with any companies in the three years preceding the date of filing of this Draft Red Herring Prospectus.

Promoter Group

In addition to our Promoter, the following individuals and HUF form part of our Promoter Group:

1. Joginapally Venkata Nrupender Rao;
2. Aditya Narsing Rao;
3. Joginapally Venkata Nrupender Rao (HUF);
4. Joginpalli Rajyalakshmi Rao;
5. D. Sudeepta Rao; and
6. Avanti Rao.

OUR GROUP COMPANY

As on the date of this Draft Red Herring Prospectus, Pennar Enviro Limited is our only Group Company within the meaning of ‘group companies’ under SEBI ICDR Regulations.

The details of our Group Company are as follows:

Corporate Information

Pennar Enviro Limited (“**PEL**”) was originally incorporated as a public limited company under the name Pennar Energy Limited on March 14, 2008 under the Companies Act, 1956 bearing corporate identification no. U40105AP2008PLC058171. Subsequently, the name of the company was changed to Pennar Chemical Limited on February 22, 2010 with CIN U24100AP2008PLC058171 and then to Pennar Enviro Limited on December 16, 2011 with CIN U74900AP2008PLC058171. PEL received its certificate for commencement of business on April 1, 2008. PEL’s main objects are *inter alia*, to carry on the business as general engineers, mechanical engineers, process engineers, civil engineers, general mechanical and civil contractors and to enter into contracts, joint ventures and special purpose vehicles in relation to and to erect, construct, supervise, maintain, alter, repair, pull down and restore, either alone or jointly with other companies or persons, works of all descriptions including plants of all descriptions, water works, water treatment plants, factories, mills, refineries, pipelines, gas works, electric works, power plants and to undertake turnkey projects of every description and to undertake the supervision of any plant or factory and to invest in or acquire interest in companies on the above business.

PEL is in the business of providing waste water treatment solutions, fuel additives and turnkey solutions which includes design, manufacturing , supply and erection of water treatment plants, sewage treatment plants, effluent treatment plants , bio toilets etc.

Interest of our Promoters

Our Promoter, PIL, holds 51.03% of the equity share capital of PEL.

Financial information

(₹ in million, except per share data)

| Particulars | For the year ended | | |
|---|--------------------|----------------|----------------|
| | March 31, 2014 | March 31, 2013 | March 31, 2012 |
| Equity capital | 83.68 | 83.68 | 40.98 |
| Sales and other income | 162.14 | 56.88 | 56.08 |
| Profit/Loss after tax | 1.19 | 0.57 | 0.32 |
| Reserves and surplus (excluding revaluation reserves) | 6.15 | 4.96 | 4.39 |
| Earnings per share (Basic) | 0.14 | 0.10 | 0.08 |
| Earnings per share (Diluted) | 0.14 | 0.10 | 0.08 |
| Net Asset Value per share | 10.73 | 10.59 | 11.07 |

1. Group Companies with negative net-worth:

Our Group Company does not have a negative net-worth.

2. Joint Venture Company with negative net- worth:

Our Company does not have any joint-venture company.

3. Group Companies incorporated outside India with negative net-worth:

Our Company does not have any Group Companies incorporated outside India.

4. Loss making Group Companies:

Our Company does not have any loss making Group Companies.

Nature and Extent of Interest of Group Company

(a) *In the promotion of our Company*

Our Group Company does not have any interest in the promotion of our Company.

(b) *In the properties acquired or proposed to be acquired by our Company in the past two years before filing this Draft Red Herring Prospectus with SEBI*

Our Group Company does not have any interest 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.

(c) *In transactions for acquisition of land, construction of building and supply of machinery*

Our Group Company does not have any interest in any transactions for the acquisition of land, construction of building or supply of machinery.

(d) *In the business interest of our Company*

Our Group Company does not have any business interests in our Company.

Litigation

For details relating to the legal proceedings involving the Group Company, see the section titled “*Outstanding Litigation and Defaults*” on Page 269.

Common Pursuits

Our Group Company does not have objects similar to that of our Company.

Pursuant to a non-compete agreement dated February 4, 2015, our Promoter, Promoter Group and Group Company have undertaken not to, directly or indirectly, engage or otherwise carry on or participate or be engaged in any business or services competing with our Company’s business or acquire interest in any business or services competing with our Company’s business, for a period of ten years, except any ongoing projects that may be in competition with our Company’s business. Our Company has also undertaken to directly or indirectly, engage or otherwise carry on or participate or be engaged in any business or services competing with the business of our Promoter or acquire interest in any business or services competing with the business of our Promoter, being manufacturing of cold rolled steel strips and engineered steel products/ cold rolled profiles/ sections, tubes (including electric resistant welded, cold drawn tubes among others), building products, railway products and solar structures and other industrial components (press metal components for automotive and white goods segment), except any ongoing projects of our Company that may be in competition with our Promoter’s business.

For, further details on related party transactions, to the extent of which our Company is involved, see the sub-section titled “*Financial Statements- Annexure 35- Restated Summary Statement of Significant Transactions with Related Parties and Balances*” on Page 236.

There are no common pursuits among our Group Company and our Company.

Related Business Transactions within the Group Companies and significance on the financial performance of our Company

Except as stated in this Draft Red Herring Prospectus and other than the related party transactions for the eight months ended November, 2014 and each of the years ended March 31, 2014, 2013, 2012, 2011 and 2010 as disclosed in the sub- section titled “*Financial Statements- Annexure 35- Restated Summary Statement of Significant Transactions with Related Parties and Balances*” on Page 236, there are no other related business transactions within the Group Company.

Sale/Purchase between Group Companies

Our Group Company is not involved in any sales or purchase with our Company where such sales or purchases exceed in value in the aggregate 10.00% of the total sales or purchases of our Company.

Sick Company

Our Group Company is not a sick company under the Sick Industrial Companies Act, 1985 and no winding up proceedings have been initiated against it. Further no application has been made, in respect of our Group Company, to the Registrar of Companies for striking off its name. Additionally, our Group Company has not become defunct in the five years preceding the filing of this Draft Red Herring Prospectus.

Other Confirmations

As on the date of this Draft Red Herring Prospectus, other than Pennar Enviro Limited and our Company, there are no companies, firms and ventures that have been promoted by our Promoter.

Further, our Group Company has confirmed that it has not been declared as wilful defaulter by the RBI or any other governmental authority and there are no violations of securities laws committed by it in the past and no proceedings pertaining to such penalties are pending against it. Our Group Company is not listed nor has undertaken a public or rights issue in the last ten years preceding the date of this Draft Red Herring Prospectus. Additionally, our Group Company has not been restrained from accessing the capital markets for any reasons by the SEBI or any other authorities.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act and 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, applicable legal restrictions and 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 the 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 the sub-section titled “*History and Corporate Structure- Summary of Key Agreements*” beginning on Page 157 and the section titled “*Financial Indebtedness*” beginning on Page 263.

Our Company has not declared any dividends on its Equity Shares or CCPS, since its incorporation.

Our Company does not have a formal dividend policy.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

RESTATED FINANCIAL STATEMENTS

**INDEPENDENT AUDITOR'S REPORT ON RESTATED FINANCIAL STATEMENTS AS REQUIRED
UNDER PART I OF CHAPTER III OF COMPANIES ACT, 2013, READ WITH RULE 4 OF
COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014**

TO THE BOARD OF DIRECTORS OF

Pennar Engineered Building Systems Limited
9th floor, west wing,
DHFLVC silicon towers,
Kondapur,
Hyderabad - 500 084, India.

Dear Sirs,

1. We have examined the attached restated financial information of Pennar Engineered Building Systems Limited ('the Company') as at November 30, 2014 and March 31, 2014, 2013, 2012, 2011 and 2010 and for the eight-months ended November 30, 2014 and each of the years ended March 31, 2014, 2013, 2012, 2011 and 2010 (the "**Restated Financial Statements**") as approved by the Board of Directors of the Company at their meeting held on February 11, 2015 for the purpose of inclusion in the offer document prepared by the Company in connection with the proposed initial public offering (IPO) of its equity shares including an Offer for Sale of shares by the Selling Shareholders, prepared in terms of the requirements of:
 - a) Part I of Chapter III of the Companies Act, 2013 ("the Act") read with Rule 4 of Companies (Prospectus and Allotment of Securities) Rules, 2014 ("the Rules"); and
 - 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 ("SEBI-ICDR Regulations").
2. We have examined such Restated Financial Statements taking into consideration
 - a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated January 6, 2015 in connection with the proposed IPO of the Company; and
 - b) The Guidance Note (Revised) on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India.
3. These Restated Financial Statements have been compiled from the audited financial statements as at November 30, 2014 and March 31, 2014, 2013, 2012, 2011 and 2010 and for the eight-months ended November 30, 2014 and each of the years ended March 31, 2014, 2013, 2012, 2011 and 2010 which have been approved by Board of directors at their meetings held on February 11, 2015, May 6, 2014, May 9, 2013, May 28, 2012, July 19, 2011 and May 26, 2010 respectively.
4. Based on our examination, we further report that:
 - a) The Restated Summary Statement of Assets and Liabilities of the Company as at eight months ended November 30, 2014 and as at year ended March 31, 2014, 2013, 2012, 2011 and 2010, as set out in Annexure-1 to this report, have been arrived at after making adjustments and regrouping as in our opinion were appropriate and more fully described in Annexure 5 – Restated Summary Statement of adjustments to audited financial statements
 - b) The Restated Summary Statement of Profit and Loss of the Company for the eight-months ended November 30, 2014 and each of the years ended March 31, 2014, 2013, 2012, 2011 and 2010, as set out in Annexure-2 to this report, have been arrived at after making adjustments and regrouping as in our opinion were appropriate and more fully described in Annexure 5 – Restated Summary Statement of adjustments to audited financial statements.
 - c) The Restated Summary Statement of Cash Flows of the Company for the eight-months ended November 30, 2014 and each of the years ended March 31, 2014, 2013, 2012, 2011 and 2010, as set out in

Annexure-3 to this report, have been arrived at after making adjustments and regrouping as in our opinion were appropriate and more fully described in Annexure 5 – Restated Summary Statement of adjustments to audited financial statements.

- d) The Summary of Significant Accounting Policies and Notes to Accounts of the Company for the eight-months ended November 30, 2014 and each of the years ended March 31, 2014, 2013, 2012, 2011 and 2010, as set out in Annexure 4 to this report, have been arrived at after making adjustments and regrouping as in our opinion were appropriate and more fully described in Annexure 5 – Restated Summary Statement of adjustments to audited financial statements.

Based on the above, according to the information and explanations given to us, we are of opinion that the Restated Financial Statements have been made after incorporating adjustments for the material amounts in the respective financial years/period to which they relate.

Further, there are no changes in the accounting policies adopted by the Company in the financial years/periods covered by this report which would require adjustment in the Restated Financial Statements.

There are no qualifications in Auditors' Reports which would require an adjustment in the restated financial information.

There are no extra-ordinary items that need to be disclosed separately in the accounts requiring adjustments.

5. We have also examined the following restated financial information of the Company set out in the Annexures, proposed to be included in the offer document, prepared by the management and approved by the Board of Directors on February 11, 2015 for the eight-months ended November 30, 2014 and for the years ended March 31, 2014, 2013, 2012, 2011 and 2010.

- (i) Annexure 6 - Restated Summary Statement of Share capital
- (ii) Annexure 7 - Restated Summary Statement of Reserves and surplus
- (iii) Annexure 8 - Restated Summary Statement of Long-term borrowings
- (iv) Annexure 9 - Restated Summary Statement of Deferred tax liabilities(net)
- (v) Annexure 10 - Restated Summary Statement of Other long term liabilities
- (vi) Annexure 11 - Restated Summary Statement of Long-term provisions.
- (vii) Annexure 12 - Restated Summary Statement of Short-term borrowings
- (viii) Annexure 13 - Restated Summary Statement of Trade payables
- (ix) Annexure 14 - Restated Summary Statement of Other current liabilities
- (x) Annexure 15 - Restated Summary Statement Short-term provisions
- (xi) Annexure 16 - Restated Summary Statement of Fixed assets
- (xii) Annexure 17 - Restated Summary Statement of Non-current investments
- (xiii) Annexure 18 - Restated Summary Statement of Long-term loans and advances
- (xiv) Annexure 19 - Restated Summary Statement of Other non-current assets
- (xv) Annexure 20 - Restated Summary Statement of Current investments
- (xvi) Annexure 21 - Restated Summary Statement of Inventories
- (xvii) Annexure 22 - Restated Summary Statement of Trade receivables
- (xviii) Annexure 23 - Restated Summary Statement of Cash and cash equivalents
- (xix) Annexure 24 - Restated Summary Statement of Short-term loans and advances
- (xx) Annexure 25 - Restated Summary Statement of Other current assets
- (xxi) Annexure 26 - Restated Summary Statement of Revenue from operations
- (xxii) Annexure 27 - Restated Summary Statement of Other operating revenue
- (xxiii) Annexure 28 - Restated Summary Statement of Other income
- (xxiv) Annexure 29 - Restated Summary Statement of Cost of materials consumed
- (xxv) Annexure 30 - Restated Summary Statement of Employee benefits expenses
- (xxvi) Annexure 31 - Restated Summary Statement of Finance costs
- (xxvii) Annexure 32 - Restated Summary Statement of Other expenses
- (xxviii) Annexure 33 - Statement of Tax Shelters
- (xxix) Annexure 34 - Statement of Capitalisation
- (xxx) Annexure 35 - Restated Summary of significant transactions with related parties and balances.
- (xxxi) Annexure 36 - Restated Summary Statement of dividend paid/proposed by the Company

In our opinion, the above financial information contained in Annexures 1 to 36 accompanying this report, read with significant accounting policies and notes annexed to the Restated Financial Statements, are prepared after making adjustments and regroupings as considered appropriate and have been prepared in accordance with Section 26 of the Companies Act, 2013 read with The Companies (Prospectus and Allotment of Securities) Rules, 2014, to the extent applicable; SEBI-ICDR Regulations and the Guidance Note issued in this regard by the ICAI, as amended from time to time, and in terms of our engagement as agreed with you.

6. 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.
7. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
8. Our report is intended solely for use of the management for inclusion in the offer document in connection with the proposed issue of equity shares of the Company. Our report should not be used, referred to or distributed for any other purpose except with our prior consent in writing.

For Deloitte Haskins & Sells
Chartered Accountants
ICAI Firm Registration Number: 008072S

Ganesh Balakrishnan
Partner
(Membership No. 201193)

Place: Secunderabad
Date: February 11, 2015

ANNEXURE - 1 : RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

Assets and Liabilities of the Company as at each year end read with significant accounting policies, after making adjustments as stated in the notes to accounts, are set out below.

(₹ in million)

| Particulars | Annexure | As at 30 November, 2014 | As at 31 March, | | | | |
|---|----------|-------------------------|-----------------|-----------------|-----------------|-----------------|---------------|
| | | | 2014 | 2013 | 2012 | 2011 | 2010 |
| A EQUITY AND LIABILITIES | | | | | | | |
| 1 Shareholders' funds | | | | | | | |
| (a) Share capital | 6 | 304.69 | 304.69 | 274.91 | 250.00 | 250.00 | 250.00 |
| (b) Reserves and surplus | 7 | 811.87 | 771.29 | 429.01 | 166.85 | 61.03 | 2.36 |
| | | 1,116.56 | 1,075.98 | 703.92 | 416.85 | 311.03 | 252.36 |
| 2 Non-current liabilities | | | | | | | |
| (a) Long-term borrowings | 8 | 1.21 | 1.51 | - | 36.74 | 0.87 | 272.50 |
| (b) Deferred tax liabilities (net) | 9 | 32.99 | 29.80 | 16.00 | 26.64 | 19.91 | 0.77 |
| (c) Other long-term liabilities | 10 | 28.87 | 22.93 | 16.59 | 6.99 | 4.84 | - |
| (d) Long-term provisions | 11 | 32.36 | 15.27 | 10.73 | 6.72 | 2.98 | 1.27 |
| | | 95.43 | 69.51 | 43.32 | 77.09 | 28.60 | 274.54 |
| 3 Current liabilities | | | | | | | |
| (a) Short-term borrowings | 12 | 328.42 | 344.63 | 494.43 | 477.29 | 509.82 | 138.71 |
| (b) Trade payables | 13 | 707.54 | 834.55 | 529.68 | 454.10 | 239.81 | 45.89 |
| (c) Other current liabilities | 14 | 399.49 | 265.13 | 527.82 | 406.83 | 196.30 | 113.91 |
| (d) Short-term provisions | 15 | 23.34 | 50.74 | 77.62 | 4.16 | 14.85 | 2.36 |
| | | 1,458.79 | 1,495.05 | 1,629.55 | 1,342.38 | 960.78 | 300.87 |
| TOTAL | | 2,670.78 | 2,640.54 | 2,376.79 | 1,836.32 | 1,300.41 | 827.77 |
| B ASSETS | | | | | | | |
| 1 Non-current assets | | | | | | | |
| (a) Fixed assets | 16 | | | | | | |
| (i) Tangible assets | | 618.13 | 608.24 | 445.86 | 461.47 | 468.89 | 391.70 |
| (ii) Intangible assets | | 35.70 | 16.59 | 16.98 | 17.24 | 13.10 | 13.22 |
| (iii) Capital work-in-progress | | 3.18 | 61.44 | 137.50 | 14.77 | 2.72 | 0.99 |
| | | 657.01 | 686.27 | 600.34 | 493.48 | 484.71 | 405.91 |
| (b) Non-current Investments | 17 | - | - | - | 0.10 | - | - |
| (c) Long-term loans and advances | 18 | 18.07 | 19.16 | 11.31 | 23.80 | 8.58 | 5.63 |
| (d) Other non-current assets | 19 | - | - | 38.02 | 35.53 | - | - |
| | | 675.08 | 705.43 | 649.67 | 552.91 | 493.29 | 411.54 |
| 2 Current assets | | | | | | | |
| (a) Current investments | 20 | - | 255.01 | 33.00 | - | - | - |
| (b) Inventories | 21 | 977.70 | 661.25 | 455.59 | 432.28 | 441.93 | 149.02 |
| (c) Trade receivables | 22 | 712.30 | 680.80 | 633.60 | 431.95 | 246.66 | 70.91 |
| (d) Cash and cash equivalents | 23 | 41.96 | 61.34 | 258.99 | 60.85 | 54.20 | 69.24 |
| (e) Short-term loans and advances | 24 | 153.27 | 185.64 | 86.00 | 79.86 | 48.26 | 126.98 |
| (f) Other current assets | 25 | 110.47 | 91.07 | 259.94 | 278.47 | 16.07 | 0.08 |
| | | 1,995.70 | 1,935.11 | 1,727.12 | 1,283.41 | 807.12 | 416.23 |
| TOTAL | | 2,670.78 | 2,640.54 | 2,376.79 | 1,836.32 | 1,300.41 | 827.77 |
| Summary of Significant Accounting Policies and Notes to Accounts | 4 | | | | | | |

The accompanying summary of significant accounting policies and notes to accounts (Annexure - 4) are an integral part of this statement.

ANNEXURE - 2: RESTATED SUMMARY STATEMENT OF PROFIT AND LOSS

Profits of the Company for each year, read with significant accounting policies, after making adjustments as stated in the notes to accounts, are set out below.

(₹ in million)

| Particulars | | Annexure | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|-------------|---|----------|---|------------------------------|-----------------|-----------------|-----------------|---------------|
| | | | | 2014 | 2013 | 2012 | 2011 | 2010 |
| 1 | Revenue from operations (gross) | 26 | 2,586.22 | 4,022.37 | 3,131.65 | 2,686.05 | 1,595.05 | 323.00 |
| | Less: Excise duty | | 232.27 | 379.08 | 261.70 | 227.50 | 133.85 | 13.85 |
| | Revenue from operations (net) | | 2,353.95 | 3,643.29 | 2,869.95 | 2,458.55 | 1,461.20 | 309.15 |
| 2 | Other operating revenue | 27 | 17.61 | 26.23 | 30.51 | 26.98 | 13.58 | - |
| 3 | Other income | 28 | 11.20 | 27.95 | 9.15 | 3.60 | 3.10 | 1.47 |
| 4 | Total Revenue (1+2+3) | | 2,382.76 | 3,697.47 | 2,909.61 | 2,489.13 | 1,477.88 | 310.62 |
| 5 | Expenses | | | | | | | |
| | (a) Cost of materials consumed | 29A | 1,533.98 | 2,213.76 | 1,734.07 | 1,549.00 | 977.54 | 214.68 |
| | (b) Changes in inventories of finished goods and work-in-progress | 29B | (224.25) | (139.36) | 13.92 | (66.20) | (103.26) | (51.15) |
| | (c) Employee benefits expense | 30 | 187.17 | 223.08 | 181.13 | 143.49 | 94.12 | 53.24 |
| | (d) Finance costs | 31 | 66.53 | 77.00 | 115.36 | 109.54 | 67.91 | 16.19 |
| | (e) Depreciation and amortisation expense | 16c | 38.76 | 33.48 | 30.92 | 28.78 | 20.07 | 4.62 |
| | (f) Other expenses | 32 | 718.11 | 1,001.74 | 610.65 | 567.65 | 332.67 | 69.34 |
| | Total Expenses | | 2,320.30 | 3,409.70 | 2,686.05 | 2,332.26 | 1,389.05 | 306.92 |
| 6 | Profit before tax as restated (4-5) | | 62.46 | 287.77 | 223.55 | 156.87 | 88.83 | 3.70 |
| 7 | Tax expense: | | | | | | | |
| | (a) Current tax expense | | 16.67 | 92.53 | 86.20 | 44.68 | 12.60 | 0.53 |
| | (b) Deferred tax | | 3.75 | 13.80 | (12.06) | 5.58 | 19.15 | 0.77 |
| | (c) Fringe benefit tax | | - | - | 0.04 | - | - | - |
| | Add/(Less) Adjustment on account of restatement - Refer Annexure - 5 | | 0.38 | (0.42) | 1.74 | 0.79 | (1.59) | 0.04 |
| | | | 20.80 | 105.91 | 75.93 | 51.05 | 30.16 | 1.34 |
| 8 | Profit for the year as restated (6-7) | | 41.66 | 181.86 | 147.62 | 105.82 | 58.67 | 2.36 |
| 9 | Earnings per equity share (nominal value of share ₹ 10 each): | 4 II (8) | | | | | | |
| | (a) Basic | | 1.45 | 7.06 | 5.81 | 4.23 | 2.35 | 0.17 |
| | (b) Diluted | | 1.37 | 6.03 | 5.81 | 4.23 | 2.35 | 0.17 |
| | Summary of Significant Accounting Policies and Notes to Accounts | 4 | | | | | | |

The accompanying summary of significant accounting policies and notes to accounts (Annexure - 4) are an integral part of this statement.

ANNEXURE -3: RESTATED SUMMARY STATEMENT OF CASH FLOWS

Cash Flows of the Company for each year, read with significant accounting policies, after making adjustments as stated in the notes to accounts, are set out below.

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|---|---|------------------------------|-----------------|----------------|----------------|-----------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Cash flow from operating activities: | | | | | | |
| Profit before Tax as restated | 62.46 | 287.77 | 223.55 | 156.87 | 88.83 | 3.70 |
| <i>Adjustments for:</i> | | | | | | |
| Depreciation and amortisation | 38.76 | 33.48 | 30.90 | 28.77 | 20.09 | 4.62 |
| Finance costs (excluding unrealised exchange loss) | 66.53 | 77.00 | 112.46 | 109.54 | 67.91 | 16.20 |
| Loss on sale of assets | - | 0.69 | - | 0.02 | 0.58 | (0.14) |
| Provision for doubtful trade and other receivables, loans and advances (net) | 13.84 | 20.36 | 6.99 | 4.85 | 0.24 | - |
| Dividend Received | (6.70) | (4.01) | - | - | - | - |
| Net gain on sale of investment | - | (8.29) | - | - | - | - |
| Interest income | (2.94) | (14.57) | (4.50) | (2.33) | (1.29) | (0.15) |
| Rental income from operating leases | (7.97) | (16.41) | (4.51) | (3.18) | (0.51) | - |
| Net unrealised exchange loss | - | - | 2.90 | 0.11 | - | - |
| Operating profit before working capital changes | 163.98 | 376.02 | 367.79 | 294.65 | 175.85 | 24.23 |
| <i>Changes in working capital:</i> | | | | | | |
| Adjustments for (increase) / decrease in operating assets: | | | | | | |
| Trade receivables | (45.34) | (67.54) | (206.76) | (189.25) | (175.74) | (71.40) |
| Inventories | (316.45) | (205.66) | (23.31) | 9.65 | (292.90) | (149.02) |
| Short-term loans and advances | 32.37 | (89.62) | (8.19) | (38.78) | 85.30 | (126.39) |
| Long-term loans and advances | (0.03) | (6.35) | 1.11 | (5.55) | (1.83) | (0.48) |
| Other current assets | (16.72) | 169.70 | 18.75 | (30.39) | (15.76) | - |
| Other non current assets | - | 34.62 | (2.49) | (34.62) | - | - |
| Adjustments for increase / (decrease) in operating liabilities: | | | | | | |
| Other current liabilities | 132.32 | (217.80) | 119.14 | (42.98) | 104.02 | 89.24 |
| Other long-term liabilities | 5.94 | 6.33 | 9.60 | 2.14 | (0.55) | - |
| Short-term provisions | 2.69 | (2.46) | 0.51 | 0.77 | 1.70 | 2.03 |
| Long-term provisions | 17.09 | 4.54 | 4.01 | 3.74 | 1.71 | 0.74 |
| Trade payables | (127.03) | 304.88 | 75.58 | 214.19 | 162.57 | 40.48 |
| Cash generated (used in) / from operations | (151.18) | 306.66 | 355.74 | 183.57 | 44.37 | (190.57) |
| Net income tax paid | (47.12) | (116.53) | (18.24) | (46.93) | (8.38) | (2.48) |
| Net cash flow (used in) / from operating activities " A " | (198.30) | 190.13 | 337.50 | 136.64 | 35.99 | (193.05) |
| Cash flow from Investing activities: | | | | | | |
| Purchase of fixed assets, including capital work-in-progress and capital advances | (7.07) | (127.66) | (124.03) | (60.89) | (97.82) | (301.96) |
| Proceeds from sale of fixed assets | - | 0.61 | 0.02 | 0.02 | 0.59 | - |
| Balances held as margin money towards bank guarantee | - | (41.25) | - | - | - | - |
| Dividend received | 6.70 | - | - | - | - | - |
| Interest received | 0.26 | 17.14 | 4.43 | 1.69 | 1.06 | 0.15 |
| Current Investments | | | | | | |
| - Purchased | - | (1,041.85) | (33.00) | - | - | - |
| - Proceeds from Sale | 255.01 | 832.15 | - | - | - | - |
| Purchase of long-term investments | - | - | - | (0.10) | - | - |
| Inter corporate deposit placed | - | (10.02) | - | - | - | - |
| Rental income from operating leases | 7.97 | 16.41 | 5.00 | 2.66 | 0.51 | - |
| Net cash from / (used in) investing activities " B " | 262.87 | (354.47) | (147.58) | (56.62) | (95.66) | (301.81) |

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|---------------|----------------|----------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Cash Flow from financing activities | | | | | | |
| Proceeds from issue of preference shares (net of expenses) | - | 190.21 | 139.44 | - | - | 143.30 |
| Proceeds from long-term borrowings | - | 159.82 | - | 86.09 | 1.18 | 290.00 |
| Repayment of long term borrowings | (0.27) | (194.00) | (40.87) | (10.21) | (20.10) | - |
| Net increase in working capital borrowings | 83.79 | 23.37 | 72.91 | 8.54 | 130.07 | 138.71 |
| Proceeds from short term borrowings | - | - | 197.61 | 220.17 | - | 2.50 |
| Repayment of other short-term borrowings | (100.00) | (173.17) | (253.38) | (272.50) | - | - |
| Finance Cost | (67.47) | (80.79) | (107.49) | (105.46) | (66.52) | (13.05) |
| Net cash (used in) / from financing activities " C " | (83.95) | (74.56) | 8.22 | (73.37) | 44.63 | 561.46 |
| Net (decrease) / increase in Cash and cash equivalents (A+B+C) | (19.38) | (238.90) | 198.14 | 6.65 | (15.04) | 66.60 |
| Cash and cash equivalents at the beginning of the year | 20.09 | 258.99 | 60.85 | 54.20 | 69.24 | 2.64 |
| Cash and cash equivalents at the end of the year | 0.71 | 20.09 | 258.99 | 60.85 | 54.20 | 69.24 |
| Reconciliation of Cash and cash equivalents with the Balance Sheet: | | | | | | |
| Cash and cash equivalents | 41.96 | 61.34 | 258.99 | 60.85 | 54.20 | 69.24 |
| Less: Bank balances not considered as Cash and cash equivalents as defined in AS 3 Cash Flow Statements: | | | | | | |
| (i) In earmarked accounts | | | | | | |
| Balances held as margin money towards bank guarantees | 41.25 | 41.25 | - | - | - | - |
| Net Cash and cash equivalents (as defined in AS 3 Cash Flow Statements) | | | | | | |
| Cash and cash equivalents at the end of the year* | 0.71 | 20.09 | 258.99 | 60.85 | 54.20 | 69.24 |
| * Comprises: | | | | | | |
| (a) Cash on hand | 0.02 | 0.01 | 0.02 | 0.06 | 0.01 | 0.03 |
| (b) Cheques, drafts on hand | - | - | 6.00 | - | - | - |
| (c) Balances with banks | | | | | | |
| (i) In current accounts | 0.69 | 20.08 | 53.37 | 20.79 | 27.57 | 62.25 |
| (ii) In deposit accounts | - | - | 199.60 | 40.00 | 26.62 | 6.96 |
| Cash and cash equivalents at the end of the year | 0.71 | 20.09 | 258.99 | 60.85 | 54.20 | 69.24 |

Note

Cash Flow Statement been prepared under the Indirect method as set out in the Accounting Standard 3 on Cash Flow Statements.

ANNEXURE – 4: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

Significant Accounting Policies consistently adopted for all the years presented in the Restated Summary Statements are set out below.

4-I CORPORATE INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

1. Corporate information

Pennar Engineered Building Systems Limited is into design, manufacture, supply, service and installation of pre engineered steel buildings, building components and erection for industries, warehouses, commercial centres, multi storied buildings, aircraft hangars, defence installations, many others.

The company's registered office is at Hyderabad and manufacturing plant is located at Sadashivpet, Medak district of Andhra Pradesh

The Interim financial statements are prepared for the eight months period ended 30 November, 2014, in accordance with the Accounting Standard 25 ('Interim Financial Reporting'), as notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs).

2. Significant accounting policies

2.1. Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 ("the 1956 Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 ("the 2013 Act") in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.2. Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the years in which the results are known / materialise.

2.3. Inventories

Raw materials, Finished goods, Work-in-progress, Stores & Spares and Scrap are valued at the lower of cost (weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and where applicable, excise duty. Goods in transit are valued at cost.

2.4. Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term (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.

2.5. Cash flow statement

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of 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 based on the available information.

2.6. Depreciation and amortisation

Upto 31 March, 2014, depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under: Effective from 1 April, 2014, the company has charged depreciation on the Straight line method based on the revised remaining useful life of assets as per the requirements of Schedule II of the Companies Act, 2013.

Leasehold improvements are amortised over the duration of the lease

Intangible assets are amortised over their estimated useful life as follows:

License fees, over the duration of license or 10 years whichever is less

Software over the duration of 10 years

Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalisation.

2.7. Revenue recognition

Sale of goods and income from services

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Revenue from services is recognised as per the terms of the contract with the customer using the proportionate completion method. Percentage of completion is determined as a proportion of the costs incurred upto the reporting date to the total estimated costs.

Sales include Excise duty.

2.8. Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to received is established.

2.9. Tangible fixed assets

Fixed assets are carried at cost net of Cenvat and VAT less accumulated depreciation. The cost of fixed assets includes all the financial costs and other incidental expenses upto the date of commissioning. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

Capital work-in-progress:

Projects under which tangible fixed assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

2.10. Intangible assets

Intangible assets are carried at cost less accumulated amortisation. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

2.11. Foreign currency transactions and translations

Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Exchange differences arising out of these translations are charged to the Statement of Profit and Loss.

Accounting of forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date.

2.12. Government grants, subsidies and export incentives

Government grants and subsidies are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Income from sales tax and power incentives are recognised on accrual basis, when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

Other government grants and subsidies are recognised as income over a period necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

2.13. Investments

Long-term investments, are carried individually at cost less provision for diminution, other than temporary. Cost of investments includes acquisition charges such as brokerage, fees and duties.

Current Investment

Current investments are carried individually, at the lower of cost and fair value.

2.14. Employee benefits

Employee benefits include provident fund, gratuity fund and compensated absences.

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 as they fall due based on the amount of contribution required to be made.

Defined benefit plans

For defined benefit plans in the form of gratuity fund the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each Balance Sheet date.

Actuarial gains and losses are recognised in the Statement of Profit and Loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under :

- a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- b) in case of non-accumulating compensated absences, when the absences occur.

Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

2.15. Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

2.16. Earnings per share

Basic earnings per share is computed by dividing the profit after tax as adjusted for preference dividend by the weighted average number of equity shares outstanding during the year. 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 the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.

2.17. Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

2.18. Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment. If any indication of impairment exists, the recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The

recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

2.19. Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

2.20. Share issue expenses

Share issue expenses are adjusted against the Securities premium account as permissible under Section 78(2) of the Companies Act, 1956, to the extent balance is available for utilisation in the Securities Premium Account.

2.21. Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

2.22. Service tax input credit

Service tax input credit is accounted for in the books in the year in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

2.23. Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

4-II Notes to Accounts (Notes to Accounts are restated, as applicable, and include notes specific to the Restated Summary Statements, set out below).

1. Contingent liabilities and commitments

(₹ in million)

| | Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|------|--|-------------------------|-----------------|------|-------|------|------|
| | | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (i) | Contingent liabilities and commitments (to the extent not provided for) | | | | | | |
| (a) | Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets | 5.35 | 1.70 | 2.35 | 31.92 | - | 1.22 |
| | | | | | | | |
| (ii) | Contingent Liability | | | | | | |
| | | | | | | | |
| a) | Entity is providing leak proof warranty for customers who opt for Double lock roofing system. | - | - | - | - | - | - |
| b) | Dividend on compulsory convertible preference shares - refer annexure -6 - iv(b) | 13.43 | 7.96 | 2.49 | - | - | - |

| | Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|----|---|-------------------------|-----------------|------|------|------|------|
| | | | 2014 | 2013 | 2012 | 2011 | 2010 |
| c) | Disputed excise duty liability for which the company preferred appeal | 0.03 | - | - | - | - | - |

2. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

(₹ in million)

| | Particulars | As at November 30, 2014 | As at 31 March, | | | | |
|-------|---|-------------------------|-----------------|------|------|------|------|
| | | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (i) | Principal amount remaining unpaid to any supplier as at the end of the accounting period / year - Refer annexure - 13 | 15.59 | 37.89 | 2.91 | - | 5.74 | - |
| (ii) | Interest due thereon remaining unpaid to any supplier as at the end of the accounting period / year | - | - | - | - | - | - |
| (iii) | The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day | - | - | - | - | - | - |
| (iv) | The amount of interest due and payable for the period / year | 2.86 | 0.94 | - | - | - | - |
| (v) | The amount of interest accrued and remaining unpaid at the end of the accounting period / year | 3.83 | 0.97 | - | - | - | - |
| (vi) | The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | - | - | - | - | - | - |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management.

3. Details on derivatives instruments and unhedged foreign currency exposures

- Derivative transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may qualify or be designated as hedging instruments.

Forward exchange contracts being derivative instruments, which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables.

Outstanding forward exchange contracts entered into by the Company.

| Currency | As at 30 November, 2014 | As at 31 March, 2014 | As at 31 March, 2013 | As at 31 March, 2012 | As at 31 March, 2011 | As at 31 March, 2010 |
|--------------|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| BUY | | | | | | |
| USD | - | - | 3,190,000 | 4,500,000 | - | - |
| ₹ in million | - | - | 173.17 | 228.94 | - | - |

- ii. The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below

| Receivable / (Payable) | As at 30 November, 2014 | As at 31 March, 2014 | As at 31 March, 2013 | As at 31 March, 2012 | As at 31 March, 2011 | As at 31 March, 2010 |
|------------------------|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| USD | - | - | - | (66,960.47) | - | - |
| ₹ in million | - | - | - | 3.36 | - | - |

4. Details of government grants

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|--------------|--------------|--------------|----------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Government grants | | | | | | |
| - Incentives | | | | | | |
| - Sales tax and power (recognised under Other operating revenue) | 17.61 | 26.23 | 30.51 | 26.98 | 13.58 | - |
| - Export Incentives | - | - | - | 2.09 | - | - |
| - Subsidies | | | | | | |
| - Solar Subsidy (recognised under Tangible Asset) | - | - | - | 1.20 | - | - |
| Total | 17.61 | 26.23 | 30.51 | 30.27 | 13.58 | - |

5. The geographic segments individually contributing 10 per cent or more of the Company's revenues and segment assets are shown separately:

(₹ in million)

| i | Geographic Segment | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|----|---|---|------------------------------|----------|----------|----------|--------|
| | | | 2014 | 2013 | 2012 | 2011 | 2010 |
| | | | | | | | |
| | Revenues | | | | | | |
| | India | 2,577.82 | 4,019.67 | 3,071.50 | 2,680.61 | 1,521.96 | 252.65 |
| | Others | 8.40 | 2.70 | 60.15 | 5.44 | 73.09 | 70.35 |
| | | | | | | | |
| | Segment assets | | | | | | |
| | India | 2,667.91 | 2,635.25 | 2,366.24 | 1,836.32 | 1,300.41 | 827.37 |
| | Others | 2.87 | 5.29 | 10.55 | - | - | 0.40 |
| | | | | | | | |
| | Capital expenditure | | | | | | |
| | India | 11.14 | 120.83 | 138.02 | 38.79 | 100.05 | 391.80 |
| | | | | | | | |
| ii | The Company is engaged in manufacture and erection of steel products, i.e., pre engineered buildings, which in the context of Accounting Standard -17 issued by the Company's Accounting (Standard) Rules, 2006 is a single business segment. | | | | | | |

6. Details of leasing arrangements

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|-------|-------|-------|------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| A As Lessor: | | | | | | |
| The Company has entered into operating lease arrangements for certain surplus facilities. The lease is non-cancellable for a period of 5 years and renewed for a further period of 5 years based on mutual agreement of the parties. | | | | | | |
| B As Lessee: | | | | | | |
| Future minimum lease payments | | | | | | |
| not later than one year | 26.69 | 26.31 | 13.53 | 13.22 | 5.23 | 5.41 |
| later than one year and not later than five years | 73.83 | 67.17 | 33.07 | 46.60 | 7.73 | 3.15 |
| later than five years | 43.64 | 53.98 | - | - | - | - |
| | 144.16 | 147.46 | 46.60 | 59.82 | 12.96 | 8.56 |

7. Employee benefit plans

i. Defined contribution plans

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|---|---|------------------------------|-------|------|------|------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Company's contribution to Provident and other funds | 9.17 | 12.69 | 10.46 | 9.00 | 6.13 | 3.47 |

ii. Defined benefit plans

The Company offers the following employee benefit schemes to its employees:

- Gratuity
- Compensated Absences

The following table sets out the unfunded status of the defined benefit schemes and the amount recognised in the financial statements:

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | | | For the year ended 31 March, 2014 | | | For the year ended 31 March, 2013 | | For the year ended 31 March, 2012 | | For the year ended 31 March, 2011 | | For the year ended 31 March, 2010 | |
|-------------|---|-------------------------|-------------------------|-----------------------------------|-------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|
| | Gratuity | Compensated Absences-SL | Compensated Absences-PL | Gratuity | Compensated Absences-SL | Compensated Absences-PL | Gratuity | Compensated Absences-PL | Gratuity | Compensated Absences-PL | Gratuity | Compensated Absences-PL | Gratuity | Compensated Absences-PL |

Components of employer expense

| | | | | | | | | | | | | | | |
|---|-------------|-------------|--------------|-------------|---------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Current service cost | 2.98 | 4.16 | 11.91 | 3.95 | 0.43 | 2.81 | 3.25 | 2.39 | 1.69 | 1.36 | 0.88 | 0.62 | 0.64 | 0.12 |
| Interest cost | 0.68 | 0.08 | 0.29 | 0.63 | 0.34 | 0.28 | 0.33 | 0.20 | 0.16 | 0.10 | 0.07 | 0.06 | 0.04 | 0.02 |
| Actuarial losses/(gains) | 0.20 | 0.40 | 0.39 | (0.95) | (3.30) | (0.62) | 0.36 | (0.30) | 0.23 | 0.39 | 0.06 | 0.26 | (0.40) | 0.02 |
| Total expense recognised in the Statement of Profit and Loss | 3.86 | 4.64 | 12.59 | 3.63 | (2.53) | 2.47 | 3.94 | 2.29 | 2.08 | 1.85 | 1.01 | 0.94 | 0.28 | 0.16 |

Actual contribution and benefit payments for year

| | | | | | | | | | | | | | | |
|-------------------------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Actual benefit payments | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Actual contributions | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

Net liability recognised in the Balance Sheet

| | | | | | | | | | | | | | | |
|---|--------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Present value of defined benefit obligation | 11.33 | 1.29 | 5.20 | 7.84 | 3.82 | 4.18 | 3.91 | 3.01 | 1.83 | 1.32 | 0.82 | 0.45 | 0.54 | 0.29 |
| Fair value of plan assets * | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Expenses as above | 3.86 | 4.64 | 12.59 | 3.63 | (2.53) | 2.47 | 3.94 | 2.29 | 2.08 | 1.85 | 1.01 | 0.94 | 0.28 | 0.16 |
| Settlements made | (0.30) | - | (0.92) | (0.14) | - | (1.45) | - | (1.12) | - | (0.17) | - | (0.07) | - | - |
| | 14.89 | 5.93 | 16.87 | 11.33 | 1.29 | 5.20 | 7.85 | 4.18 | 3.91 | 3.00 | 1.83 | 1.32 | 0.82 | 0.45 |

Classification of Net liability recognised in the Balance Sheet

| | | | | | | | | | | | | | | |
|----------------------|--------------|-------------|--------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Long term provision | 12.65 | 5.93 | 13.78 | 9.75 | 1.26 | 4.26 | 7.27 | 3.46 | 3.89 | 2.83 | 1.83 | 1.15 | 0.82 | 0.45 |
| Short term provision | 2.24 | - | 3.09 | 1.58 | 0.03 | 0.94 | 0.58 | 0.72 | 0.02 | 0.17 | - | 0.17 | - | - |
| | 14.89 | 5.93 | 16.87 | 11.33 | 1.29 | 5.20 | 7.85 | 4.18 | 3.91 | 3.00 | 1.83 | 1.32 | 0.82 | 0.45 |

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | | | For the year ended 31 March, 2014 | | | For the year ended 31 March, 2013 | | For the year ended 31 March, 2012 | | For the year ended 31 March, 2011 | | For the year ended 31 March, 2010 | |
|-------------|---|-------------------------|-------------------------|-----------------------------------|-------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|
| | Gratuity | Compensated Absences-SL | Compensated Absences-PL | Gratuity | Compensated Absences-SL | Compensated Absences-PL | Gratuity | Compensated Absences-PL | Gratuity | Compensated Absences-PL | Gratuity | Compensated Absences-PL | Gratuity | Compensated Absences-PL |

Change in defined benefit obligations (DBO) during the period / year

| | | | | | | | | | | | | | | |
|--|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Present value of DBO at beginning of the | 11.33 | 1.29 | 5.20 | 7.84 | 3.82 | 4.18 | 3.91 | 3.01 | 1.83 | 1.32 | 0.82 | 0.45 | 0.54 | 0.29 |
|--|-------|------|------|------|------|------|------|------|------|------|------|------|------|------|

| Particulars | For the eight months period ended 30 November, 2014 | | | For the year ended 31 March, 2014 | | | For the year ended 31 March, 2013 | | For the year ended 31 March, 2012 | | For the year ended 31 March, 2011 | | For the year ended 31 March, 2010 | |
|---|---|-------------------------|-------------------------|-----------------------------------|-------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|-----------------------------------|-------------------------|
| | Gratuity | Compensated Absences-SL | Compensated Absences-PL | Gratuity | Compensated Absences-SL | Compensated Absences-PL | Gratuity | Compensated Absences-PL | Gratuity | Compensated Absences-PL | Gratuity | Compensated Absences-PL | Gratuity | Compensated Absences-PL |
| year | | | | | | | | | | | | | | |
| Current service cost | 2.98 | 4.16 | 11.91 | 3.95 | 0.43 | 2.81 | 3.25 | 2.39 | 1.69 | 1.36 | 0.88 | 0.62 | 0.64 | 0.12 |
| Interest cost | 0.68 | 0.08 | 0.29 | 0.63 | 0.34 | 0.28 | 0.33 | 0.20 | 0.16 | 0.10 | 0.07 | 0.06 | 0.04 | 0.02 |
| Actuarial (gains) / losses | 0.20 | 0.40 | 0.39 | (0.95) | (3.30) | (0.62) | 0.36 | (0.30) | 0.23 | 0.39 | 0.06 | 0.26 | (0.40) | 0.02 |
| Benefits paid | (0.30) | - | (0.92) | (0.14) | - | (1.45) | - | (1.12) | - | (0.17) | - | (0.07) | - | - |
| Present value of DBO at the end of the period / year | 14.89 | 5.93 | 16.87 | 11.33 | 1.29 | 5.20 | 7.85 | 4.18 | 3.91 | 3.00 | 1.83 | 1.32 | 0.82 | 0.45 |
| Actuarial assumptions | | | | | | | | | | | | | | |
| Discount rate | 8.00% | 8.00% | 8.00% | 9.00% | 9.00% | 9.00% | 8.06% | 8.06% | 8.57% | 8.57% | 8.50% | 8.50% | 8.50% | 8.00% |
| Expected return on plan assets * | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Salary escalation | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% | 5.00% |
| Attrition | 12.37% | 12.37% | 12.37% | 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 3.00% | 3.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| Mortality tables | IALM(2006-08) | IALM(2006-08) | IALM(2006-08) | IALM(2006-08) | IALM(2006-08) | IALM(2006-08) | LIC(1994-96) | LIC(1994-96) | LIC(1994-96) | LIC(1994-96) | LIC(1994-96) | LIC(1994-96) | LIC(1994-96) | LIC(1994-96) |
| Performance percentage considered | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

Asset Information

* As the scheme is unfunded, other disclosures under Accounting Standard 15 are stated as Nil

Experience adjustments

(₹ in million)

| Particulars | 2014-2015 (Upto 30 November, 2014) | 2013-2014 | 2012-2013 | 2011- 2012 | 2010-2011 | 2009-2010 |
|--|---------------------------------------|-----------|-----------|------------|-----------|-----------|
| Gratuity | | | | | | |
| Present value of DBO | 14.89 | 11.33 | 7.85 | 3.91 | 1.83 | 0.82 |
| Funded status [Surplus / (Deficit)] | - | - | - | - | - | - |
| Experience gain / (loss) adjustments on plan liabilities | - | - | - | - | - | - |
| Experience gain / (loss) adjustments on plan assets | - | - | - | - | - | - |
| Compensated Absences | | | | | | |
| Present value of DBO | 22.80 | 6.49 | 4.18 | 3.00 | 1.32 | 0.45 |

| Particulars | 2014-2015 (Upto 30 November, 2014) | 2013-2014 | 2012- 2013 | 2011- 2012 | 2010-2011 | 2009-2010 |
|---|---|-----------|---------------|------------|-----------|-----------|
| Fair value of plan assets | - | - | - | - | - | - |
| Funded status [Surplus / (Deficit)] | - | - | - | - | - | - |
| Experience gain / (loss) adjustments on plan liabilities | - | - | - | - | - | - |
| Experience gain / (loss) adjustments on plan assets | - | - | - | - | - | - |

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors, such as supply and demand factors in the employment market

iii. Short Term Employee Benefit

The company offers compensated absences to its employees.

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|------------------------------------|-------------------------------|-----------------|------|------|------|------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Short Term compensated absences | 0.14 | 0.32 | 4.03 | 4.58 | 3.84 | 2.32 |

8. RESTATED SUMMARY STATEMENT OF EARNINGS PER SHARE

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|------------|------------|------------|------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Earnings per share | | | | | | |
| <u>Basic</u> | | | | | | |
| Net profit for the period / year (₹ in million) | 41.66 | 181.86 | 147.62 | 105.82 | 58.67 | 2.36 |
| Less: Preference dividend (₹ in million) | 5.47 | 5.47 | 2.49 | - | - | - |
| Net profit for the period / year attributable to the equity shareholders (₹ in million) | 36.19 | 176.39 | 145.13 | 105.82 | 58.67 | 2.36 |
| Weighted average number of equity shares | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | 25,000,000 | 13,708,712 |
| Par value per share (₹) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Earnings per share - Basic (₹) | 1.45* | 7.06 | 5.81 | 4.23 | 2.35 | 0.17 |
| <u>Diluted</u> | | | | | | |
| Net profit for the period / year (₹ in million) | 41.66 | 181.86 | 147.62 | 105.82 | 58.67 | 2.36 |
| Weighted average number of equity shares - for diluted EPS | 30,468,750 | 30,174,236 | 25,068,234 | 25,000,000 | 25,000,000 | 13,708,712 |
| Par value per share (₹) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Earnings per share - Diluted (₹) | 1.37* | 6.03 | 5.81# | 4.23 | 2.35 | 0.17 |

* Not annualised

Since anti-dilutive, basic EPS considered

9. Capitalization of expenditure

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|---|---|------------------------------|--------------|----------|--------------|--------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Expenses disclosed under the respective notes are net of the following amounts capitalised by the Company under Capital work-in-progress. | | | | | | |
| Cost of materials consumed | - | 8.03 | 16.52 | - | 9.36 | 2.79 |
| Employee benefits expense | - | 0.48 | 1.16 | - | 4.35 | 10.08 |
| Finance costs | - | - | - | - | - | 11.41 |
| Other expenses | - | 2.26 | 3.35 | - | 1.24 | 7.29 |
| Depreciation and amortisation expense | - | 0.12 | 0.22 | - | - | - |
| Total | - | 10.89 | 21.25 | - | 14.95 | 31.57 |

10. Value of imports calculated on CIF basis

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|---|---|------------------------------|--------------|--------------|--------------|--------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Value of imports calculated on CIF basis | | | | | | |
| Raw materials | - | 8.22 | 19.55 | 7.34 | 17.35 | 11.24 |
| Spare parts & components | - | 9.11 | 37.27 | 26.83 | 21.42 | 63.28 |
| Capital goods | - | - | 10.86 | - | - | - |
| Total | - | 17.33 | 67.68 | 34.17 | 38.77 | 74.52 |

11. Expenditure in foreign currency

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|--------------------|---|------------------------------|-------------|-------------|-------------|-------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Royalty | 0.30 | 0.62 | 0.53 | 0.37 | - | - |
| Travel expenditure | 0.55 | 0.35 | 0.28 | 0.37 | 0.35 | 1.44 |
| Total | 0.85 | 0.97 | 0.81 | 0.74 | 0.35 | 1.44 |

12. Details of consumption of imported and indigenous items

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|-------------------|---|------------------------------|-----------------|-----------------|-----------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| <u>Imported</u> | | | | | | |
| Raw materials | - | 7.04 | 21.28 | 5.58 | 17.35 | 11.73 |
| | - | 0.32% | 1.23% | 0.36% | 1.77% | 5.46% |
| Stores & Spares | - | 9.88 | 62.83 | 26.83 | 19.37 | 7.79 |
| | - | 4.09% | 100.00% | 25.34% | 33.59% | 60.58% |
| <u>Indigenous</u> | | | | | | |
| Raw materials | 1,533.98 | 2,206.72 | 1,712.79 | 1,543.42 | 960.19 | 202.94 |
| | 100.00% | 99.68% | 98.77% | 99.64% | 98.23% | 94.54% |
| Stores & spares | 164.60 | 231.61 | - | 79.04 | 38.29 | 5.07 |
| | 100.00% | 95.91% | 0.00% | 74.66% | 66.41% | 39.42% |
| Total | 1,698.58 | 2,455.25 | 1,796.90 | 1,654.87 | 1,035.20 | 227.53 |
| | 100% | 100% | 100% | 100% | 100% | 100% |

13. Earnings in foreign exchange : (FOB basis)

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|--------------------|---|------------------------------|------|------|-------|-------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Export of goods | - | - | - | 5.44 | 73.09 | 70.35 |
| Export of services | 8.40 | 0.50 | - | - | - | - |
| Others | - | 0.28 | - | 1.09 | - | - |

14. The Company approved the "Employee Stock Option Scheme 2014" for all eligible employees in pursuance of the special resolution approved by the shareholders in Extra Ordinary General Meeting held on 11 November, 2014 Under the said scheme number of options to be granted are 1,000,000 (One million). The options are yet to be granted to eligible employees. Upon grant to the employees, vesting of shares, vesting period, exercise period and price will be computed.

Each option holder entitled to apply for and be allotted one ordinary share of ₹10 each upon payment at the exercise price.

ANNEXURE – 5: RESTATED SUMMARY STATEMENT OF ADJUSTMENTS TO AUDITED FINANCIAL STATEMENTS

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|--------|--------|-------|------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Profit after tax (as per audited financial statements) | 40.92 | 182.68 | 144.00 | 104.17 | 65.04 | 2.13 |
| Restatement adjustments | | | | | | |
| Adjustment on account of sales returns - Refer note- | | | | | | |

| Particulars | For the eight months period ended 30 November, 2014 | | For the year ended 31 March, | | | | |
|--|---|--------------|------------------------------|---------------|---------------|---------------|-------------|
| | | | 2014 | 2013 | 2012 | 2011 | 2010 |
| 1 below | | | | | | | |
| Sales returns - Gross | 12.14 | | (12.14) | | | | |
| Less: Excise duty | 1.34 | | (1.34) | | | | |
| Sales returns – Net | 10.80 | | (10.80) | | | | |
| Changes in inventories of finished goods (including excise duty) | (10.88) | | 10.88 | | | | |
| Decrease/(increase) of excise duty on inventory | 1.20 | | (1.20) | | | | |
| Net impact of sales returns | | 1.12 | (1.12) | - | - | - | - |
| Liability / Provision no longer required written back | | - | (0.12) | 0.11 | (0.39) | (0.11) | 0.51 |
| Provision for doubtful trade receivables and advances and written off - Refer note.2 below | | - | - | 5.25 | 2.84 | (7.86) | (0.24) |
| Total | | 1.12 | (1.24) | 5.36 | 2.45 | (7.96) | 0.27 |
| Deferred Tax on restatement adjustment | | - | - | 1.42 | 1.14 | - | - |
| Current tax impact on restatement adjustments | | 0.38 | (0.42) | 0.32 | (0.35) | (1.59) | 0.04 |
| Net impact of adjustments | | 0.74 | (0.82) | 3.62 | 1.66 | (6.37) | 0.23 |
| Profit after tax, as restated | | 41.66 | 181.86 | 147.62 | 105.82 | 58.67 | 2.36 |

Note:

- During the eight months period ended 30 November 2014, the company had recorded sales returns in the year, in which goods are returned. Accordingly, adjustment for changes in inventory of finished goods, trade receivables and increase/(decrease) of excise duty have been made in the restated financial statements in which the goods were actually sold (i.e., 31 March, 2014)
- Provision for doubtful trade receivables and advances written off as of 31 March, 2014 adjusted to the year in which sales made net of recoveries.

ANNEXURE 6: RESTATED SUMMARY STATEMENT OF SHARE CAPITAL

| Particulars | As at 30 November, 2014 | | As at 31 March, 2014 | | As at 31 March, 2013 | | As at 31 March, 2012 | | As at 31 March, 2011 | | As at 31 March, 2010 | |
|---|-------------------------|--------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|
| | Number of shares | ₹ in million | Number of shares | ₹ in million | Number of shares | ₹ in million | Number of shares | ₹ in million | Number of shares | ₹ in million | Number of shares | ₹ in million |
| (a) Authorised | | | | | | | | | | | | |
| Equity shares of ₹ 10 each | 31,500,000 | 315.00 | 31,500,000 | 315.00 | 31,500,000 | 315.00 | 25,500,000 | 255.00 | 25,500,000 | 255.00 | 25,500,000 | 255.00 |
| Compulsorily convertible preference shares of ₹ 10 each | 6,000,000 | 60.00 | 6,000,000 | 60.00 | 6,000,000 | 60.00 | - | - | - | - | - | - |
| | | | | | | | | | | | | |
| (b) Issued, Subscribed and fully paid up | | | | | | | | | | | | |
| Equity shares of ₹ 10 each | 25,000,000 | 250.00 | 25,000,000 | 250.00 | 25,000,000 | 250.00 | 25,000,000 | 250.00 | 25,000,000 | 250.00 | 25,000,000 | 250.00 |

| Particulars | As at 30 November, 2014 | | As at 31 March, 2014 | | As at 31 March, 2013 | | As at 31 March, 2012 | | As at 31 March, 2011 | | As at 31 March, 2010 | |
|---|-------------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|----------------------|---------------|
| | Number of shares | ₹ in million | Number of shares | ₹ in million | Number of shares | ₹ in million | Number of shares | ₹ in million | Number of shares | ₹ in million | Number of shares | ₹ in million |
| Compulsorily convertible preference shares of ₹10 each | 5,468,750 | 54.69 | 5,468,750 | 54.69 | 2,490,530 | 24.91 | - | - | - | - | - | - |
| Total issued, subscribed and fully paid up share capital | 30,468,750 | 304.69 | 30,468,750 | 304.69 | 27,490,530 | 274.91 | 25,000,000 | 250.00 | 25,000,000 | 250.00 | 25,000,000 | 250.00 |

- i. Reconciliation of number of shares and amount outstanding at the beginning and at the end of the reporting year:

| Particulars | As at 30 November, 2014 | | As at 31 March, 2014 | | As at 31 March, 2013 | | As at 31 March, 2012 | | As at 31 March, 2011 | | As at 31 March, 2010 | |
|---|-------------------------|--------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|
| | Number of shares | ₹ in million | Number of shares | ₹ in million | Number of shares | ₹ in million | Number of shares | ₹ in million | Number of shares | ₹ in million | Number of shares | ₹ in million |
| Equity Shares | | | | | | | | | | | | |
| Opening balance | 25,000,000 | 250.00 | 25,000,000 | 250.00 | 25,000,000 | 250.00 | 25,000,000 | 250.00 | 25,000,000 | 250.00 | 25,000,000 | 250.00 |
| Add: Movement during the year | - | - | - | - | - | - | - | - | - | - | - | - |
| Closing balance | 25,000,000 | 250.00 | 25,000,000 | 250.00 | 25,000,000 | 250.00 | 25,000,000 | 250.00 | 25,000,000 | 250.00 | 25,000,000 | 250.00 |
| Compulsorily convertible preference shares | | | | | | | | | | | | |
| Opening balance | 5,468,750 | 54.69 | 2,490,530 | 24.91 | - | - | - | - | - | - | - | - |
| Add: Movement during the year | - | - | 2,978,220 | 29.78 | 2,490,530 | 24.91 | - | - | - | - | - | - |
| Closing balance | 5,468,750 | 54.69 | 5,468,750 | 54.69 | 2,490,530 | 24.91 | - | - | - | - | - | - |

- ii. Details of shares held by the holding company:

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|---------------------------|-------------------------|------------------|------------------|------------------|------------------|------------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| | Number of shares | Number of shares | Number of shares | Number of shares | Number of shares | Number of shares |
| Pennar Industries Limited | 18,500,000 | 18,500,000 | 18,500,000 | 18,500,000 | 18,500,000 | 18,500,000 |

- iii. Details of shares held by each shareholder holding more than 5% shares:

| Name of shareholder | As at 30 November, 2014 | | As at 31 March, 2014 | | As at 31 March, 2013 | | As at 31 March, 2012 | | As at 31 March, 2011 | | As at 31 March, 2010 | |
|---------------------|-------------------------|-----------------------------------|----------------------|-----------------------------------|----------------------|-----------------------------------|----------------------|-----------------------------------|----------------------|-----------------------------------|----------------------|-----------------------------------|
| | Number of shares | % holding in that class of shares | Number of shares | % holding in that class of shares | Number of shares | % holding in that class of shares | Number of shares | % holding in that class of shares | Number of shares | % holding in that class of shares | Number of shares | % holding in that class of shares |

Equity shares - Refer note v

| | | | | | | | | | | | | |
|---------------------------------------|------------|--------|------------|--------|------------|--------|------------|--------|------------|--------|------------|--------|
| | | | | | | | | | | | | |
| Aditya N Rao | - | - | - | - | 1,515,000 | 6.06% | 1,515,000 | 6.06% | 1,515,000 | 6.06% | 1,515,000 | 6.06% |
| J Rajya Lakshmi | - | - | - | - | 1,355,000 | 5.42% | 1,355,000 | 5.42% | 1,355,000 | 5.42% | 1,355,000 | 5.42% |
| Zephyr Peacock India Fund III Limited | 1,617,227 | 6.47% | 1,617,227 | 6.47% | - | - | - | - | - | - | - | - |
| Pennar Industries Limited | 18,500,000 | 74.00% | 18,500,000 | 74.00% | 18,500,000 | 74.00% | 18,500,000 | 74.00% | 18,500,000 | 74.00% | 18,500,000 | 74.00% |
| | | | | | | | | | | | | |

Compulsorily convertible preference shares - Refer note vi

| | | | | | | | | | | | | |
|---------------------------------------|-----------|--------|-----------|--------|-----------|------|---|---|---|---|---|---|
| Zephyr Peacock India Fund III Limited | 3,773,530 | 69.00% | 3,773,530 | 69.00% | 2,490,530 | 100% | - | - | - | - | - | - |
| IL&FS Trust Company Limited * | 1,695,220 | 31.00% | 1,695,220 | 31.00% | - | - | - | - | - | - | - | - |

*(Representing Zephyr Peacock India III Fund, a scheme of Zephyr Peacock India Master Trust)

iv. Rights, preferences and restrictions attached to shares

a) Equity shares

The Company has one class of equity shares having a par value of ₹ 10 each. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company in proportion to their shareholding.

b) Compulsorily convertible preference shares

The Company has one class of Compulsorily Convertible Preference Shares (CCPS) of ₹ 10 each. Each Compulsorily Convertible Preference (CCP) shareholder is eligible to exercise similar voting rights as equity shareholders of the Company. There are no restrictions to the CCP shareholder and/or their affiliates to acquire further Company securities. Each CCPS shall be convertible into one common equity share of the Company. No dividend, whether in cash, in property or shares of the company, are allowed to be paid to shareholders without the prior written approval of the CCP shareholder. Each CCP shareholder shall be entitled in priority to the holders of any other class(es) of shares, to the payment in cash, of a preferential dividend at the rate of ₹ 1 per financial year per CCPS till such time that the CCPS are outstanding. Upon occurrence of a liquidation event as mentioned in Article 71 of Articles of Association of the Company the CCP shareholder shall be entitled to receive, in preference to the holders of all other company securities, an amount equivalent to the higher of (i) the Total Consideration as paid by the CCP shareholder, and accrued or declared but unpaid dividend in relation to the CCPS, or (ii) the amount which would be actually received if the entire proceeds were to be distributed pro rata amongst the Shareholders, including the holders of the CCPS. The CCPS shall be compulsorily convertible into common equity upon the earlier of the occurrence of any of the following events: (i) A Qualified Initial Public Offer, in accordance with the Shareholders Agreement; or (ii) Upon the expiry of 19 years from the Completion Date (i.e., 22 March,

2013). The CCP shareholder shall be entitled, at any time prior to the Compulsory Conversion Event, to convert (at their option) any or all of the CCPS at the then prevalent conversion price.

v) During the previous year ended 31 March, 2014 Zephyr Peacock India Fund III Limited and affiliates purchased 2,343,750 Equity Shares from J. Nrupender Rao (HUF), J.RajyaLakshmi, D. Sudepta Rao, Aditya Narsing Rao, Avanti Rao and consequently individual promoter shareholding has been reduced to 0.79%, 2.76%, 2.04%, 3.09%, 1.02% respectively.

vi) Pursuant to Share Purchase Agreement with the promoters of the Company, Zephyr Peacock India Fund III Limited (Zephyr), and their affiliates invested in the Company by way of 5,468,750 Compulsorily Convertible Preference Shares (CCPS) of ₹10 each at a premium of ₹ 54 per share aggregating ₹ 350.00 Million.

As at 31 March 2014, the Company allotted 3,773,530 CCPS to Zephyr Peacock India Fund III Limited and 1,695,220 CCPS to IL&FS Trust Company Limited (representing Zephyr Peacock India III Fund, a scheme of Zephyr Peacock India Master Trust), of face value ₹10 per share at a premium of ₹ 54.00 per share.

c) (i) Conversion of preference shares

The Company issued 5,468,750 Compulsorily Convertible Preference Shares (CCPS) to Zephyr Peacock India Fund III Limited (Zephyr) and their affiliates. Zephyr and their affiliates opted for conversion of 3,007,813 CCPS (i.e. 55% of total CCPS issued by the Company) to Equity shares prior to filing the Drafted Red Herring Prospectus for Initial Public Offer with Securities Exchange Board of India, Registrar of companies and any other authority and the remaining will get converted before the filing of Red Herring Prospectus for Initial Public Offer.

ANNEXURE – 7: RESTATED SUMMARY STATEMENT OF RESERVES AND SURPLUS

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|---|-------------------------|-----------------|---------------|---------------|--------------|-------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| a) Surplus in Statement of Profit and Loss | | | | | | |
| Opening balance | 496.33 | 314.47 | 166.85 | 61.03 | 2.36 | - |
| Less: adjustment on account of depreciation - Refer annexure - 16(i) | 1.08 | - | - | - | - | - |
| Add: Profit for the period / year | 41.66 | 181.86 | 147.62 | 105.82 | 58.67 | 2.36 |
| Net surplus in the Statement of Profit and Loss | 536.91 | 496.33 | 314.47 | 166.85 | 61.03 | 2.36 |
| b) Securities premium account | | | | | | |
| Opening balance | 274.96 | 114.54 | - | - | - | - |
| Add : Premium on preference shares issued during the period / year | - | 160.82 | 134.49 | - | - | - |
| Sub Total | 274.96 | 275.36 | 134.49 | - | - | - |
| Less: Utilised during the period / year for writing off shares issue expenses | - | 0.40 | 19.95 | - | - | - |
| Closing Balance | 274.96 | 274.96 | 114.54 | - | - | - |
| Total | 811.87 | 771.29 | 429.01 | 166.85 | 61.03 | 2.36 |

ANNEXURE -8: RESTATED SUMMARY STATEMENT OF LONG-TERM BORROWINGS

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|--------------------------|-------------------------|-----------------|----------|--------------|-------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (a) Term loans | | | | | | |
| From bank (Secured) | - | - | - | 36.10 | - | 270.00 |
| From Others (Un-secured) | - | - | - | - | - | 2.50 |
| (b) Vehicle Loan | | | | | | |
| From bank (Secured) | 1.21 | 1.51 | - | 0.64 | 0.87 | - |
| Total | 1.21 | 1.51 | - | 36.74 | 0.87 | 272.50 |

Note

Details of terms of repayment and security in respect of short-term borrowings As at 30 November, 2014.

Car loan from Kotak Mahindra Prime Ltd of ₹ 2.32 million (31 March, 2014 ₹ 2.32 million) is secured by hypothecation of the vehicle financed through the loan arrangement. The loan is repayable in 60 monthly installments of ₹ 0.05 million each commencing from 16 April, 2013 and carries an interest of 10.07% per annum. Current maturities of long term borrowings have been disclosed under the head Other Current Liabilities (Refer Annexure - 14).

ANNEXURE -9: RESTATED SUMMARY STATEMENT OF DEFERRED TAX LIABILITY

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|--|-------------------------|-----------------|----------------|----------------|----------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Deferred tax (liability) / asset | | | | | | |
| <u>Tax effect of items constituting deferred tax liability</u> | | | | | | |
| On difference between book balance and tax balance of fixed assets | 57.59 | 50.55 | 39.38 | 30.81 | (22.26) | 7.77 |
| Tax effect of items constituting deferred tax liability | 57.59 | 50.55 | 39.38 | 30.81 | (22.26) | 7.77 |
| <u>Tax effect of items constituting deferred tax assets</u> | | | | | | |
| Provision for compensated absences and gratuity benefits | 12.86 | 6.17 | 5.46 | 3.73 | 2.27 | 1.11 |
| Provision for doubtful debts | 11.59 | 6.92 | 1.54 | 1.58 | 0.08 | - |
| Unabsorbed business loss | - | - | - | - | - | 5.89 |
| Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961 | 2.48 | 10.22 | 18.94 | - | - | - |
| Straightline lease rent | 0.23 | - | - | - | - | - |
| Tax effect of items constituting deferred tax assets | 27.16 | 23.31 | 25.94 | 5.31 | 2.35 | 7.00 |
| Total | (30.43) | (27.24) | (13.44) | (25.50) | (19.91) | (0.77) |
| Add/(Less) - Adjustment on account of restatement - Refer Annexure - 5 | 2.56 | 2.56 | 2.56 | 1.14 | - | - |
| Net deferred tax liability | (32.99) | (29.80) | (16.00) | (26.64) | (19.91) | (0.77) |

ANNEXURE -10: RESTATED SUMMARY STATEMENT OF OTHER LONG-TERM LIABILITIES*(₹ in million)*

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|---------------------------------|-------------------------|-----------------|--------------|-------------|-------------|----------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (i) Trade Payables - Others | 20.85 | 14.91 | 14.80 | 5.80 | 3.63 | - |
| (ii) Security deposits received | 8.02 | 8.02 | 1.79 | 1.19 | 1.21 | - |
| Total | 28.87 | 22.93 | 16.59 | 6.99 | 4.84 | - |

ANNEXURE -11 : RESTATED SUMMARY STATEMENT OF LONG -TERM PROVISIONS*(₹ in million)*

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|---|-------------------------|-----------------|--------------|-------------|-------------|-------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Provision for employee benefits: Refer annexure - 4(II)7 | | | | | | |
| (i) Provision for compensated absences | 19.71 | 5.52 | 3.46 | 2.83 | 1.15 | 0.45 |
| (ii) Provision for gratuity | 12.65 | 9.75 | 7.27 | 3.89 | 1.83 | 0.82 |
| Total | 32.36 | 15.27 | 10.73 | 6.72 | 2.98 | 1.27 |

ANNEXURE -12 : RESTATED SUMMARY STATEMENT OF SHORT -TERM BORROWINGS*(₹ in million)*

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|---------------------------|-------------------------|-----------------|---------------|---------------|---------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Loans repayable on demand | | | | | | |
| (a) From banks | | | | | | |
| Secured | 328.42 | 344.63 | 321.26 | 248.35 | 509.82 | 138.71 |
| (b) Other Loans | | | | | | |
| From banks | | | | | | |
| Secured | - | - | 173.17 | 228.94 | - | - |
| Total | 328.42 | 344.63 | 494.43 | 477.29 | 509.82 | 138.71 |

Notes:**Details of terms of repayment and security in respect of short-term borrowings As at 30 November, 2014.**

- (i) Details of loan repayable on demand & other short term loans

| Particulars | | As at November 30, 2014 |
|---|----------------------|----------------------------|
| | | ₹ in million |
| Loans repayable on demand and other short term loans from banks | | |
| State Bank of India | Refer Note (a) below | 272.42 |
| Axis Bank Limited | Refer Note (b) below | 56.00 |
| Total - from banks | | 328.42 |

(ii) Details of short-term borrowings guaranteed by Directors and Holding Company :

| Particulars | As at November 30, 2014 |
|-----------------|----------------------------|
| | ₹ in million |
| Directors | 406.80 |
| Holding Company | 406.80 |

Note - (a)

Working Capital loan of ₹ 300 million from State Bank of India (SBI) is primarily secured by Pari passu first charge on present and future Current Assets of the Company along with Axis Bank and secured by second charge on fixed assets of the Company on pari passu basis along with Axis Bank, Lien on Short Term Depository Receipt of ₹ 20 million of Pennar Industries Limited and pledge of 24.60% of the total paid up equity capital (61,50,000 shares of ₹ 10 each) held by Pennar Industries Limited. Further secured by personal guarantee of Nrupender Rao, Aditya N Rao and corporate guarantee of Pennar Industries Limited. The loan carries interest rate of 11.01% per annum.

Note - (b)

Working Capital loan of ₹ 100 million from Axis Bank Limited is primarily secured by Pari passu first charge on present and future Current Assets of the Company and pari passu secured by second charge on present and future fixed assets of the Company including Equitable Mortgage of Acre 28.41 1/2 under Survey numbers 88 to 92 (part) of Ankanapally Village & Survey Numbers 144 to 145 (part) of Chandapur Village Sadasivapet Mandal, Medak District (the land on which the plant is located). Further secured by personal guarantee of promoter directors Nrupender Rao, Aditya Rao and Corporate guarantee of Pennar Industries Limited. The loan carries interest rate of 12.23% per annum.

ANNEXURE -13: RESTATED SUMMARY STATEMENT OF TRADE PAYABLES

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|--|-------------------------------|-----------------|---------------|---------------|---------------|--------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Trade payables: | | | | | | |
| (a) Dues to Micro and Small Enterprise - Refer annexure - 4(II)(2) | 15.59 | 37.89 | 2.91 | - | 5.74 | - |
| (b) Others | 691.95 | 796.66 | 526.77 | 454.10 | 234.07 | 45.89 |
| Total | 707.54 | 834.55 | 529.68 | 454.10 | 239.81 | 45.89 |

ANNEXURE -14: RESTATED SUMMARY STATEMENT OF OTHER CURRENT LIABILITIES

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|--|-------------------------------|-----------------|--------|--------|------|-------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (a) Current maturities of long-term borrowings | | | | | | |
| From Banks - Secured | | | | | | |
| Term Loan | - | - | 36.10 | 40.00 | - | 20.00 |
| Vehicle Loan | 0.44 | 0.41 | - | 0.23 | 0.21 | - |
| Others – Unsecured | - | - | - | - | 2.50 | - |
| (b) Interest accrued but not due on borrowings | - | - | 2.55 | - | 0.31 | - |
| (c) Interest accrued and due on borrowings | 0.87 | 1.81 | 3.04 | 2.42 | 1.61 | 3.15 |
| (d) Forward Contract Payable | - | - | 180.59 | 226.35 | - | - |

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|--|-------------------------|-----------------|---------------|---------------|---------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (e) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes, Excise Duty, VAT, Service Tax, etc.) | 40.78 | 25.59 | 22.19 | 14.11 | 12.62 | 10.79 |
| (f) Payables on purchase of fixed assets | 3.34 | 0.39 | 5.85 | 3.36 | 14.72 | 1.71 |
| (g) Interest accrued on trade payables- Refer annexure -4(II)(2) | 3.83 | 0.97 | - | - | - | - |
| (g) Advances from customers | 350.23 | 236.09 | 277.62 | 120.24 | 164.46 | 73.38 |
| (h) Trade / security deposits received | - | - | - | 0.13 | 0.27 | 5.39 |
| Add/(Less) - Adjustment on account of restatement - Refer Annexure – 5 | - | (0.13) | (0.12) | (0.01) | (0.40) | (0.51) |
| Total | 399.49 | 265.13 | 527.82 | 406.83 | 196.30 | 113.91 |

ANNEXURE -15: RESTATED SUMMARY STATEMENT OF SHORT-TERM PROVISIONS

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|--|-------------------------|-----------------|--------------|-------------|--------------|-------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (a) Provision for employee benefits: -Refer Annexure - 4(II)(7) | | | | | | |
| (i) Provision for compensated absences | 3.23 | 1.29 | 4.75 | 4.75 | 4.01 | 2.32 |
| (ii) Provision for gratuity | 2.24 | 1.58 | 0.58 | 0.02 | - | - |
| | 5.47 | 2.87 | 5.33 | 4.77 | 4.01 | 2.32 |
| (b) Provision - Others: | | | | | | |
| (i) Provision for tax [net of advance tax] | 19.49 | 49.87 | 73.87 | 1.29 | 12.39 | - |
| Add/(Less) - Adjustment on account of restatement - Refer Annexure – 5 | (1.62) | (2.00) | (1.58) | (1.90) | (1.55) | 0.04 |
| Total | 23.34 | 50.74 | 77.62 | 4.16 | 14.85 | 2.36 |

ANNEXURE – 16: RESTATED SUMMARY STATEMENT OF FIXED ASSETS

(i) 2014-15 (as at 30 November, 2014)

(₹ in million)

| | Particulars | Gross block | | | | Accumulated depreciation and amortization | | | | | Net block | |
|----------|-------------------------|-----------------------------|-----------|-----------|--------------------------------|---|--|----------------------------------|---------------------|--------------------------------|--------------------------------|-----------------------------|
| | | Balance as at 1 April, 2014 | Additions | Disposals | Balance as at 30 November 2014 | Balance as at 1 April, 2014 | Depreciation / amortisation on expense for the eight months period | Eliminated on disposal of assets | Other Adjustments @ | Balance as at 30 November 2014 | Balance as at 30 November 2014 | Balance as at 31 March 2014 |
| A | Tangible assets | | | | | | | | | | | |
| | (a) Land Freehold | 19.49 | - | - | 19.49 | - | - | - | - | - | 19.49 | 19.49 |
| | (b) Buildings | 371.90 | 0.51 | - | 372.41 | 29.36 | 8.29 | - | - | 37.65 | 334.76 | 342.54 |
| | (c) Plant and Equipment | 257.40 | 44.69 | - | 302.09 | 49.57 | 18.79 | - | - | 68.36 | 233.73 | 207.83 |

| | Particulars | Gross block | | | | Accumulated depreciation and amortization | | | | | Net block | |
|----------|----------------------------------|-----------------------------|--------------|-----------|--------------------------------|---|---|----------------------------------|---------------------|--------------------------------|--------------------------------|-----------------------------|
| | | Balance as at 1 April, 2014 | Additions | Disposals | Balance as at 30 November 2014 | Balance as at 1 April, 2014 | Depreciation / amortisation expense for the eight months period | Eliminated on disposal of assets | Other Adjustments @ | Balance as at 30 November 2014 | Balance as at 30 November 2014 | Balance as at 31 March 2014 |
| | (d) Electrical Equipments | 12.74 | - | - | 12.74 | 1.26 | 0.99 | - | - | 2.25 | 10.49 | 11.48 |
| | (e) Furniture and Fixtures | 12.27 | 0.05 | - | 12.32 | 4.11 | 0.92 | - | - | 5.03 | 7.29 | 8.16 |
| | (f) Vehicles | 2.89 | - | - | 2.89 | 0.27 | 0.25 | - | - | 0.52 | 2.37 | 2.62 |
| | (g) Office equipment | 9.28 | 0.24 | - | 9.52 | 5.42 | 2.08 | - | 0.46 | 7.96 | 1.56 | 3.86 |
| | (h) Leasehold improvements | | | | | | | | | | | |
| | Owned | 6.17 | - | - | 6.17 | 4.52 | 0.54 | - | - | 5.06 | 1.11 | 1.65 |
| | Given under operating lease | 2.21 | - | - | 2.21 | 1.10 | 0.31 | - | - | 1.41 | 0.80 | 1.11 |
| | Total | 8.38 | - | - | 8.38 | 5.62 | 0.85 | - | - | 6.47 | 1.91 | 2.76 |
| | (i) Computers | 22.97 | 1.74 | - | 24.71 | 13.47 | 3.53 | - | 1.18 | 18.18 | 6.53 | 9.50 |
| | | | | | | | | | | | | |
| | Total - tangible assets | 717.32 | 47.23 | - | 764.55 | 109.08 | 35.70 | - | 1.64 | 146.42 | 618.13 | 608.24 |
| | | | | | | | | | | | | |
| B | Intangible assets | | | | | | | | | | | |
| | Licenses | 21.06 | 1.73 | - | 22.79 | 7.75 | 1.45 | - | - | 9.20 | 13.59 | 13.31 |
| | Computer Software | 3.76 | 20.44 | - | 24.20 | 0.48 | 1.61 | - | - | 2.09 | 22.11 | 3.28 |
| | | | | | | | | | | | | |
| | Total - Intangible assets | 24.82 | 22.17 | - | 46.99 | 8.23 | 3.06 | - | - | 11.29 | 35.70 | 16.59 |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | Total | 742.14 | 69.40 | - | 811.54 | 117.31 | 38.76 | - | 1.64 | 157.71 | 653.83 | 624.83 |
| C | Capital work-in-progress | | | | | | | | | | 3.18 | 61.44 |

@ The Company reassessed the useful lives of fixed assets as per Part C of Schedule II of the Companies Act, 2013. Consequently, the useful life of asset classes has been revised and amounts aggregating ₹ 38.75 million has been debited to the Statement of Profit and Loss For the eight months period ended 30 November, 2014. The depreciation on carrying value of the assets whose useful lives expired as at April 1, 2014 aggregating ₹ 1.08 million have been adjusted against the opening reserves (net of deferred tax of ₹ 0.56 million).

(ii) 2013-14

(₹ in million)

| | Particulars | Gross Block | | | | Accumulated depreciation and amortization | | | | Net block | | |
|----------|----------------------------------|-----------------------------|---------------|-------------|------------------------------|---|--|----------------------------------|---------------------|------------------------------|------------------------------|------------------------------|
| | | Balance as at 1 April, 2013 | Additions | Disposals | Balance as at 31 March, 2014 | Balance as at 1 April, 2013 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Other Adjustments # | Balance as at 31 March, 2014 | Balance as at 31 March, 2014 | Balance as at 31 March, 2013 |
| A | Tangible assets | | | | | | | | | | | |
| | (a) Land Freehold | 16.84 | 2.65 | - | 19.49 | - | - | - | | - | 19.49 | 16.84 |
| | (b) Buildings | 231.00 | 140.90 | - | 371.90 | 21.62 | 7.72 | - | 0.02 | 29.36 | 342.54 | 209.38 |
| | (c) Plant and Equipment | 216.97 | 40.43 | - | 257.40 | 33.24 | 16.27 | - | 0.06 | 49.57 | 207.83 | 183.73 |
| | (d) Electrical Equipments | 8.58 | 4.16 | - | 12.74 | 0.87 | 0.41 | - | (0.02) | 1.26 | 11.48 | 7.71 |
| | (e) Furniture and Fixtures | 11.80 | 0.50 | 0.03 | 12.27 | 3.79 | 0.72 | 0.01 | (0.39) | 4.11 | 8.16 | 8.01 |
| | (f) Vehicles | 1.56 | 2.89 | 1.56 | 2.89 | 0.39 | 0.26 | 0.38 | - | 0.27 | 2.62 | 1.17 |
| | (g) Office equipment | 8.23 | 1.09 | 0.04 | 9.28 | 4.45 | 0.98 | 0.02 | 0.01 | 5.42 | 3.86 | 3.78 |
| | (h) Leasehold improvements | | | | | | | | | | | |
| | Owned | 6.17 | - | - | 6.17 | 2.81 | 1.27 | - | 0.44 | 4.52 | 1.65 | 3.36 |
| | Given under operating lease | 2.21 | - | - | 2.21 | 1.10 | - | - | - | 1.10 | 1.11 | 1.11 |
| | Total | 8.38 | - | - | 8.38 | 3.91 | 1.27 | - | 0.44 | 5.62 | 2.76 | 4.47 |
| | (i) Computers | 20.92 | 2.29 | 0.24 | 22.97 | 10.15 | 3.48 | 0.16 | - | 13.47 | 9.50 | 10.77 |
| | Total - tangible assets | 524.28 | 194.91 | 1.87 | 717.32 | 78.42 | 31.11 | 0.57 | 0.12 | 109.08 | 608.24 | 445.86 |
| B | Intangible assets | | | | | | | | | | | |
| | Licenses | 20.59 | 0.47 | - | 21.06 | 5.67 | 2.08 | - | - | 7.75 | 13.31 | 14.92 |
| | Computer Software | 2.25 | 1.51 | - | 3.76 | 0.19 | 0.29 | - | - | 0.48 | 3.28 | 2.06 |
| | Total - Intangible assets | 22.84 | 1.98 | - | 24.82 | 5.86 | 2.37 | - | - | 8.23 | 16.59 | 16.98 |
| | Total | 547.12 | 196.89 | 1.87 | 742.14 | 84.28 | 33.48 | 0.57 | 0.12 | 117.31 | 624.83 | 462.84 |
| C | Capital work-in-progress | | | | | | | | | | 61.44 | 137.50 |

Additions to Capital work-in-progress include expenditure capitalised - Refer annexure 4(II)(9)

(iii) 2012-13

(₹ in million)

| | Particulars | Gross block | | | | Accumulated depreciation and amortization | | | | Net block | | |
|----------|------------------------|-----------------------------|-----------|-----------|------------------------------|---|--|----------------------------------|---------------------|------------------------------|------------------------------|------------------------------|
| | | Balance as at 1 April, 2012 | Additions | Disposals | Balance as at 31 March, 2013 | Balance as at 1 April, 2012 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Other Adjustments # | Balance as at 31 March, 2013 | Balance as at 31 March, 2013 | Balance as at 31 March, 2012 |
| A | Tangible assets | | | | | | | | | | | |
| | (a) Land Freehold | 16.84 | - | - | 16.84 | - | - | - | - | - | 16.84 | 16.84 |
| | (b) Buildings | 231.00 | - | - | 231.00 | 13.66 | 7.87 | - | 0.09 | 21.62 | 209.38 | 217.34 |

| | Particulars | Gross block | | | | Accumulated depreciation and amortization | | | | Net block | | |
|----------|----------------------------------|-----------------------------|--------------|-------------|------------------------------|---|--|----------------------------------|---------------------|------------------------------|------------------------------|------------------------------|
| | | Balance as at 1 April, 2012 | Additions | Disposals | Balance as at 31 March, 2013 | Balance as at 1 April, 2012 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Other Adjustments # | Balance as at 31 March, 2013 | Balance as at 31 March, 2013 | Balance as at 31 March, 2012 |
| | (c) Plant and Equipment | 206.49 | 10.48 | - | 216.97 | 21.93 | 11.18 | - | 0.13 | 33.24 | 183.73 | 184.56 |
| | (d) Electrical Equipments | 8.58 | - | - | 8.58 | 0.47 | 0.40 | - | - | 0.87 | 7.71 | 8.11 |
| | (e) Furniture and Fixtures | 11.19 | 0.61 | - | 11.80 | 2.92 | 0.87 | - | - | 3.79 | 8.01 | 8.27 |
| | (f) Vehicles | 1.56 | - | - | 1.56 | 0.24 | 0.15 | - | - | 0.39 | 1.17 | 1.32 |
| | (g) Office equipment | 7.57 | 0.66 | - | 8.23 | 1.09 | 3.36 | - | - | 4.45 | 3.78 | 6.48 |
| | (h) Leasehold improvements | | | | | | | | | | | |
| | Owned | 6.17 | - | - | 6.17 | 2.00 | 0.81 | - | - | 2.81 | 3.36 | 4.17 |
| | Given under operating lease | 2.21 | - | - | 2.21 | 0.63 | 0.47 | - | - | 1.10 | 1.11 | 1.58 |
| | Total | 8.38 | - | - | 8.38 | 2.63 | 1.28 | - | - | 3.91 | 4.47 | 5.75 |
| | (i) Computers | 19.35 | 1.60 | 0.03 | 20.92 | 6.55 | 3.61 | 0.01 | - | 10.15 | 10.77 | 12.80 |
| | Total - tangible assets | 510.96 | 13.35 | 0.03 | 524.28 | 49.49 | 28.72 | 0.01 | 0.22 | 78.42 | 445.86 | 461.47 |
| | | | | | | | | | | | | |
| B | Intangible assets | | | | | | | | | | | |
| | Licenses | 20.11 | 0.48 | - | 20.59 | 3.63 | 2.04 | - | - | 5.67 | 14.92 | 16.48 |
| | Computer Software | 0.79 | 1.46 | - | 2.25 | 0.03 | 0.16 | - | - | 0.19 | 2.06 | 0.76 |
| | Total - Intangible assets | 20.90 | 1.94 | - | 22.84 | 3.66 | 2.20 | - | - | 5.86 | 16.98 | 17.24 |
| | Total | 531.86 | 15.29 | 0.03 | 547.12 | 53.15 | 30.92 | 0.01 | 0.22 | 84.28 | 462.84 | 478.71 |
| C | Capital work-in-progress | | | | | | | | | | 137.50 | 14.77 |

Additions to Capital work-in-progress include expenditure capitalised - Refer annexure 4(II)(9)

(iv) 2011-12

(₹ in million)

| | Particulars | Gross block | | | | | Accumulated depreciation and amortisation | | | | Net block | |
|-----------|---|-----------------------------|-----------|-----------|---------------------|------------------------------|---|--|----------------------------------|------------------------------|------------------------------|------------------------------|
| | | Balance as at 1 April, 2011 | Additions | Disposals | Other adjustments # | Balance as at 31 March, 2012 | Balance as at 1 April, 2011 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 31 March, 2012 | Balance as at 31 March, 2012 | Balance as at 31 March, 2011 |
| A. | TANGIBLE | | | | | | | | | | | |
| | (a) Land | 14.29 | 2.55 | - | - | 16.84 | - | - | - | - | 16.84 | 14.29 |
| | (b) Buildings | 221.98 | 9.02 | - | - | 231.00 | 6.10 | 7.56 | - | 13.66 | 217.34 | 217.41 |
| | (c) Plant and Equipment | 202.76 | 3.73 | - | - | 206.49 | 10.13 | 11.80 | - | 21.93 | 184.56 | 192.63 |
| | (d) Electricals | 9.03 | 0.75 | - | 1.20 | 8.58 | 0.04 | 0.43 | - | 0.47 | 8.11 | 9.51 |
| | (e) Furniture and Fixtures | 9.75 | 1.44 | - | - | 11.19 | 1.32 | 1.60 | - | 2.92 | 8.27 | 13.63 |
| | (f) Vehicle taken under financial lease | | | | | | | | | | | |

| | Particulars | Gross block | | | | | Accumulated depreciation and amortisation | | | | Net block | |
|-----------|----------------------------------|-----------------------------|--------------|-------------|---------------------|------------------------------|---|--|----------------------------------|------------------------------|------------------------------|------------------------------|
| | | Balance as at 1 April, 2011 | Additions | Disposals | Other adjustments # | Balance as at 31 March, 2012 | Balance as at 1 April, 2011 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 31 March, 2012 | Balance as at 31 March, 2012 | Balance as at 31 March, 2011 |
| | (g) Office equipment | 1.56 | - | - | - | 1.56 | 0.09 | 0.15 | - | 0.24 | 1.32 | 1.47 |
| | (h) Leasehold improvements | 6.33 | 1.28 | 0.04 | - | 7.57 | 0.49 | 0.60 | - | 1.09 | 6.48 | 5.84 |
| | (i) Computers | 8.19 | 0.19 | - | - | 8.38 | 0.93 | 1.70 | - | 2.63 | 5.75 | - |
| | Total - tangible assets | 17.63 | 1.72 | - | - | 19.35 | 3.53 | 3.02 | - | 6.55 | 12.80 | 14.11 |
| | | 491.52 | 20.68 | 0.04 | 1.20 | 510.96 | 22.63 | 26.86 | - | 49.49 | 461.47 | 468.89 |
| | INTANGIBLE | | | | | | | | | | | |
| B. | Licenses | | | | | | | | | | | |
| | Computer Software | 14.84 | 5.27 | - | - | 20.11 | 1.74 | 1.89 | - | 3.63 | 16.48 | 13.10 |
| | Total - Intangible assets | - | 0.79 | - | - | 0.79 | - | 0.03 | - | 0.03 | 0.76 | - |
| | Total | 14.84 | 6.06 | - | - | 20.90 | 1.74 | 1.92 | - | 3.66 | 17.24 | 13.10 |
| | Capital work-in-progress | 506.36 | 26.74 | 0.04 | 1.20 | 531.86 | 24.37 | 28.78 | - | 53.15 | 478.71 | 481.99 |
| C | | | | | | | | | | | 14.77 | 2.72 |

Government grants received by the Company during the year from Ministry of New and Renewable Energy for installation of solar equipment - Refer annexure 4(II)(4)

(v) 2010-11

(₹ in million)

| | Particulars | Gross block | | | | | Accumulated depreciation and amortisation | | | | Net block | |
|-----------|----------------------------|-----------------------------|-----------|-----------|-------------------|------------------------------|---|--|----------------------------------|------------------------------|------------------------------|------------------------------|
| | | Balance as at 1 April, 2010 | Additions | Disposals | Other adjustments | Balance as at 31 March, 2011 | Balance as at 1 April, 2010 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 31 March, 2011 | Balance as at 31 March, 2011 | Balance as at 31 March, 2010 |
| A. | TANGIBLE | | | | | | | | | | | |
| | (a) Land | 14.29 | - | - | - | 14.29 | - | - | - | - | 14.29 | 14.29 |
| | (b) Buildings | 181.25 | 42.26 | - | - | 223.51 | 0.04 | 6.06 | - | 6.10 | 217.41 | 181.21 |
| | (c) Plant and Equipment | 165.07 | 37.69 | - | - | 202.76 | 1.98 | 8.15 | - | 10.13 | 192.63 | 163.09 |
| | (d) Electricals | - | 9.56 | - | - | 9.56 | - | 0.05 | - | 0.05 | 9.51 | - |
| | (e) Furniture and Fixtures | 14.31 | 1.57 | - | - | 15.88 | 0.87 | 1.38 | - | 2.25 | 13.63 | 13.44 |
| | (f) Vehicles taken | 1.47 | 1.56 | 1.47 | - | 1.56 | 0.24 | 0.14 | 0.29 | 0.09 | 1.47 | 1.23 |

| | Particulars | Gross block | | | | | Accumulated depreciation and amortisation | | | | Net block | |
|-----------|----------------------------------|-----------------------------|--------------|-------------|-------------------|------------------------------|---|--|----------------------------------|------------------------------|------------------------------|------------------------------|
| | | Balance as at 1 April, 2010 | Additions | Disposals | Other adjustments | Balance as at 31 March, 2011 | Balance as at 1 April, 2010 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 31 March, 2011 | Balance as at 31 March, 2011 | Balance as at 31 March, 2010 |
| | under financial lease | | | | | | | | | | | |
| | (g) Office equipment | 5.28 | 1.05 | - | - | 6.33 | 0.18 | 0.31 | - | 0.49 | 5.84 | 5.10 |
| | (h) Leasehold improvements | - | - | - | - | - | - | - | - | - | - | - |
| | (i) Computers | 14.29 | 3.34 | - | - | 17.63 | 0.95 | 2.57 | - | 3.52 | 14.11 | 13.34 |
| | Total - tangible assets | 395.96 | 97.03 | 1.47 | - | 491.52 | 4.26 | 18.66 | 0.29 | 22.63 | 468.89 | 391.70 |
| B. | INTANGIBLE | | | | | | | | | | | |
| | Licenses | 13.55 | 1.29 | - | - | 14.84 | 0.33 | 1.41 | - | 1.74 | 13.10 | 13.22 |
| | Computer Software | - | - | - | - | - | - | - | - | - | - | - |
| | Total - Intangible assets | 13.55 | 1.29 | - | - | 14.84 | 0.33 | 1.41 | - | 1.74 | 13.10 | 13.22 |
| | Total | 409.51 | 98.32 | 1.47 | - | 506.36 | 4.59 | 20.07 | 0.29 | 24.37 | 481.99 | 404.92 |
| C | Capital work-in-progress | | | | | | | | | | 2.72 | 0.99 |

(vi) 2009-10

(₹ in million)

| | Particulars | Gross block | | | | | Accumulated depreciation and amortisation | | | | Net block | |
|-----------|----------------------------|-----------------------------|-----------|-----------|-------------------|------------------------------|---|--|----------------------------------|------------------------------|------------------------------|------------------------------|
| | | Balance as at 1 April, 2009 | Additions | Disposals | Other adjustments | Balance as at 31 March, 2010 | Balance as at 1 April, 2009 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 31 March, 2010 | Balance as at 31 March, 2010 | Balance as at 31 March, 2009 |
| A. | TANGIBLE | | | | | | | | | | | |
| | (a) Land | 10.99 | 3.30 | - | - | 14.29 | - | - | - | - | 14.29 | 10.99 |
| | (b) Buildings | - | 181.25 | - | - | 181.25 | - | 0.04 | - | 0.04 | 181.21 | - |
| | (c) Plant and Equipment | 0.46 | 170.66 | 6.05 | - | 165.07 | - | 2.01 | 0.03 | 1.98 | 163.09 | 0.46 |
| | (d) Electricals | - | - | - | - | - | - | - | - | - | - | - |
| | (e) Furniture and Fixtures | 8.32 | 5.99 | - | - | 14.31 | - | 0.87 | - | 0.87 | 13.44 | 8.32 |

| | Particulars | Gross block | | | | | Accumulated depreciation and amortisation | | | | Net block | |
|-----------|--|-----------------------------|---------------|-------------|-------------------|------------------------------|---|--|----------------------------------|------------------------------|------------------------------|------------------------------|
| | | Balance as at 1 April, 2009 | Additions | Disposals | Other adjustments | Balance as at 31 March, 2010 | Balance as at 1 April, 2009 | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Balance as at 31 March, 2010 | Balance as at 31 March, 2010 | Balance as at 31 March, 2009 |
| | (f) Vehicles taken under financial lease | 1.20 | 0.27 | - | - | 1.47 | - | 0.24 | - | 0.24 | 1.23 | 1.20 |
| | (g) Office equipment | 1.41 | 3.87 | - | - | 5.28 | - | 0.18 | - | 0.18 | 5.10 | 1.41 |
| | (h) Leasehold improvements | - | - | - | - | - | - | - | - | - | - | - |
| | (i) Computers | 2.37 | 11.92 | - | - | 14.29 | - | 0.95 | - | 0.95 | 13.34 | 2.37 |
| | Total - tangible assets | 24.75 | 377.26 | 6.05 | - | 395.96 | - | 4.29 | 0.03 | 4.26 | 391.70 | 24.75 |
| | | - | | | | | | | | | | |
| B. | INTANGIBLE | | | | | | | | | | | |
| | Licenses | - | 13.55 | - | - | 13.55 | - | 0.33 | - | 0.33 | 13.22 | - |
| | Computer Software | - | - | - | - | - | - | - | - | - | - | - |
| | Total - Intangible assets | - | 13.55 | - | - | 13.55 | - | 0.33 | - | 0.33 | 13.22 | - |
| | | | | | | | | | | | | |
| | Total | 24.75 | 390.81 | 6.05 | - | 409.51 | - | 4.62 | 0.03 | 4.59 | 404.92 | 24.75 |
| C | Capital work-in-progress | | | | | | | | | | 0.99 | - |

C: Depreciation and amortisation :

(₹ in million)

| Particulars | For the eight months period ended 30 November, 2014 | For the year ended 31 March, | | | | |
|-------------------------------|---|------------------------------|-------|-------|-------|------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| On tangible assets | 35.70 | 31.11 | 28.72 | 26.86 | 18.66 | 4.29 |
| On intangible assets | 3.06 | 2.37 | 2.20 | 1.92 | 1.41 | 0.33 |
| Depreciation and amortisation | 38.76 | 33.48 | 30.92 | 28.78 | 20.07 | 4.62 |

ANNEXURE -17: RESTATED SUMMARY STATEMENT OF NON-CURRENT INVESTMENTS

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|--|-------------------------|-----------------|------|------|------|------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Investments (At cost): | | | | | | |
| | | | | | | |
| Investment in equity instruments of subsidiaries (unquoted, fully paid | - | - | - | 0.10 | - | - |

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|---|-------------------------|-----------------|------|-------------|------|------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| up) | | | | | | |
| 9,999 equity shares of ₹.10 each in Pennar Building Systems Private Limited | | | | | | |
| Total | - | - | - | 0.10 | - | - |
| Aggregate value of un-quoted investment | - | - | - | 0.10 | - | - |

ANNEXURE -18: RESTATED SUMMARY STATEMENT OF LONG TERM LOANS AND ADVANCES

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|--|-------------------------|-----------------|--------------|--------------|-------------|-------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (a) Capital advances | | | | | | |
| Unsecured, considered good | 0.58 | 1.70 | 0.22 | 11.64 | 0.11 | 0.09 |
| (b) Rental & Other Deposits | | | | | | |
| Unsecured, considered good | 17.44 | 17.41 | 11.06 | 10.06 | 6.57 | 3.88 |
| (c) Advance Tax [Net of provision for tax] | 0.05 | 0.05 | 0.03 | 0.03 | 1.90 | 1.66 |
| (d) Prepaid expenses | - | - | - | 2.07 | - | - |
| Unsecured, considered good | | | | | | |
| Total | 18.07 | 19.16 | 11.31 | 23.80 | 8.58 | 5.63 |

ANNEXURE -19: RESTATED SUMMARY STATEMENT OF OTHER NON-CURRENT ASSETS

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|--------------------------------------|-------------------------|-----------------|--------------|--------------|------|------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (a) Balance with banks | | | | | | |
| Balance held as margin money deposit | - | - | 34.62 | 34.62 | - | - |
| (b) Accruals | | | | | | |
| Interest accrued on deposits | - | - | 3.40 | 0.91 | - | - |
| Total | - | - | 38.02 | 35.53 | - | - |

ANNEXURE -20: RESTATED SUMMARY STATEMENT OF CURRENT INVESTMENTS

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|--|-------------------------|-----------------|------|------|------|------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Other Current Investments - Refer note –(ii) below | | | | | | |
| Investment in equity instruments of subsidiaries (unquoted, fully paid up) | - | 0.10 | 0.10 | - | - | - |
| 9,999 Equity shares of ₹ 10 each in Pennar Building Systems Private | | | | | | |

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|--|-------------------------|-----------------|--------------|------|------|------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Limited | | | | | | |
| Less: Provision for diminution in value of investments | - | 0.10 | 0.10 | - | - | - |
| Total | - | - | - | - | - | - |
| Investment in mutual funds (Refer Note (i) below) | - | 255.01 | 33.00 | - | - | - |
| Total | - | 255.01 | 33.00 | - | - | - |
| Aggregate value of quoted investment | - | 255.01 | 33.00 | - | - | - |
| Aggregate market value of quoted investment | - | 255.22 | 33.06 | - | - | - |
| Aggregate value of un-quoted investment | - | - | - | - | - | - |

Note: i. Investment in mutual funds

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|---|-------------------------|-----------------|--------------|------|------|------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| 102,089.156 units of Birla sun life cash plus - Daily dividend-Regular Plan-Reinvestment face value of ₹100.3288 each | - | 10.23 | - | - | - | - |
| 2,006,898.915 units of HDFC liquid fund dividend daily investment Reinvest face value of ₹10.1982 | - | 20.47 | - | - | - | - |
| 317,029.972 units of ICICI pru liquid - Regular Plan -Daily dividend face value of ₹100.0662 | - | 31.72 | - | - | - | - |
| 1,994,733.701 units of JM Floater Short Term Fund-Daily dividend Option (73) face value of ₹10.0883 | - | 20.12 | - | - | - | - |
| 2,000,000 units of IDBI FMP-Dividend Pay-out face value of ₹10.0993 | - | 20.00 | - | - | - | - |
| 24,719.84 units of L N T Liquid Fund Daily dividend Reinvestment plan - face value of ₹1,011.6349 | - | 25.01 | - | - | - | - |
| 56,771.866 units of SBI Debt fund Series - 90 DAYS Plan dividend face value of ₹1,003.2500 | - | 56.95 | - | - | - | - |
| 29,740.328 units of Reliance liquid -treasury plan face value of ₹1,528.7400 | - | 45.49 | - | - | - | - |
| 24,996.995 units of Axis Liquid - Daily Dividend face value of ₹1,000.1178 | - | 25.02 | - | - | - | - |
| 998.07 units of SBI Magnum Insta Cash Fund (Growth) face value of ₹1,000 each | - | - | 2.00 | - | - | - |
| 16,843.07 units of SBI Premier Liquid Fund (Growth) face value of ₹1,000 each | - | - | 31.00 | - | - | - |
| Total | - | 255.01 | 33.00 | - | - | - |

Note -ii

The Board of Directors at its meeting held on February 08, 2013 passed a resolution for closure of its Wholly Owned Subsidiary, Pennar Building Systems Private Limited (PBSPL). The Company had filed the required documents with the Registrar of Companies, Uttarakhand on May 07, 2013, who has issued a name struck off letter on June 03, 2014.

ANNEXURE -21: RESTATED SUMMARY STATEMENT OF INVENTORIES

(At lower of cost and net realisable value)

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|--|-------------------------|-----------------|---------------|---------------|---------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (a) Raw materials | 354.96 | 233.75 | 160.72 | 169.10 | 251.83 | 82.07 |
| Goods-in-transit | 6.23 | 30.58 | 3.84 | - | - | - |
| (b) Work-in-progress | 296.65 | 211.55 | 104.83 | 122.89 | 83.42 | 6.80 |
| (c) Finished goods | 273.65 | 123.62 | 101.00 | 96.79 | 69.85 | 42.41 |
| (d) Stores and spares | 36.18 | 32.06 | 73.61 | 42.57 | 35.70 | 15.80 |
| Goods-in-transit | 10.03 | 18.81 | 10.73 | - | - | - |
| (e) Scrap | - | - | 0.86 | 0.93 | 1.13 | 1.94 |
| Add/(Less) - Adjustment on account of restatement - Refer Annexure – 5 | - | 10.88 | - | - | - | - |
| Total | 977.70 | 661.25 | 455.59 | 432.28 | 441.93 | 149.02 |

ANNEXURE – 22: RESTATED SUMMARY STATEMENT OF TRADE RECEIVABLES

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|---|-------------------------|-----------------|---------------|---------------|---------------|--------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment * | | | | | | |
| Secured, considered good | 19.65 | 0.48 | 3.84 | 0.30 | - | - |
| Unsecured, considered good | 281.99 | 104.10 | 158.73 | 93.41 | 25.91 | - |
| Doubtful | 34.11 | 20.35 | 4.53 | 4.88 | 0.24 | - |
| | 335.75 | 124.93 | 167.10 | 98.59 | 26.15 | - |
| Less: Provision for doubtful trade receivables | 34.11 | 20.35 | 4.53 | 4.88 | 0.24 | - |
| | 301.64 | 104.58 | 162.57 | 93.71 | 25.91 | - |
| Other Trade receivables | | | | | | |
| Secured, considered good | 81.60 | 260.24 | 185.09 | 54.91 | - | - |
| Unsecured, considered good | 329.06 | 328.12 | 285.95 | 287.71 | 228.65 | 71.15 |
| | 410.66 | 588.36 | 471.04 | 342.62 | 228.65 | 71.15 |
| Add/(Less) - Adjustment on account of restatement - Refer Annexure – 5 | - | (12.14) | (0.01) | (4.38) | (7.90) | (0.24) |
| Total | 712.30 | 680.80 | 633.60 | 431.95 | 246.66 | 70.91 |
| Considered good | 712.30 | 680.80 | 633.60 | 431.95 | 246.66 | 70.91 |
| Considered doubtful | 34.11 | 20.35 | 4.53 | 4.88 | 0.24 | - |
| Total | 746.41 | 701.15 | 638.13 | 436.83 | 246.90 | 70.91 |

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|---------------------------------------|-------------------------|-----------------|-------|-------|------|------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| *Includes retention money receivables | 100.01 | 158.20 | 96.55 | 10.09 | 5.52 | - |

ANNEXURE – 23: RESTATED SUMMARY STATEMENT OF CASH AND CASH EQUIVALENTS

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|---|-------------------------|-----------------|---------------|--------------|--------------|--------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (a) Cash on hand | 0.02 | 0.01 | 0.02 | 0.06 | 0.01 | 0.03 |
| (b) Cheques on hand | - | - | 6.00 | - | - | - |
| (c) Balances with banks | | | | | | |
| (i) In current accounts | 0.69 | 20.08 | 53.37 | 20.79 | 27.57 | 62.25 |
| (ii) In deposit accounts | - | - | 199.60 | 40.00 | 26.62 | 6.96 |
| (iii) In earmarked accounts | | | | | | |
| - Balances held as margin money against guarantees and Letter of Credits | 41.25 | 41.25 | - | - | - | - |
| Total | 41.96 | 61.34 | 258.99 | 60.85 | 54.20 | 69.24 |
| Cash and cash equivalents as above meet the definition of Cash and cash equivalents as per AS 3 'Cash Flow Statements ' | 0.71 | 20.09 | 258.99 | 60.85 | 54.20 | 69.24 |

ANNEXURE – 24: RESTATED SUMMARY STATEMENT OF SHORT-TERM LOANS AND ADVANCES

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|---|-------------------------|-----------------|--------|------|-------|-------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (a) Loans and advances to related parties | | | | | | |
| Considered doubtful | - | 0.89 | 0.89 | 1.42 | 0.38 | - |
| Less: Provision for doubtful advances | - | (0.89) | (0.89) | - | - | - |
| | - | - | - | 1.42 | 0.38 | - |
| (b) Security deposits | | | | | | |
| Unsecured, considered good | 4.79 | 4.58 | 4.05 | 6.16 | 2.82 | 0.92 |
| (c) Loans and advances to employees | | | | | | |
| Unsecured, considered good | - | - | 2.84 | 1.68 | 0.27 | - |
| (d) Prepaid expenses | | | | | | |
| Unsecured, considered good | 6.99 | 6.47 | 5.17 | 8.05 | 2.98 | 1.37 |
| (e) Balances with government authorities | | | | | | |
| Unsecured, considered good | | | | | | |
| (i) CENVAT credit receivable | 20.25 | 25.76 | 20.89 | 4.77 | 10.30 | 35.07 |
| (ii) VAT credit receivable | - | 11.01 | 3.05 | - | 3.75 | - |
| (iii) Service Tax credit receivable | 4.41 | 21.30 | 16.24 | 7.04 | 5.92 | - |
| (iv) Customs Duty | - | - | - | 0.95 | - | - |
| (f) Inter-corporate deposits | | | | | | |

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|--|-------------------------|-----------------|--------------|--------------|--------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Unsecured, considered good | - | 10.02 | - | - | - | - |
| (g) Advances to Contractors, Suppliers | | | | | | |
| Unsecured, considered good | 116.83 | 106.50 | 33.76 | 50.67 | 15.22 | 89.62 |
| Considered doubtful | 1.59 | 1.59 | 1.59 | 0.20 | - | - |
| Less: Provision for doubtful advances | (1.59) | (1.59) | (1.59) | (0.20) | - | - |
| (h) MAT Credit | | | | | | |
| Unsecured, considered good | - | - | - | - | 6.82 | - |
| | | | | | | |
| Add/(Less) - Adjustment on account of restatement - Refer Annexure - 5 | - | - | - | (0.88) | (0.20) | - |
| | | | | | | |
| Total | 153.27 | 185.64 | 86.00 | 79.86 | 48.26 | 126.98 |
| | | | | | | |
| Unsecured, considered good | 153.27 | 185.64 | 86.00 | 79.86 | 48.26 | 126.98 |
| Considered doubtful | 1.59 | 2.48 | 2.48 | 0.20 | - | - |
| Total | 154.86 | 188.12 | 88.48 | 80.06 | 48.26 | 126.98 |

ANNEXURE – 25: RESTATED SUMMARY STATEMENT OF OTHER CURRENT ASSETS

(₹ in million)

| Particulars | As at 30 November, 2014 | As at 31 March, | | | | |
|---|-------------------------|-----------------|---------------|---------------|--------------|-------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (a) Unbilled revenue | 1.39 | 1.71 | 6.92 | 0.47 | 2.18 | - |
| (b) Unamortised expenses | | | | | | |
| Ancillary borrowing costs | - | - | 1.08 | 3.03 | - | - |
| (c) Forward Contract receivable | - | - | 173.17 | 228.94 | - | - |
| (d) Incentive receivable | 100.17 | 84.47 | 73.54 | 43.05 | 13.58 | - |
| (e) Accruals | | | | | | |
| Interest accrued on deposits | 3.63 | 0.95 | 0.12 | 0.05 | 0.31 | 0.08 |
| (f) Others | | | | | | |
| (i) Unamortised premium on forward contract | - | - | 4.95 | 2.93 | - | - |
| (ii) Receivables from related parties - Refer annexure-35 | 5.28 | 3.94 | 0.16 | - | - | - |
| Total | 110.47 | 91.07 | 259.94 | 278.47 | 16.07 | 0.08 |

ANNEXURE – 26: RESTATED SUMMARY STATEMENT OF REVENUE FROM OPERATIONS

(₹ in million)

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|-----------------|-----------------|-----------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (a) Sale of products (Refer Note (i) below) | 2,372.79 | 3,750.05 | 2,819.99 | 2,446.89 | 1,495.91 | 317.39 |
| (b) Sale of service (Refer Note (ii) below) | 149.25 | 208.57 | 255.00 | 189.32 | 78.51 | 2.74 |
| (c) Sale of Scrap | 52.04 | 75.89 | 56.66 | 49.84 | 20.63 | 2.87 |
| Revenue from operations (Gross) | 2,574.08 | 4,034.51 | 3,131.65 | 2,686.05 | 1,595.05 | 323.00 |
| Add/(Less) - Adjustment on account of restatement - Refer Annexure – 5 | 12.14 | (12.14) | - | - | - | - |

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|-----------------|-----------------|-----------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Total | 2,586.22 | 4,022.37 | 3,131.65 | 2,686.05 | 1,595.05 | 323.00 |
| Less: Excise duty | 230.93 | 380.42 | 261.70 | 227.50 | 133.85 | 13.85 |
| Add/(Less) - Adjustment on account of restatement - Refer Annexure – 5 | 1.34 | (1.34) | - | - | - | - |
| Total | 232.27 | 379.08 | 261.70 | 227.50 | 133.85 | 13.85 |
| Total | 2,353.95 | 3,643.29 | 2,869.95 | 2,458.55 | 1,461.20 | 309.15 |

(₹ in million)

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|---|---|------------------------------|-----------------|-----------------|-----------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (i) <u>Sale of products comprises :</u> | | | | | | |
| Manufactured goods | | | | | | |
| Sale of Steel Structures & Pre Engineered Building Components | 2,372.79 | 3,750.05 | 2,819.99 | 2,446.89 | 1,495.91 | 317.39 |
| Total - Sale of products | 2,372.79 | 3,750.05 | 2,819.99 | 2,446.89 | 1,495.91 | 317.39 |
| (ii) <u>Sale of services comprises :</u> | | | | | | |
| Installation of Steel Structures & Pre engineered building components | 140.85 | 208.07 | 239.55 | 183.23 | 78.51 | 2.74 |
| Job Work | 8.40 | 0.50 | 15.45 | 6.09 | - | - |
| Total - Sale of service | 149.25 | 208.57 | 255.00 | 189.32 | 78.51 | 2.74 |

ANNEXURE – 27: RESTATED SUMMARY STATEMENT OF OTHER OPERATING REVENUE

(₹ in million)

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|-------------------------------------|---|------------------------------|--------------|--------------|--------------|----------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (i) Incentives on Sales tax & Power | 17.61 | 26.23 | 30.51 | 26.98 | 13.58 | - |
| Total | 17.61 | 26.23 | 30.51 | 26.98 | 13.58 | - |

ANNEXURE – 28: RESTATED SUMMARY STATEMENT OF OTHER INCOME

(₹ in million)

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|-------------------------------------|---|------------------------------|-------------|-------------|-------------|-------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (i) Interest income comprises: | | | | | | |
| Interest from banks on deposit | 2.71 | 14.50 | 4.37 | 2.18 | 1.26 | 0.15 |
| Other Interest received | 0.23 | 0.07 | - | 0.06 | 0.04 | - |
| Interest on income tax refund | - | - | - | 0.10 | - | - |
| Total - Interest income | 2.94 | 14.57 | 4.37 | 2.34 | 1.30 | 0.15 |
| (ii) Profit on sale of fixed assets | - | - | - | - | - | 0.14 |
| (iii) Liabilities / provisions no | - | - | 0.02 | 0.40 | 0.51 | - |

| Particulars | | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|-------------|---|---|------------------------------|-------------|---------------|---------------|-------------|
| | | | 2014 | 2013 | 2012 | 2011 | 2010 |
| | longer required written back | | | | | | |
| (iv) | Foreign exchange gain (net) | 0.07 | 0.11 | 3.34 | - | - | - |
| (v) | Dividend income on mutual funds | 6.70 | 4.01 | - | - | - | - |
| (vi) | Net profit on sale of Mutual Funds | - | 8.29 | 0.13 | - | - | - |
| (vii) | Other non-operating income comprises: | | | | | | |
| | Provision for trade receivables written back | - | 0.12 | 0.01 | - | - | - |
| | Miscellaneous Income | 1.49 | 0.97 | 1.17 | 1.25 | 1.40 | 0.67 |
| | Total - Other non-operating income | 8.26 | 13.50 | 4.67 | 1.65 | 1.91 | 0.81 |
| | Add/(Less) - Adjustment on account of restatement - Refer Annexure - 5 | - | (0.12) | 0.11 | (0.39) | (0.11) | 0.51 |
| | Total | 11.20 | 27.95 | 9.15 | 3.60 | 3.10 | 1.47 |

ANNEXURE – 29: RESTATED SUMMARY STATEMENT OF COST OF MATERIAL CONSUMED

A. Cost of materials consumed- Refer Note: i)

(₹ in million)

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|-----------------|-----------------|---------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Opening stock | 233.75 | 160.72 | 169.10 | 251.83 | 82.07 | - |
| Add: Purchases | 1,655.19 | 2,294.82 | 1,742.21 | 1,466.27 | 1,156.66 | 299.54 |
| | 1,888.94 | 2,455.54 | 1,911.31 | 1,718.10 | 1,238.73 | 299.54 |
| Less: Expenses incurred towards capital projects | - | 8.03 | 16.52 | - | 9.36 | 2.79 |
| Less: Closing stock | 354.96 | 233.75 | 160.72 | 169.10 | 251.83 | 82.07 |
| Total | 1,533.98 | 2,213.76 | 1,734.07 | 1,549.00 | 977.54 | 214.68 |

i) Cost of materials consumed

(₹ in million)

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|----------------|---|------------------------------|-----------------|-----------------|---------------|---------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| HR Plates | 554.19 | 597.11 | 701.73 | 727.07 | 458.84 | 100.77 |
| GP Coils | 166.61 | 343.77 | 360.06 | 263.44 | 166.26 | 36.51 |
| Sheeting Coils | 99.20 | 198.59 | 265.29 | 218.14 | 137.66 | 30.23 |
| HR Sections | 448.61 | 561.49 | 134.35 | 184.69 | 116.55 | 25.60 |
| Bought outs | 265.37 | 512.80 | 272.64 | 155.66 | 98.23 | 21.57 |
| Total | 1,533.98 | 2,213.76 | 1,734.07 | 1,549.00 | 977.54 | 214.68 |

B. Changes in inventories of finished goods and work-in-progress

(₹ in million)

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|---------------|----------------|-----------------|----------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Inventories at the end of the period / year: | | | | | | |
| Finished goods | 273.65 | 123.62 | 101.00 | 96.79 | 69.86 | 42.41 |
| Work-in-progress | 296.65 | 211.55 | 104.83 | 122.89 | 83.42 | 6.80 |
| Scrap | - | - | 0.86 | 0.93 | 1.13 | 1.94 |
| | 570.30 | 335.17 | 206.69 | 220.61 | 154.41 | 51.15 |
| Inventories at the beginning of the year: | | | | | | |
| Finished goods | 123.62 | 101.00 | 96.79 | 69.86 | 42.41 | - |
| Work-in-progress | 211.55 | 104.83 | 122.89 | 83.42 | 6.80 | - |
| Scrap | - | 0.86 | 0.93 | 1.13 | 1.94 | - |
| | 335.17 | 206.69 | 220.61 | 154.41 | 51.15 | - |
| Add/(Less) - Adjustment on account of restatement - Refer Annexure - 5 | (10.88) | 10.88 | - | - | - | - |
| Net (increase) / decrease | (224.25) | (139.36) | 13.92 | (66.20) | (103.26) | (51.15) |

ANNEXURE – 30: RESTATED SUMMARY STATEMENT OF EMPLOYEE BENEFITS EXPENSE

(₹ in million)

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|---------------|---------------|--------------|--------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Salaries, Wages and bonus | 167.24 | 199.04 | 160.16 | 128.42 | 88.42 | 58.65 |
| Contributions to provident and other funds | 9.17 | 12.69 | 10.46 | 9.00 | 6.13 | 3.47 |
| Gratuity | 3.86 | 3.63 | 3.94 | 2.08 | 1.01 | - |
| Staff welfare expenses | 6.90 | 8.20 | 7.73 | 3.99 | 2.91 | 1.20 |
| | 187.17 | 223.56 | 182.29 | 143.49 | 98.47 | 63.32 |
| Less: Expenses incurred towards capital projects | - | 0.48 | 1.16 | - | 4.35 | 10.08 |
| Total | 187.17 | 223.08 | 181.13 | 143.49 | 94.12 | 53.24 |

ANNEXURE – 31: RESTATED SUMMARY STATEMENT OF FINANCE COSTS

(₹ in million)

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|---|---|------------------------------|-------|-------|-------|-------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (a) Interest expense on: | | | | | | |
| (i) Borrowings | 21.02 | 35.75 | 50.09 | 57.35 | 47.18 | 12.47 |
| (ii) Trade payables | 2.86 | 0.94 | - | - | - | - |
| (iii) Others | | | | | | |
| - Interest on delayed payment of income taxes | 2.69 | 1.35 | 4.71 | 1.28 | 1.92 | - |
| (b) Other borrowing costs | 39.96 | 38.96 | 57.01 | 50.91 | 18.81 | 15.13 |

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|---|---|------------------------------|---------------|---------------|--------------|--------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| (c) Loss on foreign currency transactions and translation (net) | - | - | 3.55 | - | - | - |
| Less: Capitalised | - | - | - | - | - | (11.41) |
| Total | 66.53 | 77.00 | 115.36 | 109.54 | 67.91 | 16.19 |

ANNEXURE – 32: RESTATED SUMMARY STATEMENT OF OTHER EXPENSES

(₹ in million)

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|--------|--------|-------|-------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Consumption of stores and spare parts | 164.60 | 241.49 | 62.83 | 105.87 | 57.66 | 12.86 |
| Increase / (decrease) of excise duty on inventory | 9.05 | 2.42 | 4.77 | 2.44 | 3.97 | - |
| Subcontracting | 177.84 | 250.81 | 93.75 | 95.11 | 51.04 | 10.31 |
| Erection Expenses | 132.96 | 200.45 | 227.99 | 173.44 | 76.19 | 5.71 |
| Power and fuel | 11.98 | 14.28 | 18.01 | 10.35 | 6.99 | 2.31 |
| Other manufacturing cost | 3.62 | 5.29 | 4.43 | 4.64 | 1.43 | 0.44 |
| Rent including lease rentals (net) | 13.04 | 15.09 | 15.36 | 12.03 | 8.46 | 6.68 |
| Repairs and maintenance - Machinery | 0.30 | 0.15 | 0.37 | 0.60 | 0.17 | 0.08 |
| Repairs and maintenance - Others | 0.20 | 0.21 | 0.42 | 0.50 | 0.28 | - |
| Insurance | 2.64 | 3.45 | 4.80 | 3.68 | 3.32 | 0.90 |
| Rates and taxes | 0.49 | 6.37 | 1.83 | 2.32 | 4.04 | 2.13 |
| Communication | 3.04 | 4.39 | 3.65 | 3.48 | 2.55 | 1.84 |
| Travelling and conveyance | 29.03 | 41.26 | 33.08 | 27.56 | 14.36 | 6.06 |
| Printing and stationery | 1.71 | 3.27 | 3.30 | 2.67 | 2.12 | 0.66 |
| Freight and forwarding | 82.71 | 139.16 | 84.84 | 81.39 | 49.07 | 4.33 |
| Marketing and Selling expenses | 45.96 | 19.07 | 22.14 | 13.68 | 24.40 | 13.05 |
| Office Maintenance | 10.35 | 14.51 | 9.06 | 6.22 | 2.94 | 2.54 |
| Security Charges | 1.84 | 2.69 | 2.35 | 2.40 | 1.46 | 0.77 |
| Donations and contributions | 0.67 | 0.77 | 0.57 | 0.53 | 0.07 | - |
| Legal and professional | 11.33 | 10.68 | 11.91 | 12.06 | 10.70 | 4.15 |
| Payments to auditors (Refer Note below) | 0.80 | 1.21 | 1.21 | 1.01 | 0.77 | 0.60 |
| Doubtful loans and advances written off | 0.89 | - | 0.20 | - | - | - |
| Less: Provision for loans and advances written back | (0.89) | - | (0.20) | - | - | - |
| Trade receivables written off | - | 4.53 | - | 4.65 | - | - |
| Less: provision released | - | (4.53) | - | - | - | - |
| Provision for doubtful trade receivables | 13.84 | 20.36 | 4.53 | - | 0.24 | - |
| Provision for loans and advances | - | - | 2.48 | 0.20 | - | - |
| Net loss on foreign currency transactions and translation (other than considered finance cost) | - | - | - | 0.90 | 1.34 | - |
| Provision for losses (diminution in value of investments) in subsidiary companies (net) | - | - | 0.10 | - | - | - |
| Loss on fixed assets sold / scrapped | - | 0.69 | - | 0.02 | 0.58 | - |

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|---------------|---------------|---------------|--------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| / written off | | | | | | |
| Miscellaneous expenses | 1.31 | 4.73 | 5.47 | 2.74 | 1.90 | 0.97 |
| | 719.31 | 1,002.80 | 619.25 | 570.49 | 326.05 | 76.39 |
| Less: Expenses incurred towards capital projects | - | 2.26 | 3.35 | - | 1.24 | 7.29 |
| Add/(Less) - Adjustment on account of restatement - Refer Annexure - 5 | (1.20) | 1.20 | (5.25) | (2.84) | 7.86 | 0.24 |
| Total | 718.11 | 1,001.74 | 610.65 | 567.65 | 332.67 | 69.34 |
| Note | | | | | | |
| Payments to the auditors comprises (net of service tax input credit): | | | | | | |
| (a) To statutory auditors | | | | | | |
| For audit | 0.73 | 1.10 | 1.10 | 0.95 | 0.75 | 0.60 |
| Reimbursement of expenses | 0.02 | 0.03 | 0.03 | 0.02 | 0.02 | - |
| (b) To cost auditors for cost audit | 0.05 | 0.08 | 0.08 | 0.04 | - | - |
| Total | 0.80 | 1.21 | 1.21 | 1.01 | 0.77 | 0.60 |

ANNEXURE – 33: STATEMENT OF TAX SHELTERS

(₹ in million)

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|---|---|------------------------------|-------------|-------------|----------|----------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Tax rate - Normal (including surcharge and education cess where applicable) | 33.99% | 33.99% | 32.45% | 32.45% | 33.22% | 30.90% |
| Tax rate - MAT (including surcharge and education cess where applicable) | 20.01% | 20.01% | 20.01% | 20.01% | 19.93% | 15.45% |
| Profit before tax, as per Restated statement of profit and loss | 62.46 | 287.77 | 223.55 | 156.87 | 88.83 | 3.70 |
| Adjustments: | | | | | | |
| Permanent differences | | | | | | |
| Donations | 0.67 | 0.05 | 0.57 | 0.53 | - | - |
| Straight line lease rent | 0.67 | - | - | - | - | - |
| (Profit)/loss on sales of assets | - | 0.69 | - | 0.02 | - | - |
| Dividend on mutual fund | (6.70) | (4.01) | - | - | - | - |
| Share issue expenses | - | - | 0.81 | - | - | - |
| Interest on income tax and TDS | 4.24 | 3.11 | 4.61 | - | - | - |
| Total permanent difference | (1.12) | (0.16) | 5.99 | 0.55 | - | - |
| Timing difference | | | | | | |
| Difference between book and tax depreciation as per Return of Income | (21.93) | (33.68) | (21.13) | (27.69) | - | - |
| Provision for doubtful debts | 13.84 | 20.35 | 2.24 | 4.65 | 0.24 | - |
| Provision for employee benefits | 19.68 | (0.30) | 4.56 | 4.51 | - | - |
| Disallowance u/s 40(a)(i)(a) | (22.76) | 1.53 | 55.87 | 1.26 | - | - |

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|--------------------|----------------|--------------------|--------------------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Total timing difference E | (11.17) | (12.10) | 41.53 | (17.27) | 0.24 | - |
| Total tax before restatement adjustments | 17.05 | 92.11 | 87.94 | 45.47 | 17.83 | 0.57 |
| Less: Tax impact of restatement adjustments | 0.38 | (0.42) | 1.74 | 0.79 | (1.59) | 0.04 |
| Total Tax | 16.67 | 92.53 | 86.20 | 44.68 | 19.42 | 0.53 |
| Less: Mat credit u/s 115JAA | - | - | - | - | (6.82) | - |
| Total tax as per books of accounts | 16.67 | 92.53 | 86.20 | 44.68 | 12.60 | 0.53 |
| Total tax as per return of income | - | 92.16 | 58.18 | 44.33 | 12.52 | 0.53 |
| Excess/(short) provision as per books | - | 0.37 | 28.02 | 0.35 | 0.08 | 0.00 |
| | Refer Note-3 below | | Refer Note-2 below | | Refer Note-1 below | Refer Note-1 below |

Notes:

1. Tax payable under section 115 JB, being higher than the tax computed under the Income Tax Act, 1961.
2. Difference is on account of incentives of ₹ 30.71 million and amount disallowed due non deduction of TDS of ₹ 55.87 million for which TDS subsequently remitted before filing the return of income, which resulted in reduction of tax expense of ₹ 28.02 million
3. The permanent/timing differences for eight months period ended 30 November 2014, has been derived on the basis of provisional computation of total income prepared by the Company in line with the final return filed for the Assessment year 2014-15 and are subject to any change that may be considered at the time of filing of final return of the income for the assessment year 2015-16.

ANNEXURE – 34: STATEMENT OF CAPITALISATION

(₹ in million)

| Particulars | Pre-Issue As at 30 November, 2014 | Post Issue* |
|--|---|-------------|
| Borrowings: | | |
| Short-term borrowings | 328.42 | |
| Long-term borrowings | 1.21 | |
| Add: Current maturities of long term borrowings | 0.44 | |
| Total borrowings | 330.07 | |
| Shareholders' fund | | |
| Share capital | 304.69 | |
| Reserves as restated | 811.87 | |
| Total shareholders' fund | 1,116.56 | |
| Long-term borrowings / shareholders' fund | 0.001 | |

Notes:

1. Short term borrowings represent borrowings which are due within 12 months

2. Long term borrowings represent borrowings other than short term borrowings, as defined above.

* Share capital and reserves and surplus post issue can be calculated only on the conclusion of the book built process.

ANNEXURE – 35: RESTATED SUMMARY STATEMENT OF SIGNIFICANT TRANSACTIONS WITH RELATED PARTIES AND BALANCES

| | Related party transactions | |
|---|--|---|
| a | Details of related parties: | |
| | Description of relationship | Names of related parties |
| | Holding Company | Pennar Industries Limited |
| | Subsidiary | Pennar Building Systems Private Limited (Refer annexure - 20(ii)) |
| | Key Management Personnel (KMP) | Nrupender Rao - Chairman PV Rao - Managing Director Aditya N Rao - Vice Chairman |
| | Relatives of KMP | J Rajyalakshmi (Wife of Nrupender Rao) Avanti Rao & Arathi Rao (Daughters of Nrupender Rao) Usha Ramani (Wife of PV Rao) Sobha Idupuganti (Sister of PV Rao) Potluri Seetal (Son of PV Rao) Potluri Ujwal (Son of PV Rao) D Sudeepta Rao (Wife of Aditya N Rao) Reyansh (Son of Aditya N Rao) |
| | Company in which KMP / Relatives of KMP have significant influence | Pennar Enviro Limited (formerly known as Pennar Chemical Limited) Pennar Management Services Limited (formerly known as Pennar Chemicals Limited) Saven Technologies Limited |
| | Note: Related parties have been identified by the Management. | |

Details of related party transactions and status of balances outstanding

(₹ in million)

| b | Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|---|--|---|------------------------------|----------|----------|--------|--------|
| | | | 2014 | 2013 | 2012 | 2011 | 2010 |
| | Holding Company | | | | | | |
| | Transactions during the period / year | | | | | | |
| | Share capital | - | - | - | - | - | 185.00 |
| | Purchase of goods | 57.43 | 388.41 | 165.06 | 16.91 | 94.77 | 46.13 |
| | Purchase of fixed assets | 0.45 | - | - | - | - | 82.23 |
| | Sale of goods | 11.65 | 0.78 | 0.79 | 16.09 | 76.18 | 21.34 |
| | Sale of fixed assets | - | - | - | - | - | 7.29 |
| | Rendering of services | - | 0.10 | 2.17 | 5.20 | - | - |
| | Receipt of services | 3.63 | 2.74 | 2.82 | 2.83 | 3.89 | - |
| | Reimbursement of Rent and other expenses | 10.76 | 18.81 | 5.54 | 2.37 | 0.25 | - |
| | Guarantees and collaterals | 1,906.80 | 1,706.80 | 1,737.60 | 1,336.30 | 895.20 | 610.00 |
| | Rent deposit received | - | 6.22 | 0.60 | - | 0.73 | - |
| | Closing Balance as at | - | - | - | - | - | - |
| | Loans and advances | - | - | 0.12 | 0.51 | 0.07 | - |
| | Advance received | - | - | 30.00 | - | - | - |
| | Advance repaid | - | - | 30.00 | - | - | - |
| | Trade and other receivables | 16.27 | 1.59 | 0.23 | 3.70 | 1.36 | - |

| b | Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|---|---|---|------------------------------|----------|----------|--------|--------|
| | | | 2014 | 2013 | 2012 | 2011 | 2010 |
| | Trade and other payables | 56.20 | 135.75 | 59.69 | 11.97 | 7.95 | 11.78 |
| | Rent deposit received | 7.55 | 7.55 | 1.33 | 0.73 | 0.73 | - |
| | | | | | | | |
| | Subsidiary Company | | | | | | |
| | | | | | | | |
| | Transactions during the period / year | | | | | | |
| | Advance given | - | - | - | 0.78 | - | - |
| | Provision for Doubtful Advance | - | - | 0.89 | - | - | - |
| | | | | | | | |
| | Closing Balance as at | | | | | | |
| | Loans and advances | - | 0.89 | 0.89 | 0.78 | - | - |
| | Provision for Doubtful Advance | - | (0.89) | (0.89) | - | - | - |
| | | | | | | | |
| | KMP | | | | | | |
| | | | | | | | |
| | Transactions during the period / year | | | | | | |
| | Share capital | - | - | - | - | - | 15.31 |
| | Guarantees and collaterals | 1,906.80 | 1,706.80 | 1,737.60 | 1,336.30 | 895.20 | 610.00 |
| | Managerial Remuneration | 9.65 | 8.95 | 9.20 | 6.00 | 5.98 | - |
| | | | | | | | |
| | Closing Balance as at | | | | | | |
| | Trade and other payables | - | - | 2.60 | 0.35 | - | - |
| | | | | | | | |
| | Relatives of KMP | | | | | | |
| | | | | | | | |
| | Transactions during the period / year | | | | | | |
| | Issue of Share capital | - | - | - | - | - | 37.55 |
| | | | | | | | |
| | Company in which KMP / Relatives of KMP have significant influence | | | | | | |
| | Pennar Enviro Limited | | | | | | |
| | | | | | | | |
| | Transactions during the period / year | | | | | | |
| | Rendering of services | - | - | 0.05 | - | - | - |
| | Receipt of services | 0.29 | 0.11 | 0.30 | - | - | - |
| | Reimbursement of Rent and other expenses | 0.08 | 3.58 | 1.32 | 0.78 | 0.27 | - |
| | Rent deposit received | - | - | - | - | 0.36 | |
| | | | | | | | |
| | Closing Balance as at | | | | | | |
| | Trade and other receivables | 2.28 | 2.86 | - | - | - | - |
| | Trade and other payables | - | - | 0.36 | - | - | - |
| | Loans and advances | - | - | 0.03 | 0.14 | 0.05 | - |
| | Rent deposit received | 0.36 | 0.36 | 0.36 | 0.36 | 0.36 | |
| | | | | | | | |
| | Saven Technologies Limited | | | | | | |
| | | | | | | | |
| | Transactions during the period / year | | | | | | |
| | Receipt of services | 0.52 | 1.15 | 2.05 | 1.55 | - | - |
| | | | | | | | |

| b | Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|---|------------------------------|---|------------------------------|------|------|------|------|
| | | | 2014 | 2013 | 2012 | 2011 | 2010 |
| | Closing Balance as at | | | | | | |
| | Trade and other payables | 0.18 | 0.11 | 0.54 | 1.16 | - | - |

ANNEXURE – 36: Restated Summary Statement of Dividend Paid / Proposed by the Company

(Number in Million, Except Per Share Data)

| Particulars | For the eight months period ended November 30, 2014 | For the year ended 31 March, | | | | |
|--|---|------------------------------|-------|-------|-------|-------|
| | | 2014 | 2013 | 2012 | 2011 | 2010 |
| Class of Shares | | | | | | |
| Face value : ₹ 10 per share | | | | | | |
| No. of Equity Shares | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 | 25.00 |
| No. of Compulsorily Convertible Preference Shares (CCPS) | 5.47 | 5.47 | 2.49 | - | - | - |
| | | | | | | |
| Dividend on Equity Shares | | | | | | |
| Rate of Dividend (%) | - | - | - | - | - | - |
| Dividend Per Share (₹) | - | - | - | - | - | - |
| Amount of Dividend (₹) | - | - | - | - | - | - |
| | | | | | | |
| Dividend on CCPS | | | | | | |
| Rate of Dividend (%) | - | - | - | - | - | - |
| Dividend Per Share (₹) | - | - | - | - | - | - |
| Amount of Dividend (₹) | - | - | - | - | - | - |

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our restated financial information for each of fiscal years 2010, 2011, 2012, 2013 2014 and as of and for the eight months period ended November 30, 2014, including the notes thereto and the report thereon, which appear elsewhere in this Draft Red Herring Prospectus. This financial information have been prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI Regulations and as described in the report of our auditors dated February 11, 2015, which is included under the section titled "Financial Statements" of this Draft Red Herring Prospectus. The restated financial information has been prepared on a basis that differs in certain material respects from generally accepted accounting principles in other jurisdictions, including US GAAP and IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian GAAP, the Companies Act and the SEBI Regulations.

*Our restated financial information for each of fiscal years 2012, 2013 and 2014 have been prepared and presented in accordance with the format prescribed under revised Schedule VI to the Companies Act, 1956 (the "**Revised Schedule VI**") pursuant to Notification S.O. 447(E) dated February 28, 2011 issued by the Ministry of Corporate Affairs, Government of India. Restated financial information relating to each of fiscal years 2010 and 2011 has been reclassified in accordance with Revised Schedule VI.*

Our fiscal year ends on March 31 of each year; all references to a particular fiscal year are to the twelve month period ended March 31 of that year.

This discussion contains forward looking statements and reflects our current views with respect to future events and financial performance. Such statements and views are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those expectations and forecasts. Actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors such as those set forth in "Risk Factors" and "Forward Looking Statements" on Page 16 and 14, respectively. Under no circumstances should the inclusion of such information in this Draft Red Herring Prospectus be regarded as a representation, warranty or prediction with respect to the accuracy of our underlying assumptions, or that these results will be achieved or are likely to be achieved.

Overview

We are one of the leading custom designed building systems solutions providers in India (*Source: Care Report, 2015*). Our capabilities include designing, manufacturing, supply and assembly of custom designed building systems. Our products and services include pre-engineered buildings, design and engineering services, solar module mounting structures, cold form buildings and structural steel products which are widely used for various manufacturing, warehousing, industrial, infrastructure and custom designed commercial buildings.

Since the commencement of our business activities in January 2010 and as of January 31, 2015, we have completed design, manufacturing, supply and assembly of 82,120 MT covering sqm area of 18,16,266 pre-engineered buildings in various sectors including warehousing, retail and manufacturing; design, supply and erection of solar module mounting structures for generation of solar power; design, manufacturing, supply and erection of structural steel buildings and cold form buildings. In addition to providing design and engineering services for the projects which are designed, manufactured and supplied by us, we have also provided design and engineering services for projects being executed by others. Since our inception, we have experienced sustained growth in financial indicators including our revenue, EBITDA, PAT, ROC and ROCE as well as a consistent improvement in our balance sheet position in the last five fiscals. For further details on our financial performance please refer to section titled "*Financial Statements*" on Page 190 and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on Page 239.

Our core product, i.e. pre-engineered buildings are steel buildings which are custom designed and fabricated to every customer's requirements in accordance with the applicable standards. The fabrication of pre-engineered building components is carried out in our manufacturing facility under strict quality control at every level of production and as per detailed designs created by us and approved by our customers. Pre-

engineered buildings offer enhanced speed in delivery and erection, flexibility in expansion and are capable of withstanding weather pattern changes. In addition to our core manufacturing activities for pre-engineered building systems, our operations also include (i) design, supply and erection of solar module mounting structures for solar energy parks; (ii) design, manufacturing, supply and assembly of commercial buildings such as high-rise buildings, multi-level car-parks, low cost housing and other structural steel products; and (iii) cold form structures like schools, low cost housing. We also provide design and engineering services to our customers using advanced software platforms.

We have a non-exclusive technical know-how licensing arrangement with NCI Group, Inc., an established player in the United States' metals buildings market, for supply of standing seam roofing panel system in India under the brand name 'Double Lok®'. We are one of the few companies that offer leak-proof roofing systems in India. We have also entered into a design services out-sourcing agreement with a US based entity engaged in business similar to ours, pursuant to which we offer our design and engineering services to them by using their software for manufacturing of pre-engineered buildings by them for their overseas customers.

Our manufacturing facility, which is spread over an area of 35 acres and 27^{1/2} guntas is located at Ankenpally Village, Sadashivpet in the State of Telangana on the Hyderabad-Mumbai National Highway (NH-9). It is equipped with high-precision machines to fabricate and supply quality-replete steel buildings and has a production capacity of 90,000 MT per annum of fabricated structural metal products a year. Our manufacturing facility also houses a testing lab for quality checks of our products at various stages of manufacturing. Our manufacturing facility has received a "Gold Rating" from the Indian Green Building Council for our practices in green building technology which includes incorporation of solar PV system, sewage treatment plant, energy efficient designs for the building, and drought tolerant species for landscaping among others. Our manufacturing facility is also ISO 9001:2008 (Design, manufacture, supply and erection of pre-engineered building systems) certified.

We believe that we have established our execution capabilities in a very short span of time, which has enabled us to develop firm relationships with various manufacturing and infrastructure companies and have managed to secure repeat orders from our customers. We have an established track record of executing projects with distinctive features, some of which were achieved for the first time in the Indian pre-engineered buildings industry. Some of our key projects include (i) execution of a 99 metre clear span building with 27 metre peak high, the single largest clear span building ever executed by a PEBS player in India; (ii) execution of the first pre-engineered building in India with EOT crane capacity of 250 MT; (iii) execution of a multi-storied building in pharma sector with a height of 33 metre (ground + 7 floors); (iv) execution of a 400,000 sq ft National Distribution Centre for a leading retail and distribution entity. In addition to the aforesaid, our products have also been used for metro stations, international airports, aircraft hangars and military engineering services projects. We have a strong customer profile and cater to some of the leading manufacturing companies in India. Some of our major customers include Ultratech Cement Limited, India Cements Limited, Volvo India Private Limited, Larsen & Toubro Limited (CMB Division), Calderys India Refractories Limited, Maha Logistics Private Limited, Etco Denim Private Limited, Shyam Indofab Private Limited, Rudrapratap Indian Logistics Private Limited, Indian Corporation and Azure Power.

As of February 28, 2015, we had 404 permanent full time employees. Some of our key managerial personnel have more than 15 years of experience in the pre-engineered building and steel structure industry. As of February 28, 2015, we have also employed around 687 contract labourers at our manufacturing facility.

We are a subsidiary of Pennar Industries Limited ("PIL"), a manufacturer of engineering products. The equity shares of PIL are listed on the BSE, NSE and MCX since 1988, 2010 and 2013, respectively.

In fiscal 2012, 2013, 2014 and the eight months ended November 30, 2014, revenues from operations (gross) were ₹ 2,686.05 million, ₹ 3,131.65 million, ₹ 4,022.37 million and ₹ 2,586.22 million, respectively. In fiscal 2012, 2013, 2014 and the eight months ended November, 2014, profit after tax, as restated were ₹ 105.82million, ₹ 147.62 million, ₹ 181.86 million and ₹ 41.66 million, respectively. As of February 28, 2015, we had 147 ongoing projects across 16 states in India at various stages of execution aggregating to a total order value of ₹ 3,700.67 million. Our Order Book information is only indicative of future revenues and you should not place undue reliance on such information in making an investment decision.

Principal Factors Affecting our Results of Operations

Our business is subject to various risks and uncertainties, including those discussed in the section titled “*Risk Factors*” on Page 16. Some of the important factors that have affected and we expect will continue to affect our results of operations, financial condition and cash flows are discussed below:

Our ability to successfully win new contracts

Our pre-engineered building contracts along with the contracts for our other products are typically awarded through a limited competitive bidding process, wherein our prospective customers calls for quotations from different PEB players. In selecting contractors for major projects, customers generally limit the tender process to contractors who have pre-qualified based on several criteria including experience, technical and technological capacity, previous performance, reputation for quality, safety record, the financial strength of the bidder as well as its ability to provide performance guarantees. However, price competitiveness of the bid is typically one of the most important selection criterion. We believe that our experience in our industry and our long term relationships with our customers enable us to better understand our customer’s requirements and better evaluate the scope of work and risks involved in a project we bid for.

Product and market mix and growth of new lines of business

Since our inception, we have diversified our product and services portfolio and intend to continue to add new products in our portfolio. Sale of steel structure and pre-engineered building components, which is our core product contributed 91.07%, 88.14% and 89.35% to our total revenue in fiscal 2014, 2013 and 2012, respectively. We intend to reduce our reliance on pre-engineered buildings as a contributor to our revenue from operations in the last three Fiscals due to diversification in our product and services portfolio.

Our ability or inability to expand our product portfolio and the resultant change in the mix of products can have a significant impact on our results of operations due to different margins and sale trends in each product segment. As the production volume of our various products fluctuates primarily based on market demand and production capacity for such products, the percentage of revenue from those products may also fluctuate between varying margin and average realization products, which will in turn cause our revenues, operating margins and corresponding profits to fluctuate.

Lump-sum Contracts

Most of our projects are performed on a lump-sum contract basis. Under a lump-sum price contract, we agree on the price for the entire project, based upon specific assumptions and scope of work agreed. Escalation, if any is permitted only under significant delays attributable to our customers or changes in the specifications and rise in costs of the raw materials above a certain threshold (as may be agreed in the contract). Our expenditure in executing a lump-sum contract may vary substantially from the assumptions underlying our financial quote submitted to the customer for several reasons, including unanticipated changes in engineering design of the project, unanticipated increases in the cost of equipment, material or manpower, delays associated with the delivery of equipment and materials to the project site, unforeseen construction conditions, delays caused by local weather conditions and suppliers’ or our building contractors’ failure to perform, delays caused due to obtaining the necessary clearances or arranging the necessary financing. Equipment and raw materials costs constitute a significant part of our operating expenses, and unanticipated increases in such costs if not taken into account in our bid may adversely affect our results of operations. Our ability to pass on increase in overall material prices may be limited or non-existent under lump-sum contracts with limited price variation provisions.

Raw Material, Input and Employee Costs

Our expenditure on cost of materials consumed (including change in inventories of finished goods and work-in progress) represented 56.10%, 60.08% and 59.57% of our total revenue, for fiscals 2014, 2013 and 2012, respectively. Our financial condition and results of operations are significantly impacted by the availability and cost of raw materials, particularly steel.

The main raw materials required for our business is steel in various descriptions and thickness i.e. hot rolled plates, galvanized steel coil sheets, sheeting coils, hot rolled sections, bought outs and other consumables. High strength plates complying to the American and European standards are used for fabrication of primary members like beams, columns and rafters. We source most of our steel requirements from suppliers such as

JSW Steel Limited, JSW Steel Coated Products Limited, Tata Bluescope Steel Limited, Tata Steel Limited, Sujana Metal Products Limited and Uttam Galva Steels Limited.

Commodity prices are influenced by, among other factors, changes in global economic conditions, industry cycles, availability of primary raw material, demand-supply dynamics, attempts by particular producers to capture market share and speculation in the market. Our contracts with our customers are on a fixed price basis and any negotiation on the price is permitted only under significant delays due to reasons attributable to the customer. Since our contracts do not ordinarily permit escalation of price, any significant price changes in our material costs during this period, can have a negative impact on our profitability.

Employee benefit expenses comprise our second largest expense after cost of materials consumed. In fiscal 2014, 2013 and 2012, our employee costs aggregated to ₹ 223.08 million, ₹ 181.13 million and ₹ 143.49 million, respectively. Our employee benefit expenses represented 6.03%, 6.23% and 5.76% of our total revenue, for fiscals 2014, 2013 and 2012, respectively. We are both backward and forward integrated in terms of our operations which as a business model inherently has higher manpower cost but at the same time helps in managing material cost, product quality and customer service levels. However, we believe that we have sufficient human resources to sustain our current operations and planned growth, particularly at the management level, and we expect to improve our operational efficiency by reducing our employee costs as a percentage of our total revenue as a step forward. As all our manpower is located in India, rising wages and regulatory changes in India may have a material impact on our net income.

The composition of our Order Book and our ability to execute such contracts

Our Order Book, the likelihood of the completion of contracts reflected in our Order Book and the period over which such contracts are likely to be executed, may vary significantly based on the product, and various factors that may affect our operations or the time period within which we are able to execute such contracts. Many of these factors may be beyond our control. For further discussion on various factors that may affect the execution of our projects and consequently the realization of our Order Book as of a particular date, see the section titled "*Risk Factors*" beginning on Page 16. Accordingly, the realization of our Order Book and the effect on our revenues from operations may vary significantly from reporting period to reporting period depending on the nature of such contracts, actual performance of such contracts, as well as the stage of completion of such contracts as of the relevant reporting date as it is impacted by applicable accounting principles affecting revenue and cost recognition. Even where a project proceeds as scheduled, it is possible that contracting parties may default or delay and fail to pay amounts owed. Any delay, cancellation or payment default could adversely affect our cash flow position, revenues and/or profit.

Government Incentives

Pursuant to the incentives extended to our Company under the Industrial Investment Promotion Policy 2005 – 2010 ("**IIPP**"), we receive (i) a 50% reimbursement of VAT and CST; and (ii) a reimbursement of the electricity costs incurred by us at our manufacturing facility at the rate of ₹ 0.75 per unit on a quarterly basis. These incentives are available to us for a period of 5 years from date of commencement of the commercial commencement at our manufacturing facility. We have applied for an extension of the period of incentives for a further period of 5 years. Our failure to get these incentives extended for an additional period of 5 years will adversely affect our cash flow position, revenues and/or profit.

Macroeconomic Conditions

Our business depends substantially on global economic conditions. The global economic downturn, which began in 2008, coupled with the global financial and credit market disruptions, weakened end markets, diminished demand and credit availability, and increased borrowing costs. There may also be a number of secondary effects of an economic downturn, such as the insolvency of suppliers or customers, delays in deliveries by suppliers, payment delays and/or stagnant demand by customers. Cuts in federal or central, state and local government investment as well as consequent impairment in infrastructural facilities and growth can also drag down global and national growth rates.

While the global and the Indian economy has recovered to some extent, we are unable to predict with any degree of certainty the pace or sustainability of economic recovery, the volumes of federal or central, state and local government investment, or the effects of regulatory intervention.

Basis of presentation of Financial Statements

Pursuant to the Revised Schedule VI, which significantly changes the presentation of, and disclosure made in, the financial statements of Indian companies. Accordingly, we have modified the manner in which we present our financial statements as of and for the years ended March 31, 2012, 2013 and 2014 so that the presentation of such financial statements is consistent with the Revised Schedule VI, which became applicable to us during fiscal year 2012. In connection with this exercise, we have reclassified our restated financial statements as of and for the financial years ended March 31, 2010 and 2011 in order to provide comparability with our restated financial statements as of and for the year ended March 31, 2012.

The adoption of the Revised Schedule VI does not impact the recognition and measurement principles followed for the preparation of our financial statements. However, it does have a significant impact on the presentation of, and disclosure made in our financial statements, particularly with respect to the presentation of the statement of assets and liabilities. As a result, for financial periods ending subsequent to financial year 2012, we have presented all financial statements in accordance with the Revised Schedule VI.

The discussion below in this section compares:

- (i) the financial condition, results of operations and cash flows for the eight month period ended November 30, 2014, based on our restated financial statements as of and for the eight month period ended November 30, 2014, with that as of and for the year ended March 31, 2014, each presented in accordance with the format prescribed by the Revised Schedule VI;
- (ii) the financial condition, results of operations and cash flows for the year ended March 31, 2014, based on our restated financial statements as of and for the year ended March 31, 2014, with that as of and for the year ended March 31, 2013, each presented in accordance with the format prescribed by the Revised Schedule VI;
- (iii) the financial condition, results of operations and cash flows for the year ended March 31, 2013, based on our restated financial statements as of and for the year ended March 31, 2013, with that as of and for the year ended March 31, 2012, each presented in accordance with the format prescribed by the Revised Schedule VI;
- (iv) the financial condition, results of operations and cash flows as of and for the year ended March 31, 2012, based on our restated financial statements as of and for the year ended March 31, 2012, presented in accordance with the format prescribed by the Revised Schedule VI with that as of and for the year ended March 31, 2011, reclassified in accordance with the format prescribed by the Revised Schedule VI; and

Significant Accounting Policies

A summary of the significant accounting policies applied in the preparation of our financial statements is set out in the notes to the financial statements included elsewhere in this Draft Red Herring Prospectus.

The preparation of our financial statements in conformity with Indian GAAP requires our management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities at the date of such financial statements and the results of operations during the reporting period. Examples of such estimates include estimate of cost expected to be incurred to complete performance under composite arrangements, income taxes, provision for warranty, employment retirement benefit plans, provision for doubtful debts and estimated useful life of the fixed assets. By their nature, these judgments and estimates are subject to a degree of uncertainty. These judgments are based on our historical experience, terms of existing contracts, and our observance of trends in the industry, information provided by our clients and information available from other third party sources, as appropriate. There can be no assurance that our judgment will prove correct or that actual results reported in future periods will not differ from our expectations reflected in our accounting treatment of certain items. Any revision to accounting estimates is recognized prospectively in current and future periods.

While all aspects of our financial statements should be read and understood in assessing our current and expected financial condition and results of operations, we believe that the following significant accounting policies warrant particular attention.

- ***Revenue Recognition***

Sale of goods and income from services

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the delivery of goods to customers.

Revenue from services is recognised as per the terms of contract with the customer using the proportionate completion method. Percentage of completion is determined as a proportion of the costs incurred upto the reporting date to the total estimated costs.

Sales include excise duty, service tax and sales tax.

- ***Inventories***

Raw materials, finished goods, work-in-progress and stores & spares are valued at the lower of cost (weighted average basis) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads and where applicable, excise duty. Materials in transit are valued at cost.

- ***Depreciation and amortisation***

Upto March 31, 2014, depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956. Effective from April 1, 2014, we have charged depreciation on the straight line method based on the revised remaining useful life of assets as per the requirements of Schedule II of the Companies Act, 2013.

- Leasehold improvements are amortised over the duration of the lease
- Intangible assets are amortised over their estimated useful life as follows:
 - License fees, over the duration of license or 10 years whichever is less
 - Software over the duration of 10 years
- Assets costing less than ₹ 5,000 each are fully depreciated in the year of capitalization.

- ***Tangible Fixed Asset***

Fixed assets are carried at cost net of CENVAT and VAT less accumulated depreciation. The cost of fixed assets includes all the financial costs and other incidental expenses up to the date of commissioning. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till commissioning of the project.

Capital work in progress: Projects under which tangible fixed assets are not ready for their intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

- ***Intangible Assets***

Intangible assets are carried at cost less accumulated amortisation. The cost of an intangible asset comprises its purchase price, including any import duties and other taxes (other than those subsequently recoverable from the taxing authorities), and any directly attributable expenditure on making the asset ready for its

intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset after its purchase / completion is recognised as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case such expenditure is added to the cost of the asset.

- ***Cash flow Statement***

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of 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 our Company are segregated based on the available information.

- ***Government grants, subsidies and export incentives***

Government grants and subsidies are recognised when there is reasonable assurance that our Company will comply with the conditions attached to them and the grants / subsidy will be received. Government grants whose primary condition is that our Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. The grant is recognised as income over the life of a depreciable asset by way of a reduced depreciation charge.

Income from sales tax and power incentives are recognised on accrual basis, when the right to receive the credit is established and there is no significant uncertainty regarding the ultimate collection.

Other Government grants and subsidies are recognised as income over a period necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

- ***Employee benefits***

Defined Contribution plans – Our Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense as they fall due based on the amount of contribution required to be made.

Defined Benefit plans - For defined benefit plans in the form of gratuity fund the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the statement of profit and loss in the year in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

Short term employment benefits - The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the year in which the employee renders the related service. The cost of such compensated absences is accounted as under:

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

Long term employment benefits - Compensated absences which are not expected to occur within twelve months after the end of the year in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the Balance Sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

- ***Taxes on Income***

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that our Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to our Company.

Changes in the Accounting Policies

There have been no changes in the accounting policies in the last 5 years.

Revenue and Expenditure Overview

Revenue

Our total revenue consists of revenue from operations, other operating revenue and other income.

Revenue from Operations

Our revenue from operations comprise revenues from (i) sales of products comprising of manufactured goods and sale of steel structures & pre-engineered building components; (ii) sale of services comprising of installation of steel structures & pre-engineered building components job work; and (iii) sale of scrap.

Sale of products and services

- *Sales of products comprising of manufactured goods and sale of steel structures & pre-engineered building components* – This includes manufacturing of pre-engineered buildings, steel structures, cold form buildings, solar module mounting structures and provision of engineering services and multi-level car parking.
- *Sale of services comprising of installation of steel structures & pre-engineered building components job work* - This includes installation of pre-engineered buildings, steel structures, solar module mounting structures and provision of engineering services and multi-level car parking.

Other Operating Revenue

Other operating revenue comprises incentives on sales tax and power and export incentives.

Other Income

Other income that vary from period to period include (a) interest income comprising of (i) interest from banks on deposit; (ii) dividend income on mutual funds; (iii) other interests received; (iv) interest on income tax refund; and (v) net profit on sales of mutual funds; and (b) other non-operating income comprising of (i) liabilities/provisions no longer required to be written back; (ii) foreign exchange gain; (iii) provision for trade receivables written back; and (iv) miscellaneous income;

Expenditure

Our expenditure includes (i) cost of materials consumed; (ii) changes in inventories of finished goods and work-in-progress; (iii) employee benefit expense; (iv) finance costs; (v) depreciation and amortisation expense; and (vi) other expenses.

Cost of materials consumed

Cost of materials consumed includes the expenditure for procurement of (i) HR plates; (ii) GC coils; (iii) sheeting coils; (iv) HR sections; and (v) bought outs.

Changes in inventories

Changes in inventories of finished goods and work-in-progress are calculated at the beginning and at the end of the year and comprises of (i) finished goods; (ii) goods in transit; (iii) work-in progress; and (iv) scrap.

Employee Benefit Expenses

Employee benefit expenses include (i) salaries, wages and bonus; (ii) contribution to provident and other funds; (iii) gratuity; and (iv) staff welfare expenses.

Finance Costs

Finance costs include interest expense on borrowings and interest on delayed payment of income taxes, other borrowing costs and loss on foreign currency transactions and translation.

Depreciation and Amortisation

Upto March 31, 2014, depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956. Effective from April 1, 2014, we have charged depreciation on the straight line method based on the revised remaining useful life of assets as per the requirements of Schedule II of the Companies Act, 2013.

Other Expenses

Other expenses principally include consumption of stores and spare parts, excise duty on inventory, subcontracting, erection expenses, freight and forwarding, travelling and conveyance, marketing and selling expenses, office maintenance, advertisement and sales promotion, machinery repairs and maintenance, insurances, communications, printing and stationery, legal and professional fee, donations and contributions, and miscellaneous expenses.

Taxation

Provision for taxation comprises current and deferred taxes. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred tax is recognized under the liability method, on timing differences, being the difference between taxable income and accounting income that originate in one period and capable of reversal in one or more subsequent periods, at the rate of tax enacted or substantively enacted by each balance sheet date.

Results of Operations

Our restated financial information is included under "*Financial Statements*" on Page 190. The following table sets forth selected data with respect to our results of operations for the periods indicated.

(₹ in million, unless otherwise stated)

| Particulars | | For the Year ended March 31, | | | | | | | |
|-------------|---|------------------------------|--------------------|-----------------|--------------------|-----------------|--------------------|-----------------|--------------------|
| | | 2014 | % of total revenue | 2013 | % of total revenue | 2012 | % of total revenue | 2011 | % of total revenue |
| 1 | Revenue from operations (gross) | 4,022.37 | 108.79% | 3,131.65 | 107.63% | 2,686.05 | 107.91% | 1,595.05 | 107.93% |
| | Less: Excise duty | 379.08 | 10.25% | 261.7 | 8.99% | 227.5 | 9.14% | 133.85 | 9.06% |
| | Revenue from operations (net) | 3,643.29 | 98.53% | 2,869.95 | 98.64% | 2,458.55 | 98.77% | 1,461.20 | 98.87% |
| 2 | Other operating revenue | 26.23 | 0.71% | 30.51 | 1.05% | 26.98 | 1.08% | 13.58 | 0.92% |
| 3 | Other income | 27.95 | 0.76% | 9.15 | 0.31% | 3.6 | 0.14% | 3.1 | 0.21% |
| 4 | Total Revenue (1+2+3) | 3,697.47 | 100.00% | 2,909.61 | 100.00% | 2,489.13 | 100.00% | 1,477.88 | 100.00% |
| 5 | Expenses | | | | | | | | |
| | (a) Cost of materials consumed | 2,213.76 | 59.87% | 1,734.07 | 59.60% | 1,549.00 | 62.23% | 977.54 | 66.14% |
| | (b) Changes in inventories of finished goods and work-in-progress | -139.36 | -3.77% | 13.92 | 0.48% | -66.2 | -2.66% | -103.26 | -6.99% |
| | (c) Employee benefits expense | 223.08 | 6.03% | 181.13 | 6.23% | 143.49 | 5.76% | 94.12 | 6.37% |
| | (d) Finance costs | 77 | 2.08% | 115.36 | 3.96% | 109.54 | 4.40% | 67.91 | 4.60% |
| | (e) Depreciation and amortization expense | 33.48 | 0.91% | 30.92 | 1.06% | 28.78 | 1.16% | 20.07 | 1.36% |
| | (f) Other expenses | 1,001.74 | 27.09% | 610.65 | 20.99% | 567.65 | 22.81% | 332.67 | 22.51% |
| | Total Expenses | 3,409.70 | 92.22% | 2,686.05 | 92.32% | 2,332.26 | 93.70% | 1,389.05 | 93.99% |
| 6 | Profit before tax as restated (4-5) | 287.77 | 7.78% | 223.55 | 7.68% | 156.87 | 6.30% | 88.83 | 6.01% |

| Particulars | For the Year ended March 31, | | | | | | | |
|--|------------------------------|--------------------|---------------|--------------------|---------------|--------------------|--------------|--------------------|
| | 2014 | % of total revenue | 2013 | % of total revenue | 2012 | % of total revenue | 2011 | % of total revenue |
| 7 Tax expense: | | | | | | | | |
| (a) Current tax expense | 92.53 | | 86.2 | | 44.68 | | 12.6 | |
| (b) Deferred tax | 13.8 | | -12.06 | | 5.58 | | 19.15 | |
| (c) Fringe benefit tax | - | | 0.04 | | - | | - | |
| Add/(Less) Adjustment on account of restatement - Refer Annexure – 5 | -0.42 | | 1.74 | | 0.79 | | -1.59 | |
| | 105.91 | 2.86% | 75.93 | 2.61% | 51.05 | 2.05% | 30.16 | 2.04% |
| 8 Profit for the year as restated (6-7) | 181.86 | 4.92% | 147.62 | 5.07% | 105.82 | 4.25% | 58.67 | 3.97% |

Eight Months Ended November 30, 2014

Total Revenue, as Restated

Our total revenue was ₹ 2,382.76 million in the eight months ended November 30, 2014. The following table sets forth our total revenue from our business during the eight months ended November 30, 2014:

| Particulars | Eight months ended November 30, 2014 | |
|--|--------------------------------------|-----------------------------|
| | (₹ million) | Percentage of Total Revenue |
| Sale of products | | |
| Manufactured goods | | |
| Sale of steel structures and pre-engineered building components (net of adjustment on account of re-statement) | 2,152.66 | 90.34% |
| Sale of Services | | |
| Installation of steel structures and pre-engineered building components | 140.85 | 5.91% |
| Engineering Services | 8.40 | 0.35% |
| Sale of Scrap | 52.04 | 2.18% |
| Other Operating Revenue | | |
| Incentives on sales tax and power | 17.61 | 0.74% |
| Other Income | 11.20 | 0.47% |
| Total Revenue | 2,382.76 | 100.00% |

Revenue from Operations, as Restated

Our revenue from operations (gross) from our business during the eight months ended November 30, 2014 was ₹ 2,586.22 million and our revenue from operations (net) from our business during the eight months ended November 30, 2014 was ₹ 2,353.95 million.

Sale of Products, as Restated

Revenue from sale of products, sale of services, sale of scrap, other operating revenue and other income constituted 90.34%, 6.26%, 2.18%, 0.74% and 0.47%, respectively, in the eight months ended November 30, 2014 compared to 90.84%, 5.64%, 2.05%, 0.71% and 0.76% respectively, in fiscal 2014, of our total revenue during such periods.

Other Income, as Restated

Other income was ₹ 11.20 million in the eight months ended November 30, 2014 compared to ₹ 27.95 million in fiscal 2014.

Expenditure, as Restated

Our total expenditure was ₹ 2,320.30 million in the eight months ended November 30, 2014 compared to ₹ 3,409.70 million in fiscal 2014.

Cost of Materials Consumed, as Restated

Cost of materials consumed in the eight months ended November 30, 2014 was ₹ 1,533.98 million compared to ₹ 2,213.76 million in fiscal 2014.

Change in Inventories, as Restated

Changes in inventories of finished goods and work in progress in the eight months ended November 30, 2014 was ₹ (224.25) million compared to ₹ (139.36) million in fiscal 2014.

Employee Benefit Expenses, as Restated

Employee benefit expenses was ₹ 187.17 million in the eight months ended November 30, 2014 compared to ₹ 223.08 million in fiscal 2014, and was primarily contributed due to increase in the number of employees resulting in an increase in salaries, wages and bonus, staff welfare expenses and contributions to provident and other funds, gratuity in the eight months ended November 30, 2014.

Finance Costs, as Restated

Finance costs was ₹ 66.53 million in the eight months ended November 30, 2014 compared to ₹ 77.00 million in fiscal 2014 primarily comprised of interest expenses. The major finance costs during the eight months ended November 30, 2014 were interest expense and other borrowing costs.

Depreciation and Amortization, as Restated

Depreciation and amortization costs was ₹ 38.76 million in the eight months ended November 30, 2014 compared to ₹ 33.48 million in fiscal 2014. Upto March 31, 2014, depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956. Effective from April 1, 2014, we have charged depreciation on the straight line method based on the revised remaining useful life of assets as per the requirements of Schedule II of the Companies Act, 2013.

Other Expenses, as Restated

Other expenses was ₹ 718.11 million in the eight months ended November 30, 2014 compared to ₹ 1,001.74 million in fiscal 2014. The major expenses that constituted other expenses in the eight months ended November 30, 2014 were consumption of stores and spare parts, subcontracting, erection expenses, freight and forwarding and travelling and conveyance.

Profit before Tax as Restated

Profit before tax as restated was ₹ 62.46 million in the eight months ended November 30, 2014 compared to ₹ 287.77 million in fiscal 2014.

Total Tax Expense, as Restated

Total tax expense, as restated, was ₹ 20.80 million in the eight months ended November 30, 2014 compared to ₹ 105.91 million in fiscal 2014.

Profit after Tax, as Restated

Our profit after tax, as restated, was ₹ 41.66 million in the eight months ended November 30, 2014, compared to ₹ 181.86 million in fiscal 2014. Our profit margin, calculated as our profit after tax, as restated, presented as a percentage of our total revenue, was 1.75% in the eight months ended November 30, 2014, compared to 4.92% in fiscal 2014.

Fiscal 2014 compared with Fiscal 2013

Total Revenue, as Restated

Our total revenue increased by 27.08% from ₹ 2,909.61 million in fiscal 2013 to ₹ 3,697.47 million in fiscal 2014 primarily due to an increase in our revenue from operations (net) by 26.95% from ₹ 2,869.95 million in fiscal 2013 to ₹ 3,643.29 million in fiscal 2014. Other income also increased by 205.46% from ₹ 9.15 million in fiscal 2013 to ₹ 27.95 million in fiscal 2014.

(₹ in million, unless otherwise stated)

| S.No. | Particulars | FY 2014 | FY 2013 | % Change |
|-------|---------------------------------|-----------------|-----------------|--------------|
| 1 | Revenue from operations (gross) | 4,022.37 | 3,131.65 | 28.44 |
| | Less: Excise duty | 379.08 | 261.70 | 44.85 |
| | Revenue from operations (net) | 3,643.29 | 2,869.95 | 26.95 |
| 2 | Other operating revenue | 26.23 | 30.51 | (14.02) |
| 3 | Other income | 27.95 | 9.15 | 205.46 |
| 4 | Total Revenue (1+2+3) | 3,697.47 | 2,909.61 | 27.08 |

Revenue from Operations, as Restated

Sale of Products

Our revenue from sale of manufactured goods increased from ₹ 2,564.53 million in fiscal 2013 to ₹ 3,367.18 million in fiscal 2014 mainly on account of increase in sale of new products (cold form buildings and solar module mounting structures). Our revenue from sale of manufactured goods constituted 91.07%, in fiscal 2014 of our total revenue, compared to 88.14%, in fiscal 2013.

Sale of Services, as Restated

Revenues from installation of steel structures and pre-engineered building components decreased by 18.21% from ₹ 255.00 million in fiscal 2013 to ₹ 208.57 million in fiscal 2014, primarily due to execution of more of steel structural supply orders which generally does not have erection component in our scope.

Sale of Scrap, as Restated

Revenues from sale of scrap increased by 33.94 % from ₹ 56.66 million in fiscal 2013 to ₹ 75.89 million in fiscal 2014, primarily due to increase in manufacturing and sale of products resulting in increase in scrap.

Other Operating Revenue, as Restated

Revenue from incentives on sales tax and power decreased by 14.02% from ₹ 30.51 million in fiscal 2013 to ₹ 26.23 million in fiscal 2014 as in fiscal 2014 due to higher inter-state sales of our products resulting in lower outgo of sales tax.

Other Income, as Restated

Other income increased by 205.46% from ₹ 9.15 million in fiscal 2013 to ₹ 27.95 million in fiscal 2014 primarily due to receipt of interest from banks on deposit, generation of dividend income on mutual funds and profit on sale of mutual funds.

Expenditure, as Restated

Our total expenditure increased by 26.94% from ₹ 2,686.05 million in fiscal 2013 to ₹ 3,409.70 million in fiscal 2014 primarily due to increase in cost of materials consumed, employee benefits expense, depreciation and amortization expense and other expenses, generally reflecting the increase in projects we worked on and increase in operations in fiscal year 2014 compared to that fiscal year 2013.

Cost of Materials Consumed, as Restated

Cost of materials consumed increased by 27.66% from ₹ 1,734.07 million in fiscal 2013 to ₹ 2,213.76 million in fiscal 2014. Cost of materials consumed in fiscal 2014 increased in line with the general growth in operations and the larger numbers of projects we were engaged on in fiscal 2014. Cost of materials consumed as a percentage of total revenue marginally increased from 59.60% in fiscal 2013 to 59.87% in fiscal 2014.

Change in Inventories, as Restated

There was a significant increase in inventories of finished goods and work-in progress from ₹ 13.92 million in fiscal 2013 compared to ₹ (139.36) million in fiscal 2014 primarily on account of increase in work in progress and finished goods.

Employee Benefit Expenses, as Restated

Employee benefit expenses increased by 23.16 % from ₹ 181.13 million in fiscal 2013 to ₹ 223.08 million in fiscal 2014, primarily due to an increase in number of employees and increments. However, our employee benefit expenses as a percentage of total revenue decreased from 6.23% in fiscal 2013 to 6.03% in fiscal 2014 primarily on account of adjustment in the economies of scale.

Depreciation and Amortization, as Restated

Depreciation and amortization costs increased by 8.27% from ₹ 30.92 million in fiscal 2013 to ₹ 33.48 million in fiscal 2014 due to increase in gross block by ₹ 196.89 million in fiscal 2014.

Finance Costs, as Restated

Finance costs decreased by 33.25% from ₹ 115.36 million in fiscal 2013 to ₹ 77.00 million in fiscal 2014 primarily due to repayment of long term borrowings and repayment of other short term borrowings amounting to ₹ 367.17 million.

Other Expenses, as Restated

Other expenses increased by 64.04% from ₹ 610.65 million in fiscal 2013 to ₹ 1,001.74 million in fiscal 2014, primarily due to increase in the sub-contracting of various activities relating to new products (steel structures, solar module mounting structures and cold form structures); increase in consumption of stores and spare parts and increase in freight and forwarding charges. The other expenses as a percentage of total revenue increased from 20.99% in fiscal 2013 to 27.09% in fiscal 2014.

Profit before Tax, as Restated

Profit before tax as restated increased by 28.73% from ₹ 223.55 million in fiscal 2013 to ₹ 287.77 million in fiscal 2014 primarily due to factors discussed above. Profit before tax as a percentage of total revenue increased from 7.68% in fiscal 2013 to 7.78% in fiscal 2014.

Total Tax Expense, as Restated

Total tax expense as restated increased by 39.49% from ₹ 75.93 million in fiscal 2013 to ₹ 105.91 million in fiscal 2014 primarily due to increase in deferred tax provisions.

Profit after Tax, as Restated

As a result of forgoing, the profit after tax as restated increased by 23.19% from ₹ 147.62 million in fiscal 2013 to ₹ 181.86 million in fiscal 2014. Our profit after tax as a percentage of total revenue marginally declined from 5.07% in fiscal 2013 to 4.92% in fiscal 2014.

Fiscal 2013 compared with Fiscal 2012

Total Revenue, as Restated

Our total revenue increased by 16.89% from ₹ 2,489.13 million in fiscal 2012 to ₹ 2,909.61 million in fiscal 2013 primarily due to an increase in our revenue from operations (net) by 16.73% from ₹ 2,458.55 million in fiscal 2012 to ₹ 2,869.95 million in fiscal 2013. Other income also increased by 154.17% from ₹ 3.60 million in fiscal 2012 to ₹ 9.15 million in fiscal 2013.

(₹ in million, unless otherwise stated)

| S.No. | Particulars | FY 2013 | FY 2012 | % Change |
|-------|---------------------------------|-----------------|-----------------|--------------|
| 1 | Revenue from operations (gross) | 3,131.65 | 2,686.05 | 16.59 |
| | Less: Excise duty | 261.70 | 227.50 | 15.03 |
| | Revenue from operations (net) | 2,869.95 | 2,458.55 | 16.73 |
| 2 | Other operating revenue | 30.51 | 26.98 | 13.07 |
| 3 | Other income | 9.15 | 3.60 | 154.17 |
| 4 | Total Revenue (1+2+3) | 2,909.61 | 2,489.13 | 16.89 |

Revenue from Operations, as Restated

Sale of Products

Our revenue from sale of manufactured goods increased from ₹ 2,224.09 million in fiscal 2012 to ₹ 2,564.53 million in fiscal 2013 mainly on account of increase in production of engineered buildings. Our revenue from sale of manufactured goods constituted 88.14%, in fiscal 2013 of our total revenue, compared to 89.35%, in fiscal 2012.

Sale of Services, as Restated

Revenues from installation of steel structures and pre-engineered building components increased by 34.69% from ₹ 189.32 million in fiscal 2012 to ₹ 255.00 million in fiscal 2013, primarily due to higher number of project execution.

Sale of Scrap

Revenues from sale of scrap increased by 13.68 % from ₹ 49.84 million in fiscal 2012 to ₹ 56.66 million in fiscal 2013, primarily due to increase in manufacturing and sale of products resulting in increase in scrap.

Other Operating Revenue, as Restated

Revenue from incentives on sales tax and power increased by 13.07% from ₹ 26.98 million in fiscal 2012 to ₹ 30.51 million in fiscal 2013 primarily due to higher outgo of sales tax.

Other Income, as Restated

Other income increased by 154.17% from ₹ 3.60 million in fiscal 2012 to ₹ 9.15 million in fiscal 2013 primarily due to receipt of interest from banks on deposit and foreign exchange gain (net).

Expenditure, as Restated

Our total expenditure increased by 15.17% from ₹ 2,332.26 million in fiscal 2012 to ₹ 2,686.05 million in fiscal 2013 primarily due to increase in cost of materials consumed, employee benefits expense, depreciation and amortization expense and other expenses, generally reflecting the increase in projects we worked on and increase in operations in fiscal year 2013 compared to that fiscal year 2012. As a percentage of total revenue our expenditure decreased from 93.70% in fiscal 2012 to 92.32% in fiscal 2013.

Cost of Materials Consumed, as Restated

Cost of materials consumed increased by 11.95% from ₹ 1,549.00 million in fiscal 2012 to ₹ 1,734.07 million in

fiscal 2013. Cost of materials consumed in fiscal 2013 increased in line with the general growth in operations and the larger numbers of projects we were engaged on in fiscal 2013. Cost of materials consumed as a percentage of total revenue decreased from 62.23% in fiscal 2012 to 59.60% in fiscal 2013 due to improved margins on our products and services.

Change in Inventories, as Restated

There was a significant decrease in inventories of finished goods and work-in progress from ₹ (66.20) million in fiscal 2012 compared to ₹ 13.92 million in fiscal 2013 primarily on account of decrease in work in progress.

Employee Benefit Expenses, as Restated

Employee benefit expenses increased by 26.23% from ₹ 143.49 million in fiscal 2012 to ₹ 181.13 million in fiscal 2013, primarily due to an increase in number of employees and increments. However, our employee benefit expenses as a percentage of total revenue increased from 5.76% in fiscal 2012 to 6.23% in fiscal 2013 primarily on account of economies of scale.

Depreciation and Amortization, as Restated

Depreciation and amortization costs increased by 7.43% from ₹ 28.78 million in fiscal 2012 to ₹ 30.92 million in fiscal 2013 due to full year depreciation charged on the fixed assets which was capitalised in the previous year.

Finance Costs, as Restated

Finance costs increased by 5.31% from ₹ 109.54 million in fiscal 2012 to ₹ 115.36 million in fiscal 2013 primarily due to interest on delayed payment of income tax.

Other Expenses, as Restated

Other expenses increased by 7.58% from ₹ 567.65 million in fiscal 2012 to ₹ 610.65 million in fiscal 2013, primarily due to increase in installation of pre-engineered buildings. The other expenses as a percentage of total revenue decreased from 22.81% in fiscal 2012 to 20.99% in fiscal 2013.

Profit before Tax, as Restated

As a result of the foregoing, profit before tax as restated increased by 42.51% from ₹ 156.87 million in fiscal 2012 to ₹ 223.55 million in fiscal 2013. Profit before tax as a percentage of total revenue increased from 6.30% in fiscal 2012 to 7.68% in fiscal 2013 as a result of the foregoing.

Total Tax Expense, as Restated

Total tax expense as restated increased by 48.73% from ₹ 51.05 million in fiscal 2012 to ₹ 75.93 million in fiscal 2013 primarily due to increase in provision for current income tax.

Profit after Tax, as Restated

As a result of foregoing, the profit after tax as restated increased by 39.50% from ₹ 105.82 million in fiscal 2012 to ₹ 147.62 million in fiscal 2013. Our profit after tax as a percentage of total revenue increased from 4.25% in fiscal 2012 to 5.07% in fiscal 2013.

Fiscal 2012 compared with Fiscal 2011

Total Revenue, as Restated

Our total revenue increased by 68.43% from ₹ 1,477.88 million in fiscal 2011 to ₹ 2,489.13 million in fiscal 2012 primarily due to an increase in our revenue from operations (net) by 68.26% from ₹ 1,461.20 million in fiscal 2011 to ₹ 2,458.55 million in fiscal 2012. Other operating income also increased by 98.67% from ₹ 13.58 million in fiscal 2011 to ₹ 26.98 million in fiscal 2012.

(₹ in million, unless otherwise stated)

| S. No. | Particulars | FY 2012 | FY 2011 | % Change |
|--------|---------------------------------|-----------------|-----------------|--------------|
| 1 | Revenue from operations (gross) | 2,686.05 | 1,595.05 | 68.40 |
| | Less: Excise duty | 227.50 | 133.85 | 69.97 |
| | Revenue from operations (net) | 2,458.55 | 1,461.20 | 68.26 |
| 2 | Other operating revenue | 26.98 | 13.58 | 98.67 |
| 3 | Other income | 3.60 | 3.10 | 16.13 |
| 4 | Total Revenue (1+2+3) | 2,489.13 | 1,477.88 | 68.43 |

Revenue from Operations, as Restated

Sale of Products

Our revenue from sale of manufactured goods increased from ₹ 1,364.81 million in fiscal 2011 to ₹ 2,224.09 million in fiscal 2012 mainly on account of increase in production of engineered buildings. Our revenue from sale of manufactured goods constituted 89.35%, in fiscal 2012 of our total revenue, compared to 92.35%, in fiscal 2011.

Sale of Services, as Restated

Revenues from installation of steel structures and pre-engineered building components increased by 141.14% from ₹ 78.51 million in fiscal 2011 to ₹ 189.32 million in fiscal 2012, primarily due to higher number of project execution.

Sale of Scrap, as Restated

Revenues from sale of scrap increased by 141.59% from ₹ 20.63 million in fiscal 2011 to ₹ 49.84 million in fiscal 2012, primarily due to increase in manufacturing and sale of products resulting in increase in scrap.

Other Operating Revenue, as Restated

Revenue from incentives on sales tax and power increased by 98.67% from ₹ 13.58 million in fiscal 2011 to ₹ 26.98 million in fiscal 2012 primarily due to higher outgo of sales tax.

Other Income, as Restated

Other income increased by 16.13% from ₹ 3.10 million in fiscal 2011 to ₹ 3.60 million in fiscal 2012 primarily due to receipt of interest from banks on deposit.

Expenditure, as Restated

Our total expenditure increased by 67.90% from ₹ 1,389.05 million in fiscal 2011 to ₹ 2,332.26 million in fiscal 2012 primarily due to increase in cost of materials consumed, employee benefits expense, depreciation and amortization expense and other expenses, generally reflecting the increase in projects we worked on and increase in operations in fiscal year 2012 compared to that fiscal year 2011. As a percentage of total revenue our expenditure decreased from 93.99% in fiscal 2011 to 93.70% in fiscal 2012.

Cost of Materials Consumed, as Restated

Cost of materials consumed increased by 58.46% from ₹ 977.54 million in fiscal 2011 to ₹ 1,549.00 million in fiscal 2012. Cost of materials consumed in fiscal 2012 increased in line with the general growth in operations and the larger numbers of projects we were engaged on in fiscal 2012. Cost of materials consumed as a percentage of total revenue decreased from 66.14% in fiscal 2011 to 62.23% in fiscal 2012 due to improved margins on our products and services and improved scale of operation.

Change in Inventories, as Restated

There was a decrease in inventories of finished goods and work-in progress from ₹ (103.26) million in fiscal 2011 to ₹ (66.20) million in fiscal 2012 primarily on account of decrease in work in progress.

Employee Benefit Expenses, as Restated

Employee benefit expenses increased by 52.45% from ₹ 94.12 million in fiscal 2011 to ₹ 143.49 million in fiscal 2012, primarily due to an increase in number of employees and increments. However, our employee benefit expenses as a percentage of total revenue decreased from 6.37% in fiscal 2011 to 5.76% in fiscal 2012 primarily on account of improvement in economies of scale.

Depreciation and Amortization, as Restated

Depreciation and amortization costs increased by 43.42% from ₹ 20.07 million in fiscal 2011 to ₹ 28.78 million in fiscal 2012 due to full year depreciation charged on the fixed assets which was capitalised in the previous year and addition of gross block during the year to the tune of ₹ 26.74 million in fiscal 2012.

Finance Costs, as Restated

Finance costs increased by 61.30% from ₹ 67.91 million in fiscal 2011 to ₹ 109.54 million in fiscal 2012 primarily due to increase in long term borrowing and higher usage of short term borrowings.

Other Expenses, as Restated

Other expenses increased by 70.63% from ₹ 332.67 million in fiscal 2011 to ₹ 567.65 million in fiscal 2012, primarily due to increase in installation of pre-engineered buildings. The other expenses as a percentage of total revenue marginally increased from 22.51% in fiscal 2011 to 22.81% in fiscal 2012.

Profit before Tax, as Restated

As a result of the foregoing, profit before tax as restated increased by 76.60% from ₹ 88.83 million in fiscal 2011 to ₹ 156.87 million in fiscal 2012. Profit before tax as a percentage of total revenue marginally increased from 6.01% in fiscal 2011 to 6.30% in fiscal 2012.

Total Tax Expense, as Restated

Total tax expense as restated increased by 69.26% from ₹ 30.16 million in fiscal 2011 to ₹ 51.05 million in fiscal 2012 primarily due to increase in provision for current income tax.

Profit after Tax, as Restated

As a result of forgoing, the profit after tax as restated increased by 80.37% from ₹ 58.67 million in fiscal 2011 to ₹ 105.82 million in fiscal 2012. Our profit after tax as a percentage of total revenue increased from 3.97% in fiscal 2011 to 4.25% in fiscal 2012.

Financial Condition, as Restated

Based on our restated summary statements, our net worth as per restated assets and liabilities stated was ₹ 1,075.98 million as of March 31, 2014, compared to ₹ 703.92 million, ₹ 416.85 million and ₹ 311.03 million as of March 31, 2013, 2012 and 2011, respectively. Our network as per restated assets and liabilities as of November 30, 2014 was ₹ 1,116.56 million.

Fixed Assets, as Restated

Fixed assets include: (i) Tangible assets; (ii) Intangible assets; and (iii) Capital work-in-progress

Our net block of tangible assets as of March 31, 2011, 2012 and 2013 was ₹ 468.89 million, ₹ 461.47 million, and ₹ 445.86 million, while our net block of tangible assets was ₹ 608.24 million as of March 31, 2014. The increase in tangible assets was primarily due to the increase in our equipment base used in operations including land freehold, buildings, plant and equipment, and electrical equipment. Similarly our net block of tangible assets as of November 30, 2014 was ₹ 618.13 million.

Loans and Advances, as Restated

Long Term

Long term loans and advances comprise of capital advances, rental & other deposits and advance tax. Long term loans and advances as of March 31, 2011, 2012 and 2013 was ₹ 8.58 million, ₹ 23.80 million and ₹ 11.31 million, respectively. Long term loans and advances as of March 31, 2014 and November 30, 2014 was ₹ 19.16 million and ₹ 18.07million, respectively.

Short Term

Short term loans and advances comprise of Loans and advances to related parties, Security deposits, Loans and advances to employees, Prepaid expenses, Balances with government authorities, Inter-corporate deposits, Advances to Contractors, Suppliers and MAT Credit. Our short term loans and advances as of as of March 31, 2011, 2012 and 2013 was ₹ 48.26 million, ₹ 79.86 million and ₹ 86.00 million, respectively. Short term loans and advances as of March 31, 2014 increased significantly to ₹ 185.64 million, primarily resulting from Increase in Balances with government authorities and Advances to Contractors, Suppliers. Our short term loans and advances as of November 30, 2014 was ₹ 153.27 million.

Inventory, as Restated

Our inventory primarily relates to Raw materials, work in progress, finished goods, Stores and spares. Our inventory as of March 31, 2011, 2012 and 2013 was ₹ 441.93 million, ₹ 432.28 million and ₹ 455.59 million, respectively, while our inventory as of March 31, 2014 was ₹ 661.25 million. The increase in inventory as of March 31, 2014 reflected the Increase in Raw materials, Work in progress and finished goods. Our inventory as of November 30, 2014 was ₹ 977.70 million.

Trade Receivables, as Restated

Our trade receivables as of March 31, 2011, 2012 and 2013 was ₹ 246.66 million, ₹ 431.95 million and ₹ 633.60 million, respectively, while our trade receivables as of March 31, 2014 was ₹ 680.80 million. Our trade receivable as of March 31, 2014 increased by 7.45% as compared to our trade receivables as of March 31, 2013 due to increase in operations. Our outstanding trade receivables as of November 30, 2014 was ₹ 712.30 million.

Cash and Bank Balances, as Restated

Cash and bank balances comprise cash in hand and cash equivalents, i.e. balances with banks. Total cash and bank balances as of March 31, 2011, 2012 and 2013 was ₹ 54.20 million, ₹ 60.85 million and ₹ 258.99 million, respectively. Cash and bank balances as of March 31, 2014 and November 30, 2014 was ₹ 61.34 million and ₹ 41.96 million, respectively.

Other Assets, as Restated

Other non-current assets primarily include Balance with banks and Accruals. Our other non-current assets as of March 31, 2011, 2012 and 2013 was nil, ₹ 35.53 million and ₹ 38.02 million, respectively, while our other non-current assets as of March 31, 2014 and November 30, 2014 was nil.

Other current assets include unbilled revenue, unamortized expenses, Forward Contract receivable, Incentive receivable Accruals, Unamortized premium on forward contract, and Receivables from related parties. Our other current assets as of March 31, 2011, 2012 and 2013 was ₹ 16.07 million, ₹ 278.47 million and ₹ 259.54 million, respectively, while our other current assets as of March 31, 2014 was ₹ 91.07 million, primarily due to decrease in Forward Contract receivable. Our other current assets as of November 30, 2014 was ₹ 110.47 million.

Non-Current Liabilities, as Restated

Long term borrowings were ₹ 0.87 million, ₹ 36.74 million and nil as of March 31, 2011, 2012 and 2013, respectively, and ₹ 1.51 million as of March 31, 2014. Our long term borrowings as of November 30, 2014 was ₹ 1.21 million. For further information, see the section titled “*Financial Indebtedness*” on Page 263 and

Annexure 8 of our Restated Financial Statements included elsewhere in this Draft Red Herring Prospectus.

Deferred tax liability was ₹ 19.91 million, ₹ 26.64 million and ₹ 16.00 million as of March 31, 2011, 2012 and 2013, respectively, and ₹ 29.80 million as of March 31, 2014. Our deferred tax liability as of November 30, 2014 was ₹ 32.99 million. For further information, see Annexure 9 of our Restated Financial Statements included elsewhere in this Draft Red Herring Prospectus.

Other long term liabilities were ₹ 4.84 million, ₹ 6.99 million and ₹ 16.59 million as of March 31, 2011, 2012 and 2013, respectively, and ₹ 22.93 million as of March 31, 2014. Similarly our other long term liabilities as of November 30, 2014 was ₹ 28.87 million. Our other long term liabilities primarily include Trade Payables – Others and Security deposits received.

Current Liabilities, as Restated

Total current liabilities were ₹ 960.78 million, ₹ 1,342.39 million and ₹ 1,629.55 million as of March 31, 2011, 2012 and 2013, respectively, and ₹ 1,495.05 million as of March 31, 2014. Our current liabilities as of November 30, 2014 was ₹ 1,458.79 million. Our current liabilities primarily include Short-term borrowings, Trade payables, other current liabilities and Short-term provisions.

Our trade payables as of March 31, 2011, 2012 and 2013 was ₹ 239.81 million, ₹ 454.10 million and ₹ 529.68 million, respectively, while our trade payables as of March 31, 2014 was ₹ 834.55 million. Our trade payable as of November 30, 2014 was ₹ 707.54 million.

Our other current liabilities primarily include term loan, vehicle loan from banks, Interest accrued but not due on borrowings, Interest accrued and due on borrowings, Forward Contract Payable, Statutory remittances, Payables on purchase of fixed assets, Interest accrued on trade payables Advances from customers, and Trade / security deposits received. Our other current liabilities were ₹ 196.30 million, ₹ 406.83 million, and ₹ 527.82 million as of March 31, 2011, 2012 and 2013, respectively, and ₹ 265.13 million as of March 31, 2014. Our other current liabilities as of November 30, 2014 was ₹ 399.49 million.

Short term borrowings were ₹ 509.82 million, ₹ 477.29 million and ₹ 494.43 million as of March 31, 2011, 2012 and 2013, respectively, and ₹ 344.63 million as of March 31, 2014. The decrease in short term borrowings in fiscal 2014 was primarily due to repayment of secured loans. Our short term borrowing as of November 30, 2014 was ₹ 328.42 million. For further information, see Annexure 12 of our Restated Financial Statements included elsewhere in this Draft Red Herring Prospectus.

Short term provisions, primarily relating to Provision for compensated absences, Provision for gratuity and Provision for tax were ₹ 14.85 million, ₹ 4.16 million and ₹ 77.62 million as of March 31, 2011, 2012 and 2013, respectively, and ₹ 50.74 million as of March 31, 2014. Our short term provisions was ₹ 23.34 million as of November 30, 2014.

Liquidity and Capital Resources, as Restated

Historically, our primary liquidity requirements have been to finance our working capital needs and our capital expenditures. To fund our working capital requirements we have relied on cash flows from operating activities and other arrangements such as short term borrowings and working capital demand loans. To fund our capital expenditure we have relied on cash flows from operating activities, equity contributions and long term borrowings from lenders.

Working Capital, as Restated

Our business requires a significant amount of working capital. In many cases, significant amount of working capital is required to finance the purchase of specific materials, fabrication, supply and installation on customers' site before the payments are received from clients. Our working capital requirements may increase due to an increase in our operations and the number and size of projects that are required to be executed within a similar timeframe.

Most of our projects provide for progress payments from clients with reference to the value of work completed upon reaching certain milestones. The customers then effects payments with reference to these invoices generally within 15 to 90 days, which may be further delayed in certain cases. As a result, significant amount

of our working capital is required to finance the purchase of specific materials and the performance of our work on projects before substantial payment is received from the customers. In addition, a portion of the contract value, generally 5% to 10% is provided as the performance guarantee, is usually withheld by the client as retention money and is released upon completion of the defects liability period of 12 months from the completion of the project. There may be delays in release of retention money by the customers due to various reasons including cash-flow condition of our customers.

Our net working capital value, calculated as our current assets less current liabilities, was ₹ (153.66) million, ₹ (58.98) million, ₹ 97.57 million and ₹ 440.06 million as of March 31, 2011, 2012, 2013 and 2014, respectively. Similarly our net working capital value as of November 30, 2014 was ₹ 536.91 million.

Cash Flows, as Restated

The following table sets out our consolidated and summarized cash flows for each of the periods indicated:

| Particulars | Fiscal | | | | (₹ in million) |
|---|---------|---------|----------|----------|--|
| | 2011 | 2012 | 2013 | 2014 | For the eight months ended November 30, 2014 |
| Cash generated from operating activities | 35.99 | 136.64 | 337.50 | 190.13 | (198.30) |
| Cash generated (used in) from investment activities | (95.66) | (56.62) | (147.58) | (354.47) | 262.87 |
| Cash used in financing activities | 44.63 | (73.37) | 8.22 | (74.56) | (83.95) |
| Increase/(decrease) in cash and cash equivalents | (15.04) | 6.65 | 198.14 | (238.90) | (19.38) |

Operating Activities

Net cash used in operating activities in the eight months ended November 30, 2014 was ₹ (198.30) million, although our profit before taxes as restated for the eight months ended November 30, 2014 was ₹ 62.46 million. The difference was primarily attributable to adjustments for increase or decrease in operating assets which included increase in trade receivables of ₹ 45.34 million, increase in inventories of ₹ 316.45 million, increase in other current assets of ₹ 16.72 million and decrease in trade payables of ₹ 127.03 million offset by increase in other current liabilities of ₹ 132.32 million and decrease in short term loans and advances of ₹ 32.37 million.

Net cash from operating activities in fiscal 2014 was ₹ 190.13 million, although our profit before taxes as restated for fiscal 2014 was ₹ 287.77 million. The difference was primarily attributable to adjustments for increase or decrease in operating assets which included increase in trade receivables of ₹ 67.54 million, increase in inventories of ₹ 205.66 million, decrease in other current liabilities of ₹ 217.80 million offset by increase in trade payables of ₹ 304.88 million, decrease in other current assets of ₹ 169.70 million, decrease in other non-current assets of ₹ 34.62 million and increase in short term loans and advances of ₹ 89.62 million.

Net cash from operating activities in fiscal 2013 was ₹ 337.50 million, although our profit before taxes as restated for fiscal 2013 was ₹ 223.55 million. The difference was primarily attributable to adjustments for increase or decrease in operating assets which included increase in trade receivables of ₹ 206.76 million, increase in inventories of ₹ 23.31 million, increase in short term loans and advances of ₹ 8.19 million, increase in other current liabilities of ₹ 119.14 million offset by increase in trade payables of ₹ 75.58 million, increase in other long term liabilities of ₹ 9.60 million and decrease in other current assets of ₹ 18.75 million.

Net cash from operating activities in fiscal 2012 was ₹ 136.64 million, although our profit before taxes as restated for fiscal 2012 was ₹ 156.87 million. The difference was primarily attributable to adjustments for increase or decrease in operating assets which included increase in trade receivables of ₹ 189.25 million, increase in short term loans and advances of ₹ 38.78 million, increase in other current assets of ₹ 30.39 million, increase in other non-current assets by ₹ 34.62 million, decrease in other current liabilities by ₹ 42.98 million offset by increase in trade payables of ₹ 214.19 million and decrease in inventories by ₹ 9.65 million.

Investing Activities

Our expenditure for investing activities primarily relates to purchase of fixed assets, including capital work-in-progress and capital advances, margin money towards bank guarantee, purchase and sale current investments, inter corporate deposit, rental income from operating leases.

Net cash from investing activities in the eight months ended November 30, 2014 was ₹ 262.87 million, resulting primarily from purchase of proceeds from sale of current investments of ₹ 255.01 million.

Net cash used in investing activities in fiscal 2014 was ₹ 354.47 million, resulting primarily on account of purchase of current investments of ₹ 1,041.85 million, purchase of fixed assets including capital work-in-progress and capital advances of ₹ 127.66 million, amount held as margin money towards bank guarantee ₹ 41.25 million offset by proceeds from sale of current investments of ₹ 832.15 million.

Net cash used in investing activities in fiscal 2013 was ₹ 147.58 million, resulting from purchase of fixed assets of ₹ 124.03 million and purchase of current investments of ₹ 33.00 million.

Net cash used in investing activities in fiscal 2012 was ₹ 56.62 million, resulting on account of purchase of fixed assets, including capital work-in-progress and capital advances of ₹ 66.89 million.

Financing Activities

Net cash used in financing activities in the eight months ended November 30, 2014 was ₹ 83.95 million, resulting primarily from repayment of other short term borrowings of ₹ 100.00 million, payment of finance cost of ₹ 67.47 million offset by net increase in working capital borrowings of ₹ 83.79 million.

Net cash used in financing activities in fiscal 2014 was ₹ 74.56 million, resulting primarily from repayment of long term borrowings and repayment of other short term borrowings of ₹ 173.17 million and payment of finance costs of ₹ 80.79 million offset by proceeds from issue of preference shares (net of expenses) of ₹ 190.21 million, proceeds from long term borrowings of ₹ 159.82 million and net increase in working capital borrowings of ₹ 23.37 million.

Net cash flow from financing activities in fiscal 2013 was ₹ 8.22 million, resulting primarily from proceeds from issue of preference shares (net of expenses) of ₹ 139.44 million, net increase in working capital borrowings of ₹ 72.91 million and proceeds from short term borrowings of ₹ 197.61 million offset by repayment of long term borrowings of ₹ 40.87 million, repayment of other short term borrowings of ₹ 253.38 million and payment of finance cost of ₹ 107.49 million.

Net cash used in financing activities in fiscal 2012 was ₹ 73.37 million, resulting primarily from repayment of from long-term borrowings of ₹ 10.21 million, repayment of other short term borrowings of ₹ 272.50 million and payment of finance cost of ₹ 105.46 million offset by proceeds from long term borrowings of ₹ 86.09 million and proceeds from short term borrowings of ₹ 220.17 million.

Capital Expenditures, as Restated

Our capital expenditures have historically consisted of plant and equipment for our manufacturing activities. In fiscal 2011, 2012, 2013, 2014 and the eight months ended November 30, 2014, we invested ₹ 37.69 million, ₹ 3.73 million, ₹ 10.48 million, ₹ 40.43 million and ₹ 44.69 million, respectively.

Our capital expenditure requirements are dependent on the nature of projects awarded to us. While based on our Order Book, we do not expect to incur significant capital expenditure in the next 12 months, we may be required to make significant capital investments if a project awarded to us requires us to do so. We propose to finance these expenditures through borrowings, net proceeds of the Offer and internal accruals or any combination thereof.

Indebtedness

As of November 30, 2014, we had long term borrowings of ₹ 1.21 million and short term borrowings of ₹ 328.42 million. For further information, see the section titled "*Financial Indebtedness*" on Page 263.

Contingent liabilities and commitments

The following table sets forth certain information relating to our contingent liabilities as of November 30, 2014:

(₹ in million)

| | Particulars | As at November 30, 2014 | As at March 31, | | |
|------|--|-------------------------------|-----------------|------|-------|
| | | | 2014 | 2013 | 2012 |
| (i) | Contingent liabilities and commitments (to the extent not provided for) | | | | |
| (a) | Estimated amount of contracts remaining to be executed on capital account and not provided for Tangible assets | 5.35 | 1.70 | 2.35 | 31.92 |
| (ii) | Contingent Liability | | | | |
| a) | Entity is providing leak proof warranty for customers who opt for Double lock roofing system. | - | - | - | - |
| b) | Dividend on compulsory convertible preference shares | 13.43 | 7.96 | 2.49 | - |
| c) | Disputed excise duty liability for which the company preferred appeal | 0.03 | - | - | - |

Except as disclosed above or in our Restated Financial Statements included 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. We do not have any off-balance sheet arrangements, derivative instruments or other relationships with unconsolidated entities that would have been established for the purpose of facilitating off-balance sheet arrangements.

Related Party Transactions

We enter into various transactions with related parties. Primarily these transactions include managerial remuneration, rental payments and purchase of fixed assets. For further information relating to our related party transactions, see our Restated Financial Statements included in the section titled "*Financial Statements-Annexure 35- Restated Summary Statement of Significant Transactions with Related Parties and Balances*" on Page 236.

Interest Service Coverage Ratio

The interest service coverage ratio, which we define as earnings before interest and tax (EBIT) divided by interest cost) in fiscal 2012, 2013, 2014 and the eight months ended November 30, 2014, was 2.43 times, 2.94 times, 4.74 times and 1.94 times, respectively.

Auditors Remarks - Matters relating to Companies (Auditors' Report) Order, 2003

Our statutory auditors have in their report on our Restated Financial Statements stated that there were no audit qualifications relating to our Company.

Quantitative and Qualitative Disclosures about Market Risk

Commodity Price Risk

We are exposed to the price risk associated with purchasing our key raw materials and consumables, which may in certain cases be specific to a certain make or brand. We generally do not enter into long-term firm price contracts for the supply of our key raw materials. Therefore fluctuations in the price and availability of these raw materials may adversely affect our business and results of operations. For additional discussion on how the results of our operations are affected by fluctuations in the price and availability of our key raw material, see *Risk Factors* beginning on Page 16.

Exchange Rate Risk

Changes in currency exchange rates influence our results of operations. A portion of our revenues, particularly relating to our engineering design services and supply of pre-engineered buildings, is denominated in currencies other than Indian rupees, most significantly the U.S. dollar. Depreciation of the Indian rupee against the U.S. dollar and other foreign currencies may adversely affect our results of operations by increasing the cost of financing any debt denominated in foreign currency that we may enter into in the future or any proposed capital expenditure in foreign currencies.

Inflation Risk

Inflationary factors such as increases in the input costs and overhead costs may adversely affect our operating results. There may be time lag in recovering the inflation impact from our customer and we may not be able to recover the full impact of such inflation. A high rate of inflation in the future may, therefore, have an adverse effect on our ability to maintain our profit margins.

Credit Risk

We are exposed to credit risk on amounts owed to us by our customers. If our clients do not pay us promptly, or at all, it may impact our working capital cycle and/or we may have to make provisions for or write-off on such amounts.

Market Conditions

Our business depends substantially on global economic conditions. The global economic downturn, which began in 2008, coupled with the global financial and credit market disruptions, weakened end markets, diminished demand and credit availability, and increased borrowing costs. There may also be a number of secondary effects of an economic downturn, such as the insolvency of suppliers or customers, cancellation of orders, delays in deliveries by suppliers, payment delays and/or stagnant demand by customers. Cuts in federal or central, state and local government investment as well as consequent impairment in infrastructural facilities and growth can also drag down global and national growth rates.

Known Trends or Uncertainties

Other than as described in this Draft Red Herring Prospectus, particularly in the sections titled “*Risk Factors*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” beginning on Page 16 and 239, respectively, to our knowledge, there are no trends or uncertainties that have or had or are expected to have a material adverse impact on our income from continuing operations.

Seasonality of Business

Our operations may be adversely affected by severe weather, which may require us to evacuate personnel or curtail services, may result in damage to a portion of machinery or facilities resulting in the suspension of operations, and may prevent us from delivering materials to our jobsites in accordance with contract schedules or generally reduce our productivity. Our operations are also adversely affected by difficult working conditions and extremely high temperatures during summer months and during the monsoon season, each of which may restrict our ability to carry on manufacturing activities and fully utilize our resources. During periods of curtailed activity due to adverse weather conditions, we may continue to incur operating expenses, but our revenues from operations may be delayed or reduced. Revenues recorded in the first half of our financial year between April and September are traditionally lower compared to revenues recorded during the second half of our financial year.

Future Relationship between Costs and Income

Other than as described elsewhere in this section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, and in the section titled “*Risk Factors*” on Page 239 and 16, to our knowledge, there are no known factors which will have a material adverse impact on our operations and finances.

Significant developments after November 30, 2014 that may affect our Future Results of Operations

Except as stated in this Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus which materially and adversely affect or are likely to affect, the operations or profitability of the Company, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Except as stated below, there is no development subsequent to November 30, 2014 that we believe is expected to have a material impact on the reserves, profits, earnings per share and book value of the Company.

Pursuant to an amendment letter executed between our Company, Zephyr Peacock India Fund III Limited, Zephyr Peacock India III Fund (collectively, the “Investors”) and Pennar Industries Limited, Aditya Narsing Rao, Joginapally Venkata Nrupender Rao (HUF), Joginapally Venkata Nrupender Rao, Rajya Lakshmi Rao Joginapally, D. Sudeepta Rao, Avanthi Rao, Potluri Venkateswara Rao, Usha Ramani Potluri (collectively, the “SSA Promoter Group Members”) dated February 28, 2015, the SSA has been amended and the conversion price of the CCPS has been revised to ₹ 58.17 per CCPS, based on the revised valuation of our Company, subject to any future adjustments based on other applicable provisions of the SSA and our Articles of Association including but not limited to provisions relating to adjustments on account of deductible claims and anti dilutions provisions in the SSA. For further details, see “*History and Corporate Structure*” on Page 158.

FINANCIAL INDEBTEDNESS

As on March 20, 2015, the aggregate outstanding borrowings of our Company are as follows:

| (₹ in million) | | |
|----------------|----------------------|----------|
| S. No. | Nature of borrowing | Amount |
| 1. | Secured borrowings* | 1,730.98 |
| 2. | Unsecured borrowings | Nil |

*Includes fund based limits of ₹ 358.09 million, non-fund based limits of ₹ 1,370.84 million and vehicle loan of ₹ 1.51 million.

I. Facilities obtained by our Company as on March 20, 2015

A. Secured Borrowings

1. Financial facility availed from State Bank of India, Hyderabad ("SBI")

Sanction letters dated June 30, 2009 and December 16, 2009, agreement of loan for overall limit dated December 26, 2009, deed of guarantee for overall limit dated December 26, 2009, sanction letter dated June 1, 2010, supplemental agreement of loan for increase in overall limit dated June 5, 2010, arrangement letter dated November 29, 2011, arrangement letter dated September 1, 2012, supplemental agreement of loan for increase in overall limit dated December 15, 2012, arrangement letter dated July 18, 2013, supplemental agreement of loan for increase in overall limit dated September 13, 2013, arrangement letter dated February 14, 2014, supplemental agreement of loan for increase in overall limit dated March 20, 2014 and letter dated March 3, 2015 issued by SBI.

| (₹ in million) | | | |
|---|---|---------------------------|---|
| Sanctioned amount | Amount outstanding as on March 20, 2015 | Interest rate/ commission | Key terms and conditions |
| Fund based | | | |
| Cash credit: 150.00 | 123.32 | 11.25% p.a. | <ul style="list-style-type: none"> <i>Purpose:</i> Working capital requirements of our Company |
| Working Capital Demand Loan (WC DL): 150.00 | 150.00 | 10.60% p.a. | <ul style="list-style-type: none"> <i>Tenor/ Repayment:</i> Repayable on demand. |
| Non- fund based | | | <ul style="list-style-type: none"> <i>Pre-payment terms:</i> N.A. |
| Letter of credit*: 150.00 | 105.30 | 1.13% p.a. | <ul style="list-style-type: none"> <i>Penalties:</i> Additional rate of 2.00% p.a. in case of default on the entire outstanding amount for the period of default. |
| Bank guarantee*: 300.00 | 333.94 | 1.13% p.a. | |
| Credit Exposure Limit (CEL): 0.68 | - | - | <ul style="list-style-type: none"> <i>Security:</i> First pari-passu charge on stocks, receivables and other current assets with other working capital lenders; second charge on present and future fixed assets of our Company, including equitable mortgage of the land admeasuring 25 acres 21½ guntas under Survey No.s 88 to 92 (part) of Ankanapally Village and Survey. No.s 144 to 145 (part) of Chandapur Village, Sadashivpet Mandal, Medak District, Andhra Pradesh along with plant shop of built up area of 140,000 sq. ft.; exclusive charge on the special term deposit of face value of ₹ 20,000,000; pledge of 6,150,000 Equity Shares held by PIL, corporate guarantee of PIL and personal guarantees of Aditya Narsing Rao and Joginapally Venkata Nrupender Rao. |

* Full way interchangeability

The aforesaid facility availed by our Company from SBI imposes several restrictive covenants on our Company, including:

- (i) Our Company shall not compound or release any of the book-debts whereby the recovery of the same may be impeded, delayed or prevented, without prior written consent from SBI.
- (ii) Our Company is required to provide a written notice of at least 7 days to SBI before issuing any notice to its Shareholders in respect of payment of any call or issue or create any existing or new shares and may be required by SBI to deposit the share application money in a joint account maintained by our Company and SBI.
- (iii) Our Company shall take the prior consent of SBI before varying the shareholding of our Shareholders who are Directors, principal shareholders and Promoters.
- (iv) Our Company shall not, without the prior written consent of SBI, (a) change or in any way alter its capital structure; (b) effect any scheme of amalgamation or reconstitution; (c) implement a new scheme of expansion or take up an allied line of business or manufacture; (d) declare dividend or distribute profits (only when the repayment of principal and payment of interest on the facility is irregular); (e) borrow or obtain credit facilities from any other banks or credit agency; and (f) invest any funds or monies by way of deposits or give advances to subsidiaries, except during the normal course of business.
- (v) SBI has the right to appoint a nominee director on the Board of our Company during the subsistence of this facility.
- (vi) The events of default in relation to the term loan are (a) any instalment of the principal remaining unpaid after the due date for payment thereof as expired; (b) any interest remaining unpaid after the same have become due whether demanded or not; (c) our Company committing any breach or default in the performance or observance of any of the covenants contained in the agreement and/or our Company's proposal and/or the security documents or any other term or condition relating to the term loans; (d) the Company entering into any arrangement or composition with the Company's creditors or committing any act of insolvency; (e) any execution or distress being enforced or levied against the whole or any part of our Company's property; (f) on a winding up petition being filed or our Company being a limited company going into liquidation (except for the purpose of amalgamation or reconstruction); (g) a receiver being appointed in respect of the whole or any part of the property of our Company; (h) our Company ceasing, or threatening to cease, to carry on business; (i) the occurrence of any circumstance which is prejudicial to or impairs, imperils or depreciated or which is likely to prejudice, impair, imperil or depreciate the security given to SBI; and (j) the occurrence of any event or circumstance which prejudicially or adversely affect in any manner the capacity of our Company to repay the amount due under the term loans.

Our Company has received a letter dated February 5, 2015 from SBI permitting it to do the above acts with respect to the Issue.

2. Financial facilities availed from Axis Bank Limited, Hyderabad ("Axis")

- (a) Sanction letter dated February 5, 2011, composite hypothecation deed dated April 26, 2011, sanction letter dated March 15, 2012, supplemental deed of hypothecation dated March 21, 2012, sanction letter dated July 31, 2012, supplemental deed of hypothecation dated November 22, 2012, sanction letters dated March 30, 2013, January 23, 2014, amendment to sanction letter dated February 10, 2014, supplemental deed of hypothecation dated February 13, 2014, sanction letter dated September 30, 2014 and March 11, 2015.

(₹ in million)

| Sanctioned amount | Amount outstanding as on March 20, 2015 | Interest rate/ commission | Key terms and conditions |
|--|---|---------------------------|--|
| Fund based Cash credit: 100.00 | 84.77 | 12.15% p.a. | 1. <i>Purpose:</i> Working capital requirements of our Company. Ad-hoc Letter of credit was availed to purchase raw materials, packing |

| Sanctioned amount | Amount outstanding as on March 20, 2015 | Interest rate/ commission | Key terms and conditions |
|--------------------------|---|---------------------------|--|
| <i>Non fund based</i> | | | material, stores and spares required for day to day operations of our Company. |
| Letter of credit: 500.00 | 465.56 | 0.70% p.a. | 2. <i>Tenor and repayment:</i> One year from the date of sanction. |
| Bank guarantee: 400.00 | 167.34 | 0.70% p.a. | 3. <i>Pre-payment terms:</i> N.A |
| | | | 4. <i>Penalties:</i> (i) Delay/non-submission of stock statements/Financial Follow-up reports will attract penal interest @ 2% p.a from the date of default on the outstanding amount; (ii) any overdrawn in the account will attract penal interest @ 2% p.a on the overdue amount. |
| | | | 5. <i>Security:</i> Pari-passu first charge on entire current assets, both present and future; pari-passu second charge on the entire fixed assets of our Company, present and future, including equitable mortgage of the land admeasuring 25. 26 guntas under Survey No.s 88 to 92 (part) of Ankanapally Village and Survey. No.s 144 to 145 (part) of Chandapur Village, Sadashivpet Mandal, Medak District, Andhra Pradesh (the land on which the plant is located); pari-passu second charge on entire moveable assets of our Company, present and future, including (a) all tangible moveable machinery, plant machinery, fixtures, fittings, other installation, cranes, furniture, computers and other accessories and all other articles lying on the premises or in the godowns of our Company or in the custody of any person who are mercantile agents of our Company or in the course of transit which may hereinafter be brought stored or be lying or upon the said premises of our Company; (b) the whole of our Company's moveable goods and assets, both present and future and including all stocks of raw material work in progress semi-finished goods and finished goods such as PE buildings, structures, packing materials, consumable stores and spares, etc, whatsoever situate and or transit whether at present belonging to or that may at any time during the continuance of this security belong to our Company or that may be held by any party anywhere to the order and disposition of our Company; (c) all the present and future book-debts, outstanding monies, receivables, claim bills, contracts, engagements and securities which are at present, due and owing and which may at anytime during the continuance of this security become due and owing to our Company in the course of its business by any person, firm, company or body corporate or by the Government of India or any state government or Indian Railways or any Government Department or office or any municipal or local or public or semi-government body or authority whatsoever, including those relating to the assets leased out and/or given on hire purchase basis; |

| Sanctioned amount | Amount outstanding as on March 20, 2015 | Interest rate/ commission | Key terms and conditions |
|-------------------|---|---------------------------|---|
| | | | counter-guarantee of our Company; unconditional and irrevocable guarantee of Pennar Industries Limited; personal guarantee of Joginapally Venkata Nrupender Rao and Aditya Narsing Rao. |

The aforesaid facility availed by our Company from Axis imposes certain covenants on our Company, including:

- (i) Our Company shall not without Axis's prior permission in writing, inter alia: (a) create any further charge over its fixed assets; (b) undertake any expansion or fresh project or acquire fixed assets; (c) invest by way of share capital in or lend or advance to or place deposits with any other concern; (d) formulate any scheme of amalgamation/ reconstruction with any other entity; (e) undertake any guarantee obligations on behalf of any other entity or any third party; and (f) make any change in the management set-up.
- (ii) No changes whatsoever that may take place in the constitution of our Company (whether by amalgamation or otherwise) shall impair or discharge the liability of our Company;
- (iii) Our Company shall broaden its Board of Directors and finalise and strengthen its management set-up to the satisfaction of Axis, if necessary;
- (iv) Our Company shall not divert working capital funds for long-term purposes;
- (v) The loan shall not be used for (i) subscription of shares and debentures; (ii) extending loans to subsidiary companies/associates or for making inter-corporate deposits; and (iii) any speculative purposes.
- (vi) Our Company shall keep Axis informed of the happening of any event which is likely to have an impact on its profit or business and more particularly, if the monthly production or sale and profit are likely to be substantially lower than already indicated to Axis or if any action has been taken by any creditor or government authority against our Company. Our Company shall inform Axis accordingly, along with reasons and remedial steps proposed to be taken;
- (vii) The events of default in relation to the facilities availed from Axis are (i) our Company making a default in payment of the balance amount due to Axis; (ii) if any of the representations made by our Company in the application for granting the said facilities are found to be untrue or false; (iii) if our Company commits default in repayment of any instalment of the principal or interest; (iv) if our if an order is made or resolution passed for the winding up of our Company or a petition for such winding up is filed or notice of a meeting to pass such a resolution is issued; (v) if our Company becomes bankrupt or is adjudicated an insolvent or an insolvency petition is filed against our Company; (vi) if our Company enters into a composition with its creditors; (vii) if a receiver is appointed of our Company of all or any of our Company's properties; (viii) if any execution or other similar process is levied or issued against our Company; if any circumstances or events occurs, which in the opinion of Axis is prejudicial or imperils any or is likely to prejudice or imperil any security given by the Company to Axis.

Our Company has received a letter dated January 7, 2015 from Axis permitting it to do the above acts with respect to the Issue.

- (b) Pursuant to a sanction letter dated February 26, 2015, our Company has been granted an ad-hoc limit for non-fund based facilities amounting to ₹ 50.00 million from Axis. This facility has been granted against an unfixed deposit of ₹ 50.00 million. The outstanding balance as on March 20, 2015 is ₹ 49.92 million.
- (c) Pursuant to a sanction letter dated February 26, 2015, our Company has been granted an ad-hoc limit for non-fund based facilities amounting to ₹ 50.00 million from Axis. This facility has been granted against a

personal guarantee of Aditya Narsing Rao. The outstanding balance as on March 20, 2015 is ₹ 49.95 million.

3. Financial facility availed from Yes Bank Limited, Hyderabad (“Yes Bank”)

Facility letter dated March 7, 2014, master facility agreement dated July 8, 2014 and deed of hypothecation dated July 8, 2014.

(₹ in million)

| Sanctioned amount | Amount outstanding as on March 20, 2015 | Interest rate/ Commission | Tenor/ Repayment | Key terms and conditions |
|------------------------------------|---|---|------------------------------------|--|
| Non- fund based | | | | |
| Performance bank guarantee: 200.00 | 168.96 | 0.60% p.a. | 36 months (including claim period) | 1. <i>Purpose</i> : Working capital requirements |
| <i>Sub limits</i> : | - | 0.60% p.a. | 36 months (including claim period) | 2. <i>Pre-payment terms</i> : N.A. |
| Financial bank guarantee: 200.00 | - | 0.60% p.a. | 45 days | 3. <i>Penalties</i> : Additional rate of interest of 2% p.a. in case of default. |
| Inland LC- sight: 200.00 | - | 0.60% p.a. | 7 months including usance period | 4. <i>Security</i> : First pari passu charge on current assets (stock and book debts) of our Company, both present and future; second pari passu charge on all fixed assets of our Company, both movable and immovable, present and future and corporate guarantee of PIL. |
| Inland LC- usance: 200.00 | 30.41 | 0.60% p.a. | 1.5 months | |
| Import LC- sight: 50.00 | - | 0.60% p.a. | 7 months including usance period | |
| Import LC: usance: 50.00 | - | 0.60% p.a. | 6 months | |
| LuT for buyer’s credit: 50.00 | - | 0.60% p.a. | 6 months | |
| Working capital demand loan: 50.00 | - | To be decided at the time of disbursement | 6 months | |

The aforesaid facility availed by our Company from Yes Bank imposes restrictive covenants on us, for which we are required to take prior written consent of Yes Bank. Some of these are:

- (i) amend or modify the constitutional documents of our Company;
- (ii) undertake or permit any merger, de-merger, consolidation, reorganisation, scheme of arrangement or compromise with its creditors or shareholders or effect any scheme of amalgamation or reconstruction including creation of any subsidiary or permit any company to become its subsidiary;
- (iii) prepay any indebtedness incurred by our Company;
- (iv) undertake any new project, diversification, modernization which are material in nature or substantial expansion of any of its projects;
- (v) make any investments whether by way of deposits, loans, or investments in share capital or otherwise, in any concern or provide any credit or give any guarantee, indemnity or similar assurance, other than in the ordinary course of business;
- (vi) recognise or register any transfer of shares in our Company’s capital made or to be made by the promoters and their associates except as may be permitted by the Yes Bank; and
- (vii) issue any further share capital whether on a preferential basis or otherwise or change its capital structure in any manner.

Our Company has received a letter dated February 16, 2015 from Yes Bank permitting it to do the above acts with respect to the Issue.

4. Vehicle loan availed from Kotak Mahindra Bank, Mumbai (“Kotak”)

We have entered into an arrangement with Kotak, vide an agreement dated April 16, 2013, for the purposes of financing purchase of 1 motor vehicle for our Company. The total amount sanctioned is ₹ 2.32 million and outstanding as on March 20, 2015 is ₹ 1.51 million. The rate of interest for the above vehicle/equipment loan is 10.07 % p.a. and is repayable in 60 equal monthly instalments. The vehicle acquired pursuant to this loan has been hypothecated.

B. Unsecured borrowings

Neither of our Company, our Promoter or our Group Company have availed any unsecured loans as on the date of this Draft Red Herring Prospectus.

II. LOANS BY GROUP COMPANY TO OUR COMPANY

Our Company has not availed any loans from our Group Company as on the date of this Draft Red Herring Prospectus.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Except as stated in this section, (i) there are no winding up petitions, no outstanding litigations, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company, Promoter and Directors or against any other company whose outcome could have a materially adverse effect on the business, operations or financial position of our Company, and (ii) there are no defaults including non-payment or overdue of statutory dues, overdues to banks or financial institutions, defaults against banks or financial institutions or rollover or rescheduling of loans or any other liability, defaults in dues payable to holders of any debenture, bonds and fixed deposits or arrears on compulsorily convertible preference shares issued by our Company or Promoter defaults in creation of full security as per the terms of issue/other liabilities, proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Company except as stated below, and (iii) no disciplinary action has been taken by the SEBI or any stock exchange against our Company, Promoter and Directors except as stated below.

Neither our Company nor our Promoter have been declared as wilful defaulters by the RBI, or any other Governmental authority and except as disclosed in this section in relation to litigation, there are no violations of securities laws committed by them in the past or pending against them or any person or entity connected with them. All terms defined in a particular litigation are for that particular litigation only.

LITIGATION INVOLVING OUR COMPANY

I. Outstanding litigation/ proceedings filed against our Company

A. Criminal proceedings

NIL

B. Civil proceedings

NIL

C. Labour proceedings

NIL

D. Notices from statutory and regulatory authorities

The Official Liquidator, High Court of Karnataka (“**Official Liquidator**”) sent a notice of demand bearing number 150/3677/2013 (“**Notice**”), dated December 11, 2013 to our Company. The Notice is in relation to a demand of ₹ 390,392 (“**Demand**”) owed by our Company to Deccan Cargo and Express Logistics Private Limited (“**Deccan Cargo**”) which has been wound up by an order dated June 11, 2013 of the High Court of Karnataka. Our Company has been asked to pay the official liquidator an amount of ₹ 390,392 owed by us to Deccan Cargo. Our Company has replied to the Notice through a letter dated March 14, 2013 stating that it is Deccan Cargo which owes our Company an amount of ₹ 2,845,393 (“**Amount**”) and that the Demand has already been adjusted against four orders placed before our Company by Deccan Cargo for their proposed hangars. Our Company has therefore asked the Official Liquidator to consider us as a creditor of Deccan Cargo and to arrange to make the payment of the Amount due with interest. We are awaiting a response from the Official Liquidator.

E. Tax proceedings

1. The Joint Commissioner of Central Excise, Hyderabad – I Commissionerate (“**Joint Commissioner**”) issued a show cause notice dated January 27, 2014 (“**SCN 1**”) to our Company stating that our Company had not included the cost element of transit freight and insurance in the assessable value for discharging the central excise duty liability which resulted in the short payment of duty. Therefore, further stating that our Company is liable to pay an amount of ₹ 3,551,089 being the amount not paid as part of the central

excise duty during the period June 2010 to March 2013 along with the applicable interest, and liable for imposition of a penalty for the suppression of facts and contravention of the provisions of the Central Excise Act, 1944. Our Company replied through a letter dated April 4, 2014 stating that we have not misstated or suppressed any facts with intent to evade payment of the central excise duty and that the said transaction has been completed at the customer's premises and thus the place of removal is the customer's premises under Section 4(3)(c)(iii) of the Central Excise Act, 1944 and therefore SCN 1 or the demand for interest and imposition of penalty is not justified. Our Company has further requested the Joint Commissioner to discontinue the proceedings and to provide an opportunity to present our case. A second show cause notice dated April 28, 2014 ("SCN 2") was issued by the Joint Commissioner referring to SCN 1 and stating that our Company had again not included the freight amount in the assessable value charged to the buyers for the payment of central excise duty for the period of April 2013 to December 2013 and an amount of ₹ 1.62 million for the short payment of central excise duty along with the applicable interest and a penalty for the contravention of the provisions of the Central Excise Act, 1944 is applicable to be levied on our Company as per SCN 2. Our Company replied to the Joint Commissioner through a letter dated June 3, 2014 citing judgments which support our contention that freight amount is not to be included in the assessment of central excise duty and stating that the contentions of the Joint Commissioner in SCN 2 are not justified. Our Company has further requested an opportunity of a personal hearing to present their case before the Joint Commissioner. We are awaiting a reply from the Joint Commissioner.

2. The Commissioner of Customs, Central Excise and Service Tax has through an order dated October 20, 2014 ("Order") demanded an amount of ₹ 0.02 million as differential duty payable by our Company on the goods cleared during the period of June, 2013 to March, 2014 on account of non-inclusion of freight charges in the assessable value along with an interest as applicable. Also, a penalty of ₹ 2,000 has been imposed on our Company under Rule 25 of the Central Excise Rules, 2002. The Order has been issued in relation to a show cause notice no. O. R. No. 56/2014-Hyd-I Adjn dated July 8, 2014 issued by the Office of the Commissioner of Customs, Central Excise and Service Tax Hyderabad-I Commissionerate, Hyderabad to which our Company sent a reply dated September 17, 2014 and the Commissioner of Customs, Central Excise and Service Tax dropped the proceedings to the extent of duty payable vide the Order, except the differential duty.

F. Public Interest Litigations

NIL

G. Revenue proceedings

NIL

H. Arbitration proceedings

NIL

I. Consumer proceedings

NIL

J. Complaints filed under section 138 of the Negotiable Instruments Act, 1881

NIL

K. Miscellaneous

NIL

II. Details of past penalties imposed on our Company

NIL

III. Proceedings initiated against our Company for economic offences*NIL***IV. Potential litigation involving our Company**

1. Our Company has served a legal notice dated March 12, 2014 to Renaissance Construction Technologies India Limited, Renaissance Construction Technologies India LLP (collectively, “**RCTIL**”) and Tenneco Automotive India Private Limited (“**TAIPL**”) (collectively, the “**Noticees**”). The legal notice is in relation to a purchase order dated May 6, 2011 and an amended purchase order dated July 8, 2011 issued by RCTIL to our Company for the supply of steel structures and its components for the project of TAIPL and a work order dated May 6, 2011 issued to our Company by RCTIL. Subsequently, our Company sent an invoice bearing number 728 dated August 9, 2011 for the supply of material worth ₹ 602,525 against which an amount of ₹ 360,756 remains outstanding. Our Company further raised two more invoices dated September 16, 2011 and February 15, 2012 for erection of steel structure as per the abovementioned work order against which an amount of ₹ 399,622 remains to be paid by RCTIL. Our Company has claimed a total amount of ₹ 760,378 along with interest of 21% p.a. from the Noticees.
2. Our Company has served a legal notice dated March 22, 2014 on U. I. Pipe Fitting Private Limited (“**PFPL**”) alleging that PFPL had not fulfilled their obligations under a purchase order dated May 27, 2011 and an erection work order which was entered into by our Company with PFPL. Our Company had raised several invoices for supply and erection dated January 30, 2012, February 15, 2012, February 29, 2012 and January 19, 2013 which remain outstanding. An outstanding amount of ₹ 1,346,209 along with an interest of 21% has been demanded by our Company from PFPL.

V. Default and non- payment of statutory dues by our Company

Except as stated below, there are no defaults or non-payment of statutory dues by our Company.

| S. No. | Nature of Liability | Amount outstanding as on February 28, 2015 (₹ in million) |
|--------------|--------------------------|---|
| 1. | Tax Deducted at Source | 2.76 |
| 2. | Tax Collected at Source | 0.05 |
| 3. | Professional Tax | 0.05 |
| 4. | Employee Provided Fund | 2.03 |
| 5. | Employee State Insurance | 0.13 |
| 6. | Service Tax Payable | 3.90 |
| 7. | Excise Duty Payable | 18.78 |
| 8. | Value Added Tax Payable | 9.04 |
| Total | | 36.74 |

VI. Inquiries, inspections or investigations initiated or conducted under Companies Act, 2013 or the Companies Act, 1956*NIL***VII. Adverse findings in relation to compliance of securities laws***NIL***VIII. Any disciplinary action taken by the SEBI or stock exchanges against our Company***NIL***IX. Material frauds against our Company***NIL***X. Outstanding dues to small scale undertaking(s) or other creditors of more than ₹ 0.1 million outstanding for more than 30 days**

The details of micro, small and medium enterprises to which our Company owes an amount greater than ₹ 0.1 million and outstanding for a period more than 30 days, as on February 28, 2015, are as follows:

| S. No. | Name of the vendor | Outstanding Amount (₹ in million) |
|--------------|--|-----------------------------------|
| 1. | B.P.R. Indiglo Industries | 0.42 |
| 2. | Paradise Packaging Private Limited | 1.38 |
| 3. | Souvenir International | 3.48 |
| 4. | Panchsheel Fasteners | 5.50 |
| 5. | Siddivinayaka Industrial Gases Private Limited | 1.07 |
| 6. | Atul Fasteners Limited | 1.57 |
| 7. | M.B. Engineering Industries Private Limited | 0.23 |
| Total | | 13.65 |

Our Company does not owe an amount exceeding ₹ 0.10 million which has been outstanding for more than 30 days, to any other creditor, except in the ordinary course of business. For more information on amounts owed to such creditors, please see the section titled “Financial Statements - Annexure 13 - Restated Summary Statement of Trade payables” on Page 217.

XI. Material developments since the last balance sheet date

NIL

XII. Outstanding litigation against other persons and companies whose outcome could have an adverse effect on our Company

NIL

XIII. Litigation by our Company

A. Civil proceedings

1. A suit for recovery (O. S. No. 322/2013) dated November 18, 2013 was filed by our Company before the Court of Senior Judge, Sangareddy against Laxmi Nirmal Pratishthans (“**Defendants**”) for recovery of ₹ 810,946 along with interest at 24% per annum under Section 26 read with order VII Rule 1 & 2 of the Code of Civil Procedure, against a purchase order (“**PO**”) for the supply and installation of steel structure and component material and work order for erection and installation of steel structure for warehouse shed work, both dated July 29, 2011 which were issued by the Defendants to our Company. The Defendants filed a written statement denying the claims made by our Company in the suit for recovery and claimed that the matter instead be settled through arbitration as per the provisions of the PO. Subsequently, our Company has filed a rejoinder dated October 10, 2014 denying the written statements made by the Defendant. The matter is currently pending.

B. Writ Petitions

NIL

C. Arbitration proceedings

1. Our Company has filed an Arbitration Application No. 81/2014 in the High Court of Andhra Pradesh at Hyderabad on April 25, 2014 for appointment of an arbitrator under Section 11(2) and Section 11(6) of the Arbitration and Conciliation Act, 1996 against Collage Design Private Limited (“**Respondent**”), for a claim of ₹ 937,198 plus interest in relation to a purchase order issued to our Company by the Respondent on December 4, 2010 (“**PO**”) for the supply of steel structures. Our Company had issued invoices dated May 6, 2010 and May 7, 2010 in relation to the PO which have not been paid by the Respondent. Our Company then issued an arbitration notice dated March 22, 2014 which was not responded to by the Respondent and hence, the abovementioned Arbitration Application was filed. A reply from the Respondent is pending.

2. Our Company has filed an Arbitration Application No. 82/2014 in the High Court of Andhra Pradesh at Hyderabad on April 25, 2014 for appointment of an arbitrator under Section 11(2) and Section 11(6) of the Arbitration and Conciliation Act, 1996 against Hindustan Construction Company Limited (“**Respondent**”), for a claim of ₹ 8,129,231 plus interest in relation to a purchase order dated October 29, 2010 issued to our Company by the Respondent (“**PO**”) for the fabrication, supply, packing, loading and transportation of steel structure units. Our Company had issued invoices dated February 28, 2011 and March 25, 2011 against the PO which were not paid by the Respondent. Our Company then issued an arbitration notice dated March 22, 2014 which was not responded to by the Respondent and hence, the abovementioned Arbitration Application was filed. The matter is currently pending.
3. Our Company has filed an Arbitration Application No. 87/2014 in the High Court of Andhra Pradesh at Hyderabad on April 25, 2014 for appointment of an arbitrator under Section 11(2) and Section 11(6) of the Arbitration and Conciliation Act, 1996 against Hindustan Construction Company Limited (“**Respondent**”), for a claim of ₹ 909,975 plus interest against a letter of intent dated September 28, 2010 and the work order dated March 21, 2011 (“**WO**”). Our Company had issued an invoice dated May 31, 2011, in relation to WO which has not been paid by the Respondent. Our Company then issued an arbitration notice dated March 22, 2014 which was not responded to by the Respondent and hence, the abovementioned Arbitration Application was filed. The matter is currently pending.
4. Our Company has filed an Arbitration Application No. 83/2014 in the High Court of Andhra Pradesh at Hyderabad on April 25, 2014 for appointment of an arbitrator under Section 11(2) and Section 11(6) of the Arbitration and Conciliation Act, 1996 against East Coast Imports and Exports (“**Respondent**”), for a claim of ₹ 1,369,638 with respect to work orders for supply and installation of steel structures for the workshop of the Respondent dated October 28, 2010 (“**WO**”) issued to our Company by the Respondent. Our Company had issued invoices dated January 24, 2011, February 28, 2011, March 10, 2011 and May 6, 2011, in relation to WO, which were not paid by the Respondent. The Respondent has filed a counter affidavit in December, 2014 denying the claims made by our Company and further stated that that works under the WO were not performed by our Company. Our Company has further filed a rejoinder to the counter affidavit in February, 2015 denying the claims made by the Respondents and further prayed for the Arbitration Application to be allowed. The matter is currently pending.
5. Our Company has filed an Arbitration Application No. 86/2014 against East Coast Imports and Exports (“**Respondent**”) in the High Court of Andhra Pradesh at Hyderabad on April 25, 2014 for appointment of an arbitrator under Section 11(2) and Section 11(6) of the Arbitration and Conciliation Act, 1996 against East Coast Imports and Exports (“**Respondent**”), for a claim of ₹ 417,845. The arbitration application is with respect to work orders for supply and installation dated February 22, 2011 (“**WO**”), entered into between our Company and the Respondent. Our Company had issued invoices dated April 12, 2011 and May 6, 2011 against the WO, which were not paid by the Respondent. The Respondent has filed a counter affidavit in December, 2014 denying the claims made by our Company and further stated that that works under the WO were not performed by our Company. Our Company has further filed a rejoinder to the counter affidavit in February, 2015 denying the claims made by the Respondents and further prayed for the Arbitration Application to be allowed. The matter is currently pending.
6. Our Company has filed an Arbitration Application No. 84/2014 in the High Court of Andhra Pradesh at Hyderabad on April 25, 2014 for appointment of an arbitrator under Section 11(2) and Section 11(6) of the Arbitration and Conciliation Act, 1996 against Consolidated Construction Consortium Limited (“**Respondent**”), for a claim of ₹ 5,671,038 plus interest in relation to a supplier agreement dated August 4, 2011 and a supplementary supply agreement dated January 2, 2012 entered into between our Company and the Respondent (“**Agreements**”). Our Company had issued several invoices in relation to the Agreements, which were not paid by the Respondent. Our Company then issued an arbitration notice dated March 22, 2014 which was not responded to by the Respondent and hence, the abovementioned Arbitration Application was filed. The matter is currently pending.
7. Our Company filed an Arbitration Application No. 85/2014 against the Respondent in the High Court of Andhra Pradesh at Hyderabad on April 25, 2014 for appointment of an arbitrator under Section 11(2) and Section 11(6) of the Arbitration and Conciliation Act, 1996 against Consolidated Construction Consortium Limited (“**Respondent**”) for a claim of ₹ 155,119 plus interest in relation to a sub contract agreement dated August 4, 2011 and its supplementary erection agreement dated January 2, 2012 entered into between our Company and the Respondent. Our Company had issued an invoice dated May 21, 2012 in relation to the agreements mentioned above, which were not paid by the Respondent. Our Company

then issued an arbitration notice dated March 22, 2014 which was not responded to by the Respondent and hence, the abovementioned Arbitration Application was filed. The matter is currently pending.

D. Criminal proceedings

NIL

E. Cases filed under the Negotiable Instruments Act, 1881

Our Company has filed a complaint (C. C. No. 589 of 2014) dated June 3, 2014 (the “**Complaint**”) against S. S. Solar Private Limited and others (“**Respondents**”) under Sections 190, 200 and 357(3) of the Criminal Procedure Code, 1973 read with Section 138, 139, 141 and 142 of the Negotiable Instruments Act, 1881 in the Court of X Additional Chief Metropolitan Magistrate, Secunderabad (“**ACMM**”). The Complaint is in relation to the dishonour of a cheque bearing number 018997 dated April 12, 2014 for ₹ 2,656,579 towards payment made to our Company by the Respondents against a purchase order and a work order, both dated December 5, 2013 which were placed by the Respondents with our Company. Summons has been issued to the Respondents and the case is currently pending before the ACMM.

F. Miscellaneous

NIL

LITIGATION INVOLVING OUR PROMOTER

Except as stated below, there is no outstanding litigation involving our Promoter, including criminal prosecutions or civil proceedings involving our Promoter, and there are no material defaults, non-payment of statutory dues, over dues to banks/ financial institutions or defaults against banks/ financial institutions by our Promoter (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013).

III. Outstanding litigation and material developments/ proceedings against our Promoter

1. Pennar Industries Limited

Writ Petition

A special leave petition (Civil No. 10954, 10955 and 10956/2009) has been filed by the State of Andhra Pradesh and Others (“**Petitioners**”) against Pennar Industries Limited (“**PIL**”) before the Supreme Court of India, against the judgment and final order dated April 24, 2008 (“**Order**”) passed in the Writ Petition No. 20763 and 20764 of 2007 by the Division Bench of the Andhra Pradesh High Court at Hyderabad. The High Court, through its Order, allowed the Writ Petition filed by PIL against the imposition of entry tax by the Petitioners. The Petitioners had issued a show cause notice dated May 25, 2007 and passed a final assessment order dated September 19, 2007 for the levy of entry tax under the provisions of the Andhra Pradesh Entry Tax on Entry of Goods into Local Areas Act, 2001 for the period of 2005-06 and 2007-08 on PIL. Subsequently, PIL had filed writ petition bearing numbers 20763 and 20764 of 2007 against the abovementioned assessment order in the High Court of Andhra Pradesh dated September 29, 2007 and the same had been allowed by the High Court. The case is currently pending in the Supreme Court of India.

Criminal proceedings

NIL

Civil proceedings

1. Durgaiah and Sailu (“**Plaintiffs**”) filed a plaint in July 2008 before the Court of Preliminary Junior Civil Judge (“**JCJ**”), Sangareddy under order VII Rule 1 read with Section 26 of the Code of Civil Procedure for a suit for partition of ancestral joint family properties (O. S. No. 283 of 2008) situated at in Sy No. 90 part E or EE or U at Ankenpally and Sadashivpet Village, admeasuring 2 acres and 13 guntas, against

Pennar Industries Limited (“**PIL**”) and others. The Plaintiffs prayed for the allotment of 1/3rd share to each of the Plaintiffs from the aforesaid property. PIL has filed a written statement dated February 25, 2013 in reply, claiming that the abovementioned suit had been filed by the Plaintiffs on fictitious grounds and prayed for the Court to dismiss the suit. The matter is currently pending before the JCJ.

2. Ajanta Infrastructures Limited (“**Petitioner**”) filed a special leave petition (civil no. 16016/2009) (“**Petition**”) before the Supreme Court of India against Pennar Industries Limited (“**PIL**”) and others. The Petition is filed against the final order dated March 25, 2009 (“**Order**”) of the High Court, Chennai (“**High Court**”) in the civil revision petition number 189 of 2009 (“**Revision Petition**”). Through its Order the High Court had dismissed the Revision Petition and confirmed the order, dated March 9, 2004, of the Principal District Judge, Thiruvallur in O.S. No. 1159 of 1993 (“**Suit**”) on the file of the Second Senior Civil Judge, City Civil Court, Hyderabad. The Suit was filed by PIL, then Pennar Steels Limited against the Petitioner, who is the successor-in-interest of Automobile Products of India Limited (“**APIL**”) for the recovery of a sum of ₹ 4,392,653 in the Court of Second Senior Civil Judge, Hyderabad. At the time of the Suit the Petitioner (as a successor-in-interest of APIL) had filed a reference before the Board for Industrial and Financial Reconstruction (“**BIFR**”) for the framing of a scheme for its rehabilitation under the Sick Industrial Companies Special Provisions Act, 1985 (“**SICA**”) and the same was pending when the Suit was filed by PIL. A scheme was subsequently sanctioned on November 14, 1996 by BIFR. Later, BIFR discharged the Petitioner from the purview of SICA through its order dated February 20, 2004 and the Suit was decreed on March 9, 2004. The Petitioners raised objections against the decree stating that the Suit was not permissible under Section 22 of SICA and filed the Revision Petition which was dismissed through the Order. Hence, the Petition has been filed before the Supreme Court of India by the Petitioner and is currently pending.
3. A plaint (OS No. 287/2011) and an Interim Application (I.A No. 1348/2011) dated November 29, 2011 has been filed by Koneti Manohar Rao and others (“**Plaintiff**”) against PIL before the Court of Senior Civil Judge, Sangareddy (“**Court**”) for ad-interim injunction under order XXXIX Rule 1 & Rule 2 read with Section 151 of the Code of Civil Procedure. In the plaint the Petitioner has alleged that PIL has interfered with the peaceful possession of the Petitioner’s land situated in Isnapur Village, Patencheru Mandal, Medak District and prayed that the Court grant injunction restraining PIL and its agents from interfering with the peaceful possession of the land by the Petitioner. PIL has filed a written statement in December 2011, denying the allegations made in the plaint. The Court has, through an order dated June 11, 2013 (“**Order**”) dismissed the plaint without costs. The Plaintiffs have further filed an appeal (CMA No. 20 of 2013) dated September 26, 2013 against the Order before the Court of Preliminary District Judge, Medak at Sangareddy (“**District Judge**”). PIL has filed written arguments before the District Judge, against the appeal and prayed for the appeal to be dismissed. The matter is currently pending.
4. Master Automation and Robotics Private Limited (“**Petitioner**”) has filed a special civil suit (No. 1165/2014) on August 16, 2014 before the Court of Civil Judge (Senior Division), Pune (“**Civil Judge**”) against PIL for a claim of ₹ 733,680 along with interest at 18% per annum, towards machinery supplied by them to PIL as per the purchase order dated January 4, 2011. The Petitioner has alleged that machinery has been supplied on account of purchase order issued to them by PIL for supply of machinery and the respective payment has not been made by PIL. The matter is currently pending.

Tax proceedings

1. The Commercial Taxes Officer, Works Contract and Leasing Tax I, Jaipur (“**Petitioner**”) had filed a S. B. Sales Tax Revision Petition (No. 6/2007) (“**Revision Petition**”) before the High Court of Rajasthan at Jaipur against Pennar Industries Limited (“**PIL**”). The petition was filed against a judgment dated November 15, 2003 passed by the Rajasthan Tax Board, Ajmer (Camp Jaipur) through which the Tax Board had dismissed an appeal (numbers 117, 118 and 119 of 2003) (“**Appeal**”) made by the Petitioner against the decision of the Deputy Commissioner, Commercial Taxes (Appeals) I, Jaipur (“**Deputy Commissioner**”). The Petitioner had issued an order dated November 27, 2001 (“**Order**”) through which it had cancelled the certificate dated July 21, 2001 issued to PIL for certain exemptions from tax and had raised a demand of ₹ 187,745 from PIL. PIL had filed an appeal against the Order before the Deputy Commissioner and the same had been allowed. Against the decision of the Deputy Commissioner, the Petitioner filed the Appeal which was dismissed, and further the Petitioner filed the Revision Petition. PIL has filed a counter affidavit dated February 18, 2015 in the Revision Petition. The matter is currently pending.

2. The Commissioner for Customs and Central Excise, Hyderabad – II (“**Appellant**”) had filed a Special Leave Petition (Civil Appeal Number 4444 and 4445 of 2005) before the Supreme Court of India against the impugned final judgment and order number A 304-305/WZB/2005/C-III dated March 11, 2005 passed by the Customs, Excise and Service Tax Appellate Tribunal, West Zonal Bench at Mumbai (“**CESTAT**”) in appeal numbers C/303 and C/304 of 2004. The Appellant had contested in the petition that the Tribunal had, without considering evidence on record, allowed the appeal of Pennar Industries Limited (“**PIL**”) against the order passed by the Appellant dated March 31, 2004 by holding that there was no reason to disallow the benefit to PIL and that the actions taken by the Appellants were premature and highhanded. Through its order dated March 31, 2004 the Appellant had demanded a Customs duty of ₹ 16,507,454 along with a 24% interest p.a. in addition to a penalty of ₹ 1,000,000 on PIL. PIL has filed a counter affidavit by way of reply to the appeal filed by the Appellant on October 27, 2005 with CESTAT and the same was allowed. The matter is currently pending in the Supreme Court of India.

3. The Office of the Commissioner of Customs and Central Excise, Hyderabad (“**Authority**”) has issued a show cause notice (OR No. 95/2008) dated November 12, 2008 (“**SCN 1**”) wherein it is alleged that Pennar Industries Limited (“**PIL**”) have taken ineligible Cenvat credit of service tax paid on transportation of their final products beyond the place of removal for the period of April 1, 2005 to March 31, 2008 and thereby contravening the provisions of the Cenvat Credit Rules, 2004. Thus, PIL has been asked to show cause as to why an amount of ₹ 3,622,550 towards excise duty and ₹ 88,714 towards education cess should not be recovered from them along with interest and penalty as applicable. PIL has replied to SCN 1 through a letter dated December 22, 2008 requesting the Authority to grant them an opportunity of personal hearing. Further, the Authority issued another show cause notice (OR No. 4/2009) dated July 14, 2009 (“**SCN 2**”) wherein it is alleged that PIL have availed Cenvat credit amounting to ₹ 4,245,176 irregularly, in the period from April 1, 2005 to March 31, 2008. PIL has been asked to show cause as to why an amount of ₹ 4,245,176 should not be recovered from PIL along with interest and a penalty. PIL has replied to SCN 2 through a letter dated August 13, 2009 asking the Authority to grant them an opportunity of a personal hearing. These matters in relation to SCN 1 and SCN 2 are currently pending.

4. The Deputy Commissioner, Central Excise, Boisar-I, Thane-II (“**Authority**”) has issued a show cause notice, dated February 16, 2009 (“**SCN 1**”) wherein it is alleged that Pennar Industries Limited (“**PIL**”) have availed cenvat credit of service tax paid on freight outward during the month of February 2008 which is not admissible and utilized the same for payment of central excise duty. Further, PIL, through SCN 1 has been asked to show as to why a cenvat credit of ₹ 438,626 should not be recovered from them and why a penalty should not be imposed on them. PIL has replied to the SCN 1 through a letter dated March 16, 2009 stating that PIL is eligible to avail cenvat credit as mentioned above under the provisions of the Central Excise Act, 1944. PIL has also requested the Authority to grant them an opportunity of a personal hearing. Further, another show cause notice cum demand dated March 2, 2009 (“**SCN 2**”) has been issued to PIL by the Authority asking PIL to show cause as to why a cenvat credit of ₹ 77,428 (plus interest) availed by PIL on freight charges during the month of February 2008 should not be demanded/ recovered from PIL and to show cause as to why in relation to the same, a penalty should not be imposed on PIL. PIL has replied to SCN 2 through a letter dated March 18, 2009 stating that the demand in SCN 2 is not admissible and has asked the Authority to grant PIL an opportunity of a personal hearing. The Authority, after the personal hearing issued an adjudication order bearing no. 15/2009-10 dated October 25, 2009 (“**Adjudication Order**”) wherein the total cenvat credit amounting to ₹ 438,626 and ₹ 77,428 has been disallowed and confirmed to be recovered from PIL. Further, the Authority imposed interest as appropriate and imposed a penalty of ₹ 10,000 on PIL. PIL preferred an appeal against the Adjudication Order before the Commissioner (Appeals)-IV, Mumbai (“**Commissioner**”). Thus, the Commissioner, after the personal hearing held on January 19, 2012, issued an order in appeal (YDB/29/2012) dated April 25, 2012 (“**Order**”) wherein the appeal has been rejected. Further, PIL has filed an appeal (E/1158/12-MUM) against the Order before the Customs, Excise and Service Tax Appellate Tribunal, West Zonal Bench, Mumbai (“**Tribunal**”) along with a stay application bearing no. E/STAY/1820/12-MUM against the Order. The Tribunal issued a stay order no. S/892/13/SMB/C-IV dated September 20, 2013 (“**Stay Order**”) through which it waived the pre-deposit of all dues and stayed the recovery under the Order and allowed the stay petition filed by PIL. Further, PIL (through its unit Press Metal) has filed a miscellaneous application dated March 18, 2014 before the Tribunal praying for the extension of Stay Order till the disposal of the appeal no. E/1158/12-MUM pending before the Tribunal. The matter is currently pending.

5. Show cause notice (OR No. 26/2013) dated March 26, 2014 (“SCN”) has been issued to PIL by the Assistant Commissioner of Customs, Central Excise and Service Tax, Hyderabad-I Commissionerate (“**Commissioner**”) wherein PIL has been asked to show cause as to why an amount of service tax of ₹ 686,038 which includes education cess and secondary and higher education cess not paid by PIL during the period from October, 2008 to March, 2012 on the ‘Erection, Commissioning and Installation’ service including interest, should not be recovered from PIL, including interest and a penalty. PIL replied to the SCN through a letter dated July 21, 2014. Further, the Commissioner has issued a demand order (No. 9/2014) (“**Order**”) dated September 18, 2014 wherein the demand of service tax of ₹ 686,038 including interest has been confirmed. Also, the Commissioner has imposed a penalty of ₹ 10,000 under Section 77 of Finance Act, 1994 and a penalty amounting to 25% of ₹ 620,267 under Section 78 of the Finance Act, 1994. PIL has filed an appeal dated December 9, 2014 against the Order before the Commissioner of Central Excise (Appeals), Hyderabad. The matter is currently pending.
6. The Assistant Commissioner of Customs, Central Excise and Service Tax, Patancheru Division, Hyderabad (“**Commissioner**”) has issued a show cause notice dated December 19, 2014 (“SCN”) wherein PIL has been asked to show cause as to why an amount of ₹ 192,194 including interest and a penalty towards the cenvat credit said to have been irregularly availed by PIL on the ineligible services which do not fall under the definition of input tax credit. PIL has sent a reply to the Commissioner dated February 10, 2015 stating that the definition of input service is very wide and covers the services provided by PIL and prayed for the proceedings to be dropped and to grant PIL an opportunity of a personal hearing. The matter is currently pending.
7. The Joint Commissioner of Customs, Central Excise and Service Tax, Hyderabad has issued a show cause notice (OR No. 103/2014) dated October 31, 2014 (“SCN”) to PIL wherein they have been asked to show cause as to why module mounting structures for solar panels cleared by PIL during the period from October 2013 to June 2014 should not be classifiable under the Central Excise Tariff Act, 1985 and why an amount of ₹ 2,800,940 being the duty payable on the goods valued at ₹ 22,661,327 cleared during the period of October 2013 to June 2014, including interest and a penalty should not be payable by PIL. PIL has sent a reply dated December 2, 2014 wherein they have claimed that they are eligible for exemption from payment of central excise duty on the goods cleared in terms of notification no. 15/2010-CE dated February 27, 2010 issued by the Central Government. The matter is currently pending.
8. A show cause notice (OR No. 99/2010-Hyd-I-Adjn) dated December 10, 2010 (“SCN”) has been issued by the Commissioner of Customs and Central Excise, Hyderabad (“**Commissioner**”) to PIL wherein, PIL has been asked to show cause as to why an amount of ₹ 7,992,939, including interest, in relation to goods cleared by PIL without payment of applicable duty, should not be demanded from them and further, as to why a penalty should not be imposed on PIL. PIL has sent a reply to the Commissioner dated February 14, 2011 wherein they have submitted that the cenvat credit availed by them is in accordance with the provisions of the Cenvat Credit Rules and that the proposal to demand interest and to impose a penalty are unwarranted. PIL has further requested the Commissioner to grant them an opportunity of a personal hearing. The matter is currently pending.
9. A show cause notice (OR No. 118/2010) dated March 28, 2011 (“SCN”) has been issued by the Additional Commissioner of Customs, Central Excise and Service Tax, Hyderabad-I Commissionerate (“**Commissioner**”) wherein PIL has been asked to show cause as to why an amount of ₹ 1,557,950 towards cenvat credit said to have been availed irregularly on ineligible services should not be demanded including interest and a penalty. PIL has replied to the SCN through a letter dated April 27, 2011 wherein it was stated that the credit availed by them is valid under the provisions of the Cenvat Credit Rules, 2004. Further, PIL has claimed that the proposed demand as mentioned in the SCN is not admissible and should be dropped. The matter is currently pending.
10. The Assistant Commissioner of Customs and Central Excise, Hyderabad (“**Commissioner**”) issued a show cause notice (C No. V/72/15/14/2011) dated December 9, 2011 to PIL wherein PIL has been asked to show cause as to why an amount of ₹ 245,239 being cenvat credit said to be irregularly availed by PIL on ineligible input service during the period from August, 2008 to March, 2011 should not be recovered from PIL including interest at the applicable rate and a penalty for contravention of provisions of the Central Excise Act, 1944. PIL has replied to the Commissioner through a letter dated January 18, 2012 and has submitted that the credit availed by PIL is an eligible input service, and further asked the Commissioner to drop the proceedings against them.

11. The Assistant Commissioner of Customs, Central Excise and Service Tax (“**Commissioner**”) issued a show cause notice (V/72/15/92/2011) dated January 3, 2012 (“**SCN**”) for the alleged irregular availment of cenvat credit of service tax paid on outdoor catering services amounting to ₹ 184,039 by PIL for the period from December, 2010 to February, 2011. PIL has replied to the SCN through a letter dated January 30, 2012 and stated that outdoor catering services to employees fall under the ambit of input credit as defined under the Cenvat Credit Rules, 2004 and that the demand made under the SCN is not admissible.
12. The Commissioner of Customs, Central Excise and Service Tax, Hyderabad-I Commissionerate (“**Commissioner**”) issued a show cause notice (HQAE No. 19/2011) dated June 21, 2012 (“**SCN**”) wherein PIL has been asked to show cause as to why a central excise duty amounting to ₹ 6,333,720 payable on the goods valued at ₹ 57,186,842 which are said to be cleared without the payment of duty by PIL by allegedly misusing the provisions of notification no. 06/2006-CE dated March 1, 2006 (“**Notification**”) should be recovered from PIL, including an interest at the applicable rate and penalty for violations made under the Central Excise Act, 1944. PIL has replied to the SCN through a letter dated November 2, 2012 and has claimed that they are eligible to avail the benefits under the Notification and have thus, not violated any provisions as alleged in the SCN. Further, PIL has requested the Commissioner to drop the proceedings and to grant PIL an opportunity to present their case in person.
13. The Office of the Commissioner of Customs, Central Excise and Service Tax, Hyderabad-I Commissionerate (“**Authority**”) issued a notice (C. No. V/1/72/107/2013-CAAP-III) dated March 10, 2014 (“**Notice**”) wherein it has been stated that during the audit of the accounts of PIL for the period ending January, 2014, the Authority has found that (i) PIL has irregularly availed cenvat credit on services which are said to be civil works and do not fall under the category of input services and are not eligible for input credit under the provisions of the Cenvat Credit Rules, 2004. The amount involved is ₹ 80,540 including interest; and (ii) that PIL has further availed cenvat credit on effluent treatment charges rendered outside the factory which, according to the Authority do not qualify as an input service. The amount involved is ₹ 124,993 including interest and a penalty. PIL has replied to the Notice through a letter dated March 14, 2014 stating that in relation to (i) PIL has made the payment of ₹ 81,069 in their cenvat accounts vide entry no. 5271 dated March 10, 2014 and also paid an amount of ₹ 7261 towards interest and amount of ₹ 5423 towards penalty has been paid by way of deposit through challan no. 201 dated March 21, 2014. In relation to (ii) PIL has stated that the service of effluent treatment qualifies as an input credit and thus, is eligible for a cenvat credit and has prayed that the cenvat credit in relation to the same to not be reversed.

IV. Potential litigation against our Promoter

1. Andhra Pradesh Grameena Vikasa Bank (“**Petitioner**”) has filed a suit (OS No. 292 of 2013) against N. Ravinder, and others (“**Respondents**”) for the recovery of ₹ 162,366 availed as personal loan, with interest, before the Court of the Senior Civil Judge, Sangareddy (“**Civil Judge**”). Further, summons dated November 4, 2013 were issued for the appearance of defendants before the Court.. The Deputy General Manager, PIL (“**Defendant No. 4**”) has filed a written statement dated October 20, 2014 before the Civil Judge denying the allegations made by the Petitioner and stating that the suit is not maintainable in law and fact. The matter is currently pending.
2. Andhra Pradesh Grameena Vikas Bank (“**Petitioner**”) has filed a suit (OS No. 285 of 2013) against G. Praveen Goud, junior staff of PIL and others for the recovery of ₹ 90,724 availed as personal loan with interest, before the Court of Junior Civil Judge, Sangareddy (“**Civil Judge**”) in September, 2013. Further, summons dated November 21, 2013 were issued for the appearance of defendants before the Court. The Deputy General Manager, PIL (“**Defendant No. 4**”) has filed a written statement dated April, 2014 stating that there is no cause of action to file the suit by the Petitioner and is not maintainable against Defendant No. 4. The matter is currently pending.

V. Details of past penalties imposed on our Promoter

NIL

VI. Proceedings initiated against our Promoter for economic offences

NIL

VII. Defaults to financial institutions or banks

NIL

VIII. Default and non-payment of statutory dues and dues towards instrument holders

NIL

IX. Adverse findings in respect of the persons/ entities connected to the Promoter as regards compliance with the securities laws

NIL

X. Litigations/ defaults in respect of companies/firms/ventures with which our Promoter were associated in the past

NIL

XI. Litigation/ legal action pending or taken by any Ministry or Department of the Government or a statutory authority against our Promoter

NIL

XII. Disciplinary action taken by the SEBI or recognized stock exchanges against the Promoter

A consent order (CO/DRA II/857/89/2008) dated November 5, 2008 ("**Consent Order**") has been issued by the SEBI in relation to the consent application no. 857/2008 dated July 22, 2008 wherein PIL had asked for the settlement of the enforcement actions that may have been initiated by the SEBI for considerable delay in disclosing the shareholding pattern for the year 1997 and the years 1998 to 2004 required to be made under the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. Through the Consent Order, the SEBI has asked PIL to pay ₹ 325,000 as settlement charges and ₹ 100,000 as administrative charges. PIL has remitted a sum of ₹ 425,000 vide demand draft no. 948863 dated October 22, 2008 towards the settlement and administrative charges.

XIII. Outstanding litigation and material developments/ proceedings filed by our Promoter, Pennar Industries Limited ("PIL")

Criminal Proceedings

1. PIL has filed a criminal complaint (C.F. No. 4932 of 2013) ("**Complaint**") dated September 26, 2013 against Deepa Panels Private Limited ("**Accused**") before the Additional Judicial First Class Magistrate, Sangareddy ("**Authority**") for offences under Section 420 of the Indian Penal Code, 1860. The Complaint has been filed pursuant to the wilful non-payment of an amount of ₹ 5,089,289 due to be paid by the Accused to PIL. PIL has claimed that the Accused has wilfully not paid the amount due to it with an intention to cheat. The Authority has referred/ transferred the Complaint for investigation through its order dated December 3, 2013. The matter is currently pending. Further, in relation to the same PIL has also filed a petition for winding up (263 of 2013) ("**Petition**") against the Accused under Section 433(E) and (F) read with Section 434 and 439 of the Companies Act, 1956 on December 16, 2012 before the High Court, Madras. The Petition is currently pending.
2. PIL has filed a criminal complaint (C. F. No. 4262 of 2013) dated August 1, 2013 ("**Complaint**") before the court of Additional Judicial First Class Magistrate, Sangareddy ("**AJM**") for offences under Section 420 of the Indian Penal Code, 1860 against Algyug Enclosures Private Limited ("**Accused**"). The Complaint has been filed pursuant to the wilful non-payment of an amount of ₹ 4,764,012 liable to be paid by the Accused to PIL. PIL has claimed that the Accused has wilfully not paid the amount due to them with an intention to cheat. The matter has been referred to the station house officer, police station Ramchandrapuram and is currently pending.

3. PIL has filed a criminal complaint (C.F. No. 4931 of 2013) dated September 26, 2013 (“**Complaint**”) before the court of Additional Judicial First Class Magistrate, Sangareddy (“**AJM**”) for offences under Section 420 of the Indian Penal Code, 1860 against Falcon Automotive India Private Limited (“**Accused**”). The Complaint has been filed pursuant to the wilful non-payment of an amount of ₹ 3,539,918 liable to be paid by the Accused to PIL. PIL has claimed that the Accused has wilfully not paid the amount due to them with an intention to cheat. The Complaint has been transferred to the Police Station House, Ramchandrapuram through a notice no. 566/Cr-Rcp-PS/2013 issued by the Sub Inspector of Police, Ramchandrapuram dated December 10, 2013. The investigation is currently pending.
4. PIL has filed a criminal complaint (C. F. No. 3642 of 2013) dated June 25, 2013 (“**Complaint**”) before the court of Additional Judicial First Class Magistrate, Sangareddy (“**AJM**”) for offences under Section 420 of the Indian Penal Code, 1860 against GEI Industrial System Limited (“**Accused**”). The Complaint has been filed pursuant to the wilful non-payment of an amount of ₹ 2,896,760 liable to be paid by the Accused to PIL. PIL has claimed that the Accused has wilfully not paid the amount due to them with an intention to cheat. As per the directions of the AJM, the investigation has been transferred to the Ramchandrapuram Police Station and an FIR No. 305/2013 (“**FIR**”) has been registered. The Accused have filed a criminal miscellaneous petition no. 12905 of 2013 dated October 28, 2013 (“**Petition**”) before the High Court of Andhra Pradesh at Hyderabad (“**High Court**”) asking that the FIR be quashed. A show cause notice dated November 1, 2013 pursuant to the Petition has been issued by the High Court to PIL asking for an interim stay in the investigation under the FIR. The matter is currently pending.

Civil Proceedings

1. PIL has filed a suit for recovery O.S. 188/2013 (“**Suit**”) before the Court of the District Judge, Medak District, Sangareddy (“**District Judge**”) against Algypug Enclosure Private Limited and another (“**Defendants**”). The Suit has been filed for recovery of ₹ 4,896,086 from the Defendants against invoice numbers 1270111, 1270176, 1270386, 1270440, 1270442, 1270490 and 1270857 issued by PIL for supply of materials to the Defendant on their request through purchase orders and emails. The Defendants filed an interim application dated July 13, 2014 bearing number 1177/2014 along with an affidavit (“**Affidavit**”) and an accompanying petition (“**Petition**”) stating that the Suit is not maintainable before the District Judge and should be transferred to the suitable court in Bangalore. Our Company has filed a counter affidavit dated as a reply to the Affidavit and prayed that the Petition be dismissed. The matter is currently pending.
2. PIL has filed a petition (254 of 2013) on December 16, 2012 for winding up of (“**Petition**”) against Falcon Automotive India Private Limited (“**Respondent**”) under Section 433(E) and (F) read with Section 434 and 439 of the Companies Act, 1956 before the High Court of Chennai. The Petition has been filed on account of a failure on the part of the Respondent to pay ₹ 3,180,952 to PIL as amounts due against supply of cold rolled strips by PIL pursuant to purchase orders issued to PIL by the Respondent from June 16, 2011 to September 13, 2011. In view of the same, a demand of ₹ 2,946,971 was communicated to the Respondent by PIL through a legal notice dated July 30, 2012 as a statutory demand under Section 434(1) of The Companies Act, 1956. The matter is currently pending.
3. PIL has filed a suit for recovery O.S. 189/2013 (“**Suit**”) before the Court of the Additional District Judge, Medak District, Sangareddy against GEI Industrial System Limited (“**Defendant**”). The Suit has been filed on grounds of a recovery of ₹ 3,351,692 from the Defendant pursuant to invoice numbers 1118243, 1118270, 1118271, 1213707 and 1213708 in relation to supply of materials to the Defendant on their requests through purchase orders and emails. The Defendant has filed a counter affidavit dated January 3, 2014, against the Suit and written statement on March 4, 2014 replying to the plaint. The matter is currently pending.
4. PIL has filed a suit for recovery O.S. 153/2013 (“**Suit**”) dated June 20, 2014 before the Court of the Preliminary Senior Civil Judge, Medak District, Sangareddy against Hrishyash Engineering Company and others (“**Defendants**”). The Suit has been filed for recovery of ₹ 689,358 along with an interest of 24% p.a. from the Defendants pursuant to invoice numbers 1214036 and 1213813 in relation to supply of materials to the Defendant on their requests through purchase orders. The Suit is currently pending.
5. PIL has filed a suit for recovery O.S. No. 101/2013 (“**Suit**”) dated April 17, 2013 before the Court of the Senior Judge, Sangareddy (“**Senior Judge**”) against Veelsons Energy Systems Private Limited

(“**Defendant**”). The Suit has been filed on grounds of a recovery of ₹ 551,505 from the Defendant pursuant to invoice numbers 1242193 in relation to supply of materials to the Defendant on their requests through purchase order dated April 10, 2012. The Senior Judge has decreed the suit with costs in favour of PIL through its order dated September 11, 2013. PIL has filed an affidavit before the Senior Judge for the realization of the decreed amount from the Defendants. The matter is currently pending.

6. PIL has filed a suit for recovery O.S. No. 248 of 2014 (“**Suit**”) before the Court of Senior Civil Judge, Medak District, Sangareddy (“**Senior Judge**”) for the recovery of ₹ 554,768 including interest against Ravian Engineers (India) Private Limited and another (“**Defendants**”). PIL has submitted in the Suit that they had supplied MS ERW Tubes worth ₹ 379,221 to the Defendants pursuant to purchase orders issued by the Defendants and the Defendants had failed to make the required payments. The suit is currently pending before the Senior Judge.
7. PIL has filed a petition (OP No. 2847/2014) (“**Petition**”) dated December 18, 2014 before the Civil Court, Hyderabad against Emmvee Energy Private Limited (“**Emmvee**”) and another (collectively, the “**Respondents**”) praying that Emmvee be restrained from invoking a bank guarantee for an amount of ₹ 65,188,000 which was issued by Emmvee on behalf of PIL. An order dated December 18, 2014 has been issued by the III Additional Chief Judge, Civil Court, Hyderabad (“**Authority**”) granting interim injunction restraining Emmvee from invoking the said bank guarantee. A counter has been filed by the Respondents on January 19, 2015 praying that the Petition be dismissed and the amounts under the terms of the bank guarantee be released. A rejoinder has been filed by PIL praying that the interim injunction be made absolute. An order dated January 30, 2015 has been issued by the Authority directing PIL to extend the bank guarantee till February 10, 2015. On February 10, 2015 a final order has been issued by the Authority restraining Emmvee from invoking the bank guarantee and directing PIL to extend the bank guarantee. PIL has further filed an appeal (CMA 82/2015) dated February 11, 2015 before the Hyderabad High Court stating that the Authority had failed to take into account that Emmvee is in a debt of ₹ 1,374,545,000 and that the invocation of the bank guarantee was done for the fraudulent purpose of coercing PIL to execute another agreement with Emmvee. The matter is currently pending.
8. PIL has filed a suit for recovery O.S. No. 75/2014 (“**Suit**”) dated October 6, 2013 before the Court of the Prl. District Judge, at Sangareddy (“**District Judge**”) against M Power Infratech (India) Private Limited, Hyderabad (“**Defendants**”). The Suit has been filed on grounds of a recovery of ₹ 3,528,810 along with interest from the Defendants pursuant to invoice numbers 1160793, 1160794 in relation to supply of materials to the Defendants on their requests through purchase order dated September 11, 2011 & November 5 2011. The District Judge has decreed the suit with costs in favour of PIL through its order dated November 18, 2014. PIL has filed an affidavit before the District Judge for the realization of the decreed amount from the Defendants. The District Judge has issued a judgment dated November 18, 2014 through which the Suit has been decreed in favour of PIL, without costs.

Cases filed under the Negotiable Instruments Act, 1881

1. PIL has filed a complaint (C. C. No. 402616 of 2014) dated October 28, 2014 (the “**Complaint**”) against Deepika Infratech Private Limited and another (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheque dated August 28, 2014 bearing number 064433 for ₹ 1,875,850 issued by the Respondents in favour of PIL for the supply of sheet pile to the Respondents. The matter is currently pending.
2. PIL has filed a complaint (C. C. No. 323 of 2013) dated August 21, 2012 (the “**Complaint**”) against Geneva Industries Limited and another (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheques bearing numbers 598703 dated May 4, 2012, 598704 dated May 5, 2014 and 712616 dated May 3, 2012 for an aggregate amount of ₹ 1,500,000 towards payment made to PIL by the Respondents. The said cheque was issued in reference to invoices raised by PIL for supply of material to the Respondents. The ACMM has issued a non-bailable warrant dated February 22, 2013 (“**NBW**”) against the Respondents. Pursuant to the issue of the NBW, the Respondents filed a criminal miscellaneous petition no. 1258 of 2013 dated April 29, 2013 before the ACMM, praying that the NBW be recalled. The NBW is currently pending.

3. PIL has filed a complaint (C. C. No. 631 of 2013) dated July 26, 2013 (the “**Complaint**”) against KPM Coated Drums and Barrels and another (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheque bearing number 698419 dated April 9, 2013 for ₹ 343,296 issued by the Respondents in favour of PIL for supply of cold rolled steel strips to the Respondents. The matter is currently pending.
4. PIL has filed a complaint (C. C. No. 482 (3070) of 2013) dated June 7, 2013 (the “**Complaint**”) against KPM Coated Drums and Barrels and another (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheque bearing number 289127 dated February 28, 2013 for ₹ 1,026,055 issued by the Respondents in favour of PIL for supply of cold rolled steel strips to the Respondents. The matter is currently pending.
5. PIL has filed a complaint (C. C. No. 1105 of 2014) dated September 29, 2014 (the “**Complaint**”) against New Grace Automech Products Private Limited and another (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Judicial First Class Magistrate, Sangareddy, Medak District (“**AJM**”). The Complaint is in relation to the dishonour of cheque bearing number 025249 dated June 26, 2014 for ₹ 1,100,000 issued by the Respondents in favour of PIL for supply of cold rolled steel strips to the Respondents. The matter is currently pending.
6. PIL has filed a complaint (C. C. No. 978 of 2014) dated November 3, 2014 (the “**Complaint**”) against Nuevosol Energy Private Limited and others (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheque bearing number 187193 dated July 4, 2014 for ₹ 3,582,438 issued by the Respondents in favour of PIL for the manufacture and supply of material such as galvanized cold formed section and structural material, solar module mounting structures, parts of solar power generators etc. to the Respondents. The matter is currently pending.
7. PIL has filed a complaint (C. C. No. 1339 of 2014) dated July 21, 2014 (the “**Complaint**”) against Precision Engineering Components and others (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheque bearing number 193943 dated April 26, 2014 for ₹ 227,562 and another cheque bearing number 193945 dated May 26, 2014 for ₹ 200,000 issued by the Respondents in favour of PIL for supply of cold rolled steel strips to the Respondents. The matter has been transferred to III Special Magistrate at Miyapur, Hyderabad under C.C. No. 142 of 2015.
8. PIL has filed a complaint (C. C. No. 483 of 2013) dated April 9, 2013 (the “**Complaint**”) against Polyklad India and others (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheque bearing number 148433 dated November 20, 2012 for ₹ 115,000 issued by the Respondents in favour of PIL supply of material such as super deck GI sheets to the Respondents. In obedience to the judgment dated August 1, 2014 of the Supreme Court in Cri.A.No. 2287/2009, the Complaint has been transferred to XXVII Additional Chief Metropolitan Magistrate, Bangalore under C.C. No. 28495 of 2014. The matter is currently pending.
9. PIL has filed a complaint (C. C. No. 2671 of 2014) dated May 3, 2014 (the “**Complaint**”) against Praweg Conveyors and others (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheque bearing number 538883 dated April 15, 2014 for ₹ 81,293 issued by the Respondents in favour of PIL for supply of material such as purlin sheets, cladding sheets, ridges to the Respondents. The matter has been transferred to the Court of Judicial Magistrate, First Class at Ulhasnagar, Thane, Maharashtra under C.C. No. 539 of 2015 on February 17, 2015. The matter is currently pending.
10. Pennar Industries Limited (“**PIL**”) has filed a complaint (C. C. No. 4948 of 2014) dated September 24, 2014 (the “**Complaint**”) against Praweg Conveyors and others (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Judicial First Class Magistrate, Sangareddy, Medak District (“**AJM**”). The Complaint is in relation to the dishonour of cheque bearing number 538886 dated May 10, 2014 for ₹ 100,000 issued by the Respondents in favour

of PIL for supply of material such as C purlins sheets, cladding sheets, ridges to the Respondents. The matter is currently pending.

11. PIL has filed a complaint (C. C. No. 2672 of 2014) dated June 6, 2014 (the “**Complaint**”) against Rai Engineering and another (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheque bearing number 001047 dated March 5, 2014 for ₹ 100,000 issued by the Respondents in favour of PIL for supply of material such as C channel, C purling, galvalume roofing sheet to the Respondents. In obedience to the judgment dated August 1, 2014 of the Supreme Court in Crl.A.No. 2287/2009, the Complaint has been transferred to the court of the III Senior Civil Judge, Vadodara under C.C. No. 56 of 2015 on January 8, 2015. The matter is currently pending.
12. PIL has filed a complaint (C. C. No. 859 of 2014) dated August 4, 2014 (the “**Complaint**”) against Rays Power Infra Private Limited and others (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheque bearing number 000097 dated April 4, 2014 for ₹ 1,197,154 issued by the Respondents in favour of PIL for supply of material such as module mounting steel structures and other components to the Respondents. The matter is currently pending.
13. PIL has filed a complaint (C. C. No. 624 of 2013) dated July 26, 2013 (the “**Complaint**”) against RIBS Steel Structures Private Limited and another (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheques bearing numbers 074463 and 074465 both dated April 9, 2013 and a cheque bearing number 000099 dated April 1, 2013 for an aggregate amount of ₹ 3,000,000 issued by the Respondents in favour of PIL for supply of 26 GA wall sheeting colour coated flat rolled production (roofing sheets) and angles, shapes, section to the Respondents. The matter has been transferred to IX Additional Chief Metropolitan Magistrate at Miyapur under C.C. No. 1370/2014. The matter is currently pending.
14. PIL has filed a complaint (C. C. No. 99 of 2011) dated March 21, 2011 (the “**Complaint**”) against Sri Bhavani Poultry Farms and others (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheque bearing number 600028 dated September 15, 2010 for ₹ 162,709 and another cheque bearing number 600029 dated September 17, 2010 for ₹ 663,882 issued by the Respondents in favour of PIL for supply of roofing sheet material, plan ridge material and profile ridge to the Respondents. In obedience to the judgment dated August 1, 2014 of the Supreme Court in Crl.A.No. 2287/2009, the Complaint has been transferred to the Court of the Preliminary Judge and the Judicial Magistrate, First Class at Bellary (“**JMFC**”) under C.C. No. 1617 of 2014. A summon has been issued to the Respondents along with a non-bailable warrant on February 26, 2015 by the JMFC. The matter is currently pending.
15. PIL has filed a complaint (C. C. No. 1140 of 2014) dated October 10, 2014 (the “**Complaint**”) against Shri Sudarshan Industries and another (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Judicial Magistrate of First Class, Sangareddy, Medak District (“**AJM**”). The Complaint is in relation to the dishonour of cheque bearing number 664159 dated May 7, 2014 for ₹ 200,000 issued by the Respondents in favour of PIL for supply of MS ERW tubes to the Respondents. The matter is currently pending.
16. PIL has filed a complaint (C. C. No. 4699 of 2014) dated May 3, 2014 (the “**Complaint**”) against Usha Industries and another (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheque bearing number 001983 dated March 14, 2014 for ₹ 1,761,375 and another cheque bearing number 001981 dated March 28, 2014 for ₹ 1,760,089 issued by the Respondents in favour of PIL for supply of MS ERW tubes to the Respondents. The matter has been transferred to XVIII Judicial Magistrate, First Class at Aurangabad under C.C. No. 310715 of 2014. The matter is currently pending.

17. PIL has filed a complaint (C. C. No. 1448 of 2014) dated October 16, 2014 (the “**Complaint**”) against Vijaynath Interiors and Exteriors Private Limited and another (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Judicial First Class Magistrate, Sangareddy, Medak District (“**AJM**”). The Complaint is in relation to the dishonour of cheque bearing number 491202 dated May 7, 2014 for ₹ 2,361,284 issued by the Respondents in favour of PIL for supply of decking sheets/ roofing sheets and galvanized trapezoidal sheets to the Respondents. The matter is currently pending.
18. PIL has filed a complaint (C. C. No. 1107 of 2014) dated September 29, 2014 (the “**Complaint**”) against Vijaynath Interiors and Exteriors Private Limited and another (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of the 1st Additional Judicial First Class Magistrate, Sangareddy, Medak District (“**AJM**”). The Complaint is in relation to the dishonour of cheque bearing number 491200 dated May 1, 2014 and another cheque bearing number 491201 dated May 5, 2014 for ₹ 1,900,000 and ₹ 2,000,000 respectively, issued by the Respondents in favour of PIL for supply of decking sheets/ roofing sheets and galvanized trapezoidal sheets to the Respondents. The matter is currently pending.
19. PIL has filed a complaint (C. C. No. 954 of 2014) dated February 28, 2014 (the “**Complaint**”) against Vijsun Engineers Private Limited and others (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheque bearing number 170729 dated November 12, 2013 for ₹ 1,201,746 issued by the Respondents in favour of PIL for supply of pipes and corton steel to the Respondents. In obedience to the judgment dated August 1, 2014 of the Supreme Court in CrI.A.No. 2287/2009, the Complaint has been transferred to the court of 13-12th Joint Civil Judge J.D. & Judicial Magistrate, First Class, Pune under C.C. No. 420057 of 2014. The matter is currently pending.
20. PIL has filed a criminal complaint (C. C. No. 317 of 2012) dated October 16, 2012 (“**Complaint**”) against Midfield Industries Limited and others (“**Accused**”) before the II Additional Chief Metropolitan Magistrate Court, Hyderabad (“**ACMM**”) for offences under Section 138 of the Negotiable Instruments Act, 1881. The Complaint is in relation to the dishonour of cheques bearing numbers 344229, 344230, 344231, 344232 and 344233, all dated June 30, 2012 amounting to ₹ 5,000,000 issued by the Accused in favour of PIL for supply of material such as CR steel strips to the Accused. The V Additional Chief Metropolitan Magistrate, Hyderabad has issued a judgment in the Complaint dated April 14, 2014 wherein the Accused have been found guilty and sentenced to undergo imprisonment for a year a including a fine of ₹ 20,000 to be paid. The Accused have filed an appeal (549/2014) dated June 13, 2014 against the judgment of the ACMM before the Metropolitan Sessions Judge, Nampally, Hyderabad. The matter is currently pending.
21. PIL has filed a criminal complaint (C. C. No. 896 of 2014) dated March 28, 2014 (“**Complaint**”) against Perfect Roofing Solutions Private Limited and another (“**Accused**”) before the XIV Additional Chief Metropolitan Magistrate Court, Hyderabad for offences under Section 138 of the Negotiable Instruments Act, 1881. The Complaint is in relation to the dishonour of a cheque bearing number 042653 dated January 15, 2014 for an amount of ₹ 645,680 issued by the Accused in favour of PIL for supply of certain material to the Accused. The matter has been transferred to the Court of 105-31st Joint Civil Judge J.D. & Judicial Magistrate First Class, Pune under C.C. No. 420031/2014. Summons have been issued to the Accused and the matter is currently pending.
22. PIL has filed a criminal complaint (CC No. 2102822 of 2014) dated July 22, 2014 (“**Complaint**”) against Amba Enterprises and another (“**Accused**”) before the XIV Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”) for offences under Section 138 of the Negotiable Instruments Act, 1881. The Complaint is in relation to the dishonour of two cheques bearing nos. 076998 and 076999 dated March 11, 2014 for an amount of ₹ 230,360 each issued by the Accused to PIL for the supply of material. ACMM has returned the Complaint to be filed before the proper court of jurisdiction and has been transferred to the Court of III Joint Civil Judge at Pimpri, Pune. The matter is currently pending.
23. PIL has filed a criminal complaint (CC No. 1250 of 2014) dated December 1, 2014 (“**Complaint**”) against JIT Auto Comp and others (“**Accused**”) before the Court of the Additional Judicial Magistrate, Sangareddy (“**AJM**”) for offences under Section 138 of the Negotiable Instruments Act, 1881. The Complaint is in relation to the dishonour of a cheque bearing nos. 011442 dated September 23, 2014 for

an amount of ₹ 50,000 issued by the Accused to PIL for supply of certain material to the Accused. The matter is currently pending.

24. PIL has filed a complaint dated January 24, 2015 (“**Complaint**”) against Diamond Engineering (Chennai) Private Limited and others (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Judicial Magistrate, Chennai (“**AJMFC**”). The Complaint is in relation to the dishonour of cheque bearing number 884317 dated August 7, 2014 for ₹ 2,500,000 issued by the Respondents in favour of PIL for supply of steel deck profile sheets to the Respondents. The matter is currently pending.
25. PIL has filed a complaint (C.C. No.258 of 2015) dated December 23, 2014 (the “**Complaint**”) against Rithwik Projects Private Limited and others (“**Respondents**”) for offences under Section 138 of the Negotiable Instruments Act, 1881 in the Court of Additional Chief Metropolitan Magistrate, Hyderabad (“**ACMM**”). The Complaint is in relation to the dishonour of cheque bearing number 108114 dated August 8, 2014 for ₹ 881,342 issued by the Respondents in favour of PIL for supply of pre galvanized lipped channels to the Respondents. The matter is currently pending.

Tax Proceedings

PIL has filed a central excise appeal no. 116 of 2006 (“**Appeal**”) against the order number 868/2006 (“**Order**”) of Customs, Excise and Service Tax Appellate Tribunal, South Zonal Bench, Bangalore (“**CESTAT**”) in Customs/100/2005 dated May 5, 2006. The Appeal has been filed before the High Court of Andhra Pradesh at Hyderabad (“**High Court**”). Through its Order, CESTAT had held that PIL is liable to pay an interest of ₹ 4,470,389 as demanded by the Deputy Commissioner, Customs and Central Excise, Hyderabad through its notice dated March 29, 2001. PIL has submitted in its Appeal that since there is no demand under Section 59(1)(b) of the Customs Act, 1962, the said interest demanded cannot be recovered. The Appeal is pending before the High Court.

LITIGATION INVOLVING OUR DIRECTORS

Except as disclosed in this section, there is no outstanding litigation involving our Directors including criminal prosecutions or civil proceedings involving our Directors, and there are no material defaults, non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions by our Directors (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013).

I. Outstanding litigation and material developments/proceedings including tax proceedings against our Directors

1. Joginapally Venkata Nrupender Rao

1. The Assistant Commissioner of Income Tax, Circle 2(3), Hyderabad, issued an assessment order dated April 20, 2005 (the “**Order**”) against Joginapally Venkata Nrupender Rao (the “**Assessee**”) imposing a tax payable under Section 245 D (6A) of the Income Tax Act, 1961 (the “**Act**”) amounting to ₹ 2,238,550 along with an interest payable under Section 244 D (6A) of the Act amounting to ₹ 1,091,293. The Assessee filed a miscellaneous petition (WPMP No. 17380 of 2005) in writ petition (WP No. 13702 of 2005) before the High Court, Andhra Pradesh at Hyderabad (the “**High Court**”) under Section 151 of the Civil Procedure Code, 1908 (the “**CPC**”) praying that the collection of interest of a sum of ₹ 1,091,293 (“**Interest**”) quantified as payable through the Order, be stayed. The High Court issued an order dated August 31, 2005 stating that an interim stay as prayed be imposed on the payment of Interest on the condition that the Assessee deposits an amount of ₹ 300,000 within a period of five weeks. An amount of ₹ 300,000 was duly deposited by the Assessee on September 16, 2005 through a cheque bearing number 432147.
2. Joginapally Venkata Nrupender Rao has sent letters to Assistant General Manager, State Bank of Hyderabad, Industrial Finance Branch, Panjagutta, Hyderabad (“**SBH**”) dated March 28, 2014, July 18, 2014 and October 20, 2014 and to the Senior Manager, Karur Vysya Bank, S.P. Road Branch, Secunderabad (“**KVB**”) dated October 20, 2014, in relation to the removal of his name from the Export Guarantee Corporation of India’s (“**ECGC**”) Specific Approval List. In the letters to SBH, Joginapally Venkata Nrupender Rao has stated that after inquiring with ECGC it appears that the default is in relation

to an advance taken in relation to an export shipment of Pennar Profiles Limited (“PPL”) in the year 2000-01. Further, Joginapally Venkata Nrupender Rao has stated that, to the best of his knowledge, there was a delay in the repayment of the advance and not a default and in any case he had relinquished his rights and his directorship with PPL in the year 2005, when PPL was acquired by Alumeco India Extrusion Limited. In his letters to KVB, Joginapally Venkata Nrupender Rao has requested KVB to verify their records in relation to the aforementioned default and further inform ECGC of the receipt of payment and removal of his name from the ECGC Specific Approval List. Till the time Joginapally Venkata Nrupender Rao’s name is appearing in the ECGC Specific Approval List, ECGC will provide guarantee cover only on a specific application made to ECGC and not automatically, as is the case generally.

2. Aditya Narsing Rao

NIL

3. Potluri Venkatesvara Rao

NIL

4. Mukul Gulati

NIL

5. Manish Mahendra Sabharwal

NIL

6. Kamalaker Rao Bandari

NIL

7. Varun Chawla

NIL

8. Sita Vanka

NIL

II. Any disciplinary action taken by the SEBI or stock exchanges against our Directors

NIL

III. Proceedings initiated against our Directors for economic offences

NIL

IV. Details of past penalties imposed on our Directors

NIL

V. Outstanding litigation and material developments/proceedings filed by our Directors

1. Joginapally Venkata Nrupender Rao

NIL

2. Aditya Narsing Rao

NIL

3. Potluri Venkateswara Rao

NIL

4. Mukul Gulati

NIL

5. Manish Mahendra Sabharwal

NIL

6. Kamalaker Rao Bandari

NIL

7. Varun Chawla

NIL

8. Sita Vanka

NIL

LITIGATION INVOLVING OUR GROUP COMPANY

Except as stated below, there is no outstanding litigation involving our Group Company, including criminal prosecutions or civil proceedings and there are no material defaults, non-payment of statutory dues, over dues to banks/ financial institutions or defaults against banks/ financial institutions by our Group Company (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under the paragraph (a) of Part I of Schedule V of the Companies Act, 2013).

I. Outstanding litigation and material developments/ proceedings against our Group Company

Pennar Enviro Limited

NIL

II. Outstanding litigation/ proceedings by our Group Company

Pennar Enviro Limited

NIL

III. Past penalties paid by our Group Company

Pennar Enviro Limited

NIL

IV. Proceedings initiated against our Group Company for economic offences

Pennar Enviro Limited

NIL

V. Defaults to financial institutions or banks

Pennar Enviro Limited

NIL

VI. Default and non-payment of statutory dues and dues towards instrument holders

Pennar Enviro Limited

NIL

VII. Proceedings against our Group Company in relation to Labour matters

Pennar Enviro Limited

NIL

XIV. Adverse findings in respect of the persons/ entities connected to the Group Company as regards compliance with the securities laws

Pennar Enviro Limited

NIL

XV. Any disciplinary action taken by the SEBI or stock exchanges against our Group Company

Pennar Enviro Limited

NIL

GOVERNMENT APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government and various governmental agencies required for our present business and except as mentioned below, no further approvals are required for carrying on our present business.

In view of the approvals listed below, we can undertake this Issue and our current business activities and no further major approvals from any governmental or regulatory authority or any other entity are required to undertake the Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Draft Red Herring Prospectus.

A. Approvals relating to the Fresh Issue

1. The Board, pursuant to its resolution dated November 11, 2014, authorised the Fresh Issue subject to the approval of the shareholders of our Company under Section 62(1)(c) of the Companies Act, 2013 and approvals by such other authorities as may be necessary;
2. The shareholders of our Company have, pursuant to their resolution dated March 16, 2015 under Section 62(1)(c) of the Companies Act, 2013, authorised the Fresh Issue;
3. In-principle approval from the NSE dated [●];
4. In-principle approval from the BSE dated [●];
5. The Central Depository Services (India) Limited vide their letter dated March 24, 2015 intimated our Company about the activation of the International Securities Identification Number (ISIN) for the purpose of availing depository services. The ISIN number allotted to us is INE455O01019; and
6. The National Securities Depository Limited vide its letter dated February 21, 2013 intimated our Company about the activation of the International Securities Identification Number (ISIN) INE455O01019 for our Company being activated in NSDL system.

B. Approvals relating to Offer for Sale

The Offer for Sale has been authorised by the Selling Shareholders as follows: (i) Zephyr Peacock India Fund III Limited has authorised offer of 3,461,222 Equity Shares in the Offer for Sale by way of the board resolution dated March 25, 2015; (ii) Zephyr Peacock India III Fund has authorised offer of 1,554,919 Equity Shares in the Offer for Sale by way of resolution of board of directors of ZP India Advisory Private Limited, its investment manager, dated March 25, 2015; (iii) Usha Ramani Potluri has authorised offer of 200,000 Equity Shares in the Offer for Sale by way of letter dated March 12, 2015; (iv) Vikram Chachra has authorised offer of 200,000 Equity Shares in the Offer for Sale by way of letter dated March 11, 2015; and (v) Eight Finance Private Limited has authorised offer of 100,000 Equity Shares in the Offer for Sale by way of the board resolution and a letter dated March 11, 2015.

Further, the Board has taken on record the approval of the Offer for Sale by the Selling Shareholders and has approved this Draft Red Herring Prospectus pursuant to the resolution of the Board of Directors dated March 25, 2015.

C. Approvals relating to our business and operations

I. Incorporation details

1. Certificate of incorporation dated January 17, 2008 granted to Pennar Engineered Building Systems Limited by the RoC.
2. Certificate of commencement of business dated February 19, 2008 granted to Pennar Engineered Building Systems Limited by the RoC.

II. Business approvals

General approvals

1. PAN card – Our Company has been issued a permanent account number AAEC6047P by the Income Tax Department, Government of India.
2. Registration under the Central Excise Act, 1944 – Our Company has been issued a Central Excise Registration Certificate, dated October 31, 2008 by the Assistant Commissioner of Customs, Central Excise and Service Tax, Hyderabad with the registration number AAEC6047PXM001 for the manufacture of excisable goods at its facility at Survey No. 144 and 145, Chandapur Village, Sadashivpet Mandal, Patan Cheruvu, Medak, Andhra Pradesh, 502 319.
3. Import export code certification – Our Company was issued a Certificate of Importer Exporter Code bearing number 0908009828 dated September 8, 2008.
4. Value added tax (“VAT”) Registration – Our Company is registered under the VAT statutes of the following states:

| S. No. | Date of issue | Valid with effect from | Issuing authority | State | TIN/ TRN |
|--------|------------------|------------------------|---|------------|-------------|
| 1. | June 9, 2014 | June 2, 2014 | Assistant Commercial Tax Officer, Begumpet Circle, Hyderabad (Commercial Taxes Department, Government of Telangana) | Telangana | 36228921665 |
| 2. | July 14, 2011 | May 27, 2011 | The Local VAT Office 150, Bangalore (Government of Karnataka) | Karnataka | 29560622056 |
| 3. | October 15, 2014 | October 8, 2014 | Assistant Commissioner, Commercial Taxes Department, Government of Tamil Nadu | Tamil Nadu | 33856258743 |

5. Service tax registration - Our Company has been issued a service tax code (registration number) AAEC6047PST001 for its premises at Survey No. 144 and 145, Chandapur Village, Sadashivpet Mandal, Patan Chervu, Medak, Andhra Pradesh, 502 291 and is registered with the Central Excise Department under the Finance Act, 1994 read with the Service Tax Rules, 1994.
6. Tax deduction account number (“TAN”) registration - Our Company has been allotted a TAN registration number HYDP05122F by the Income Tax Department, Government of India.
7. Registration under the Central Sales Tax Act, 1956 – Our Company has been issued a registration certificate dated June 9, 2014 by the Assistant Commercial Tax Officer, Begumpet Circle, Hyderabad. The certificate is valid from June 2, 2014 until cancelled.
8. Registration for professional tax – Our Company has been registered under the professional tax statutes of the following States:

| S. No. | Description | Date of issue | Valid with effect from | Issuing authority | State | PTIN/PTNAN |
|--------|---|-------------------------------------|---------------------------------------|---|----------------|--------------|
| 1. | Andhra Pradesh Profession Tax Payer Registration Certificate | June 2, 2008 (Date of Registration) | June 2, 2008 | Commercial Taxes Department, Hyderabad | Andhra Pradesh | 28719730722 |
| 2. | Andhra Pradesh Profession Tax Payer Enrolment Certificate | June 2, 2008 (Date of Enrolment) | June 2, 2008 | Commercial Taxes Department, Hyderabad | Andhra Pradesh | 28963718856 |
| 3. | Karnataka Professional Tax Registration/Enrolment Certificate | May 3, 2012 | April 13, 2012 (Date of Registration) | Professional Tax Officer, 10 th Circle, Bangalore - 20 | Karnataka | 340449865 |
| 4. | Certificate of Registration under Maharashtra State Tax on Professions, Trades, | September 3, 2014 | November 1, 2009 | The Profession Tax Officer (C-001), Raigad District, Navi Mumbai | Maharashtra | 27335283405P |

| S. No. | Description | Date of issue | Valid with effect from | Issuing authority | State | PTIN/PTNAN |
|--------|---|----------------------------------|--|--|-------------|----------------|
| | Callings and Employments Act, 1975 | | | | | |
| 5. | Certificate of Enrolment under Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975 | July 24, 2014 | November 1, 2009 | Profession Tax Officer (C-001), Raigad District, Navi Mumbai | Maharashtra | 99022189397P |
| 6. | Form of order assigning professional tax new assessment number | May 5, 2014 (Date of Assignment) | Half Year II/ 2014-15 (Effective Period) | Commissioner, Corporation of Chennai | Tamil Nadu | 08-123-PE-0115 |

Labour related approvals

1. Registration under the Factories Act, 1948 – The Inspector of Factories, Sangareddy-I at Ramachandrapuram, Hyderabad had issued a license to work a factory, dated December 4, 2010 bearing license number 47947 and registration number 95285 to our Company for our factory situated at Survey no. 144 and 145, Chandapur Village, Sadashivpet Mandal, Medak District. The license was amended on May 18, 2011.
2. Approval under the Factories Act, 1948 – The Director of Factories, Andhra Pradesh has approved the plans of the Company's manufacturing unit located at Survey No. 89, Ankanpalli Village, Sadashivpet Mandal, Medak District through its letter Lr. No. D Dis.C2/SR-I/4535/2014 dated April 16, 2014.
3. Registration under the Indian Trade Union Act, 1926 – The Deputy Registrar of Trade Unions and Deputy Commissioner of Labour, Sangareddy has issued a certificate of registration dated January 18, 2014 bearing no. A/T.U/167/2014 to the "PEBS Pennar Employees Union".
4. Registration under the Contract Labour (Regulation and Abolition) Act, 1970 and Rules – Our company is registered under the Contract Labour (Regulation and Abolition) Act, 1970 and Rules at the following premises:

| Location | Issuing Authority | Date of issue/ amendment | License No. | Valid up to |
|---------------------------|--|--------------------------|-----------------------|-----------------------|
| Andhra Pradesh | Registering Officer and Joint Commissioner of Labour, Rangareddy Zone, Hyderabad | September 17, 2014 | JCL-RRZ/428/2011 (PE) | Valid until cancelled |
| Odisha | District Labour Officer cum Licensing Officer, Chatrapur, Ganjam | June 25, 2014 | CR-469/2014 | June 24, 2015 |
| Kurnool, Andhra Pradesh | Office of the Deputy Chief Labour Commissioner (Central)-I, Hyderabad | January 6, 2015 | 8/2015 | January 1, 2016 |
| Visakhapatnam, Karnataka | Assistant Development Commissioner (Labour), VSEZ, Duvvada, Visakhapatnam | September 26, 2014 | VSEZ, VSP CL 661/2014 | August 31, 2015 |
| Medak District, Telangana | Office of the Licensing Officer and Deputy Commissioner of Labour, Sangareddy | February 20, 2015 | B/2819/DCL-SRD | January 4, 2016 |

5. Registration under the Employees' Provident Funds & Miscellaneous Provisions Act, 1952 – The Assistant Provident Fund Commissioner (Compliance), SRO Patancheru ("Authority") through its letter dated August 31, 2010 has allotted a sub code number AP/60750 to our Company, situated at Survey No. 144 and 145, Chandrapur and Ankanpalli (Village), Sadashivpet (Mandal),

Medak District with effect from August 1, 2009 in continuation to code number AP/60521 allotted earlier by the Authority through a letter dated December 1, 2008.

6. Registration under the Employee State Insurance Act, 1948 – Our Company has been granted a code number 52-00-032054-000-0699 by the Deputy Inspector, Employees' State Insurance Corporation, Hyderabad-63 through its letter dated October 8, 2009 for the Company's establishment at Chandrapur village, Sadashivpet, District Medak.
7. Registration under Shops and Establishment Act, 1988 – Our Company is registered under the Shops and Establishment statutes of the following States:

| S. No. | Description | Date of issue/renewal | Date of expiry | Issuing authority | State | Reference/License No. |
|--------|---|-----------------------|----------------------|--|----------------|-----------------------|
| 1. | Andhra Pradesh Shops and Establishment Act, 1988 | January 9, 2015 | December 31, 2015 | Labour Department, Government of Telangana | Andhra Pradesh | NO DCL/RR/204/2009 |
| 2. | Karnataka Shops and Commercial Establishments Act, 1961 | February 26, 2015 | December 31, 2019 | Labour Department, Government of Karnataka | Karnataka | 31/20/CE/0609/2010 |
| 3. | Tamil Nadu Shops and Establishments Act | April 10, 2014 | - | Assistant Inspector of Labour, 22 nd Circle, Chennai - 15 | Tamil Nadu | RDIS No. 201/2014 |
| 4. | Mumbai Shops and Establishments Act, 1948 | December 23, 2014 | Period: 2015 to 2017 | Government of Maharashtra | Maharashtra | 12612201220000464262 |

8. The Andhra Pradesh Disaster Response and Fire Services Department, Government of Andhra Pradesh had issued a provisional no objection certificate number 82/A1/2009 dated February 10, 2009 to our Company.
9. Approval under the Electricity Act, 2003 – The Deputy Chief Electrical Inspector, Hyderabad (Rural) through its letter Lr. No. PDEIO Hyd. Rural/Electricity Dept./Medak-1/D.No./1646, 09, dated November 21, 2009, has granted permission to our Company for the establishment of extra power supply plant for our Company's establishment located at Survey No. 144 and 145, Chandapur Village, Sadashivpet Mandal, Medak District.
10. The Office of the Gram Panchayat, Ankenpalli, Sadashivpet (Mandal), Medak District issued a permission order through letter number 2/2008 dated August 20, 2008, in our Company's favour granting permission for digging a bore well at Survey No. 90, Ankenpalli, Sadashivpet (Mandal), Medak District.

In addition to the aforesaid license and approvals, our Company from time to time obtains labour licenses for erection of buildings at the customer's site. These licenses and approvals are of a temporary nature,

the requirement of which is only during the construction phase of the project.

Environment related Approvals

1. The Telangana Pollution Control Board issued a consent order number TSPCB/ZO/RCP/SANG/194/W&A/2015-384, dated February 23, 2015 for discharge of sewage and trade effluents under the Water (Prevention and Control of Pollution) Act, 1974 and operation of the plant under Air (Prevention and Control of Pollution) Act, 1981; and authorization/ renewal of authorization under the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 bearing no. APPCB/ZO/RCP/SANG/194/HWM/2012, for the Company's plant at District Medak. The combined consent is valid till January 31, 2018.
2. The Andhra Pradesh Pollution Control Board issued a consent for establishment to our Company through its order number 701/PCB/RO-I:SRD/MDK/2014-1493 dated May 31, 2014 for setup of a solar power generation unit with a capacity of 500 KW located at Survey No. 89, Ankanpally Village, Sadashivapet Mandal, Medak District under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981.

Registered Office and Corporate Office Approvals

The Director, Software Technology Parks of India (“**STPI**”), Hyderabad has issued a letter of approval to our Company, dated January 30, 2009 with respect to the setting up of a 100% Export Oriented Unit under the Software Technology Parks scheme for the development of computer software in the premises of the Company on 9th Floor (West Wing), DHFLVC Silicon Towers, Kondapur, Hyderabad 500 034. The same has been renewed by STPI through its letter dated March 13, 2014 up to January 2, 2017.

Pending approvals

1. Our Company has filed an application, bearing form number 2886838 dated January 20, 2015 with the Register of Trade Marks, Chennai for the registration of the trademark “PEBS Pennar” in Class 6, 37 and 42, under Section 18 (2) of the Trade Marks Act, 1999.
2. Our Company has filed an application, bearing form number 2886839 dated January 20, 2015 with the Register of Trade Marks, Chennai for the registration of its trademark image in Class 6, 37 and 42, under Section 18 (2) of the Trade Marks Act, 1999.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors has approved the Issue pursuant to the resolution passed at their meeting held on November 11, 2014 and our Shareholders have approved the Issue pursuant to a resolution passed at the EGM held on March 16, 2015.

The Equity Shares being offered by the Selling Shareholders in the Issue, or the compulsorily convertible preference shares which were converted into such Equity Shares, as the case may be, being included in the Issue, have been held by them for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI and are eligible for being offered for sale in the Issue. The Selling Shareholders have also confirmed that they are the legal and beneficial owners of the Equity Shares being offered under the Offer for Sale. The Offer for Sale has been authorised by the Selling Shareholders as follows: (i) Zephyr Peacock India Fund III Limited has authorised offer of 3,461,222 Equity Shares in the Offer for Sale by way of the board resolution dated March 25, 2015; (ii) Zephyr Peacock India III Fund has authorised offer of 1,554,919 Equity Shares in the Offer for Sale by way of resolution of board of directors of ZP India Advisory Private Limited, its investment manager, dated March 25, 2015; (iii) Usha Ramani Potluri has authorised offer of 200,000 Equity Shares in the Offer for Sale by way of letter dated March 12, 2015; (iv) Vikram Chachra has authorised offer of 200,000 Equity Shares in the Offer for Sale by way of letter dated March 11, 2015; and (v) Eight Finance Private Limited has authorised offer of 100,000 Equity Shares in the Offer for Sale by way of letter dated March 11, 2015.

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.

Further, the Board has taken on record the approval of the Offer for Sale by the Selling Shareholders and has approved this Draft Red Herring Prospectus pursuant to the resolution of the Board dated March 25, 2015.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors, the members of the Promoter Group, the Group Company, the persons in control of our Promoter company, PIL and the Selling Shareholders have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

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 the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

None of the entities that our Directors are associated with are engaged in securities market related business or are registered with SEBI.

Prohibition by RBI

Neither our Company, nor our Promoters, relatives of our Promoters (as defined under the Companies Act, 2013), Directors, Group Company, nor the Selling Shareholders have been identified as wilful defaulters by the RBI or any other governmental authority. There are no violations of securities laws committed by them in the past or are pending against them.

Eligibility for the Issue

Our Company is eligible for the Issue 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 Statements prepared in accordance with the Companies Act and restated in accordance with the SEBI ICDR Regulations:

- Our Company has net tangible assets of at least ₹ 30.00 million in each of the preceding three full years (of 12 months each), of which not more than 50.00% are held in monetary assets;

- Our Company has a minimum average pre-tax operating profit of ₹ 150.00 million, calculated on a restated basis, during the three most profitable years out of the immediately preceding five years;
- Our Company has a net worth of at least ₹ 10 million in each of the three preceding full years (of 12 months each);
- The aggregate size of the proposed Issue and all previous issues made in the same financial years in terms of the Issue size is not expected to exceed five times the pre-Issue net worth of our Company; and
- Our Company has not changed its name in the last one year.

The net tangible assets, monetary assets, monetary assets as a percentage of net tangible assets, pre-tax operating profit on a restated basis (along with the average pre-tax operating profit on a restated basis during the three most profitable years) and net worth derived from the restated financial statements, as at and for the last five financial years i.e., financial years 2014, 2013, 2012, 2011 and 2010 are set forth below:

(₹ in million, unless otherwise stated)

| Particulars | Fiscal 2014 | Fiscal 2013 | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 |
|---|----------------|----------------|----------------|----------------|----------------|
| Net tangible assets ⁽¹⁾ | 1,059.39 | 686.94 | 399.61 | 297.93 | 239.14 |
| Monetary Assets ⁽²⁾ | 20.09 | 258.99 | 60.85 | 54.20 | 69.24 |
| Monetary Assets as a % of Net tangible assets | 1.90% | 37.70% | 15.23% | 18.19% | 28.95% |
| Pre-tax operating profit on a restated basis ⁽³⁾ | 336.82 | 329.76 | 262.81 | 153.64 | 18.42 |
| Net Worth ⁽⁴⁾ | 1,075.98 | 703.92 | 416.85 | 311.03 | 252.36 |

(1) 'Net tangible assets' mean the sum of all net assets of the Issuer, excluding intangible assets as defined in Accounting Standard 26 issued by the Institute of Chartered Accountants of India..

(2) 'Monetary Assets' comprise cash and bank balances.

(3) Pre-tax operating profits comprise of profit before other income, interest and tax. Accordingly, the average pre-tax operating profit of the Issuer during the three most profitable years, being financial years 2012, 2013 and 2014 is ₹ 309.80 million as on date.

(4) 'Net Worth' means the aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account.

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, otherwise the entire application money will be refunded. In case of delay, if such money is not repaid within 12 Working Days of the Bid/Issue Closing Date or within such timeline as prescribed by SEBI, whichever is earlier, then our Company and every officer of our Company and the Selling Shareholders, shall pay interest at the rate of 15.00% per annum for the delayed period.

This Issue is being made for at least 25.00% of the post-Issue capital, pursuant to Rule 19(2)(b)(i) of the SCRR read with Regulation 41 of the SEBI ICDR Regulations. Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50.00% of the Issue shall be available for allocation to QIBs on a proportionate basis. Our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers, allocate up to 60.00% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance of Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5.00% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder 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 Issue Price. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue will be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price. For further details, see the section titled "Issue Procedure" on Page 316.

Our Company is in compliance with the following conditions specified under Regulation 4(2) of the SEBI ICDR Regulations:

- (a) Our Company, the Selling Shareholders, our Directors, our Promoters, the members of our Promoter Group, the persons in control of our Company and the companies with which our Directors, Promoters or persons in control are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI;
- (b) Our Company has applied to the BSE and the NSE for obtaining their in-principle listing approval for listing of the Equity Shares under this Issue and has received the in-principle approvals from the BSE and the NSE pursuant to their letters dated [●] and [●], respectively. For the purposes of this Issue, the [●] shall be the Designated Stock Exchange;
- (c) Our Company (along with the Registrar to the Issue) has entered into agreements dated February 25, 2015 and March 12, 2015 with NSDL and CDSL, respectively, for dematerialisation of the Equity Shares; and
- (d) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing this Draft Red Herring Prospectus.

We propose to meet our expenditure towards the Objects of the Issue entirely out of the proceeds of the Issue, and hence, no amount is proposed to be raised through any other means of finance. Accordingly, Clause VII C (1) of Part A of Schedule VIII of the SEBI ICDR Regulations (which requires firm arrangements of finance through verifiable means for 75.00% of the stated means of finance, excluding the amount to be raised through the proposed issue) does not apply. For further details in this regard, see the section titled “*Objects of the Issue*” beginning on Page 93.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, MOTILAL OSWAL INVESTMENT ADVISORS PRIVATE LIMITED, AXIS CAPITAL LIMITED AND KARVY INVESTOR SERVICES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH 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 ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS REGARD AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 27, 2015 WHICH READS AS FOLLOWS:

WE, BOOK RUNNING LEAD MANAGERS TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

- 1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH**

COLLABORATORS, ETC. AND OTHER MATERIAL DOCUMENTS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

- 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 ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY AND THE SELLING SHAREHOLDERS, WE CONFIRM THAT:**
 - A. THE DRAFT RED HERRING PROSPECTUS FILED WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (“SEBI”) IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA, 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 ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED (THE “SEBI (ICDR) REGULATIONS”) AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID. – NOTED FOR COMPLIANCE**
- 4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE**
- 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS 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 THE DRAFT RED HERRING PROSPECTUS WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
- 6. WE CERTIFY THAT REGULATION 33 OF THE SEBI (ICDR) REGULATIONS, WHICH RELATES TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF 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.**
- 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 ISSUE. WE UNDERTAKE THAT AUDITOR’S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN**

MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. NOT APPLICABLE

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE 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 MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 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 ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION. - NOTED FOR COMPLIANCE. ALL MONIES RECEIVED OUT OF THE ISSUE SHALL BE CREDITED/TRANSFERRED TO A SEPARATE BANK ACCOUNT AS REFERRED TO IN SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013.
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. - NOT APPLICABLE. UNDER SECTION 29 OF THE COMPANIES ACT, 2013, EQUITY SHARES IN THE ISSUE HAVE TO BE ISSUED IN DEMATERIALISED FORM ONLY.
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 ISSUE. -NOTED FOR COMPLIANCE
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.
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.

16. **WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THE ISSUE)’, AS PER FORMAT SPECIFIED BY THE SECURITIES AND EXCHANGE BOARD OF INDIA THROUGH CIRCULAR.**
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 ACCOUNTING STANDARD 18, IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE DRAFT RED HERRING PROSPECTUS**

The filing of this Draft Red Herring Prospectus does not, however, absolve any person who has authorised the issue of this Draft Red Herring Prospectus from any liabilities under Section 34 or Section 36 of Companies Act, 2013 or from the requirement of obtaining such statutory and/or other clearances as may be required for the purpose of the Issue. SEBI further reserves the right to take up at any point of time, with BRLMs, any irregularities or lapses in this Draft Red Herring Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act, 2013. All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act, 2013.

Caution - Disclaimer from our Company, the Selling Shareholders, our Directors and the BRLMs

Our Company, the Directors, the Selling Shareholders and 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.pebspennar.in, would be doing so at his or her own risk. The Selling Shareholders, their directors, affiliates, associates and their respective directors and officers accept no responsibility for any statements made other than those made in relation to them and/or to the Equity Shares offered by them respectively, through the Offer for Sale.

BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at bidding centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, as amended, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds, insurance funds set up and managed by the army and navy and insurance funds set up and managed by the Department of Posts, India) and to FIIs, Eligible NRIs, QFIs and FPIs. This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai 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 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 Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares offered in the Issue have not been and will not be registered under the U.S. Securities Act, 1933 (“U.S. Securities Act”) or any state securities laws in the United States, and unless so registered may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, such Equity Shares are being offered and sold outside of the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any single bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer Clause of BSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer Clause of the NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Filing

A copy of this Draft Red Herring Prospectus has been filed with SEBI at SEBI Southern Regional Office, Overseas Towers, 7th Floor, 756-L, Anna Salai, Chennai - 600 002, Tamil Nadu, India.

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 at Hyderabad 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, 2nd Floor, CPWD Building, Kendriya Sadan, Sultan Bazar, Koti, Hyderabad – 500195, Telangana, India.

Listing

Applications have been made to the Stock Exchanges for permission to deal in and for an official quotation of the Equity Shares. [●] will be the Designated Stock Exchange with which the Basis of Allotment will be finalised.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company and the Selling Shareholders will forthwith repay, all moneys received from the applicants in pursuance of the Red Herring Prospectus. If such money is not repaid within the prescribed time, then our Company, the Selling Shareholders and every officer in default shall be liable to repay the money, with interest, as prescribed under applicable law.

Our Company and the Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges mentioned above are taken within 12 Working Days of the Bid/Issue Closing Date.

Price information of past issues handled by the BRLMs

1. Motilal Oswal Investment Advisors Private Limited (“MOIAPL”)

(i) Price information of past issues handled by MOIAPL:

| S. No. | Issue name | Issue size (₹ mm) | Issue price (₹) | Listing date | Opening price on listing date (₹) (BSE Data) | Closing price on listing date (₹)(BSE Data) | % Change in price on listing date (closing) vs. issue price (BSE Data) | Benchmark index on listing date (closing) (Sensex) | Closing price as on 10th calendar day from listing day (₹) | Benchmark index as on 10th calendar day from listing day (closing) | Closing price as on 20th calendar day from listing day (₹) | Benchmark index as on 20th calendar day from listing day (closing) | Closing price as on 30th calendar day from listing day (₹) | Benchmark index as on 30th calendar day from listing day (closing) ⁽¹⁾ |
|--------|------------|-------------------|-----------------|--------------|--|---|--|--|--|--|--|--|--|---|
| 1. | Nil | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |

(ii) Summary statement of price information of past issues handled by MOIAPL:

| Financial year | Total no. of IPOs | Total funds raised (₹ mm) | Nos. of IPOs trading at discount on listing date | | | Nos. of IPOs trading at premium on listing date | | | Nos. of IPOs trading at discount as on 30th calendar day from listing day | | | Nos. of IPOs trading at premium as on 30th calendar day from listing day | | |
|----------------------------------|-------------------|---------------------------|--|-----------------|---------------|---|-----------------|---------------|---|-----------------|---------------|--|-----------------|---------------|
| | | | 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% |
| April 1, 2014 – January 31, 2015 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| FY 13-14 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| FY 12-13 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

2. Axis Capital Limited (“Axis”)

(i) Price information of past issues handled by Axis:

| S. No. | Issue name | Issue size (₹ mm) | Issue price (₹) | Listing date | Opening price on listing date (₹) | Closing price on listing date (₹) | % Change in price on listing date (closing) vs. issue price | Benchmark index on listing date (closing) | Closing price as on 10th calendar day from listing day (₹) | Benchmark index as on 10th calendar day from listing day (closing) | Closing price as on 20th calendar day from listing day (₹) | Benchmark index as on 20th calendar day from listing day (closing) | Closing price as on 30th calendar day from listing day (₹) | Benchmark index as on 30th calendar day from listing day (closing) |
|--------|--------------------------------------|-------------------|-----------------|-------------------|-----------------------------------|-----------------------------------|---|---|--|--|--|--|--|--|
| 1. | Monte Carlo Fashions Limited | 3504.30 | 645.00 | December 19, 2014 | 584.00 | 567.30 | 12.05% | 8225.20 | 526.55 | 8246.30 | 511.35 | 8234.60 | 476.00 | 8550.70 |
| 2. | Bharti Infratel Limited ¹ | 41,727.60 | 220.00 | December 28, 2012 | 200.00 | 191.65 | -12.89% | 5,908.35 | 207.4 | 5,988.4 | 204.95 | 6039.20 | 210.30 | 6074.80 |
| 3. | Tara Jewels Limited | 2,200.00 | 230.00 | December 6, 2012 | 242.00 | 229.9 | -0.04% | 5,930.90 | 230.25 | 5,857.9 | 223.75 | 5,905.6 | 235.30 | 6016.15 |
| 4. | MT Educare Limited | 9,90.00 | 80.00 | April 12, 2012 | 86.05 | 90.35 | 12.94% | 5,276.85 | 107.9 | 5,200.6 | 107.1 | 5,239.15 | 91.15 | 4,928.90 |
| 5. | NBCC Limited ² | 1,249.70 | 106.00 | April 12, 2012 | 101.00 | 96.95 | -8.54% | 5,276.85 | 96.35 | 5,200.6 | 94.75 | 5,239.15 | 86.55 | 4,928.90 |

Source: www.nseindia.com

¹ Price for retail individual bidders was ₹ 210.00 per equity share and for anchor investors was ₹ 230.00.

² Price for retail individual bidders and eligible employees was ₹ 100.70 per equity share.

Notes:

a. The S&P CNX NIFTY is considered as the Benchmark Index.

b. Price on NSE is considered for all of the above calculations.

In case 10th/20th/30th day is not a trading day, closing price on NSE of the next trading day has been considered.

(ii) Summary statement of price information of past issues handled by Axis:

| Financial year | Total no. of IPOs | Total funds raised (₹ mm) | Nos. of IPOs trading at discount on listing date | | | Nos. of IPOs trading at premium on listing date | | | Nos. of IPOs trading at discount as on 30th calendar day from listing day | | | Nos. of IPOs trading at premium as on 30th calendar day from listing day | | |
|----------------------------------|-------------------|---------------------------|--|-----------------|---------------|---|-----------------|---------------|---|-----------------|---------------|--|-----------------|---------------|
| | | | 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% |
| April 1, 2014 – January 31, 2015 | 1 | 3504.30 | - | - | 1 | - | - | - | - | 1 | - | - | - | - |
| FY 13-14 | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| FY 12-13 | 4 | 46,167.30 | - | - | 3 | - | - | 1 | - | - | 2 | - | - | 2 |

Note: In the event that any day falls on a holiday, the price/ index of the next trading day has been considered.

The information for each of the financial years is based on issues listed during such financial year.

3. Karvy Investor Services Limited (“Karvy”)

(i) Price information of past issues handled by Karvy:

| S. No. | Issue name | Issue size (₹ mm) | Issue price (₹) | Listing date | Opening price on listing date (₹) (BSE Data) | Closing price on listing date (₹) (BSE Data) | % Change in price on listing date (closing) vs. issue price (BSE Data) | Benchmark index on listing date (closing) (Sensex) | Closing price as on 10th calendar day from listing day (₹) | Benchmark index as on 10th calendar day from listing day (closing) | Closing price as on 20th calendar day from listing day (₹) | Benchmark index as on 20th calendar day from listing day (closing) | Closing price as on 30th calendar day from listing day (₹) | Benchmark index as on 30th calendar day from listing day (closing) ⁽¹⁾ |
|--------|------------|-------------------|-----------------|--------------|--|--|--|--|--|--|--|--|--|---|
| 1. | Nil | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |

(ii) Summary statement of price information of past issues handled by Karvy:

| Financial year | Total no. of IPOs | Total funds raised (₹ mm) | Nos. of IPOs trading at discount on listing date | | | Nos. of IPOs trading at premium on listing date | | | Nos. of IPOs trading at discount as on 30th calendar day from listing day | | | Nos. of IPOs trading at premium as on 30th calendar day from listing day | | |
|----------------------------------|-------------------|---------------------------|--|-----------------|---------------|---|-----------------|---------------|---|-----------------|---------------|--|-----------------|---------------|
| | | | 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% |
| April 1, 2014 – January 31, 2015 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

| Financial year | Total no. of IPOs | Total funds raised (₹ mm) | Nos. of IPOs trading at discount on listing date | | | Nos. of IPOs trading at premium on listing date | | | Nos. of IPOs trading at discount as on 30th calendar day from listing day | | | Nos. of IPOs trading at premium as on 30th calendar day from listing day | | |
|----------------|-------------------|---------------------------|--|-----|-----|---|-----|-----|---|-----|-----|--|-----|-----|
| FY 13-14 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| FY 12-13 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs to the Issue as specified in Circular reference CIR/MIRSD/1/ 2012 dated January 10, 2012 issued by the SEBI, please refer to the websites of the BRLMs as set forth in the table below:

| S. No | Name of the BRLM | Website |
|-------|------------------|-----------------------|
| 1. | MOIAPL | www.motilaloswal.com |
| 2. | Axis | www.axiscapital.co.in |
| 3. | Karvy | www.karvy.com |

Consents

Consents in writing of: (a) the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, Statutory Auditors, legal advisors, banker/lenders to our Company have been obtained and consents in writing of (b) the BRLMs, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue 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. Further, such consents have not been withdrawn up to the time of filing of this Draft Red Herring Prospectus with SEBI.

In accordance with the Companies Act, 2013 and the SEBI ICDR Regulations, our Statutory Auditors, Deloitte Haskins & Sells, have given their written consent for inclusion of their report dated February 11, 2015 on the Restated Financial Statements of our Company and the statement of tax benefits dated March 26, 2015 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 Issue

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

1. Our Company has received consent dated March 26, 2015 from the statutory auditors of our Company namely, Deloitte Haskins & Sells, to include their name as an expert under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus in relation to their report dated February 11, 2015 and statement of tax benefits dated March 26, 2015 included in this Draft Red Herring Prospectus and such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, the term “expert” shall not be construed to mean an “expert” as defined under the Securities Act; and
2. Our Company has received consent from M/s. Servel Associates, a chartered engineer vide their certificate dated March 18, 2015, to include their name as an “expert” under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus in relation to their certificate on detailed status of completed projects and total built-up area from January 2010 to March 2015 and the details or extracts thereof included in this Draft Red Herring Prospectus; and
3. CARE has given its written consent dated March 19, 2015 to be named as an expert under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus and to the inclusion of its report in the form and in the context it appears in this Draft Red Herring Prospectus and such consent and report has not been withdrawn as on the date of this Draft Red Herring Prospectus.

Issue Expenses

The expenses of this Issue include, among others, underwriting and management fees, selling commissions, brokerage, printing and distribution expenses, commission payable to Registered Broker, SCSBs’ fees, legal fees, statutory advertisement expenses, registrar and depository fees and listing fees. For further details of Issue expenses, see the sub-section titled “*Objects of the Issue- Issue Expenses*” on Page 99.

The Issue expenses as mentioned above will be shared between our Company and the Selling Shareholders in proportion of the Equity Shares offered in the Issue.

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 engagement letter dated [●], a copy of which is available for inspection at the Registered Office from 10 A.M. to 5 P.M. on Working Days from the date of this Draft Red Herring Prospectus until the Bid/ Issue Closing Date.

Commission payable to the Registered Brokers

For details of the commission payable to the Registered Brokers, see the section titled “*Objects of the Issue*” on Page 99.

Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, 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 March 26, 2015 entered into, between our Company, the Selling Shareholders and the Registrar to the Issue.

The Registrar to the Issue 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 Issue to enable it to send refund orders or Allotment advice by registered post/speed post/under certificate of posting. The Selling Shareholders will reimburse our Company a part of the expenses incurred proportionately.

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 securities otherwise than for cash

Our Company has not issued any securities for consideration other than cash.

Commission and Brokerage paid on previous issues of the Equity Shares

Since this is the initial public issue of Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Previous capital issue during the previous three years by our Company, listed Group Companies and associates of our Company

Except as disclosed in "*Capital Structure*" on Page 80, our Company has not made any capital issue of any kind or class of securities since its incorporation. Our Group Company is not listed and has not undertaken a capital issue in the last three years preceding the date of this Draft Red Herring Prospectus. Our Company does not have any associate companies.

Performance vis-à-vis objects – Public/rights issue of our Company and/or listed Group Companies and associates of our Company

Our Company has not undertaken any previous public or rights issue. Our Group Company is not listed nor has undertaken a public or rights issue in the last ten years preceding the date of this Draft Red Herring Prospectus. Our Company does not have any associate companies.

Outstanding Debentures or Bonds

There are no outstanding debentures or bonds as of the date of filing this Draft Red Herring Prospectus.

Outstanding Preference Shares

Our Company has outstanding CCPS as on date of this Draft Red Herring Prospectus which shall be converted into Equity Shares prior to filing of the RHP. See "*Capital Structure*" on Page 80.

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.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue, Selling Shareholders and our Company will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of

dispatch of the letters of allotment, demat credit and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, 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 Issue with a copy to the relevant SCSB and the Syndicate Members at the Specified Locations with whom the Bid cum Application Form was submitted. In addition to the information indicated above, the ASBA Bidder should also specify the Designated Branch or the collection centre of the SCSB or the address of the centre of the Syndicate Member at the Specified Locations where the Bid cum Application Form was submitted by the ASBA Bidder.

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.

Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders, for the redressal of routine investor grievances shall be ten (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 Kamalaker Rao Bandari, Varun Chawla, Aditya Narsing Rao and Mukul Gulati as members. For details, see the sub-section titled "*Our Management- Committees of the Board*" on Page 171.

Our Company has also appointed Namrata Maheshwari, Company Secretary of our Company as the Compliance Officer for the Issue and she may be contacted in case of any pre-Issue or post-Issue related problems at the following address:

Pennar Engineered Building Systems Limited

9th Floor, DHFLVC Silicon Towers
Kondapur, Hyderabad 500 084
Telangana, India
Tel: +91 40 4021 0525
Fax: +91 40 40 4018 6992
Email: cs@pebspennar.com

Change in Auditors

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

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time during the last five years.

Revaluation of Assets

Our Company has not re-valued its assets since its incorporation.

SECTION VII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued and transferred pursuant to the Issue shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association, the terms of the Red Herring Prospectus and the Prospectus, Bid cum Application Form, the Revision Form, the CAN, the 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 Issue. The Equity Shares shall also be subject to laws, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government, Stock Exchanges, RoC, RBI and/or other authorities, as in force on the date of the Issue and to the extent applicable, or such other conditions as may be prescribed by SEBI, RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting its approval for the Issue.

Ranking of Equity Shares

The Equity Shares being issued and transferred in the Issue shall be subject to the provisions of the Companies Act and Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with the provisions of the Companies Act and the Articles. For further details, see the section titled “*Main Provisions of the Articles of Association*” on Page 366. In relation to the Offer for Sale, the dividend for the entire year shall be payable to the transferees.

Mode of Payment of Dividend

Our Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act, Memorandum and Articles of Association and provisions of the Listing Agreement. For further details in relation to dividends, see the sections titled “*Dividend Policy*” and “*Main Provisions of the Articles of Association*” beginning on Pages 189 and 366, respectively.

Face Value and Issue Price

The face value of the Equity Shares is ₹ 10 each and the Issue 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 Allocation Price is ₹ [●] per Equity Share.

At any given point of time there shall be only one denomination for the Equity Shares.

The Price Band and the minimum Bid Lot size will be decided by our Company and the Selling Shareholders in consultation with the BRLMs, and published by our Company at least five Working Days prior to the Bid/Issue Opening Date, 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), and shall be made available to the Stock Exchanges for the purpose of uploading on their websites.

Compliance with regulations issued by SEBI

Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- 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 law, including 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 terms of the Listing Agreements, and our Company's Memorandum and Articles.

For a detailed description of the main provisions of the Articles relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, see the section titled "*Main Provisions of the Articles of Association*" beginning on Page 366.

Market Lot and Trading Lot

In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, our Company has entered into an agreement dated February 25, 2015 with NSDL and an agreement dated March 12, 2015 with CDSL for dematerialisation of our Equity Shares.

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Issue will be only in electronic form in multiples of [●] Equity Share subject to a minimum Allotment of [●] Equity Shares.

Joint Holders

Subject to our Articles, 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 Issue is with the competent courts/authorities in Mumbai.

Nomination Facility to Investor

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 of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the Registrar to the Issue.

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:

- (i) to register himself or herself as the holder of the Equity Shares; or
- (ii) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, 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 Issue will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective depository participant of the applicant would prevail. If the investor wants to change the nomination, they are requested to inform their respective depository participant.

Period of operation of subscription list

See the sub-section titled "*Issue Structure – Bid/ Issue Programme*" on Page 314.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Fresh Issue, including through devolvement to the Underwriters, as applicable, our Company shall forthwith refund the entire subscription amount received no later than 15 days from the Bid/Issue Closing Date, failing which, the directors of our Company who are officers in default shall jointly and severally be liable to repay that money with interest at the rate of 15.00% per annum. Further, in terms of Regulation 26(4) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000. In terms of Rule 19(2)(b)(i) of the SCRR, this Issue is being made for at least 25.00% of the fully diluted post Issue paid-up Equity Share capital of our Company. The requirement for minimum subscription is not applicable to the Offer for Sale.

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.

Any expense incurred by our Company on behalf of the Selling Shareholders with regard to refunds, interest for delays, etc., for the Equity Shares being offered in the Issue, will be reimbursed by the Selling Shareholders to our Company, in proportion of the Equity Shares being offered for sale by the Selling Shareholders in the Issue.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer and transmission of the Equity Shares

Except for lock-in of the pre-Issue Equity Shares, Promoter's minimum contribution and Anchor Investor lock-in in the Issue as detailed in the sub-section titled "*Capital Structure- History of Build-up, Contribution and Lock in of Promoter's Shareholding* " on Page 83, and except as provided in the Articles of Association, there are no restrictions on transfers of the Equity Shares. There are no restrictions on transmission of Equity Shares and on their consolidation/ splitting, except as provided in the Articles of Association. For details, see the section titled "*Main Provisions of the Articles of Association*" beginning on Page 366.

ISSUE STRUCTURE

Issue of [●] Equity Shares for cash at a price of ₹ [●] per Equity Share (including share premium of ₹ [●] per Equity Share) aggregating up to ₹ 580 million. The Issue consists of a Fresh Issue of [●] Equity Shares aggregating up to ₹ [●] million and an Offer for Sale of up to 5,516,141 Equity Shares by the Selling Shareholders aggregating up to ₹ [●] million, respectively. The Issue will constitute [●]% of the fully diluted post-Issue paid-up Equity Share capital of our Company.

The Issue is being made through the Book Building Process.

| | QIBs⁽¹⁾ | Non-Institutional Bidders | Retail Individual Bidders |
|--|--|--|---|
| Number of Equity Shares available for allocation ⁽²⁾ | Not more than [●] Equity Shares | Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Retail Individual Bidders | Not less than [●] Equity Shares available for allocation or Issue less allocation to QIB Bidders and Non-Institutional Bidders |
| Percentage of Issue size available for Allotment/allocation | Not more than 50.00% of the Issue size being available for allocation to QIBs. However, up to 5.00% of the QIB Portion (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion | Not less than 15.00% of the Issue or the Issue less allocation to QIBs and Retail Individual Bidders | Not less than 35.00% of the Issue or Issue less allocation to QIBs and Non-Institutional Bidders |
| Basis of Allotment/Allocation if respective category is oversubscribed | Proportionate as follows: (excluding the Anchor Investor Portion) (a) [●] Equity Shares shall be allocated on a proportionate basis to Mutual Funds only; and ; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors | Proportionate | The allotment to each Retail Individual Bidder shall not be less than the minimum Bid lot, subject to availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allotted on a proportionate basis. |
| Mode of Bidding | Through ASBA process only | Through ASBA process only | Both the ASBA process and the non-ASBA process are available to Retail Individual Investors |
| 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 Issue, subject to applicable limits to the Bidder | Such number of Equity Shares not exceeding the Issue, subject to applicable limits to the Bidder | Such number of Equity Shares, whereby the Bid Amount does not exceed ₹ 200,000 net of Retail Discount |
| Mode of Allotment | Compulsorily in dematerialised form | Compulsorily in dematerialised form | Compulsorily in dematerialised form |
| Bid Lot | [●] Equity Shares and in multiples of [●] Equity Shares thereafter | [●] Equity Shares and in multiples of [●] Equity Shares thereafter | [●] Equity Shares and in multiples of [●] Equity Shares thereafter |
| Allotment Lot | [●] Equity Shares and in multiples | [●] Equity Shares and in | [●] Equity Shares and in multiples |

| | QIBs⁽¹⁾ | Non-Institutional Bidders | Retail Individual Bidders |
|------------------------------|--|--|---|
| | of one Equity Share thereafter | multiples of one Equity Share thereafter | of one Equity Share thereafter |
| Trading Lot | One Equity Share | One Equity Share | One Equity Share |
| Who can Apply ⁽³⁾ | Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual fund registered with SEBI, FPIs other than Category III foreign portfolio investors, VCFs, AIFs, FVCIs, multilateral and bilateral development financial institutions, state industrial development corporation, insurance company registered with IRDA, provident fund (subject to applicable law) with minimum corpus of ₹ 250.00 million, pension fund with minimum corpus of ₹ 250.00 million, in accordance with applicable law and National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India | Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies and trusts, Category III foreign portfolio investors registered with SEBI | Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta) |
| Terms of Payment | Full Bid Amount shall be payable at the time of submission of Bid cum Application Form. (including for Anchor Investors ⁽³⁾⁽⁴⁾) | Full Bid Amount shall be payable at the time of submission of Bid cum Application Form ⁽⁴⁾ | Full Bid Amount shall be payable at the time of submission of Bid cum Application Form. ⁽⁴⁾⁽⁵⁾ |

- (1) Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60.00% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For details, see the section titled "Issue Procedure" beginning on Page 316.
- (2) Subject to valid Bids being received at or above the Issue Price. This Issue is being made for at least 25.00% of the fully diluted post-Issue Equity Share capital, pursuant to Rule 19(2)(b)(i) of SCRR read with Regulation 41 of the SEBI ICDR Regulations. Our Company is eligible for this Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50.00% of the Issue shall be available for allocation to QIBs on a proportionate basis. Our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60.00% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of undersubscription or non-allocation in the Anchor Investor Portion, the balance of Equity Shares shall be added to the QIB Portion. Such number of Equity Shares representing 5.00% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder 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 Issue Price. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue will be available for allocation to Retail Individual Bidders in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price, such that subject to availability of Equity Shares, each Retail Individual Bidder shall be allotted not less than the minimum Bid Lot, and the remaining Equity Shares, if available, shall be allotted to all Retail Individual Bidders on a proportionate basis.
- (3) Bid Amount shall be payable by the Anchor Investors at the time of submission of the Bid cum Application Forms. The balance, if any, shall be paid within the two Working Days of the Bid/Issue Closing Date.
- (4) In case of ASBA Bidders, the SCSB shall be authorised to block such funds in the bank account of the Bidder that are specified in the Bid cum Application Form.
- (5) If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the first Bidder would be required in the Bid cum Application Form and such first Bidder would be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the BRLMs, their respective directors, officers, agents and representatives that they are eligible under applicable laws, rules and regulations, guidelines and approvals to acquire the Equity Shares in the Issue. SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB.

Subject to valid Bids being received at or above the Issue Price, undersubscription, if any, in the Non-

Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange. However, under-subscription, if any, in the QIB Portion will not be allowed to be met with spill-over from other categories or a combination of categories.

Withdrawal of the Issue

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before Allotment of Equity Shares. If our Company and the Selling Shareholders withdraw the Issue, our Company will issue a public notice within two days of such decision, providing reasons for not proceeding with the Issue. The BRLMs, through the Registrar to the Issue, will instruct the SCSBs to unblock the ASBA Accounts within one Working Day from the day of receipt of such instruction. The notice of withdrawal will be issued in the same newspapers where the pre-Issue advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company and the Selling Shareholders withdraw the Issue after the Bid/Issue Closing Date and thereafter determine that they will proceed with the issue of our Company's Equity Shares, our Company will file a fresh draft red herring prospectus with SEBI and the stock exchanges where the Equity Shares may be proposed to be listed.

Notwithstanding the foregoing, the Issue is subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/Issue Programme

| | |
|----------------------------|---|
| BID/ISSUE OPENS ON | [●]* |
| BID/ISSUE CLOSES ON | For QIB Bidders [●], 2015** For Retail Individual Bidders and Non Institutional Bidders: [●], 2015 |

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

** Our Company and the Selling Shareholders may, in consultation with the BRLMs, consider closing the Bid/Issue Period for QIBs one day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations.

An indicative timetable in respect of the Issue is set out below:

| Event | Indicative Date |
|---|------------------------|
| Bid/Issue Closing Date | [●] |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | [●] |
| Initiation of refunds | [●] |
| Credit of the Equity Shares to demat accounts of Allottees | [●] |
| Commencement of trading of the Equity Shares on the Stock Exchanges | [●] |

The above timetable is indicative and does not constitute any obligation on our Company or the Selling Shareholders 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 12 Working Days of the Bid/Issue Closing Date, the timetable may change due to various factors, such as extension of the Bid/Issue Period by our Company and the Selling Shareholders, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws. The Selling Shareholders confirm that they shall extend all reasonable co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares (offered by each such Selling Shareholder in the Issue) at all the Stock Exchanges within 12 Working Days from the Bid/Issue Closing Date.

Except in relation to Anchor Investors, Bids and revision of Bids, shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (IST) during the Bid/Issue Period as mentioned above at the Bidding centres and designated

branches of SCSBs as mentioned in the Bid cum Application Form. On the Bid/Issue Closing Date, the Bids and any revision in the Bids shall be accepted only between **10.00 a.m. and 3.00 p.m. (IST)** and shall be uploaded until (i) **4.00 p.m. (IST)** in case of Bids by QIB Bidders 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 after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges. It is clarified that Bids not uploaded on the electronic bidding system would be rejected.

Due to limitation of time available for uploading the Bids on the Bid/ Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/ Issue Closing Date and, in any case, no later than **1.00 p.m. (IST)** on the Bid/ Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/ Issue Closing Date, as is typically experienced in IPOs, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for Allotment in the Issue. If such Bids are not uploaded, our Company, the Selling Shareholders and the Syndicate shall not be responsible. Bids will be accepted only on Working Days. None among our Company, the Selling Shareholders, or any member of Syndicate is liable for any failure in uploading Bids due to faults in any software/hardware system or otherwise.

On Bid/ Issue 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 BRLMs to the Stock Exchanges within half an hour of such closure.

Our Company and the Selling Shareholders in consultation with BRLMs, reserve the right to revise the Price Band during the Bid/ Issue Period, provided that the Cap Price shall be less than or equal to 120.00% of the Floor Price and Floor Price shall not be less than the Face Value of the Equity Shares. The revision in Price Band shall not exceed 20.00% on the either side, i.e., the floor price can move up or down to the extent of 20.00% of the Floor Price and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bid/Issue Period will be extended for at least three (3) additional Working Days after revision of the Price Band subject to the Bid/Issue Period not exceeding ten (10) Working Days. Any revision in the Price Band and the revised Bid/Issue 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 websites of the BRLMs at the terminals of the other members of the Syndicate.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB or the member of the Syndicate for rectified data.

ISSUE 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 (“**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 Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI ICDR Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 and certain notified provisions of the Companies Act 2013, 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 Issue.*

Our Company, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and shall not be 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.

Please note that QIBs (other than Anchor Investors) and Non-Institutional Investors can participate in the Issue only through the ASBA process. Retail Individual Investors can participate in the Issue through the ASBA process as well as the non ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to non-ASBA Bidders. However, there is a common Bid cum Application Form for ASBA Bidders (submitted to SCSBs or to the Syndicate at the Specified Cities or to the Registered Brokers at the Broker Centres) as well as for non-ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make payment of the full Bid Amount along with the Bid cum Application Form. In case of ASBA Bidders, an amount equivalent to the full Bid Amount will be blocked by the SCSBs.

ASBA Bidders may submit ASBA Bids to a Designated Branch (a list of such branches is available on the website of the SEBI (www.sebi.gov.in) or to the Syndicate at the Specified Cities or to the Registered Brokers at the Broker Centres. Non-ASBA Bidders are required to submit Bids to the Syndicate, only on a Bid cum Application Form bearing the stamp of a member of the Syndicate or the Registered Broker. ASBA Bidders are advised not to submit Bid cum Application Forms to Escrow Collection Banks, unless such Escrow Collection Banks are also SCSBs.

All Bidders are required to pay the full Bid Amount or, in case of ASBA Bids, ensure that the ASBA Account has sufficient credit balance such that the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

SEBI by its circular (CIR/CFD/DIL/1/2011) dated April 29, 2011 (“2011 Circular”) has made it mandatory for QIBs (other than Anchor Investors) and Non Institutional Investors to make use of the facility of ASBA for making applications for public issues. Further, the 2011 Circular also provides a mechanism to enable the Syndicate and sub-Syndicate Members to procure Bid cum Application Forms submitted under the ASBA process from prospective Bidders. SEBI by its circular (CIR/CFD/14/2012) dated October 4, 2012 (“2012 Circular”), has introduced an additional mechanism for prospective Bidders to submit Bid cum Application Forms (ASBA and non-ASBA applications) using the stock broker network of Stock Exchanges, who may not be Syndicate Members in the Issue. Further, SEBI by its circular (CIR/CFD/DIL/ 4 /2013) dated January 23, 2013 (“2013 Circular”), in partial modification of the 2011 Circular, mandates that in order to facilitate Syndicate/sub-syndicate/ non-syndicate members to accept Bid-cum-Application Forms from prospective ASBA Bidders in the locations, all the SCSBs having a branch in the location of Broker Centres, notified in terms of the 2012 Circular are required to name at least one branch before March 1, 2013, where Syndicate/sub-syndicate/ nonsyndicate members can submit such Bid-cum-Application Forms.

PART A

BOOK BUILDING PROCEDURE

The Issue is being made through the Book Building Process wherein 50.00% of the Issue shall be available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholders may, in consultation with the BRLMs, allocate up to 60.00% of the QIB Portion to Anchor Investors on a discretionary basis of which one third will be reserved for domestic Mutual Funds only. Out of the QIB Portion (excluding the Anchor Investor Portion), 5.00% will be available for allocation on a proportionate basis to Mutual Funds only. The remainder will be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Further, not less than 15.00% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35.00% of the Issue will be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Issue Price.

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

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

In case of QIBs (other than Anchor Investors) Bidding through the Syndicate ASBA, the Book Running Lead Managers and the members of the Syndicate, may reject Bids at the time of acceptance of the Bid cum Application Form, provided that the reasons for such rejection shall be disclosed to such Bidder in writing. Further, Bids from QIBs can also be rejected on technical grounds. In case of Non-Institutional Investors and Retail Individual Investors, our Company has a right to reject Bids based on technical grounds only. However, our Company and the Selling Shareholders may, in consultation with the Book Running Lead Managers reserve the right to reject any Bid received from Anchor Investors without assigning any reason.

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 (other than Bids made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. On Allotment, the Equity Shares will be traded only on the dematerialized segment of the Stock Exchanges.

Bid cum Application Form

Please note that there is a common Bid cum Application Form for ASBA Bidders as well as for non-ASBA Bidders. Copies of the Bid cum Application Form and the abridged prospectus will be available at the offices of the BRLMs, the Syndicate Members, the Registered Brokers, the SCSBs and the Registered Office of our Company. An electronic copy of the Bid cum Application Form will also be available on the websites of the SCSBs, the NSE (www.nseindia.com) and the BSE (www.bseindia.com) and the terminals of the Registered Brokers. Physical Bid cum Application Forms for Anchor Investors shall be made available at the offices of the BRLMs. QIBs (other than Anchor Investors) and Non-Institutional Investors shall mandatorily participate in the Issue only through the ASBA process. Retail Individual Investors can participate in the Issue through the ASBA process as well as the non-ASBA process.

ASBA Bidders must provide bank account details in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain such details are liable to be rejected. In relation to non-ASBA Bidders, the bank account details shall be available from the depository account on the basis of the DP ID, Client ID and PAN provided by the non-ASBA Bidders in their Bid cum Application Form. Bidders are requested to note that refunds through the modes mentioned in this section shall be credited only to the bank account from which the Bid Amount was remitted to the Escrow Collection Bank.

Bidders shall ensure that the Bids are made on Bid cum Application Forms bearing the stamp of a member of the Syndicate or the Registered Broker or the SCSBs, as the case may be, submitted at the Bidding centres only (except in case of electronic Bid cum Application Forms) and the Bid cum Application Forms not bearing such specified stamp are liable to be rejected.

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 and Eligible NRIs applying on a non-repatriation basis | White |
| Eligible NRIs, FPIs or FVCIs, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis | Blue |
| Anchor Investors | [As specified by the Issuer] |

*Excluding electronic Bid cum Application

Who can Bid?

In addition to the category of Bidders set forth under “– General Information Document for Investing in Public Issues – Category of Investors Eligible to Participate in an Issue”, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non Institutional Investors category; and
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares.

Participation by associates and affiliates of the BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to subscribe to the Issue in any manner except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, either in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

The BRLMs and any persons related to the BRLMs or our Promoter and our Promoter Group cannot apply in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

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.

No Mutual Fund scheme shall invest more than 10.00% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10.00% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10.00% of any company’s paid-up share capital carrying voting rights.

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.

Bids by Eligible NRIs

NRI may obtain copies of Bid cum Application Form from the offices of the BRLMs, the Syndicate Members, the Registered Brokers and the SCSBs. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and bidding on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts or by debits to their non-resident external (“NRE”) accounts or foreign currency non-resident (“FCNR”) accounts, maintained with banks authorized by the RBI to deal in foreign exchange. Eligible NRIs bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents (blue in colour), accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be. Payment for Bids by

non-resident Bidder bidding on a repatriation basis will not be accepted out of non-resident ordinary (“NRO”) accounts.

Non ASBA Bids by NRIs shall be submitted only in the locations specified in the Bid cum Application Form.

Bids by FPIs (including FIIs and QFIs)

On January 7, 2014, SEBI notified the SEBI FPI Regulations pursuant to which the existing classes of portfolio investors namely ‘foreign institutional investors’ and ‘qualified foreign investors’ will be subsumed under a new category namely ‘foreign portfolio investors’ or ‘FPIs’. RBI on March 13, 2014 amended the FEMA Regulations and laid down conditions and requirements with respect to investment by FPIs in Indian companies.

In terms of the SEBI FPI Regulations, any QFI or FII who holds a valid certificate of registration from SEBI shall be deemed to be an FPI until the expiry of the block of three years for which fees have been paid as per the SEBI FII Regulations. An FII or a sub-account may participate in this Issue, in accordance with Schedule 2 of the FEMA Regulations, until the expiry of its registration with SEBI as an FII or a sub-account. An FII shall not be eligible to invest as an FII after registering as an FPI under the SEBI FPI Regulations. Further, a QFI can buy, sell or otherwise deal in securities if such QFI obtains a certificate of registration as FPI. Such QFIs shall be eligible to participate in this Issue in accordance with Schedule 8 of the FEMA Regulations and are required to Bid under the Non-Institutional Bidders category.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued by the designated depository participant under the FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason. An FII or sub-account may, subject to payment of conversion fees under the SEBI FPI Regulations, participate in the Issue, until the expiry of its registration as a FII or sub-account, or until it obtains a certificate of registration as FPI, whichever is earlier. Further, in case of Bids made by SEBI-registered FIIs or sub-accounts, which are not registered as FPIs, a certified copy of the certificate of registration as an FII issued by SEBI is required to be attached to the Bid cum Application Form, failing which our Company reserves the right to reject any Bid without assigning any reason.

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI or an investor group (which means the same set of ultimate beneficial owner(s) investing through multiple entities) is not permitted to exceed 10.00% of our post-Issue Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI shall be below 10.00% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24.00% of the paid-up Equity Share capital of our Company. The aggregate limit of 24.00% may be increased up to the sectoral cap by way of a resolution passed by the Board of Directors followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs as well as holding of FIIs (being deemed FPIs) shall be included. The existing individual and aggregate investment limits an FII or sub account in our Company is 10.00% and 24.00% of the total paid-up Equity Share capital of our Company, respectively.

Further, the existing individual and aggregate investment limits for QFIs in an Indian company are 5.00% and 10.00% of the paid up capital of an Indian company, respectively. FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 22 of the SEBI FPI Regulations, an FPI, other than Category III foreign portfolio 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 or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with ‘know your client’ norms. An FPI is also required to ensure that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority.

FPIs who wish to participate in the Issue are advised to use the Bid-cum-Application Form for Non-Residents ([●] in colour). FPIs are required to Bid through the ASBA process to participate in the Issue.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI VCF Regulations and SEBI FVCI Regulations, inter alia prescribe the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, amongst others, the investment restrictions on AIFs.

Accordingly, the holding by any individual VCF registered with SEBI in one venture capital undertaking should not exceed 25.00% 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 25.00% of the corpus in one investee company. A category III AIF cannot invest more than 10.00% of the corpus in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its corpus by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulations.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended, are broadly set forth below:

- (i) equity shares of a company: the least of 10.00% of the investee company's subscribed capital (face value) or 10.00% of the respective fund in case of life insurer or 10.00% of investment assets in case of general insurer or reinsurer;
- (ii) the entire group of the investee company: the least of 10.00% of the respective fund in case of a life insurer or 10.00% of investment assets in case of a general insurer or reinsurer (25.00% in case of ULIPs); and
- (iii) the industry sector in which the investee company operates: 10.00% of the insurer's total investment exposure to the industry sector (25.00% in case of ULIPs).

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250.00 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders 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 Shareholders reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30.00% of

the paid up share capital of the investee company or 30.00% of the banks' own paid up share capital and reserves, whichever is less (except in certain specified exceptions, such as setting up or investing in a subsidiary, which requires RBI approval). Further, the RBI Master Circular of July 1, 2014 sets forth prudential norms required to be followed for classification, valuation and operation of investment portfolio of banking companies.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders, the BRLMs and the Syndicate Members are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. Bidders are advised to make their independent investigations and Bidders are advised to ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, Eligible QFIs, insurance companies and provident funds with a minimum corpus of ₹ 250 million (subject to applicable law) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholders reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reasons thereof.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (a) With respect to Bids by FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form.
- (b) With respect to Bids by insurance companies registered with the Insurance Regulatory and Development Authority, in addition to the above, a certified copy of the certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form.
- (c) With respect to Bids made by 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 a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form.
- (d) With respect to 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.
- (e) Our Company and the Selling Shareholders, in its absolute discretion, reserves 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, the Selling Shareholders and the BRLMs may deem fit.

Restriction 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 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 government bodies responsible for granting foreign investment approvals are FIPB and the RBI.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("DIPP"), issued Circular 1 of 2014 ("Circular 1 of 2014"), which with effect from April 17, 2014, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force and effect as on April 16, 2014. The Government proposes to update the consolidated circular on FDI Policy once every year and therefore, Circular 1 of 2014 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

FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

General Instructions

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law;
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 the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only;
5. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of the Syndicate (except in case of electronic forms) or with respect to ASBA Bidders, ensure that your Bid is submitted either to a member of the Syndicate (in the Specified Locations), a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the ASBA Bidder for bidding has a bank account, or to a Registered Broker at the Broker Centres;
6. In relation to the ASBA Bids, ensure that your Bid cum Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Syndicate in the Specified Locations or with a Registered Broker at the Broker Centres, and not to the Escrow Collection Banks (assuming that such bank is not a SCSB) or to our Company or the Selling Shareholders or the Registrar to the Issue;
7. With respect to the ASBA Bids, ensure that the Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Bid cum Application Form;
8. QIBs (other than Anchor Investors) and the Non-Institutional Investors should submit their Bids through the ASBA process only;
9. 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;
10. Ensure that you request for and receive a TRS for all your Bid options;
11. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the Bid cum Application Form under the ASBA process to the respective member of the Syndicate (in the Specified Locations), the SCSBs or the Registered Broker (at the Broker Centres);
12. Ensure that you have funds equal to the Bid Amount in your bank account before submitting the Bid cum Application Form under non-ASBA process to the Syndicate or the Registered Brokers;
13. With respect to non-ASBA Bids, ensure that the full Bid Amount is paid for the Bids and with respect to ASBA Bids, ensure funds equivalent to the Bid Amount are blocked;
14. Instruct your respective banks to not release the funds blocked in the ASBA Account under the ASBA process;
15. Submit revised Bids to the same member of the Syndicate, SCSB or Registered Broker, as applicable,

through whom the original Bid was placed and obtain a revised TRS;

16. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, 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 I.T. 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;
17. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects;
18. 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;
19. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;
20. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names;
21. Ensure that the category and sub-category is indicated;
22. Ensure that in case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant documents are submitted;
23. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws;
24. Ensure that the DP ID, the Client ID and the PAN mentioned in the Bid cum Application Form and entered into the online IPO system of the stock exchanges by the Syndicate, the SCSBs or the Registered Brokers, as the case may be, match with the DP ID, Client ID and PAN available in the Depository database;
25. In relation to the ASBA Bids, ensure that you use the Bid cum Application Form bearing the stamp of the Syndicate (in the Specified Locations) and/or relevant SCSB and/ or the Designated Branch and/ or the Registered Broker at the Broker Centres (except in case of electronic forms);
26. Ensure that the Bid cum Application Forms are delivered by the Bidders within the time prescribed as per the Bid cum Application Form and the Red Herring Prospectus;
27. ASBA Bidders bidding through a member of the Syndicate should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only in the Specified Locations and that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>). ASBA Bidders bidding through a Registered Broker should ensure that the SCSB where the ASBA Account, as specified in the Bid cum Application Form, is maintained has named at least one branch at that location for the Registered Brokers to deposit Bid cum Application Forms;
28. Ensure that you have mentioned the correct ASBA Account number in the Bid cum Application Form;
29. In relation to the ASBA Bids, ensure that you have correctly signed the authorization/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; and

30. In relation to the ASBA Bids, ensure that you receive an acknowledgement from the Designated Branch of the SCSB or from the member of the Syndicate in the Specified Locations or from the Registered Broker at the Broker Centres, as the case may be, for the submission of your Bid cum Application Form.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the Syndicate, the SCSBs or the Registered Brokers, as applicable;
4. Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;
5. Do not send Bid cum Application Forms by post; instead submit the same to the Syndicate, the SCSBs or the Registered Brokers only;
6. Do not submit the Bid cum Application Forms to the Escrow Collection Bank(s), our Company, the Selling Shareholders or the Registrar to the Issue;
7. Do not Bid on a Bid cum Application Form that does not have the stamp of the Syndicate, the Registered Brokers or the SCSBs;
8. Anchor Investors should not Bid through the ASBA process;
9. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Investors);
10. Do not Bid for a Bid Amount exceeding ₹ 200,000 (for Bids by Retail Individual Investors);
11. 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;
12. Do not submit the Bid cum Application Form if you are a Non-Resident, except for: (i) an FPI (investing under the foreign portfolio investment scheme in accordance with Schedule 2A of the FEMA Regulations); (ii) an FII (investing under the portfolio investment scheme in accordance with Schedule 2 of the FEMA Regulations); (iii) an Eligible NRI investing on non-repatriation basis in accordance with Schedule 4 of the FEMA Regulations; or (iv) an Eligible QFI investing in accordance with Schedule 8 of the FEMA Regulations;
13. Do not submit the GIR number instead of the PAN;
14. Do not submit the Bids without the full Bid Amount;
15. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue;
16. 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;
17. If you are a QIB, do not submit your Bid after 3.00 pm on the Bid/Issue Closing Date for QIBs;

18. If you are a Non-Institutional Investor or Retail Individual Investor, do not submit your Bid after 3.00 pm on the Bid/Issue Closing Date;
19. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872;
20. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Investor;
21. Do not submit more than five Bid cum Application Forms per ASBA Account;
22. Do not submit ASBA Bids to a member of the Syndicate at a location other than the Specified Locations or to the brokers other than the Registered Brokers at a location other than the Broker Centres;
23. Do not submit ASBA Bids to a member of the Syndicate in the Specified Locations unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in the relevant Specified Location, for the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>); and
24. Do not submit ASBA Bids to a Registered Broker unless the SCSB where the ASBA Account is maintained, as specified in the Bid cum Application Form, has named at least one branch in that location for the Registered Broker to deposit the Bid cum Application Forms.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Payment instructions

In terms of RBI circular no. DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, non-CTS cheques are processed in three CTS centres three days of the week. In order to enable listing and trading of Equity Shares within 12 Working Days of the Bid/Issue Closing Date, investors are advised to use CTS cheques or use the ASBA facility to make payment. Investors are cautioned that Bid cum Application Forms accompanied by non-CTS cheques are liable to be rejected due to any delay in clearing beyond six Working Days from the Bid/Issue Closing Date.

The Registrar to the Issue shall keep a proper record of applications and monies received from investors and paid to the Company/ the Selling Shareholders/ Escrow collection Account/ Bankers to the Issue and report the amount of Bids collected and the amount deposited in the Escrow Collection Account at the end of the Bid/Issue to the Company, the Selling Shareholders and the BRLMs.

Payment into Escrow Account for non-ASBA Bidders

The payment instruments for payment into the Escrow Account should be drawn in favour of:

- (a) In case of resident Retail Individual Investors: “[●]”
- (b) In case of Non-Resident Retail Individual 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: “[●]”
- (b) In case of Non-Resident Anchor Investors: “[●]”

Pre- Issue Advertisement

Subject to Section 30 of the Companies Act 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in [●] edition of English national newspaper [●], [●] edition of Hindi national newspaper [●], and

[●] edition of a Telugu newspaper, each with wide circulation.

Signing of the Underwriting Agreement and the RoC Filing

- (a) Our Company, the Selling Shareholders and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with the applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Issue Price, the Anchor Investor Allocation Price, Issue size, and underwriting arrangements and will be complete in all material respects.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- That if our Company or Selling Shareholders does not proceed with the Issue after the Bid/Issue Closing Date, the reason thereof shall be given as a public notice within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;
- That if the Company and/or the Selling Shareholders withdraw the Issue after the Bid/Issue Closing Date, our Company shall be required to file a fresh offer document with the RoC/ SEBI, in the event our Company subsequently decides to proceed with the Issue;
- That the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily;
- That 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 12 Working Days of the Bid/Issue Closing Date;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days from the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to Eligible NRIs shall be dispatched within specified time;
- That no further Issue of Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.;
- That adequate arrangement shall be made to collect all Bid cum Application Forms under the ASBA process and to consider them similar to non-ASBA Bids while finalising the Basis of Allotment; and
- Our Company shall not have recourse to the proceeds of the Issue until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received.

UNDERTAKINGS BY THE SELLING SHAREHOLDERS

Each Selling Shareholder undertakes that:

- the Equity Shares being sold by it pursuant to the Issue, have been held by it for a continuous 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 physical form and shall be dematerialised prior to filing of the Red Herring Prospectus with the

RoC and SEBI ;

- it is the legal and beneficial owner of, and has full title to, the Equity Shares being sold in the Issue;
- the Equity Shares being sold by it pursuant to the Issue are free and clear of any liens or encumbrances and shall be transferred to the eligible investors within the specified time under applicable law;
- it shall provide all reasonable cooperation as requested by our Company in relation to the completion of allotment and dispatch of the allotment advice and Anchor Investor allocation note, if required, and refund orders to the extent of the Equity Shares offered by it pursuant to the Issue;
- 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 Issue;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Selling Shareholders, to the extent applicable;
- it shall provide such reasonable support and extend such reasonable cooperation 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/Issue Closing Date, 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 Issue until final approval for trading of the Equity Shares from all Stock Exchanges where listing is sought has been received;
- if the Selling Shareholders does not proceed with the Issue after the Bid/Issue Closing Date, the reason thereof shall be given by our Company as a public notice within two days of the Bid/Issue Closing Date. The public notice shall be issued in the same newspapers where the pre-Issue advertisements were published. The stock exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly. It shall extend all reasonable cooperation requested by our Company and the BRLMs in this regard;
- it shall not further transfer the Equity Shares 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 Issue 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 Issue;
- it shall take all such steps as may be required to ensure that the Equity Shares being sold by it pursuant to the Issue are available for transfer in the Issue within the time specified under the applicable; 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 Issue.

Utilisation of Issue proceeds

Our Board of Directors certify that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Sec. 40 of the Companies Act, 2013;
- details of all monies utilised out of Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested;

- the utilisation of monies received under Promoter's Contribution shall be disclosed, and continue to be disclosed till the time any part of the Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and
- the details of all unutilised monies out of the funds received under Promoter's Contribution shall be disclosed under a separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

The Selling Shareholders along with our Company declare that all monies received out of the Issue shall be credited/ transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013.

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, 1956, as amended or replaced by the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. 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 Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Red Herring Prospectus/Prospectus before investing in the Issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken through the Book-Building process as well as to the Fixed Price Issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Bidders/Applicants in IPOs and FPOs, on the processes and procedures governing IPOs and FPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“**SEBI ICDR Regulations, 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 Issue 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 Issue and the relevant information about the Issuer undertaking the Issue 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 Issue. 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 Issue 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 refer to the section “*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 26/27 of 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, 1956, as amended or replaced by the Companies Act 2013, 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 Issue Price through the Book Building Process (“**Book Built Issue**”) or undertake a Fixed Price Issue (“**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 120.00% 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/Issue 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 Issue price cannot be lesser than the face value of the securities.

Bidders/Applicants should refer to the RHP/Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.5 ISSUE PERIOD

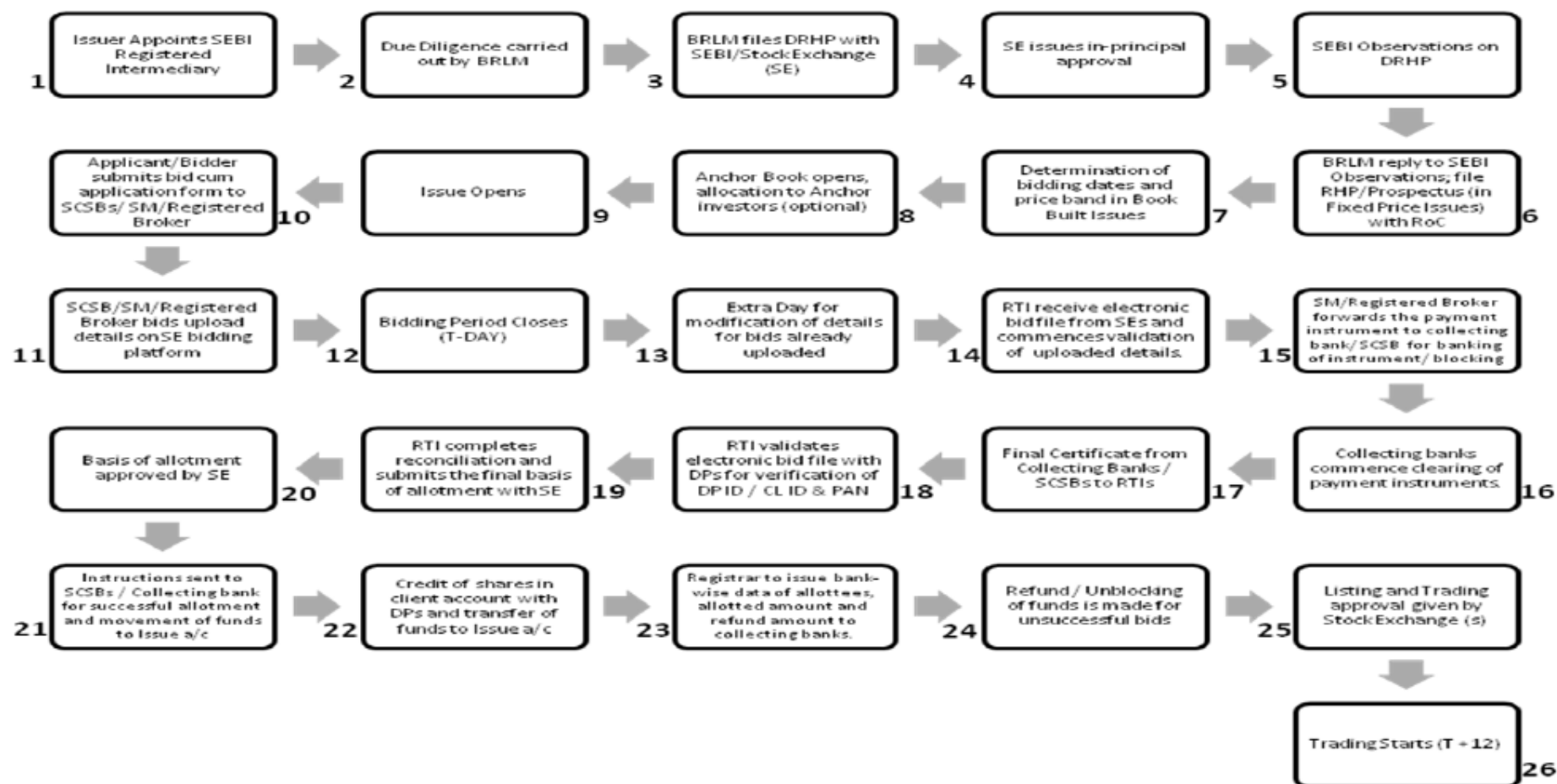
The Issue may be kept open for a minimum of three Working Days (for all category of Bidders/Applicants) and not more than ten Working Days. Bidders/Applicants are advised to refer to the Bid cum Application Form and Abridged Prospectus or RHP/Prospectus for details of the Bid/Issue Period. Details of Bid/Issue Period are also available on the website of Stock Exchange(s).

In case of a Book Built Issue, the Issuer may close the Bid/Issue Period for QIBs one Working Day prior to the Bid/Issue 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/Issue 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 BRLM(s), 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 Issue other than Book Built Issue (Fixed Price Issue) the process at the following of the below mentioned steps shall be read as:
 - (i) Step 7 : Determination of Issue Date and Price
 - (ii) Step 10: Applicant submits ASBA Application Form with Designated Branch of SCSB and Non-ASBA forms directly to collection Bank and not to Broker.
 - (iii) Step 11: SCSB uploads ASBA Application details in Stock Exchange Platform
 - (iv) Step 12: Issue period closes
 - (v) Step 15: Not Applicable



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, FII's, QFIs and FVCIs may not be allowed to Bid/Apply in the Issue 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);
- Qualified Foreign Investors subject to applicable law;
- FIIs and sub-accounts registered with SEBI, other than a sub-account which is a foreign corporate or foreign individual, bidding under the QIBs category;
- Sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- 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 Issue, 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 Issue.

SECTION 4: APPLYING IN THE ISSUE

Book Built Issue: Bidders should only use the specified Bid cum Application Form either bearing the stamp of a member of the Syndicate or bearing a stamp of the Registered Broker or stamp of SCSBs as available or downloaded from the websites of the Stock Exchanges.

Bid cum Application Forms are available with the members of the Syndicate, Registered Brokers, Designated Branches of the SCSBs 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/Issue 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 cum Application Form either bearing the stamp of Collection Bank(s) or SCSBs as available or downloaded from the websites of the Stock Exchanges. Application Forms are available with the Branches of Collection Banks or 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 of Issue size equal to rupees ten crores or more 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 FILING 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:

| COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA | | XYZ LIMITED - PUBLIC ISSUE - R | | FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|---|---|--------------------------|--|--|-----------|------------------|-----------|-------------------------|----------|---------------------------|---------------|---------------|---------------|--------------------------|---------------|--|--|--|--|--------------------------|---------------|--|--|--|--|--------------------------|--|--|---|--|
| Logo To, The Board of Directors XYZ Limited | | BOOK BUILDING ISSUE IN | | Bid cum Application Form No. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SYNDICATE MEMBER'S STAMP & CODE | | BROKER'S/AGENT'S STAMP & CODE | | 1. NAME & CONTACT DETAILS of Sole / First Applicant Mr. / Ms. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ESCROW BANK / SCSB BRANCH STAMP & CODE | | SUB-BROKER'S/SUB-AGENT'S STAMP & CODE | | 2. PAN OF SOLE / FIRST APPLICANT | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BANK BRANCH SERIAL NO. | | REGISTRAR'S / SCSB SERIAL NO. | | 3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> 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") | | 5. Category | | 6. Investor Status | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th rowspan="2">Bid Options</th> <th rowspan="2">No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)</th> <th colspan="4">Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)</th> </tr> <tr> <th>Bid Price</th> <th>Discount, if any</th> <th>Net Price</th> <th>"Cut-off" (Please tick)</th> </tr> <tr> <td>Option 1</td> <td>7 6 5 4 3 2 1</td> <td>4 3 2 1</td> <td>4 3 2 1</td> <td>4 3 2 1</td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 2</td> <td></td> <td></td> <td></td> <td></td> <td><input type="checkbox"/></td> </tr> <tr> <td>(OR) Option 3</td> <td></td> <td></td> <td></td> <td></td> <td><input type="checkbox"/></td> </tr> </table> | | 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 | Discount, if any | Net Price | "Cut-off" (Please tick) | Option 1 | 7 6 5 4 3 2 1 | 4 3 2 1 | 4 3 2 1 | 4 3 2 1 | <input type="checkbox"/> | (OR) Option 2 | | | | | <input type="checkbox"/> | (OR) Option 3 | | | | | <input type="checkbox"/> | <input type="checkbox"/> Retail Individual <input type="checkbox"/> Non-Institutional <input type="checkbox"/> QIB | | <input type="checkbox"/> Individual(s) - IND <input type="checkbox"/> Hindu Undivided Family* - HUF <input type="checkbox"/> Bodies Corporate - CO <input type="checkbox"/> Banks & Financial Institutions - FI <input type="checkbox"/> Mutual Funds - MF <input type="checkbox"/> Non-Resident Indians - NRI (Non-Repatriation basis) <input type="checkbox"/> National Investment Fund - NIF <input type="checkbox"/> Insurance Funds - IF <input type="checkbox"/> Insurance Companies - IC <input type="checkbox"/> Venture Capital Funds - VC <input type="checkbox"/> Others (Please specify) - OTH <small>* HUF should apply only through Karta (Application by HUF would be treated on par with Individual)</small> | |
| 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 | Discount, if any | Net Price | "Cut-off" (Please tick) | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Option 1 | 7 6 5 4 3 2 1 | 4 3 2 1 | 4 3 2 1 | 4 3 2 1 | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (OR) Option 2 | | | | | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (OR) Option 3 | | | | | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amount Paid (₹ in figures) _____ (₹ in words) _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> (A) CHEQUE/ DEMAND DRAFT (DD) Cheque/DD No. _____ Dated DD / MM / YY _____ Drawn on (Bank Name & Branch) _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input type="checkbox"/> (B) ASBA Bank A/c No. _____ Bank Name & Branch _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PAYMENT OPTIONS <input type="checkbox"/> Full Payment <input type="checkbox"/> Part Payment | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 FORM 2A 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 Filing up the Bid Cum Application Form given overleaf. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8A. SIGNATURE OF SOLE/ FIRST APPLICANT _____ Date: _____, 2011 | | 8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (For ASBA option ONLY) I/We authorize the SCSB to do all acts as are necessary to make the Application in the issue 1) _____ 2) _____ 3) _____ | | BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system) _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TEAR HERE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| XYZ LIMITED | | Acknowledgement Slip for Syndicate Member / SCSB | | Bid cum Application Form No. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DPID / CLID | | PAN | | Stamp & Signature of Banker | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amount Paid (₹ in figures) _____ Bank & Branch _____ | | Cheque / DD/ASBA Bank A/c No. _____ | | Received from Mr./Ms. _____ Telephone / Mobile _____ Email _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TEAR HERE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| XYZ LIMITED | | Option 1 Option 2 Option 3 No. of Equity Shares _____ Bid Price _____ Amount Paid (₹) _____ Cheque / DD/ASBA Bank A/c No. _____ Bank & Branch _____ | | Stamp & Signature of Syndicate Member / SCSB _____ Name of Sole / First Applicant _____ Acknowledgement Slip for Bidder Bid cum Application Form No. _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

| COMMON BID CUM APPLICATION FORM FOR ASBA / NON-ASBA | | XYZ LIMITED - PUBLIC ISSUE - NR | | FOR ELIGIBLE NRIs, FIIs, FVCI, ETC., APPLYING ON A REPATRIATION BASIS | | | | | | | | | | | | | | | | | | | | | | | |
|--|---------------|--|---|---|--|-----------|------------------|-----------|----------|---------------|---------|---------|---------|---------------|--|--|--|--|---------------|--|--|--|--|--|--|--|--|
| Logo To, The Board of Directors XYZ Limited | | BOOK BUILDING ISSUE INE523L01018 | | Bid cum Application Form No. _____ | | | | | | | | | | | | | | | | | | | | | | | |
| SYNDICATE MEMBER'S STAMP & CODE | | BROKER'S/AGENT'S STAMP & CODE | | 1. NAME & CONTACT DETAILS of Sole / First Applicant | | | | | | | | | | | | | | | | | | | | | | | |
| ESCROWBANK / SCSB BRANCH STAMP & CODE | | SUB-BROKER'S/SUB-AGENT'S STAMP & CODE | | Mr. / Ms. _____ Address _____ Email _____ Tel. No (with STD code) / Mobile _____ | | | | | | | | | | | | | | | | | | | | | | | |
| BANK BRANCH SERIAL NO. | | REGISTRAR'S / SCSB SERIAL NO. | | 2. PAN OF SOLE / FIRST APPLICANT | | | | | | | | | | | | | | | | | | | | | | | |
| 3. BIDDER'S DEPOSITORY ACCOUNT DETAILS | | <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL | | 6. Investor Status | | | | | | | | | | | | | | | | | | | | | | | |
| For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID | | | | <input type="checkbox"/> NRI Non-Resident Indian (Repatriation basis) <input type="checkbox"/> FII Foreign Institutional Investor <input type="checkbox"/> FVCI Foreign Venture Capital Investor <input type="checkbox"/> FIISA FII Sub Account Corporate / Individual <input type="checkbox"/> OTH Others (Please Specify) | | | | | | | | | | | | | | | | | | | | | | | |
| 4. BID OPTIONS (Only Retail Individual Bidders can Bid at "Cut-off") | | 5. Category | | | | | | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <th rowspan="2">Bid Options</th> <th rowspan="2">No. of Equity Shares Bid (In Figures) (Bids must be in multiples of Bid Lot as advertised)</th> <th colspan="3">Price per Equity Share (₹) "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures)</th> </tr> <tr> <th>Bid Price</th> <th>Discount, if any</th> <th>Net Price</th> </tr> <tr> <td>Option 1</td> <td>7 6 5 4 3 2 1</td> <td>4 3 2 1</td> <td>4 3 2 1</td> <td>4 3 2 1</td> </tr> <tr> <td>(OR) Option 2</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(OR) Option 3</td> <td></td> <td></td> <td></td> <td></td> </tr> </table> | 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 | Discount, if any | Net Price | Option 1 | 7 6 5 4 3 2 1 | 4 3 2 1 | 4 3 2 1 | 4 3 2 1 | (OR) Option 2 | | | | | (OR) Option 3 | | | | | <input type="checkbox"/> Retail Individual <input type="checkbox"/> Non-Institutional <input type="checkbox"/> OIB | | | |
| 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 | Discount, if any | | Net Price | | | | | | | | | | | | | | | | | | | | | | | |
| Option 1 | 7 6 5 4 3 2 1 | 4 3 2 1 | 4 3 2 1 | 4 3 2 1 | | | | | | | | | | | | | | | | | | | | | | | |
| (OR) Option 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (OR) Option 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below) | | PAYMENT OPTIONS <input type="checkbox"/> Full Payment <input type="checkbox"/> Part Payment | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amount Paid (₹ in figures) _____ (₹ in words) _____ <input type="checkbox"/> (A) CHEQUE/ DEMAND DRAFT (DD) Cheque/DD No. _____ Dated DD/MM/YYYY Drawn on (Bank Name & Branch) _____ | | <input type="checkbox"/> (B) 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 FORM 2A 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 APPLICANT | | 8B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (For ASBA option ONLY) (We authorize the SCSB to do all acts as are necessary to make the Application in the Issue) | | BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system) | | | | | | | | | | | | | | | | | | | | | | | |
| Date : _____, 2011 | | 1) _____ 2) _____ 3) _____ | | | | | | | | | | | | | | | | | | | | | | | | | |
| XYZ LIMITED | | Acknowledgement Slip for Syndicate Member / SCSB | | Bid cum Application Form No. _____ | | | | | | | | | | | | | | | | | | | | | | | |
| DPID / CLID | | PAN | | | | | | | | | | | | | | | | | | | | | | | | | |
| Amount Paid (₹ in figures) | | Bank & Branch | | Stamp & Signature of Banker | | | | | | | | | | | | | | | | | | | | | | | |
| Cheque / DD/ASBA Bank A/c No. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Received from Mr./Ms. | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Telephone / Mobile | | Email | | | | | | | | | | | | | | | | | | | | | | | | | |
| XYZ LIMITED | | Acknowledgement Slip for Bidder | | Bid cum Application Form No. _____ | | | | | | | | | | | | | | | | | | | | | | | |
| Option 1 Option 2 Option 3 No. of Equity Shares Bid Price Amount Paid (₹) Cheque / DD/ASBA Bank A/c No. Bank & Branch | | Stamp & Signature of Syndicate Member / SCSB | | Name of Sole / First Applicant _____ | | | | | | | | | | | | | | | | | | | | | | | |

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/FIRST BIDDER/APPLICANT

- (a) Bidders/Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.
- (b) **Mandatory Fields:** Bidders/Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/mobile number fields are optional. Bidders/Applicants should note that the contact details mentioned in the Bid-cum Application Form/Application Form may be used to dispatch communications(including refund orders and letters notifying the unblocking of the bank accounts of ASBA Bidders/Applicants) 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 members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue 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 payments may be made out in favor of the Bidder/Applicant whose name appears in the Bid cum Application Form/Application Form or the Revision Form and 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 –

- (i) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*
- (ii) 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*
- (iii) 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 Sec. 447.”*

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term of not less than six months extending up to ten 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 109A of the Companies Act, 1956. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Bidders/Applicants should inform their respective DP.

4.1.2 FIELD NUMBER 2: PAN NUMBER 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(s) in whose name the relevant beneficiary account is held as per the Depositories' records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Bids/Applications on behalf of the Central or State Government, Bids/Applications by officials appointed by the courts and Bids/Applications by Bidders/Applicants residing in Sikkim (“PAN Exempted Bidders/Applicants”). Consequently, all Bidders/Applicants, other than the PAN Exempted Bidders/Applicants, are required to disclose their PAN in the Bid cum Application Form/Application Form, irrespective of the Bid/Application Amount. A Bid cum Application Form/Application Form without PAN, except in case of Exempted Bidders/Applicants, is liable to be rejected. Bids/Applications by the Bidders/Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.
- (c) The exemption for the PAN Exempted Bidders/Applicants is subject to (a) the Demographic

Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.

- (d) Bid cum Application Forms/Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- (e) Bids/Applications by Bidders whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/DP/22/2010. Such accounts are classified as “Inactive demat accounts” and demographic details are not provided by depositories.

4.1.3 FIELD NUMBER 3: BIDDERS/APPLICANTS DEPOSITORY ACCOUNT DETAILS

- (a) Bidders/Applicants should ensure that DP ID and the Client ID are correctly filled in the Bid cum Application Form/Application Form. The DP ID and Client ID provided in the Bid cum Application Form/Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Bid cum Application Form/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 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 Issue, 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 giving refunds and allocation advice (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), or unblocking of ASBA Account or for other correspondence(s) related to an Issue.
- (d) Bidders/Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Bidders/Applicants’ sole risk.

4.1.4 FIELD NUMBER 4: BID OPTIONS

- (a) Price or Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) may be disclosed in the Prospectus/RHP by the Issuer. The Issuer is required to announce the Floor Price or Price Band, minimum Bid Lot and Discount (if applicable) by way of an advertisement in at least one English, one Hindi and one regional newspaper, with wide circulation, at least five Working Days before Bid/Issue Opening Date in case of an IPO, and at least one Working Day before Bid/Issue 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 Issue 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 refer to the RHP/Prospectus or the advertisement regarding the Price Band published by the Issuer.

4.1.4.1 Maximum and Minimum Bid Size

- (a) The Bidder may Bid for the desired number of Equity Shares at a specific price. Bids by Retail Individual Investors, 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.

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.

- (b) 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.
- (c) Bids by QIBs and NIIs 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. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off Price'.
- (d) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment. QIBs and NII's cannot withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after bidding and are required to pay the Bid Amount upon submission of the Bid.
- (e) In case the Bid Amount reduces to ₹ 200,000 or less due to a revision of the Price Band, Bids by the Non-Institutional Bidders who are eligible for allocation in the Retail Category would be considered for allocation under the Retail Category.
- (f) For Anchor Investors, if applicable, the Bid Amount shall be least ₹ 100 million. 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 60.00% of the QIB Portion 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/ Issue 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 Issue Price, the balance amount shall be payable as per the pay-in-date mentioned in the revised CAN. In case the Issue Price is lower than the Anchor Investor Allocation Price, the amount in excess of the Issue Price paid by the Anchor Investors shall not be refunded to them.
- (g) A Bid cannot be submitted for more than the Issue size.
- (h) The maximum Bid by any Bidder including QIB Bidder should not exceed the investment limits prescribed for them under the applicable laws.
- (i) The price and quantity options submitted by the Bidder in the Bid cum Application Form may be treated as optional bids from the Bidder and may not be cumulated. After determination of the Issue Price, the number of Equity Shares Bid for by a Bidder at or above the Issue Price may be considered for allotment and the rest of the Bid(s), irrespective of the Bid Amount may automatically become invalid. This is not applicable in case of FPOs undertaken through Alternate Book Building Process (For details of bidders may refer to (Section 5.6 (e))

4.1.4.2 Multiple Bids

- (a) Bidder should submit only one Bid cum Application Form. Bidder shall have the option to make a maximum of Bids at three different price levels in the Bid cum Application Form and such options are not considered as multiple Bids.

Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate, SCSB or Registered Broker and duplicate copies of Bid cum Application Forms bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

- (b) Bidders are requested to note the following procedures may be followed by the Registrar to the Issue 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 and FII sub-accounts, Bids bearing the same PAN may be treated as multiple Bids by a Bidder and may be rejected.
 - (ii) For Bids from Mutual Funds and FII sub-accounts, submitted under the same PAN, as well as Bids on behalf of the PAN Exempted Bidders, the Bid cum Application Forms may be checked for common DP ID and Client ID. Such Bids which have the same DP ID and Client ID may be treated as multiple Bids and are liable to be rejected.
- (c) The following Bids may not be treated as multiple Bids:
 - (i) Bids by Reserved Categories bidding in their respective Reservation Portion as well as bids made by them in the Net Issue 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, and sub-accounts of FIIs (or FIIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.
 - (iv) Bids by Anchor Investors under the Anchor Investor Portion and the QIB Category.

4.1.5 FIELD NUMBER 5 : CATEGORY OF BIDDERS

- (a) The categories of Bidders identified as per the SEBI ICDR Regulations, 2009 for the purpose of Bidding, allocation and allotment in the Issue are RIIs, NIIs and QIBs.
- (b) Upto 60.00% 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 Issue 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 Issue, 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 Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue specific details in relation to allocation Bidder/Applicant may refer to the RHP/Prospectus.

4.1.6 FIELD NUMBER 6: INVESTOR STATUS

Each Bidder/Applicant should check whether it is eligible to apply under applicable law and

ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.

- (a) Certain categories of Bidders/Applicants, such as NRIs, FIIs and FVCIs may not be allowed to Bid/Apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Bidders/Applicants are requested to refer to the RHP/Prospectus for more details.
- (b) 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.
- (c) Bidders/Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 FIELD NUMBER 7: PAYMENT DETAILS

- (a) All Bidders are required to make payment of the full Bid Amount (net of any Discount, as applicable) along-with the Bid cum Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Bid Amount in the Bid cum Application Form and the payment shall be made for 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) Bidders who Bid at Cut-off price shall deposit the Bid Amount based on the Cap Price.
- (c) QIBs and NIIs can participate in the Issue only through the ASBA mechanism.
- (d) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("Non-ASBA Mechanism").
- (e) Bid Amount cannot be paid in cash, through money order or through postal order.

4.1.7.1 Instructions for non-ASBA Bidders:

- (a) Non-ASBA Bidders may submit their Bids with a member of the Syndicate or any of the Registered Brokers of the Stock Exchange. The details of Broker Centres along with names and contact details of the Registered Brokers are provided on the websites of the Stock Exchanges.
- (b) **For Bids made through a member of the Syndicate:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the members of the Syndicate at Specified Locations.
- (c) **For Bids made through a Registered Broker:** The Bidder may, with the submission of the Bid cum Application Form, draw a cheque or demand draft for the Bid Amount in favour of the Escrow Account as specified under the RHP/Prospectus and the Bid cum Application Form and submit the same to the Registered Broker.
- (d) If the cheque or demand draft accompanying the Bid cum Application Form is not made favoring the Escrow Account, the Bid is liable to be rejected.
- (e) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.

- (f) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Bidders until the Designated Date.
- (g) Bidders are advised to provide the number of the Bid cum Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.1.7.2 Payment instructions for ASBA Bidders

- (a) ASBA Bidders may submit the Bid cum Application Form either
 - (i) in physical mode to the Designated Branch of an SCSB where the Bidders/Applicants have ASBA Account; or
 - (ii) 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
 - (iii) in physical mode to a member of the Syndicate at the Specified Locations; or
 - (iv) Registered Brokers of the Stock Exchange.
- (b) ASBA Bidders may specify the Bank Account number in the Bid cum Application Form. The Bid cum Application Form submitted by an ASBA Bidder and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may 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 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) **ASBA Bidders bidding through a member of the Syndicate** should ensure that the Bid cum Application Form is submitted to a member of the Syndicate only at the Specified locations. ASBA Bidders should also note that Bid cum Application Forms submitted to a member of the Syndicate at the Specified locations may not be accepted by the Member of the Syndicate 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 the members of the Syndicate to deposit Bid cum Application Forms (a list of such branches is available on the website of SEBI at <http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries>).
- (g) **ASBA Bidders bidding through a Registered Broker** should note that Bid cum Application Forms submitted to the Registered Brokers may not be accepted by the Registered Broker, 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 the Registered Brokers to deposit Bid cum Application Forms.
- (h) **ASBA Bidders bidding directly through the SCSBs** should ensure that the Bid cum Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (i) Upon receipt of the Bid cum Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the Bid cum Application Form.
- (j) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Bid Amount mentioned in the Bid cum Application 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 upload such Bids on the Stock Exchange platform and such bids are liable to be rejected.
- (l) Upon submission of a completed Bid cum Application Form each ASBA 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 Bid cum Application 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 Issue, or until withdrawal or rejection of the Bid, as the case may be.
- (n) SCSBs bidding in the Issue must apply through an Account maintained with any other SCSB; else their Bids are liable to be rejected.

4.1.7.2.1 Unblocking of ASBA Account

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public 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 Issue, 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 Bid cum Application Form and for unsuccessful Bids, the Registrar to the Issue may give instructions to the SCSB to unblock the Bid Amount in the relevant ASBA Account within 12 Working Days of the Bid/Issue Closing Date.

4.1.7.3 Additional Payment Instructions for NRIs

The Non-Resident Indians who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of Bids by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.7.4 Discount (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) Bidders applying under RII category, Retail Individual Shareholder and employees are only eligible for discount. For Discounts offered in the Issue, Bidders may refer to the RHP/Prospectus.
- (c) The Bidders entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Bid Amount less Discount (if applicable).

Bidder may note that in case the net payment (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 RII category.

4.1.8 **FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS**

- (a) Only the First Bidder/Applicant is required to sign the Bid cum Application Form/Application Form. Bidders/Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the ASBA Bidder/Applicant., then the Signature of the ASBA Account holder(s) is also required.
- (c) In relation to the ASBA Bids/Applications, signature has to be correctly affixed in the authorization/undertaking box in the Bid cum Application Form/Application Form, or an authorisation has to be provided to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form/Application Form.
- (d) Bidders/Applicants must note that Bid cum Application Form/Application Form without signature of Bidder/Applicant and /or ASBA Account holder is liable to be rejected.

4.1.9 **ACKNOWLEDGEMENT AND FUTURE COMMUNICATION**

- (a) Bidders should ensure that they receive the acknowledgment duly signed and stamped by a member of the Syndicate, Registered Broker or SCSB, as applicable, for submission of the Bid cum Application Form.
- (b) Applicants should ensure that they receive the acknowledgment duly signed and stamped by an Escrow Collection Bank or SCSB, as applicable, for submission of the Application Form.
- (c) All communications in connection with Bids/Applications made in the Issue should be addressed as under:
 - (i) In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, refund orders, the Bidders/Applicants should contact the Registrar to the Issue.
 - (ii) In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders/Applicants should contact the relevant Designated Branch of the SCSB.
 - (iii) In case of queries relating to uploading of Syndicate ASBA Bids, the Bidders/Applicants should contact the relevant Syndicate Member.
 - (iv) In case of queries relating to uploading of Bids by a Registered Broker, the Bidders/Applicants should contact the relevant Registered Broker
 - (v) Bidder/Applicant may contact the Company Secretary and Compliance Officer or BRLM(s) in case of any other complaints in relation to the Issue.
- (d) The following details (as applicable) should be quoted while making any queries –
 - (i) full name of the sole or First Bidder/Applicant, Bid cum Application Form number, Applicants'/Bidders' DP ID, Client ID, PAN, number of Equity Shares applied for, amount paid on application.
 - (ii) name and address of the member of the Syndicate, Registered Broker or the Designated Branch, as the case may be, where the Bid was submitted-
 - In case of Non-ASBA bids cheque or draft number and the name of the issuing bank thereof
 - In case of ASBA Bids, ASBA Account number in which the amount equivalent to

the Bid Amount was blocked.

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/Issue Period, any Bidder/Applicant (other than QIBs and NIIs, 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) RII may revise their bids till closure of the bidding period or withdraw their bids until finalization of allotment.
- (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/ Issue Period. However, for any revision(s) in the Bid, the Bidders/Applicants will have to use the services of the same member of the Syndicate, the Registered Broker or the SCSB 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 FOR ASBA / NON-ASBA | | XYZ LIMITED - PUBLIC ISSUE - R | | FOR RESIDENT INDIAN, QIB, ELIGIBLE NRI's APPLYING ON A NON-REPATRIATION BASIS | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|-------|--|-------|--|-------|-----------|-------|------------------|--|-----------|--|-----------|--|---|---|---|---|---|---|---|---|-------|-------|-------|-------|-------|-------|-------|-------|
| Logo To, The Board of Directors XYZ Limited | | BOOK BUILDING ISSUE INE523L01018 | | Bid cum Application Form No. | | | | | | | | | | | | | | | | | | | | | | | | | |
| SYNDICATE MEMBER'S STAMP & CODE ESCROW BANK / SCSB BRANCH STAMP & CODE BANK BRANCH SERIAL NO. | | BROKER'S / AGENT'S STAMP & CODE SUB-BROKER'S / SUB-AGENT'S STAMP & CODE REGISTRAR'S / SCSB SERIAL NO. | | 1. NAME & CONTACT DETAILS of Sole / First Applicant Mr. / Ms. _____ Tel. No (with STD code) / Mobile _____ 2. PAN OF SOLE / FIRST APPLICANT _____ 3. BIDDER'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> 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) 7 6 5 4 3 2 1 Option 1 _____ (OR) Option 2 _____ (OR) Option 3 _____ | | Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2">Bid Price</th> <th colspan="2">Discount, if any</th> <th colspan="2">Net Price</th> <th colspan="2">"Cut-off"</th> </tr> <tr> <td>4</td><td>3</td><td>2</td><td>1</td><td>4</td><td>3</td><td>2</td><td>1</td> </tr> <tr> <td>_____</td><td>_____</td><td>_____</td><td>_____</td><td>_____</td><td>_____</td><td>_____</td><td>_____</td> </tr> </table> | | | | Bid Price | | Discount, if any | | Net Price | | "Cut-off" | | 4 | 3 | 2 | 1 | 4 | 3 | 2 | 1 | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Bid Price | | Discount, if any | | Net Price | | "Cut-off" | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | 3 | 2 | 1 | 4 | 3 | 2 | 1 | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | | | | | | | | | | | | | | | | | | | | | | |
| 5. TO (Revised Bid) Bid Options No. of Equity Shares Bid (Bids must be in multiples of Bid Lot as advertised) (In Figures) 7 6 5 4 3 2 1 Option 1 _____ (OR) Option 2 _____ (OR) Option 3 _____ | | Price per Equity Share (₹) / "Cut-off" (Price in multiples of ₹ 1/- only) (In Figures) <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th colspan="2">Bid Price</th> <th colspan="2">Discount, if any</th> <th colspan="2">Net Price</th> <th colspan="2">"Cut-off"</th> </tr> <tr> <td>4</td><td>3</td><td>2</td><td>1</td><td>4</td><td>3</td><td>2</td><td>1</td> </tr> <tr> <td>_____</td><td>_____</td><td>_____</td><td>_____</td><td>_____</td><td>_____</td><td>_____</td><td>_____</td> </tr> </table> | | | | Bid Price | | Discount, if any | | Net Price | | "Cut-off" | | 4 | 3 | 2 | 1 | 4 | 3 | 2 | 1 | _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ |
| Bid Price | | Discount, if any | | Net Price | | "Cut-off" | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | 3 | 2 | 1 | 4 | 3 | 2 | 1 | | | | | | | | | | | | | | | | | | | | | | |
| _____ | _____ | _____ | _____ | _____ | _____ | _____ | _____ | | | | | | | | | | | | | | | | | | | | | | |
| 6. PAYMENT DETAILS (Please tick (✓) any one of payment option A or B below) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additional Amount Paid (₹ in figures) _____ (₹ in words) _____ <input type="checkbox"/> (A) CHEQUE/ DEMAND DRAFT (DD) Cheque/DD No. _____ Dated DD/MM/YYYY Drawn on (Bank Name & Branch) _____ | | <input type="checkbox"/> (B) ASBA Bank A/c No. _____ Bank Name & Branch _____ PAYMENT OPTIONS <input type="checkbox"/> Full Payment <input type="checkbox"/> Part Payment | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 REVISION FORM AND THE ATTACHED FORM 2A 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 Filing up the Bid revision Form given overleaf. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7A. SIGNATURE OF SOLE / JOINT APPLICANT(S) _____ Date : _____, 2011 | | 7B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) (FOR ASBA OPTION ONLY) I/We authorize the SCSB to do all acts as are necessary to make the Application in the Issue 1) _____ 2) _____ 3) _____ | | BROKER'S / SCSB BRANCH'S STAMP (Acknowledging upload of Bid in Stock Exchange system) _____ | | | | | | | | | | | | | | | | | | | | | | | | | |
| TEAR HERE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| XYZ LIMITED BID REVISION FORM | | Acknowledgement Slip for Syndicate Member / SCSB | | Bid cum Application Form No. | | | | | | | | | | | | | | | | | | | | | | | | | |
| DPID / CLID _____ Additional Amount Paid (₹) _____ Cheque / DD/ASBA Bank A/c No. _____ Received from Mr./Ms. _____ Telephone / Mobile _____ Email _____ | | Bank & Branch _____ Stamp & Signature of Banker _____ | | PAN _____ | | | | | | | | | | | | | | | | | | | | | | | | | |
| TEAR HERE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| XYZ LIMITED BID REVISION FORM | | Acknowledgement of Syndicate Member / SCSB | | Name of Sole / First Applicant _____ Acknowledgement Slip for Bidder Bid cum Application Form No. | | | | | | | | | | | | | | | | | | | | | | | | | |
| No. of Equity Shares _____ Bid Price _____ Additional Amount Paid (₹) _____ Cheque / DD/ASBA Bank A/c No. _____ Bank & Branch _____ | | Option 1 _____ Option 2 _____ Option 3 _____ | | _____ | | | | | | | | | | | | | | | | | | | | | | | | | |

Instructions to fill each field of the Revision Form can be found on the reverse side of the Revision Form. Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST BIDDER/APPLICANT, 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 members of the Syndicate, the Registered Brokers and the Designated Branches of the SCSBs 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 RIIs, 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 RIIs, Employees and Retail Individual Shareholders indicating their agreement to Bid for and purchase the Equity Shares at the Issue 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 Portion in terms of the RHP/Prospectus. If, however, the RII does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the RII and the RII is deemed to have approved such revised Bid at Cut-off Price.
- (e) In case of a downward revision in the Price Band, RIIs 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 in case of ASBA Bidders or refunded from the Escrow Account in case of non-ASBA Bidder.

4.2.3 FIELD 6: PAYMENT DETAILS

- (a) With respect to the Bids, other than Bids submitted by ASBA Bidders/Applicants, any revision of the Bid should be accompanied by payment in the form of cheque or demand draft for the amount, if any, to be paid on account of the upward revision of the Bid.
- (b) All Bidders/Applicants are required to make payment of the full Bid Amount (less Discount (if applicable) along with the Bid Revision Form. 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.
- (c) In case of Bids submitted by ASBA Bidder/Applicant, Bidder/Applicant 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 member of the Syndicate/Registered Broker or the same Designated Branch (as the case may be) through whom such Bidder/Applicant had placed the original Bid to enable the relevant SCSB to block the additional Bid Amount, if any.
- (d) In case of Bids, other than ASBA Bids, Bidder/Applicant, may make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder/Applicant wants to continue to Bid at the Cut-off Price), with the members of the Syndicate / Registered Broker to whom the original Bid was submitted.
- (e) 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 Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for may be adjusted downwards for the purpose of allotment, such that no additional payment is required from the Bidder/Applicant and the Bidder/Applicant is deemed to have approved such revised Bid at the Cut-off Price.

- (f) In case of a downward revision in the Price Band, RIIs, Employees and Retail Individual Shareholders, 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 in case of ASBA Bidders/Applicants or refunded from the Escrow Account in case of non-ASBA Bidder/Applicant.

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 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 to the Issue (LM) 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 RIIs, 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 Issue 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 to Collection Bank(s) or SCSB and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (h) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue 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 and FII sub-accounts, Bids bearing the same PAN may be treated as multiple applications by a Bidder/Applicant and may be rejected.
 - (ii) For applications from Mutual Funds and FII sub-accounts, submitted under the same PAN,

as well as Bids 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 Issue 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, and sub-accounts of FIIs (or FIIs and its sub-accounts) 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 Issue are RIIs, individual applicants other than RII'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 Issue, 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 Issue depending upon compliance with the eligibility conditions. Details pertaining to allocation are disclosed on reverse side of the Revision Form. For Issue 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 are required to make payment of the full Amount (net of any Discount, as applicable) along-with the Application Form. If the Discount is applicable in the Issue, the RIIs should indicate the full Amount in the Application Form and the payment shall be made for an Amount net of Discount. Only in cases where the Prospectus indicates that part payment may be made, such an option can be exercised by the Applicant.
- (b) RIIs and/or Reserved Categories bidding in their respective reservation portion can Bid, either through the ASBA mechanism or by paying the Bid Amount through a cheque or a demand draft ("Non-ASBA Mechanism").
- (c) Application Amount cannot be paid in cash, through money order or through postal order or through stock invest.

4.3.5.1 Instructions for non-ASBA Applicants:

- (a) Non-ASBA Applicants may submit their Application Form with the Collection Bank(s).
- (b) For Applications made through a Collection Bank(s): The Applicant may, with the submission of the Application Form, draw a cheque or demand draft for the Bid Amount in favor of the Escrow Account as specified under the Prospectus and the Application Form and submit the same to the escrow Collection Bank(s).

- (c) If the cheque or demand draft accompanying the Application Form is not made favoring the Escrow Account, the form is liable to be rejected.
- (d) Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Cheques/bank drafts drawn on banks not participating in the clearing process may not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected.
- (e) The Escrow Collection Banks shall maintain the monies in the Escrow Account for and on behalf of the Applicants until the Designated Date.
- (f) Applicants are advised to provide the number of the Application Form and PAN on the reverse of the cheque or bank draft to avoid any possible misuse of instruments submitted.

4.3.5.2 Payment instructions for ASBA Applicants

- (a) ASBA Applicants may submit the Application Form in physical mode to the Designated Branch of an SCSB where the Applicants have ASBA Account.
- (b) ASBA Applicants may specify the Bank Account number in the Application Form. The Application Form submitted by an ASBA Applicant and which is accompanied by cash, demand draft, money order, postal order or any mode of payment other than blocked amounts in the ASBA Account maintained with an SCSB, may not be accepted.
- (c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- (d) Applicants 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) ASBA Applicants bidding directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained.
- (g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- (h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- (i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- (j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.
- (k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.
- (l) SCSBs applying in the Issue must apply through an ASBA Account maintained with any other

SCSB; else their Applications are liable to be rejected.

4.3.5.2.1 Unblocking of ASBA Account

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (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 Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application 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 Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 12 Working Days of the Issue Closing Date.

4.3.5.3 Discount (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.
- (c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

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/ REVISION FORM/APPLICATION 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 |
|----------------------|--|
| Non-ASBA Application | 1) To members of the Syndicate at the Specified Locations mentioned in the Bid cum Application Form |
| | 2) To Registered Brokers |
| ASBA Application | (a) To members of the Syndicate in the Specified Locations or Registered Brokers at the Broker Centres |
| | (b) To the Designated branches of the SCSBs where the ASBA Account is maintained |

- (a) Bidders/Applicants should not submit the bid cum application forms/ Revision Form directly to the escrow collection banks. Bid cum Application Form/ Revision Form submitted to the escrow collection banks are liable for rejection.
- (b) Bidders/Applicants should submit the Revision Form to the same member of the Syndicate, the Registered Broker or the SCSB through which such Bidder/Applicant had placed the original Bid.
- (c) 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 Registrar of Companies (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.

- (d) Upon determination of the Issue 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 Issue, refers to the process of collection of Bids within the Price Band or above the Floor Price and determining the Issue Price based on the Bids received as detailed in Schedule XI of SEBI ICDR Regulations, 2009. The Issue Price is finalised after the Bid/Issue Closing Date. Valid Bids received at or above the Issue Price are considered for allocation in the Issue, subject to applicable regulations and other terms and conditions.

5.1 SUBMISSION OF BIDS

- (a) During the Bid/Issue Period, ASBA Bidders/Applicants may approach the members of the Syndicate at the Specified Cities or any of the Registered Brokers or the Designated Branches to register their Bids. Non-ASBA Bidders/Applicants who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or any of the Registered Brokers, to register their Bid.
- (b) Non-ASBA Bidders/Applicants (RIIs, Employees and Retail Individual Shareholders) bidding at Cut-off Price may submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount less discount (if applicable) based on the Cap Price with the members of the Syndicate/ any of the Registered Brokers to register their Bid.
- (c) In case of ASBA Bidders/Applicants (excluding NIIs and QIBs) bidding at Cut-off Price, the ASBA Bidders/Applicants may instruct the SCSBs to block Bid Amount based on the Cap Price less discount (if applicable). ASBA Bidders/Applicants may approach the members of the Syndicate or any of the Registered Brokers or the Designated Branches to register their Bids.
- (d) 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 Syndicate, the Registered Brokers and the SCSBs may register the Bids using the on-line facilities of the Stock Exchanges. The Syndicate, the Registered Brokers and the Designated Branches of the SCSBs can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the issue.
- (b) On the Bid/Issue Closing Date, the Syndicate, the Registered Broker and the Designated Branches of the SCSBs may upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/ Allotment. The members of the Syndicate, the Registered Brokers and the SCSBs are given up to one day after the Bid/Issue Closing Date to modify select fields uploaded in the Stock Exchange Platform during the Bid/Issue Period after which the Stock Exchange(s) send the bid information to the Registrar for validation of the electronic bid details with the Depository's records.

5.3 BUILD UP OF THE BOOK

- (a) Bids received from various Bidders/Applicants through the Syndicate, Registered Brokers and the SCSBs 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/Issue 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/Issue Period.

5.4 WITHDRAWAL OF BIDS

- (a) RIIs can withdraw their Bids until finalization of Basis of Allotment. In case a RII applying through the ASBA process wishes to withdraw the Bid during the Bid/Issue Period, the same can be done by submitting a request for the same to the concerned SCSB or the Syndicate Member or the Registered Broker, as applicable, who shall do the requisite, including unblocking of the funds by the SCSB in the ASBA Account.
- (b) In case a RII wishes to withdraw the Bid after the Bid/Issue Period, the same can be done by submitting a withdrawal request to the Registrar to the Issue until finalization of Basis of Allotment. The Registrar to the Issue shall give instruction to the SCSB for unblocking the ASBA Account on the Designated Date. QIBs and NIIs can neither withdraw nor lower the size of their Bids at any stage.

5.5 REJECTION & RESPONSIBILITY FOR UPLOAD OF BIDS

- (a) The members of the Syndicate, the Registered Broker and/or SCSBs are individually responsible for the acts, mistakes or errors or omission in relation to
 - (i) the Bids accepted by the members of the Syndicate, the Registered Broker and the SCSBs,
 - (ii) the Bids uploaded by the members of the Syndicate, the Registered Broker and the SCSBs,
 - (iii) the Bid cum application forms accepted but not uploaded by the members of the Syndicate, the Registered Broker and the SCSBs, or
 - (iv) With respect to Bids by ASBA Bidders/Applicants, Bids accepted and uploaded by SCSBs without blocking funds in the ASBA Accounts. It may be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant Account.
- (b) The BRLMs and their affiliate Syndicate Members, as the case may be, may reject Bids if all the 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, NIIs & RIIs Bids can be rejected on technical grounds listed herein.

5.5.1 GROUNDS FOR TECHNICAL REJECTIONS

Bid cum Application Forms/Application Form can be rejected on the below mentioned technical grounds either at the time of their submission to the (i) authorised agents of the BRLMs, (ii) Registered Brokers, or (iii) SCSBs, or (iv) Collection Bank(s), 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, inter-alia, on the following grounds, which have been detailed at various places 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/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) DP ID and Client ID not mentioned in the Bid cum Application Form/Application Form;
- (h) PAN not mentioned in the Bid cum Application Form/Application Form 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;
- (i) In case no corresponding record is available with the Depositories that matches the DP ID, the Client ID and the PAN;
- (j) Bids/Applications for lower number of Equity Shares than the minimum specified for that category of investors;
- (k) Bids/Applications at a price less than the Floor Price & Bids/Applications at a price more than the Cap Price;
- (l) Bids/Applications at Cut-off Price by NIIs and QIBs;
- (m) Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for. With respect to Bids/Applications by ASBA Bidders, the amounts mentioned in the Bid cum Application Form/Application Form does not tally with the amount payable for the value of the Equity Shares Bid/Applied for;
- (n) Bids/Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- (o) In relation to ASBA Bids/Applications, submission of more than five Bid cum Application Forms/Application Form as per ASBA Account;
- (p) Bids/Applications for a Bid/Application Amount of more than ₹ 200,000 by RIIs by applying through non-ASBA process;
- (q) Bids/Applications for number of Equity Shares which are not in multiples Equity Shares which are not in multiples as specified in the RHP;
- (r) Multiple Bids/Applications as defined in this GID and the RHP/Prospectus;
- (s) Bid cum Application Forms/Application Forms are not delivered by the Bidders/Applicants within the time prescribed as per the Bid cum Application Forms/Application Form, Bid/Issue Opening Date advertisement and as per the instructions in the RHP and the Bid cum Application Forms;
- (t) With respect to ASBA Bids/Applications, inadequate funds in the bank account to block the Bid/Application Amount specified in the Bid cum Application Form/ Application Form at the time of blocking such Bid/Application Amount in the bank account;
- (u) Bids/Applications where sufficient funds are not available in Escrow Accounts as per final

certificate from the Escrow Collection Banks;

- (v) With respect to ASBA Bids/Applications, where no confirmation is received from SCSB for blocking of funds;
- (w) Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders not submitted through ASBA process or Bids/Applications by QIBs (other than Anchor Investors) and Non Institutional Bidders accompanied with cheque(s) or demand draft(s);
- (x) ASBA Bids/Applications submitted to a BRLM at locations other than the Specified Cities and Bid cum Application Forms/Application Forms, under the ASBA process, submitted 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 Issue;
- (y) Bids/Applications not uploaded on the terminals of the Stock Exchanges; and
- (z) 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 Issue depending on compliance with the eligibility conditions. Certain details pertaining to the percentage of Issue 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 Retail Category 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 Issue, spill-over to the extent of such under-subscription may be permitted from the Reserved Portion to the Net Issue. 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 Issue; 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 at various prices and is collated from Bids received from various investors.

| Bid Quantity | Bid Amount (₹) | Cumulative Quantity | Subscription |
|--------------|----------------|---------------------|--------------|
| 500 | 24 | 500 | 16.67% |
| 1,000 | 23 | 1,500 | 50.00% |
| 1,500 | 22 | 3,000 | 100.00% |
| 2,000 | 21 | 5,000 | 166.67% |
| 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 in the above example. The Issuer, in consultation with the BRLMs, may finalise the Issue Price at or below such Cut-Off Price, i.e., at or below ₹ 22. 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/Issue 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. RIIs, NIIs 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 Issue. As the Issue Price is mentioned in the Fixed Price Issue 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 Syndicate Members/SCSB and/or Bankers to the Issue or Registered Broker.

ASBA Applicants may submit an Application Form either in physical form to the Syndicate Members or Registered Brokers or the Designated Branches of the SCSBs 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/Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; 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 the GID.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

The allotment of Equity Shares to Bidders/Applicants other than Retail Individual Investors 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 Investor is will be allotted less than the minimum Bid Lot subject to availability of shares in Retail Individual Investor 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 90.00% of the Issue (excluding any Offer for Sale of specified securities). However, in case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable. The requirement for minimum subscription is not applicable to the Offer for Sale.

7.1 ALLOTMENT TO RIIs

Bids received from the RIIs at or above the Issue Price may be grouped together to determine the total demand under this category. If the aggregate demand in this category is less than or equal to the Retail Category at or above the Issue Price, full Allotment may be made to the RIIs to the extent of the valid Bids. If the aggregate demand in this category is greater than the allocation to in the Retail Category at or

above the Issue Price, then the maximum number of RIIs who can be Allotted the minimum Bid Lot will be computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot ("Maximum RII Allottees"). The Allotment to the RIIs will then be made in the following manner:

- (a) In the event the number of RIIs who have submitted valid Bids in the Issue is equal to or less than Maximum RII Allottees, (i) all such RIIs shall be Allotted the minimum Bid Lot; and (ii) the balance available Equity Shares, if any, remaining in the Retail Category shall be Allotted on a proportionate basis to the RIIs who have received Allotment as per (i) above for the balance demand of the Equity Shares Bid by them (i.e. who have Bid for more than the minimum Bid Lot).
- (b) In the event the number of RIIs who have submitted valid Bids in the Issue is more than Maximum RII Allottees, the RIIs (in that category) who will then be allotted minimum Bid Lot shall be determined on the basis of draw of lots.

7.2 ALLOTMENT TO NIIs

Bids received from NIIs at or above the Issue Price may be grouped together to determine the total demand under this category. The allotment to all successful NIIs may be made at or above the Issue Price. If the aggregate demand in this category is less than or equal to the Non-Institutional Category at or above the Issue Price, full allotment may be made to NIIs to the extent of their demand. In case the aggregate demand in this category is greater than the Non-Institutional Category at or above the Issue Price, allotment may be made on a proportionate basis up to a minimum of the Non-Institutional Category.

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 Issue 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 Issue Price. Allotment may be undertaken in the following manner:

- (a) In the first instance allocation to Mutual Funds for up to 5.00% of the QIB Category may be determined as follows: (i) In the event that Bids by Mutual Fund exceeds 5.00% of the QIB Category, allocation to Mutual Funds may be done on a proportionate basis for up to 5.00% of the QIB Category; (ii) In the event that the aggregate demand from Mutual Funds is less than 5.00% of the QIB Category then all Mutual Funds may get full allotment to the extent of valid Bids received above the Issue Price; and (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds may be available for allotment to all QIBs 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 Issue Price may be Allotted Equity Shares on a proportionate basis for up to 95.00% 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 5.00% 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 Allocation Price will be at the discretion of the issuer subject to compliance with the following requirements:
 - (i) not more than 60.00% of the QIB Portion will be allocated to Anchor Investors;
 - (ii) one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to other Anchor Investors; and

- (iii) allocation to Anchor Investors shall be on a discretionary basis and subject to:
 - a maximum number of 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 ₹ 2500 million subject to minimum allotment of ₹ 50 million per such Anchor Investor; and
 - a minimum number of five Anchor Investors and maximum number of 25 Anchor Investors for allocation of more than ₹ 2500 million subject to minimum allotment of ₹ 50 million per such Anchor Investor.
- (b) A physical book is prepared by the Registrar on the basis of the Bid cum 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.
- (c) **In the event that the Issue 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 Issue 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.
- (d) **In the event the Issue 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), NIIs AND RESERVED CATEGORY IN CASE OF OVER-SUBSCRIBED ISSUE

In the event of the Issue 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 (other than ASBA funds with the SCSBs) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the RHP.
- (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 Issue.**

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 Issue.

- (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 12 Working Days of the Bid/Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within two Working Days from the date of Allotment, after the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may 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 12 Working Days of the Bid/Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 12 Working Days of the Bid/Issue 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) and obtain permission for listing of the Equity Shares, in accordance with the provisions of Section 40 of the Companies Act, 2013, the Issuer may be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees 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 fifty thousand rupees but which may extend to three lakh rupees, or with both.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the

Bidders/Applicants in pursuance of the RHP/Prospectus.

If such money is not repaid within the eight days 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 eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, and as disclosed in the RHP/Prospectus.

8.2.2 NON RECEIPT OF MINIMUM SUBSCRIPTION

If the Issuer does not receive a minimum subscription of 90.00% of the Net Issue (excluding any offer for sale of specified securities), including devolvement to the Underwriters, within 60 days from the Bid/Issue Closing Date, the Issuer may forthwith, without interest refund the entire subscription amount received. In case the Issue is in the nature of Offer for Sale only, then minimum subscription may not be applicable.

If there is a delay beyond the prescribed time, then the Issuer and every director of the Issuer who is an officer in default may be liable to repay the money, with interest at the rate of 15.00% per annum.

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 Issue under Regulation 26(2) of SEBI (ICDR) Regulations, 2009 but fails to allot at least 75.00% of the Net Issue to QIBs, in such case full subscription money is to be refunded.

8.3 MODE OF REFUND

- (a) **In case of ASBA Bids/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Bid/Application and also for any excess amount blocked on Bidding/Application.
- (b) **In case of Non-ASBA Bid/Applications:** Within 12 Working Days of the Bid/Issue Closing Date, the Registrar to the Issue may dispatch the refund orders for all amounts payable to unsuccessful Bidders/Applicants and also for any excess amount paid on Bidding/Application, after adjusting for allocation/ allotment to Bidders/Applicants.
- (c) In case of non-ASBA Bidders/Applicants, the Registrar to the Issue may obtain from the depositories the Bidders/Applicants' bank account details, including the MICR code, on the basis of the DP ID, Client ID and PAN provided by the Bidders/Applicants in their Bid cum Application Forms for refunds. Accordingly, Bidders/Applicants are advised to immediately update their details as appearing on the records of their DPs. 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 Bidders/Applicants' sole risk and neither the Issuer, the Registrar to the Issue, the Escrow Collection Banks, or the Syndicate, may be liable to compensate the Bidders/Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay.
- (d) In the case of Bids from Eligible NRIs and FIIs, refunds, if any, may generally be payable in Indian Rupees only and net of bank charges and/or commission. If so desired, such payments in Indian Rupees may be converted into U.S. Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and may be dispatched by registered post. The Issuer may not be responsible for loss, if any, incurred by the Bidder/Applicant on account of conversion of foreign currency.

8.3.1 Mode of making refunds for Bidders/Applicants other than ASBA Bidders/Applicants

The payment of refund, if any, may be done through various 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 Bidders/Applicants' 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 Bidders/Applicants 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 Bidders/Applicants 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) **Direct Credit**—Bidders/Applicants having their bank account with the Refund Banker may be eligible to receive refunds, if any, through direct credit to such bank account;
- (d) **RTGS**—Bidders/Applicants 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; and
- (e) For all the other Bidders/Applicants, including Bidders/Applicants who have not updated their bank particulars along with the nine-digit MICR code, the refund orders may be dispatched through speed post or registered post for refund orders. Such refunds may be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Bids are received.

For details of levy of charges, if any, for any of the above methods, Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers etc Bidders/Applicants may refer to RHP/Prospectus.

8.3.2 Mode of making refunds for ASBA Bidders/Applicants

In case of ASBA Bidders/Applicants, the Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA Bids or in the event of withdrawal or failure of the Issue.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15.00% per annum if refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to Bidders/Applicants or instructions for unblocking of funds in the ASBA Account are not dispatched within the 12 Working days of the Bid/Issue Closing Date.

The Issuer may pay interest at 15.00% per annum for any delay beyond 15 days from the Bid/ Issue 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 Issue to successful Bidders/Applicants |
| Allottee | A Bidder/Applicant to whom the Equity Shares are Allotted |
| 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 |
| Anchor Investor | A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations |
| Anchor Investor Portion | Up to 60.00% 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 Form | The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue |
| Application Supported by Blocked Amount/ (ASBA)/ASBA | A process of submitting the Bid cum Application Form, whether physical or electronic, used by Bidders, other than Anchor Investors, to make a Bid authorising a SCSB to block the Bid Amount in the ASBA Account maintained with the SCSB. ASBA is mandatory for QIBs (except Anchor Investors) and the Non-Institutional Bidders participating in the Issue |
| ASBA Account | An account maintained with the SCSB and specified in the Bid cum Application Form submitted by an ASBA Bidder for blocking the Bid Amount mentioned in the Bid cum Application Form |
| ASBA Bid | A Bid made by an ASBA Bidder |
| ASBA Bidder/Applicant | Prospective investors (except Anchor Investors) in this Issue who intend to submit Bid through the ASBA process |
| Banker(s) to the Issue/ Escrow Collection Bank(s)/ Collecting Banker | The banks which are clearing members and registered with SEBI as Banker to the Issue with whom the Escrow Account(s) 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 Issue |
| Bid | An indication to make an offer during the Bid/Issue Period by a prospective Bidder pursuant to submission of Bid cum Application Form or during the Anchor Investor Bid/Issue 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 /Issue Closing Date | The date after which the Syndicate, Registered Brokers and the SCSBs may not accept any Bids for the Issue, 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. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Closing Date |
| Bid/Issue Opening Date | The date on which the Syndicate and the SCSBs may start accepting Bids for the Issue, 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. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Opening Date |
| Bid/Issue Period | Except in the case of Anchor Investors (if applicable), the period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders/Applicants (other than Anchor Investors) can submit their Bids, inclusive of any revisions thereof. The Issuer may consider closing the Bid/ Issue Period for QIBs one working day prior to the Bid/Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants/bidders may refer to the RHP/Prospectus for the Bid/ Issue Period |
| Bid Amount | The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder/Applicant 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 form in terms of which the Bidder/Applicant should make an offer to subscribe for or purchase the Equity Shares and which may be considered as the application for Allotment for the purposes of the Prospectus, whether applying through the ASBA or otherwise. In case of issues undertaken through the fixed price process, all references to the Bid cum Application Form should be construed to mean the Application Form |
| Bidder/Applicant | Any prospective investor (including an ASBA Bidder/Applicant) who makes a Bid pursuant to the terms of the RHP/Prospectus and the Bid cum Application Form. In |

| Term | Description |
|---|---|
| | case of issues undertaken through the fixed price process, all references to a Bidder/Applicant should be construed to mean an Bidder/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 Issue is being made |
| Broker Centres | Broker centres notified by the Stock Exchanges, where Bidders/Applicants can submit the Bid cum Application Forms/Application Form 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 Issue as disclosed in the RHP/Prospectus and the Bid cum Application Form of the Issuer. In case of issues undertaken through the fixed price process, all references to the Book Running Lead Manager should be construed to mean the Lead Manager or LM |
| Business Day | Monday to Friday (except public holidays) |
| CAN/Confirmation of Allotment Note | The note or advice or intimation sent to each successful Bidder/Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange |
| Cap Price | The higher end of the Price Band, above which the Issue Price and the Anchor Investor Allocation 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 |
| Companies Act | The Companies Act, 1956 and/or the Companies Act, 2013, as applicable |
| Cut-off Price | Issue Price, finalised by the Issuer in consultation with the Book Running Lead Manager(s), which can be any price within the Price Band. Only RIIs, 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 the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html |
| Designated Date | The date on which funds are transferred by the Escrow Collection Bank(s) from the Escrow Account or 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 Stock Exchange | The designated stock exchange as disclosed in the RHP/Prospectus of the Issuer |
| Discount | Discount to the Issue 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 promoter. 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 Bidders/Applicants (excluding the ASBA Bidders/Applicants) may Issue cheques or drafts in respect of the Bid Amount when submitting a Bid |
| Escrow Agreement | Agreement to be entered into among the Issuer, the Registrar to the Issue, the Book Running Lead Manager(s), the Syndicate Member(s), the Escrow Collection Bank(s) and the Refund Bank(s) for collection of the Bid Amounts and where applicable, remitting refunds of the amounts collected to the Bidders/Applicants (excluding the ASBA Bidders/Applicants) on the terms and conditions thereof |
| Escrow Collection Bank(s) | Refer to definition of Banker(s) to the Issue |
| FCNR Account | Foreign Currency Non-Resident Account |
| First Bidder/Applicant | The Bidder/Applicant whose name appears first in the Bid cum Application Form or |

| Term | Description |
|--|---|
| | Revision Form |
| 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 Issue is being made |
| Floor Price | The lower end of the Price Band, at or above which the Issue Price and the Anchor Investor Allocation Price may be finalised and below which no Bids may be accepted, subject to any revision thereto |
| 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 |
| Issue | Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable |
| Issuer/ Company | The Issuer proposing the initial public offering/further public offering as applicable |
| Issue Price | The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Book Running Lead Manager(s) |
| Maximum RII Allottees | The maximum number of RIIs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Bid Lot. |
| 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 | 5.00% 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 Issue 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 Issue | The Issue less reservation portion |
| Non-Institutional Investors or NIIs | All Bidders/Applicants, including sub accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, 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 Issue being such number of Equity Shares available for allocation to NIIs 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, FIIs registered with SEBI 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 60.00% by NRIs including overseas trusts, in which not less than 60.00% 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 for Sale | Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholders |
| Other Investors | Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for. |
| 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 Issue may be decided by the Issuer in consultation with the Book Running Lead Manager(s) and advertised, at least two working days in case of an IPO and one working day in case of FPO, prior to the Bid/ Issue 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 Issue Price |

| Term | Description |
|--|---|
| Prospectus | The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act, 1956 after the Pricing Date, containing the Issue Price, the size of the Issue and certain other information |
| Public Issue Account | An account opened with the Banker to the Issue to receive monies from the Escrow Account and from the ASBA Accounts on the Designated Date |
| Qualified Foreign Investors or QFIs | Non-Resident investors, other than SEBI registered FIIs or sub-accounts or SEBI registered FVCIs, who meet 'know your client' requirements prescribed by SEBI and are resident in a country which is (i) a member of Financial Action Task Force or a member of a group which is a member of Financial Action Task Force; and (ii) a signatory to the International Organisation of Securities Commission's Multilateral Memorandum of Understanding or a signatory of a bilateral memorandum of understanding with SEBI. Provided that such non-resident investor shall not be resident in country which is listed in the public statements issued by Financial Action Task Force from time to time on: (i) jurisdictions having a strategic anti-money laundering/combating the financing of terrorism deficiencies to which counter measures apply; (ii) jurisdictions that have not made sufficient progress in addressing the deficiencies or have not committed to an action plan developed with the Financial Action Task Force to address the deficiencies |
| QIB Category | The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis |
| Qualified Institutional Buyers or QIBs | As defined under SEBI ICDR Regulations |
| RTGS | Real Time Gross Settlement |
| Red Herring Prospectus/ RHP | The red herring prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The RHP may be filed with the RoC at least three days before the Bid/Issue Opening Date and may become a Prospectus upon filing with the RoC after the Pricing Date. In case of issues undertaken through the fixed price process, all references to the RHP should be construed to mean the Prospectus |
| Refund Account(s) | The account opened with Refund Bank(s), from which refunds (excluding refunds to ASBA Bidders/Applicants), if any, of the whole or part of the Bid Amount may be made |
| Refund Bank(s) | Refund bank(s) as disclosed in the RHP/Prospectus and Bid cum Application Form of the Issuer |
| Refunds through electronic transfer of funds | Refunds through NECS, Direct Credit, NEFT, RTGS or ASBA, as applicable |
| Registered Broker | Stock Brokers registered with the Stock Exchanges having nationwide terminals, other than the members of the Syndicate |
| Registrar to the Issue/RTI | The Registrar to the Issue 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 Issue reserved for category of eligible Bidders/Applicants as provided under the SEBI ICDR Regulations, 2009 |
| Retail Individual Investors / RIIs | 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 Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII 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 indicates therein in any of their Bid cum Application Forms or any previous Revision Form(s) |
| RoC | The Registrar of Companies |
| SEBI | The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992 |
| SEBI ICDR Regulations | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 |
| Self Certified Syndicate Bank(s) or SCSB(s) | A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html |
| Specified Locations | Refer to definition of Broker Centers |
| Stock Exchanges/ SE | The stock exchanges as disclosed in the RHP/Prospectus of the Issuer where the |

| Term | Description |
|------------------------|---|
| | Equity Shares Allotted pursuant to the Issue 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 the Bids in this Issue (excluding Bids from ASBA Bidders/Applicants) |
| Syndicate Member(s)/SM | The Syndicate Member(s) as disclosed in the RHP/Prospectus |
| Underwriters | The Book Running Lead Manager(s) and the Syndicate Member(s) |
| Underwriting Agreement | The agreement amongst the Issuer, and the Underwriters to be entered into on or after the Pricing Date |
| Working Day | All days other than a Sunday or a public holiday on which commercial banks are open for business, except with reference to announcement of Price Band and Bid/Issue Period, where working day shall mean all days, excluding Saturdays, Sundays and public holidays, which are working days for commercial banks in India |

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI ICDR Regulations, the main provisions of the Articles of Association are detailed below:

The Articles of Association comprise of two parts. In case of inconsistency between Part I and Part II, the provisions of Part II shall be applicable, however, Part II shall become inapplicable from listing of the Equity Shares of our Company on the Stock Exchanges subsequent to the Issue.

PART I of the Articles of Association

SHARE CAPITAL

Article 4 provides

- (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 ₹ 500,000 (Rupees Five Hundred Thousand only) as required under the Act.
- (c) The Company has power, from time to time, to increase or reduce its authorised or issued and Paid up Share Capital.
- (d) The Share Capital of the Company may be classified into Equity Shares in accordance with the applicable provisions of the Act, Rules, and Law, from time to time and to attach thereto preferential, deferred, qualified or special rights, privileges, or conditions as may be determined by or in accordance with these Articles and to vary, modify, or abrogate any such rights, privileges or conditions in such manner as may for the time being provided by the Company.
- (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 shares 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 shares which may be so allotted may be issued as fully/partly paid up shares and if so issued shall be deemed as fully/partly paid up shares. 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 instalments, 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 Shareholders shall for the purposes of these Articles be a Shareholder.

- (l) The money, (if any), which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee, in the Register of Shareholders 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.

PREFERENCE SHARES

Article 6 provides

(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.

PROVISIONS IN CASE OF PREFERENCE SHARES

Article 7 provides

Upon the issue of preference shares pursuant to Article 6 above, the following provisions shall apply:

- (a) No such 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 shares made for the purposes of the redemption;
- (b) No such 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 shares are redeemed;
- (d) Where any such 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 Act, 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 Act.

SHARE EQUIVALENT

Article 8 provides

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.

ADRS/GDRS

Article 9 provides

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.

ALTERATION OF SHARE CAPITAL

Article 10 provides

Subject to these Articles and Section 61 of the Act, 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;
- (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 existing 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 any shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the shares so cancelled. A cancellation of shares in pursuance of this Article shall not be deemed to be a reduction of Share Capital within the meaning of the Act.

REDUCTION OF SHARE CAPITAL

Article 11 provides

Notwithstanding anything contained in these Articles but subject to the provisions of the Act or any other law for the time being in force the Company may, subject to the applicable provisions of the Act and the Companies Act, 1956, 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 in any way and in particular and without prejudice to the generally of the foregoing powers:

- (a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up; or
- (b) either with or without extinguishing or reducing liability on any of its shares cancel any paid-up share capital which is lost or is unrepresented by available assets, or
- (c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the Company.
- (d) and may, if so far as is necessary, alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.

This Article is not to derogate any power the Company would have under Law, if it were omitted.

POWER OF COMPANY TO PURCHASE ITS OWN SECURITIES

Article 12 provides

The Company may purchase its own Equity Shares or other Securities, as may be specified by the Act, by way of a buy-back arrangement, in accordance with Sections 68, 69 and 70 of the Act, the Rules and subject to compliance with Law.

POWER TO ISSUE SHARES WITH DIFFERENTIAL VOTING RIGHTS

Article 13 provides

The Company shall have the power to issue shares with such differential rights as to dividend, voting or otherwise, subject to the compliance with requirements as provided for in the Companies (Issue of Share Capital with Differential Voting Rights) Rules, 2001, or any other law as may be applicable.

SHARES AND SHARE CERTIFICATES

Article 15 provides

- (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.
- (b) A duplicate certificate of shares may be issued, if such certificate:
 - i. is proved to have been lost or destroyed; or
 - ii. has been defaced, mutilated or torn and is surrendered to the Company.
- (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, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rupees two for each certificate) 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.

- (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 Shareholders 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 instalments 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 Shareholders 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.

SHARES AT THE DISPOSAL OF THE DIRECTORS

Article 16 provides

- (a) Subject to the provisions of Section 62 and other applicable provisions of the Act, and these Articles, the shares in the Capital of the Company 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 at such time as they may, from time to time, think fit.
- (b) If, by the conditions of allotment of any share, the whole or part of the amount thereof shall be payable by instalments, every such instalment 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 56 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 Shareholders 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 charge not exceeding rupees two.
- (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, or within 1 (one) month of the receipt of instrument of transfer, transmission, sub-division, consolidation or renewal of its shares as the case may be. Every certificate of shares 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 first named 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.

UNDERWRITING AND BROKERAGE

Article 17 provides

- (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.

CALLS

Article 18 provides

- (a) Subject to the provisions of Section 49 of the Act, 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 instalments. 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 Shareholders 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 instalment, 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 instalments 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 Shareholders 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 Act) 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 up, and upon the amount so paid or satisfied in advance or so much thereof as from time to time and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares in respect of which such advance has been made, the Company may pay interest, 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.

COMPANY'S LIEN:

Article 19 provides

i. On shares:

- (a) The Company shall have a first and paramount lien:
 - (i) on every share (not being a fully paid share), for all money (whether presently payable or not) called, or payable at a fixed time, in respect of that share;
 - (ii) on all shares (not being fully paid 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 declares 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 price 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 Debenture), 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 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.
- (c) 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 price in respect of such Debentures.

- (d) 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.

- (e) No holder of Debentures shall exercise any voting right in respect of any Debentures 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.

FORFEITURE OF SHARES

Article 20 provides

- (a) If any Shareholder fails to pay any call or instalment 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 instalment 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 instalment 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 instalment 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 instalment 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, instalments, 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 Shareholders, 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, instalments, 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 Shareholders 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 Shareholders in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.
- (j) Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall, (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Shareholder), stand cancelled and become null and void and of no effect and the Board shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.
- (k) The Board may, at any time, before any share so forfeited shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as it thinks fit.

FURTHER ISSUE OF SHARE CAPITAL

Article 21 provides

- (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, at the date of the offer, are holders of Equity Shares of the Company in proportion, as nearly as circumstances admit, to the Paid up Share Capital on those shares by sending a letter of offer subject to the 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 1 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 dis-advantageous 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.
- (b) The notice referred to in sub-clause i of clause (i) of sub-article (a) shall be dispatched through registered post or speed post or through electronic mode 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 a 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) The provisions contained in this Article shall be subject to the provisions of the Section 42 and Section 62 of the Act, the Rules and the applicable provisions of the Companies Act, 1956.

TRANSFER AND TRANSMISSION OF SHARES

Article 22 provides

- (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) In accordance with Section 56 of the Act, the Rules and such other conditions as may be prescribed under Law, every instrument of transfer of shares held in physical form shall be in writing. 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 Shareholders in respect thereof.
- (e) The Board shall have power on giving not less than 7 (seven) days previous notice by advertisement in a newspaper circulating in the city, town or village in which the Office of the Company is situated to close the transfer books, the Register of Shareholders 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 Act, these Articles and other applicable provisions of the Act or any other Law for the time being in force, the Board may, refuse 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. 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 where the Company has a lien on 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 Shareholders 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 Shareholders), to the prejudice of a Person or Persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had any notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto, in any book of the Company and the

Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice, and give effect thereto if the Board shall so think fit.

- (r) There shall be a common form of transfer in accordance with the Act and Rules.
- (s) The provision of these Articles shall subject to the applicable provisions of the Act, the Rules and any requirements of Law. Such provisions shall mutatis mutandis apply to the transfer or transmission by operation of Law to other Securities of the Company.

DEMATERIALIZATION OF SECURITIES

Article 23 provides

- (a) De-materialization: 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. The Company shall cause its promoters to direct their respective Depository participants not to accept any instruction slip or delivery slip or other authorisation for Transfer in contravention of 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, 112 of the Act and Section 89 and 186 of the Act 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 Act 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 fulfilment 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.

NOMINATION BY SECURITIES HOLDERS

Article 24 provides

- 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.

NOMINATION IN CERTAIN OTHER CASES

Article 25 provides

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.

BORROWING POWERS

Article 27 provides

- (a) Subject to the provisions of Sections 73, 179 and 180, and other applicable provisions of the Act 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 on the condition that they or any part of them may be convertible into Equity Shares of any denomination, and with any privileges and conditions as to the redemption, surrender, allotment of shares, 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

Act 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.

SHARE WARRANTS

Article 28 provides

- (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 Shareholders 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 Shareholders 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 Act which shall repeal the provisions of Companies Act, 1956.

CONVERSION OF SHARES INTO STOCK AND RECONVERSION

Article 29 provides

- (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.

ANNUAL GENERAL MEETING

Article 30 provides

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 an Extraordinary General Meetings.

WHEN ANNUAL GENERAL MEETING TO BE HELD

Article 31 provides

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 Act to extend the time within which any Annual General Meeting may be held.

VENUE, DAY AND TIME FOR HOLDING ANNUAL GENERAL MEETING

Article 32 provides

- (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 situate, 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 Act. The Directors are also entitled to attend the Annual General Meeting.

NOTICE OF GENERAL MEETINGS

Article 33 provides

- (a) Number of days' notice of General Meeting to be given: 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.

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 Act.
 - (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 Act 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 Act.
 - (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 Act, 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.

REQUISITION OF EXTRAORDINARY GENERAL MEETING

Article 34 provides

- (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 Act, 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.

NO BUSINESS TO BE TRANSACTED IN GENERAL MEETING IF QUORUM IS NOT PRESENT

Article 35 provides

The quorum for the Shareholders' Meeting shall be in accordance with Section 103 of the Act. Subject to the provisions of Section 103(2) of the Act, 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.

CHAIRMAN OF THE GENERAL MEETING

Article 36 provides

The Chairman of the Board shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If there be 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 be present or if all the Directors present decline to take the Chair, then the Shareholders present shall elect one of their number 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.

CHAIRMAN CAN ADJOURN THE GENERAL MEETING

Article 37 provides

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.

QUESTIONS AT GENERAL MEETING HOW DECIDED

Article 38 provides

- (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 scrutineers to scrutinise the votes given on the poll and to report thereon to him. One of the scrutineers 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 scrutineer from office and fill vacancies in the office of scrutineer 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 Act 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.

PASSING RESOLUTIONS BY POSTAL BALLOT

Article 39 provides

- (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 Act and the Companies (Management and Administration) Rules, 2014, as amended from time.

VOTES OF MEMBERS

Article 40 provides

- (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 Act, 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 Shareholders 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 Act 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 Section 164(1) of the Act 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 listing agreement or any other Law, if applicable to the Company.

DIRECTORS

Article 41 provides

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 listing agreement. The Board shall have an optimum combination of executive and Independent Directors with atleast 1 (one) woman Director, as may be prescribed by Law from time to time. Provided however, that the Investors shall have a right to nominate one member and one observer on the Board until they collectively hold 1,562,500 Equity Shares of the Company.

CHAIRMAN OF THE BOARD OF DIRECTORS

Article 42 provides

- (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.

APPOINTMENT OF ALTERNATE DIRECTORS

Article 43 provides

Subject to Section 161 of the Act, the Board 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.

CASUAL VACANCY AND ADDITIONAL DIRECTORS

Article 44 provides

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.

DEBENTURE DIRECTORS

Article 45 provides

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.

INDEPENDENT DIRECTORS

Article 46 provides

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 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 Clause 49 of the listing agreement.

EQUAL POWER TO DIRECTOR

Article 47 provides

Except as otherwise provided in these Articles or under the provisions of the Act, as applicable 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.

NOMINEE DIRECTORS

Article 48 provides

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 Act 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 whatever. 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.

NO QUALIFICATION SHARES FOR DIRECTORS

Article 49 provides

A Director shall not be required to hold any qualification shares of the Company.

REMUNERATION OF DIRECTORS

Article 50 provides

(a) Subject to the applicable provisions of the Act, the Rules, Law including the provisions of the listing

agreement, 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 or the central government 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 time by the Central Government pursuant to the first proviso to Section 197 of the Act.
- (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 with approval of central government. Notwithstanding anything contained in this article, the Independent Directors shall not be eligible to receive any stock options.

SPECIAL REMUNERATION FOR EXTRA SERVICES RENDERED BY A DIRECTOR

Article 51 provides

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.

TRAVEL EXPENSES OF DIRECTORS

Article 52 provides

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.

CONTINUING DIRECTORS

Article 53 provides

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.

ONE-THIRD OF DIRECTORS TO RETIRE EVERY YEAR

Article 54 provides

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 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. Provided that, if at any time the number of Directors (including whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being then such of the whole-time Director or two or more of them as the Directors may from time to time determine shall be liable to retirement by rotation in accordance with the Article 151 to the intent that the number of Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors at any point of time.

PROCEDURE, IF PLACE OF RETIRING DIRECTORS IS NOT FILLED UP

Article 55 provides

- (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;
 - (iv) a resolution whether special or ordinary is required for the appointment or reappointment by virtue of any applicable provisions of the Act.

COMPANY MAY INCREASE OR REDUCE THE NUMBER OF DIRECTORS.

Article 56 provides

Subject to Article 42 and Section 149 and 152 of the Act, 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 Act), 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.

MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

Article 57 provides

Subject to the provisions of Section 203 of the Act 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.

PROVISIONS TO WHICH MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S)/ EXECUTIVE DIRECTOR(S)/ MANAGER ARE SUBJECT

Article 58 provides

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.

REMUNERATION OF MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

Article 59 provides

The remuneration of the Managing Director(s)/ whole time director(s)/ executive director(s)/ manager shall (subject to Sections 196, 197 and 203 and other applicable provisions of the Act the rules made thereunder 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.

POWER AND DUTIES OF MANAGING DIRECTOR(S)/ WHOLE TIME DIRECTOR(S) / EXECUTIVE DIRECTOR(S)/ MANAGER

Article 60 provides

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.

POWER TO BE EXERCISED BY THE BOARD ONLY BY MEETING

Article 61 provides

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 Act;
- (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 listing agreement.

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 Act.

In terms of Section 180 of the Act, 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 listing agreement and other applicable provisions of Law.

MAKING LIABILITY OF DIRECTORS UNLIMITED

Article 62 provides

The Company may, by Special Resolution in a General Meeting, alter its Memorandum of Association so as to render unlimited the liability of its Directors or of any Director or manager, in accordance with Section 323 of the Companies Act, 1956.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Article 63 provides

- (a) At least 4 (four) Board Meetings shall be held in any calendar year and there should not be a gap of more than 120 (one hundred twenty) days between two consecutive Board Meetings.
- (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 shall, as and when directed by the Chairman 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 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.

QUORUM FOR BOARD MEETING

Article 64 provides

- (a) Quorum for Board Meetings

Subject to the provisions of Section 174 of the Act, 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.

QUESTIONS AT THE BOARD MEETINGS HOW DECIDED

Article 65 provides

- (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.

ELECTION OF CHAIRMAN OF BOARD

Article 66 provides

- (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.

POWERS OF THE BOARD

Article 67 provides

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 Act;
 - 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.

COMMITTEES AND DELEGATION BY THE BOARD

Article 68 provides

- (a) The Company shall constitute such Committees as may be required under the Act, applicable provisions of Law and the listing agreement. 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 Act, 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 listing agreement, form such committees as may be required under such rules in the manner specified therein, if the same are applicable to the Company.

ACTS OF BOARD OR COMMITTEE VALID NOTWITHSTANDING INFORMAL APPOINTMENT

Article 69 provides

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.

PASSING OF RESOLUTION BY CIRCULATION

Article 70 provides

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.

MINUTES OF THE PROCEEDINGS OF THE MEETING OF THE BOARD

Article 71 provides

- (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.

REGISTER OF CHARGES

Article 72 provides

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.

CHARGE OF UNCALLED CAPITAL

Article 73 provides

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.

SUBSEQUENT ASSIGNS OF UNCALLED CAPITAL

Article 74 provides

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.

CHARGE IN FAVOUR OF DIRECTOR FOR INDEMNITY

Article 75 provides

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.

SEAL

Article 76 provides

- (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 22 of the Companies Act, 2013, 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 (i) 2 (two) Directors or (ii) by 1 (one) Director and the Secretary or (iii) by 1 (one) Director and any other person as may be authorised by the Board for that purpose.

ACCOUNTS

Article 77 provides

- (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) 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.

AUDIT AND AUDITORS

Article 78 provides

- (a) Auditors shall be appointed and their rights and duties shall be regulated in accordance with Sections 139 to 147 of the Act 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 Act, 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 Act and all the other provision of Section 140 of the Act 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 Act.
- (j) None of the persons mentioned in Section 141 of the Act as are not qualified for appointment as auditors shall be appointed as Auditors of the Company.

AUDIT OF BRANCH OFFICES

Article 79 provides

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.

REMUNERATION OF AUDITORS

Article 80 provides

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.

DOCUMENTS AND NOTICES

Article 81 provides

- (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 Shareholders 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 email address, without acknowledgement due. Provided that the Company, shall provide each member an opportunity to register his email 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.

SHAREHOLDERS TO NOTIFY ADDRESS IN INDIA

Article 82 provides

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.

SERVICE ON MEMBERS HAVING NO REGISTERED ADDRESS

Article 83 provides

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.

SERVICE ON PERSONS ACQUIRING SHARES ON DEATH OR INSOLVENCY OF SHAREHOLDERS

Article 84 provides

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.

PERSONS ENTITLED TO NOTICE OF GENERAL MEETINGS

Article 85 provides

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.

NOTICE BY ADVERTISEMENT

Article 86 provides

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.

DIVIDEND POLICY

Article 87 provides

- (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 Act 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 Act 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 Act 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 Act, 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 Shareholders 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 Shareholders 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 Act.

UNPAID OR UNCLAIMED DIVIDEND

Article 88 provides

- (a) If the Company has declared a Dividend but which has not been paid or the Dividend warrant in respect thereof has not been posted or sent within 30 (thirty) days from the date of declaration, transfer the total amount of dividend, which remained unpaid or unclaimed within 7 (seven) days from the date of expiry of the said period of 30 (thirty) days to a special account to be opened by the Company in that behalf in any scheduled bank to be called the "Unpaid Dividend of PENNAR ENGINEERED BUILDING SYSTEMS LIMITED".

- (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 Act, viz. “Investors Education and Protection Fund”.
- (c) No unpaid or unclaimed Dividend shall be forfeited by the Board before the claim becomes barred by Law.

CAPITALIZATION OF PROFITS

Article 89 provides

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 Act, 2013, 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.

RESOLUTION FOR CAPITALISATION OF RESERVES AND ISSUE OF FRACTIONAL CERTIFICATE

Article 90 provides

- (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 also
 - 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.

DISTRIBUTION OF ASSETS IN SPECIE OR KIND UPON WINDING UP

Article 91 provides

- (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.

DIRECTOR'S AND OTHER'S RIGHTS TO INDEMNITY

Article 92 provides

Subject to the provisions of Section 197 of the Act, 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 of 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 contract 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 Act 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.

DIRECTOR'S ETC. NOT LIABLE FOR CERTAIN ACTS

Article 93 provides

Subject to the provision of section 192 of the Act, 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 tortious 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.

INSPECTION BY SHAREHOLDERS

Article 94 provides

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.

SECRECY

Article 95 provides

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.

DUTIES OF THE OFFICER TO OBSERVE SECRECY

Article 96 provides

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.

PROVISIONS OF THE COMPANIES ACT, 1956 SHALL CEASE TO HAVE EFFECT

Article 97 provides

Notwithstanding anything contained in these Articles, the provisions of the Companies Act, 1956, as are mentioned under these articles shall cease to have any effect once the said provisions are repealed upon notification of the corresponding provisions under the Act.

PART - II

CAPITAL

Increase of capital by the Company carried into effect

4. The Company in General Meeting may, from time to time, increase the capital by the creation of new shares of such aggregate amount and to be divided into shares of such respective amount as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions, and with such rights and privileges annexed thereto, as the General Meeting shall resolve and in particular, such shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meetings of the Company in conformity with Sections 47 of the Act.

New capital same as existing capital

5. Except so far as otherwise provided by conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions herein contained, with reference to the payments of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting or otherwise and in respect of other matters as provided in table F unless the context otherwise requires.

Redeemable Preference Shares

6. Subject to the provisions of Section 55 of the Act, the company shall have the power to issue Preference Shares which are, liable to be redeemed and the resolution authorizing such issue shall prescribe the manner, terms and conditions of redemption.

Provisions to Apply on Issue of Redeemable Preference Share

7. Subject to the requirement of the affirmative vote of the Investors as set out in Articles 126 and 202 and **Schedule 4**, the issue of Redeemable Preference Shares under the provisions of Article 7 hereof the following provisions shall take effect:
 - (a) No such shares shall be redeemed except out of the profits of the Company which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purpose of redemption;
 - (b) No such shares shall be redeemed unless they are fully paid;
 - (c) the premium, if any, payable on redemption must have been provided for out of the profits of the Company or out of the Company's Share Premium Account before the shares are redeemed;
 - (d) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue there shall out of profits which would otherwise have been available for dividends be transferred to a reserve fund, to be called the "Capital Redemption Reserve Account", a sum equal to the nominal amount of the shares redeemed and the Provisions of the Act relating to the reduction of the share capital of the Company shall except as provided in section 55 of the Act, apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company.

Reduction of Capital

8. Subject to the requirement of the affirmative vote of the Investors as set out in Articles 126 and 202 and **Schedule 4**, the company may from time to time by Special Resolution, reduce capital or any Capital Reserve Account or any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized and consent required by law and in particular capital may be paid off on the footing that, it may be called up again or otherwise. These articles shall not derogate from any power the Company would have, if it were omitted.

Buy back of Shares

9. Subject to the requirement of the affirmative vote of the Investors as set out in Articles 126, 202 and **Schedule 4**, the company shall have the power to buy its own shares, subject to the provisions of the Articles and sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force.

Consolidation, division, sub-division and cancellation of shares

10. Subject to the provisions of Section 61 of the Act and subject to the requirement of the affirmative vote of the Investors as set out in Articles 126, 202 and **Schedule 4**, the Company in General Meeting may, from time to time, alter the conditions of its memorandum for all or any of the following purposes;
- a. To consolidate and divided all or any of its capital into shares of larger amount than 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 as per the Act.
 - b. To 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 be the same as it was in the case of the share from which the reduced share is derived.
 - c. To cancel any shares which, at the date of the passing of the resolution, 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 sub-clause shall not be deemed to be reduction of share capital within the meaning of the Act.

Modification of shareholder's rights

11. Subject to the requirement of the affirmative vote of the Investors as set out in Articles 126, 202 and **Schedule 4**, whenever the capital, by reason of the issue of Preference shares or otherwise, is divided 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 Act, be varied, modified commuted, affected or abrogated, or dealt with by the Company with consent in writing of the holders of not less than three-fourths of the issued capital of that class or with the sanction of a special resolution passed at a separate General Meeting of the holders of shares of that class, and all the provisions hereafter contained as to General Meetings shall, mutatis mutandis, apply to each such meeting. This article is not by implication to curtail the power of modification which the company would have if this Article were omitted.
12. The rights conferred upon the holders of shares (including Preference Shares, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to have been modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking *pari passu* therewith.

Issue of Shares for Consideration Other than Cash

13. Subject to the requirement of the affirmative vote of the Investors as set out in Articles 126, 202 and **Schedule 4**, subject to these Articles and the provisions of the Act, the Board may issue and allot shares in the capital of the Company as payment or in consideration or as part payment or in part consideration of the purchase or acquisition of any property or for services rendered to the Company in promotion of the Company or in the conduct of its business and shares which may be so issued or allotted shall be credited or deemed to be credited as fully paid-up shares.

Statutory Auditor and Internal Auditor

14. Subject to the requirement of the affirmative vote of the Investors as set out in Articles 126, 202 and **Schedule 4**, subject to acceptable to the Investors and the provisions of the Act, the Company shall appoint the statutory auditor and internal auditor of the Company.

SHARES AND CERTIFICATES

Shares under control of Board of Directors

15. Subject to the provision of these articles and of the act, the shares (including any shares forming part of any increase capital of the Company) in the capital shall be under the control of the Board of Directors who may allot or otherwise dispose off the same to such persons at such times as the Board of Directors think fit either at par or at a premium or at a discount and for such consideration as the Board of Directors think fit.

Provided that option or right to call off shares shall not be given to any person or persons without the sanction of the company in General Meeting.

Power also to company in General Meeting to issue shares

16. Subject to the requirement of the affirmative vote of the Investors as set out in Articles 126, 202 and **Schedule 4**, in addition to and without derogating from the powers in that behalf conferred on the Board, the company in General Meeting may determine that any shares (whether forming part of the original capital or of any increased capital of the company) be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either at a premium or at par or at a discount as such option being exercisable at such time and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other provisions whatsoever for the issue, allotment or disposal of any such share.

Branch Register etc, may be kept in any State or Country outside India

17. The Company may keep in any State or Country outside India a Branch Register for Members resident in that State or Country.

Share to be numbered progressively and no share to be sub-divided

18. The shares in the capital shall be numbered progressively according to their several denominations except in the manner herein before mentioned, no shares shall be subdivided. Every forfeited or surrendered share shall continue to bear the numbers by which the same was originally distinguished.

Share Certificates to single allottees

19. Every member or allottee of share shall be entitled, to receive one certificate specifying the name of the person in whose favour it is issued, the shares to which it relates and the amount paid up thereon, Share/Debenture certificates issued for either sub-division or consolidation into marketable lots shall be done free of charge.

- a. Share certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the company of the letter of allotment or fractional coupons of requisite value, save in cases of issue against letter of acceptance or of renunciation, or in case of issue of bonus shares.
- b. Subject to the provisions of the Companies (Share Capital and Debentures) Rules, 2014, every such certificate shall be issued under the seal of the Company, which shall be affixed in the presence of:
 - i. Two Directors or persons acting on behalf of the Directors under a duly registered power of attorney; and
 - ii. The Secretary or some other person appointed by the Board for the purpose.

At least one of the aforesaid two directors shall be a person other than Managing Director or acting through persons authorized by them and the secretary, or other person duly authorized by the Board shall sign the share certificate.

- c. Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single member, and the certificate for any share, which may be the subject of joint ownership, may be delivered to any one of such joint owners on behalf of all of them.
- d. Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other device other than rubber stamp.

- e. Particulars of every share certificate issued shall be entitled in the Register or Members against the name of the person, to whom it has been issued, indicating the date of issue.
- f. The Company shall comply with the provisions of section 56 of the Act.

Renewal of Share Certificate

20. No certificate of any share or shares shall be issued either in exchange for those which are defaced, torn, or old, or worn out or where the cages on the reverse for recording transfers have been fully utilized, unless the Certificate in lieu of which it is issued is surrendered to the company,

Provided that a certificate is issued in any of the aforesaid circumstances, it shall be stated on the face of it and be recorded in the Register maintained for the purpose, that it is “Issued in lieu of share certificate No..... sub-divided/replaced/on consolidation” and no fee shall be charged for issue of new share/debenture certificate in replacement of those which are old, or worn-out or where the cages on the verse for recording transfers have been fully utilized.

Provided further that in case of any share certificate being lost or destroyed the Company may issue a duplicate Certificate in place of the Certificate so lost or destroyed on such terms as to evidence, out of pocket expenses in regard to investigation of such evidence and indemnity as the Board may determine.

21. When a new share certificate has been issued in pursuance of this Article, it shall be stated on the face of it against the stub and be recorded in the Register to the effect that it is “duplicate issued in lieu of Share Certificate No. _____”. The word “duplicate” shall be stamped or printed prominently on the face of the Share Certificate.
22. Where a new Share Certificate has been issued in pursuance of this Article, particulars of every such Share Certificate shall be entered in a register of renewed and duplicate certificates and indicate the number and the date of issue, and the necessary changes indicated in the Register of Members by suitable cross reference in the remarks column.

The first named of joint holders deemed sole holder

23. If any share stands in names of two or more persons, the person first named in the Register shall, as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the company, except voting at a meeting and the transfer of the shares, be deemed to be the sole holder thereof but the joint holders of a share shall severally as well as jointly be liable for the payment of all installments and calls due in respect of such shares, and for all incidents thereof.

Provided, that not more than three persons shall be registered as joint holders of any share provided further that in case of death of one or more of the joint holders of any share. Provided further that in case of death of one or more of the joint holders, the survivors of them shall be the only person or persons entitled to the shares unless the Board shall, on request of the survivors, decide to recognize the legal representatives of the deceased joint holders as the persons entitled to the shares Jointly with the survivors.

Nomination of Securities

24. Notwithstanding anything contained in the Articles of Association or in any other law for the time being in force, where a nomination has been made in the manner prescribed in Section 72 of the Companies Act, 2013 purporting to confer on any person the right to vest the shares or debentures or deposits of the Company, the nominee shall, on the death of the shareholder or debenture/ deposit holder of the Company or, as the case may be, on the death of the Joint holders, becomes entitled to all the rights in the shares or debentures or deposits of the Company including transmission thereof as the case may be all the joint holders, in relation to such shares in, or debentures or deposits of the Company to the exclusion of all other persons. Unless the nomination is varied or cancelled in the prescribed manner and the provisions contained in Section 72 of the Act, shall be applicable to such cases.

Funds of Company may not be applied in purchase of Company's own shares

25. None of the funds of the Company shall be applied in the purchase of any shares of the Company, and shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the company or in its holding company save as provided by Section 67 of the Act.

CALLS

Directors may make calls

26. 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 calls as it thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively and each member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.

27. A call may be revoked or postponed at the discretion of the Board.

28. A call may be made payable by installments.

Notice of Calls

29. Thirty days notice at the least for any call shall be given by the company specifying the time and place of payment and the person or persons to whom such call shall be paid,

Liability of Joint holders

30. The Joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

Directors may extend time

31. The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members whom, for reason of residence at a distance or other cause, the Board may deem fit.

Calls to carry interest

If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate not exceeding 10% p.a. as shall from time to time be fixed by the Board.

Sums deemed to be calls:

32. Any sum which by the terms of issue of share becomes payable on allotment or at any fixed date, whether on account of nominal value of the share or by way of premium, shall for the purposes of these articles be deemed to be call duly made and payable on the date of which by the terms of issue the same becomes payable, and in case of non-payment all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified but nothing in this Article shall render it obligatory for the board to demand or recovery any interest from any such member.

Proof on trial of suit for money due on share

33. Subject to the provisions of the Act and these Articles, on the trial or hearing of any action or suit brought by the company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove.
- a. That the name of the Member, in respect of whose shares the money sought to be recovered, appears entered on the register of Member as the holder, at or subsequently to the date at which the money sought to be recovered is alleged to have become due on the shares in respect of which such money is sought to be recovered;

- b. That the resolution making the call is duly recorded in the Minutes Book; and
- c. That notice of such call was duly given to the Member or his representatives issued 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.

Payment in anticipation of calls may carry interest

- 34. The Board may, if it thinks fit, agree to receive from Members willing to advance to same all or any part of the amounts of their respective shares beyond the sums actually called up so much thereof, from time to time and at any time thereafter, as exceed the amount of the calls then made upon and due in respect of the shares on account of which such advances are made, the Board of Directors may pay or allow interest, at such rate not less than 12% p.a. as the Members paying the sum in advance and the Board of Directors agree upon; Provided that any amount paid up in advance of calls on any shares shall not in respect thereof confer a right to dividends or to participate in profits.
- 35. The Board of Directors may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the member three months notice in writing.
- 36. No Member paying such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

LIEN

Company to have lien on shares

- 37. The company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly or with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any shares shall be created except upon the footing and condition hereof will have full effect, and such lien shall extend to all dividends and bonus from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien if any on such shares. The Directors unanimously may at any time declare any Share wholly or in part to be exempt from the provisions of this Article 41.

Enforcement of Lien by sale

- 38. 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 issue a duplicate certificate in respect of such shares and may authorize one of their Members to execute a transfer thereof on behalf of-and in the name of such Member.
- 39. No sale shall be made until such time as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been made by him or them in payment, fulfillment, or discharge of such debts, liabilities or engagements for fourteen days after service of such notice.

Application of Proceeds of Sale

- 40. The net proceeds of any such sale shall be received by the Company and after adjustment of the costs of the sale applied in or towards payment of such part of the amount in respect of which the lien exists as is 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.

FORFEITURE OF SHARES

Notice to member if money payable on share not paid

- 41. If any member fails to pay any call or installment of a call on or before the day appointed for payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter, during

such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued by reason of such nonpayment.

Sum payable on allotment to be a call

42. For the purpose of the provisions of these Articles relating to forfeiture of shares, the sum payable upon application or allotment in full or part in respect of a share, shall be deemed to be a call payable upon such share on the day of allotment.

Notice of forfeiture and effect of issue

43. The notice shall name a day (not being less than fourteen days from the day of the notice) and a place or places on and at which such call or installment and such interest as the directors shall determine from the day on which such calls or installment ought to have been paid.
44. The notice shall also state that, in the event of the non-payment at or before the time and at place appointed, the shares, in respect of which the call was made or instalment is payable, will be liable to be forfeited.
45. Shares in respect of which forfeiture notice has been issued shall carry no voting rights.

Partial payment not to preclude forfeiture

46. Neither a Judgment nor a decree in favour on the Company or the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest or 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 shares as hereinafter provided.

In default of payment shares to be forfeited

47. If the requirements of any such notice shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter before payment of all calls or installment, interest due in respect thereof be forfeited by a resolution of the Board of Directors to the effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited shares not actually paid before the forfeiture.

Notice of forfeiture to a member

48. When any share shall have been so forfeited, notice of the forfeiture shall be given to the Member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the register of Member, but no forfeiture shall be in any manner invalidated by any commission or neglect to give such notice or to make any such entry as aforesaid.

Forfeited share to be property of the Company and may be sold etc.

49. 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 Board shall think fit.

Member still liable to pay money owing and interest at the time of forfeiture

50. Any member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, 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, not exceeding 9% per annum, as the Board may determine and the Board may enforce the payment thereof, it thinks fit.
51. The liability of such person shall cease if and when the Company shall have payment in full of all such money in respect of the shares.

Effect of forfeiture

52. The forfeiture of a share shall involve extinction of all interest in and all claims and demands against the Company at the time of the forfeiture in respect of the share and all other rights incidental to the share, except only such of those rights as are expressly saved by these Articles.

Power to annul forfeiture

53. The Board of Directors may at any time before any share so forfeited shall have been sold, reallocated or otherwise disposed of or annul the forfeiture thereof upon such conditions as it thinks fit.

Evidence of forfeiture

54. A duly verified declaration in writing that the declarant is a Director or the Whole time Director or the Manager 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 share.
55. The company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.
56. The person to whom such share is sold, re-allotted or disposed of shall thereupon be registered as the holder of the share.

Provisions of these Articles as to forfeiture to apply in case of non-payment of any sum

57. The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any, sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account on the nominal value of the share by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Cancellation of share certificates in respect of forfeiture

58. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificates originally issued in respect of the relative share or shares (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said share or shares to the persons entitled thereto.

Acceptance of Shares

59. Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles.
60. Every person who has been allotted or otherwise accepts any shares and whose name is on the Register of Member shall, for the purpose of these Articles, be a Member.

Deposits and calls etc. to be a debt payable immediately

61. The money, if any, which the Board of Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of, deposit, call or otherwise in respect of any share allotted in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof and shall be paid by him accordingly.

Liability of Members

62. Every member 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 of Directors shall, from time to time, in accordance with the Company's regulations, fix for the payment thereof.

TRANSFER AND TRANSMISSION OF SHARES

Register of Transfer

63. The Company shall keep a Register of Transfer and therein shall fairly and distinctly enter particulars of every transfer or transmission of any share.

Transfer Restrictions

64. Restriction on Transfer

- (a) Any direct or indirect Transfer of any Company Securities or any legal or beneficial interest therein shall be made only in compliance with the Articles and the Shareholders Agreement.
- (b) Any agreement or arrangement to Transfer any of the Company Securities other than in the manner (including the manner of procedure of Transfer) set out in the Articles and the Shareholders Agreement shall be null and void. The Company hereby agrees and confirms that it shall not record any such Transfer or agreement or arrangement to Transfer on its books and shall not recognize or register any equitable or other claim to, or any interest in, such Company Securities which have been transferred in any manner other than as permitted under the Articles and the Shareholders Agreement.

65. Transfer by the Promoter Group

- (a) The members of the Promoter Group and the Company hereby confirm and warrant that as of the Effective Date, the members of the Promoter Group own 242,860,000 (two hundred and forty two million eight hundred and sixty thousand) Equity Shares, constituting 97.14% (ninety seven point one four percent) of the Equity Share Capital on a Fully Diluted Basis and that the Promoters are in Control of the management and operations of the Company and that on the Final Completion Date the holding of the Promoter Group in the Company will be 69.8% (sixty nine point eight percent) of the Equity Share Capital on a Fully Diluted Basis (calculated on the assumption that 942,332 (nine hundred and forty two thousand three hundred and thirty two) Equity Shares will be issued pursuant to the ESOP Scheme); and further that the Promoters will continue to retain Control over the management and operations of the Company, and indirectly retain Control and management over any Company Subsidiaries. The members of the Promoter Group and the Company hereby also confirm and warrant that no member of the Promoter Group owns Company Securities other than those mentioned in this Article, and that the members of the Promoter Group hold all such Company Securities free from any Encumbrances, except as specifically disclosed in the Disclosure Schedule (annexed to the Share Subscription Agreement).
- (b) Each of the Persons in the Promoter Group hereby agrees and undertakes that at all times prior to the listing of the Company Securities on a stock exchange in accordance with the terms of the Articles and the Shareholders Agreement, the Persons in the Promoter Group ("**Transferring Promoter**") shall Transfer any Company Securities only with the prior written consent of the Investors. Provided however, that one or more Transferring Promoters shall, at all times during the term of the Shareholders Agreement, after giving an advance notice of at least 15 (fifteen) Business Days to the Investors, be free to effect Transfers aggregating up to 10% (ten percent) of the total Company Securities held by the Promoter Group as of the Effective Date, to any other Person within the Promoter Group, provided that the Promoters continue to hold at least 89% (eighty nine percent) of the total Company Securities held by the Promoter Group after such Transfers.
- (c) Subject to the other terms of the Articles and the Shareholders Agreement, in the event any of the Promoters or any of their Affiliates, Transfer any of their Company Securities, the Transferring Promoter shall ensure that such Person shall execute a Deed of Adherence.

66. Transfer by the Investors

- (a) Each Investor and/or its Affiliates shall be entitled to Transfer its Investor Securities to any Person, provided that any such transferee shall execute a Deed of Adherence in the form set out in the Shareholders Agreement, and that if such transferee is an Affiliate, then prior to such Affiliate

ceasing to be an Affiliate, the Investor Securities so transferred shall be re-transferred to the Investor. It is clarified that such transferee shall not be required to execute a Deed of Adherence, if the Transfer is pursuant to the provisions of Article 223(b) of the Articles. Notwithstanding the foregoing, the Investors shall not be eligible to Transfer any of the Investor Securities to an Identified Competitor, except in the event of a Transfer pursuant to the Drag Along Right.

- (b) Subject to Applicable Laws, the provisions of the Articles and the Shareholders Agreement, and the execution of confidentiality agreements as are customary in such transactions, each member of the Promoter Group and the Company agree and undertake to provide all reasonably necessary assistance to enable any Person identified by an Investor, to whom such Investor and/or its Affiliates intends to Transfer, all or part of its Company Securities, to carry out a due diligence review of the Company and the Company Subsidiaries as may be generally required or reasonably requested by any such Person.

67. Liquidation Preference

- (a) For the purposes of the Articles and the Shareholders Agreement, each of the following events shall be treated as a “**Liquidation Event**”: (i) (A) a consolidation, restructuring or merger of the Company, or (B) a sale of the outstanding securities of the Company or any Material Company Subsidiary, such that the Shareholders of the Company prior to any such single transaction or series of related transactions contemplated in this Article 71 (a) (i), receive or retain pursuant to such transaction(s) less than 50% (fifty percent) of the voting power or fully diluted shareholding of the Company or the surviving corporation following such transaction; or (ii) a Transfer of all or substantially all of the assets of the Company or a Material Company Subsidiary, whether by way of demerger, slump sale, asset sale or otherwise or (iii) a liquidation, dissolution or winding up of the Company or any Material Company Subsidiary. The sale of the current Company Subsidiary in accordance with Article 213 hereof shall not be treated as a Liquidation Event for the purposes of the Articles and the Shareholders Agreement.
- (b) Upon the occurrence of a Liquidation Event, notwithstanding anything to the contrary contained in these Articles, the Investors shall be entitled to receive, in preference to the holders of all other Company Securities of the Company, an amount equivalent to the higher of (i) the Total Consideration, and accrued or declared but unpaid dividend in relation to the Investor Securities, or (ii) the amount which would be actually received pursuant to a Liquidation Event if the entire proceeds of such Liquidation Event were to be distributed pro rata amongst the Shareholders, including the holders of the Investor Securities (for this purpose, the Investor Securities shall be calculated on as if converted basis).
- (c) In the event that for any reason, it is not possible for the Parties to ensure that the aforesaid intent is achieved in the manner prescribed above in relation to any Liquidation Event, to the extent any amounts have been credited to the Existing Shareholders as a result of the Liquidation Event on account of Applicable Laws or other requirements, the Existing Shareholders shall transfer such amounts to the Investors to ensure that the agreement of the Parties set out in Article 71(b) above is effected.
- (d) In the event that for any reasons, the intent of the Parties set out in Articles 71(b) and/or 71(c) is not achieved, without prejudice to the above, the Parties shall agree to such other alternative structure or mechanism so as to ensure that the intent of this Article 71 is achieved. It is clarified that the Investors may exercise their rights with respect to Affirmative Vote Matters in relation to any Liquidation Event to prevent the same if the aforesaid intent is not being met.
- (e) Notwithstanding anything to the contrary in the Articles and the Shareholders Agreement, the provisions of this Article 71 shall apply upon the occurrence of any Liquidation Event including a Liquidation Event which occurs pursuant to, or on account of, any of the provisions of the Articles and the Shareholders Agreement.

68. There shall be no restrictions of any nature whatsoever on the ability of the Investors and/or their Affiliates to acquire further Company Securities.

Right of First Offer and Tag Along Rights

69. The Investors and each member of the Promoter Group *inter se* agree to the following:

- (a) Subject to the terms of the Articles (and in particular Article 69 to 72 herein above), if any of the Investors or members of the Promoter Group (a “**Selling Shareholder**”) is proposing to Transfer any Company Securities held by him or it to any Person, other than to an Investor or to a member of the Promoter Group or their respective Affiliates (a “**Proposed Transfer**”), then the Selling Shareholder shall give a written notice (the “**Offer Notice**”) to the other Shareholders with a copy to the Company on behalf of the Selling Shareholder. The Offer Notice shall state (i) the number and class of Company Securities the Selling Shareholder then owns; (ii) the number and class of Company Securities proposed to be transferred by the Selling Shareholder (the “**Sale Shares**”).
- (b) Upon receipt of an Offer Notice, each of the other Shareholders who is desirous of purchasing the Sale Shares (“**Non Selling Shareholder**”) shall provide a written notice within a period of 14 (fourteen) Business Days from the receipt of the Offer Notice (“**ROFO Response Notice**”), setting out the price per Sale Share (“**ROFO Price**”) at which he or it proposes to purchase the Sale Shares (“**ROFO Shares**”) (“**Right of First Offer**”). It is clarified that if more than 1 (one) Non Selling Shareholder makes an offer to purchase the ROFO Shares, then the highest price per share offered in respect of the ROFO Shares by a Non Selling Shareholder shall be the ROFO Price and all Non Selling Shareholders shall be entitled to participate in the ROFO only at such price.
- (c) The Selling Shareholder may, at its sole discretion, choose to accept the highest ROFO Price (“**ROFO Final Price**”) by issuing an acceptance notice to the Non Selling Shareholders (“**ROFO Price Acceptance Notice**”), within 10 (ten) Business Days from the date of issue of the ROFO Response Notice, in which case, it shall offer to the Non Selling Shareholders the ROFO Shares at the ROFO Final Price. Within 10 (ten) Business Days from issuance of the ROFO Price Acceptance Notice, each of the Non Selling Shareholders that has delivered a ROFO Response Notice shall purchase their proportionate share of the ROFO Shares by paying the ROFO Final Price. If the ROFO Price and ROFO terms are not acceptable to the Selling Shareholder, it shall issue a ROFO price rejection notice (“**ROFO Price Rejection Notice**”) to the Non Selling Shareholders within 10 (ten) Business Days from the date of issue of the ROFO Response Notice.
- (d) In the event that a ROFO Response Notice is accepted by the Selling Shareholder, then the Selling Shareholder shall be obligated to sell and Transfer the ROFO Shares as are mentioned in the ROFO Response Notice(s) to such Non Selling Shareholder(s) or its or their respective Affiliate(s) or nominee(s), within a period of 30 (thirty) days from the date of receipt thereof (subject to any reasonable extensions as may be necessary for the receipt of any Approvals for the completion of such sale and purchase) (“**Transfer Period**”). The Transfer of any Sale Shares other than the ROFO Shares shall not occur unless the ROFO Shares have been sold to Non Selling Shareholder(s) or its or their respective Affiliate(s); and after the sale of the ROFO Shares to the Non Selling Shareholder(s), the Transfer of the Sale Shares other than the ROFO Shares shall take place within 45 (forty five) days of the completion of the sale of the ROFO Shares to the Non Selling Shareholder(s), failing which the provisions of Articles 73 to 75 shall apply once again to any sale the Company Securities.
- (e) If completion of the sale and transfer to a Non Selling Shareholder or its Affiliate does not take place within the Transfer Period (as may be reasonably extended as mentioned above):
 - 1. because of the failure of the Selling Shareholder to sell the ROFO Shares, then the right of the Selling Shareholder to sell the Sale Shares shall lapse and the provisions of Articles 73 to 75 (commencing from the requirement of delivery of a fresh Offer Notice) shall once again apply to any Company Securities;
 - 2. because of the failure of the Non Selling Shareholder or its Affiliate to purchase the ROFO Shares, then the Selling Shareholder shall be entitled to sell the Sale Shares to any person for a period of 3 (three) months following the date of the ROFO Acceptance Notice.
- (f) If the Selling Shareholder is a member of the Promoter Group, and an Investor has not exercised its Right of First Offer in relation to any Proposed Transfer, such Investor will, at its sole discretion and option, have a right, but not an obligation (“**Tag Along Right**”) to sell up to all of the Investor

Securities to the Proposed Transferee along with the Selling Shareholder on terms no less favourable than the terms offered to the Selling Shareholder, in the manner set out in Articles 73 to 75.

- (g) In the event that an Investor and/or its Affiliates elect to exercise the Tag Along Right, the Investor shall deliver a written notice of such election to the Selling Shareholder (the “**Tag Along Response**”) within the period of 14 (fourteen) Business Days from the receipt of the Offer Notice specifying the number of Investor Securities with respect to which it has elected to exercise its Tag Along Right (the “**Tag Along Shares**”). A copy of the Tag Along Response shall be provided to the Company.
- (h) In the event an Investor and/or its Affiliates decide to exercise the Tag Along Right, the only representation which the Investor and/or its Affiliates, as the case may be, shall be required to provide shall be limited to due authorization and execution of the transfer documents, clear title to the Tag Along Shares, absence of lien(s) on the Tag Along Shares, and absence of conflicts.
- (i) Upon exercise of the Tag Along Right, the Selling Shareholder shall not be entitled to sell any of the Sale Shares to any Proposed Transferee unless the Proposed Transferee simultaneously purchases and pays for the Tag Along Shares in accordance with the provisions of Articles 73 to 75. If an Investor and/or its Affiliates have elected to exercise their Tag Along Right and the Proposed Transferee fails to purchase the Tag Along Shares from the Investor and/or its Affiliates, the Selling Shareholder(s) shall not make the Proposed Transfer, and if purported to be made, such Transfer shall be void and shall not be binding on the Company and shall be deemed to be a breach of the terms of the Shareholders Agreement.
- (j) The closing of any Transfer of the Sale Shares and the Tag Along Shares by the Proposed Transferee shall be held simultaneously, at such time and place as the parties to the transaction may agree. In the event that the purchase of the Sale Shares and the Tag Along Shares is not completed within a period of 30 (thirty) days from the date of receipt of the Tag Along Response by the Selling Shareholder, the period for completion of the purchase shall be reasonably extended for an additional period necessary to obtain any Approvals required for such purchase and payment. At such closing, the Selling Shareholder and such Investor and/or its Affiliates, as the case may be, shall deliver certificates representing the Sale Shares and the Tag Along Shares respectively, accompanied by duly stamped and executed instruments of transfer, or duly executed transfer instructions to the relevant depository participant. The Proposed Transferee shall deliver at such closing payment in full of the price in respect of the Sale Shares and the Tag Along Shares to the Selling Shareholder and to such Investor and/or its Affiliates, respectively. At such closing, all of the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect the sale of the relevant Company Securities to the Proposed Transferee.
- (k) If completion of the sale and transfer to the Proposed Transferee does not take place within a period of 60 (sixty) days following the delivery of the Tag Along Response, the right of the Selling Shareholder to sell the Sale Shares to such transferee shall lapse and the provisions of Articles 73 to 75 shall once again apply to the Sale Shares.
- (l) Within five (5) Business Days of any Transfer of Equity Shares by a Selling Shareholder or an Investor and/or its Affiliates, as the case may be, the Company shall send a notice to the other Parties stating that such Transfer has taken place and setting forth the name of the transferor, the name of the transferee and the number of Equity Shares Transferred.
- (m) If all Non Selling Shareholder(s) do not deliver any ROFO Response Notice to the Selling Shareholder prior to the expiry of the 14 (fourteen) Business Days from the receipt of the Offer Notice, the Selling Shareholder shall be entitled to sell and transfer the Sale Shares to any Person on such terms and conditions as may be agreed to between the them, within a period of 90 (ninety) days from the expiry of the 14 (fourteen) Business Days from the receipt of the Offer Notice, failing which the right of the Selling Shareholder to sell any Sale Shares shall lapse and the provisions of Articles 73 to 75 (commencing from the requirement of delivery of a fresh Offer Notice) shall once again apply to any Sale Shares. Provided that if a Selling Shareholder is a member of the Promoter Group or their Affiliates, any Transfer of Sale Shares to any Person pursuant to this Article 73 shall be made only if the prior written consent of the Investors under

Article 69 has been obtained.

70. The Parties agree that nothing contained in Article 73 hereinabove shall apply to a Transfer of any Company Securities pursuant to Article 223(b) of the Articles.
71. Change of control of PIL: The individuals comprising the Promoter Group represent and warrant that as of the Effective Date, they collectively, along with their Affiliates hold 49,021,040 (Forty nine million twenty one thousand and forty) equity shares of PIL representing 40.17% (forty point one seven percent) of the voting securities of PIL ("**Existing Holding**") and such voting rights are free and clear of all Encumbrances other than the Pledged Shares. The members of the Promoter Group agrees that (i) the Purchase Consideration shall be used for repayment of the Specified Debt (as defined in the Shareholders Agreement) and release of 67.5% (sixty seven point five percent) of the Pledged Shares within a period of 6 (six) months from the Completion Date and (ii) the remaining portion of the Pledged Shares shall be released within a period of 12 (twelve) months from the Completion Date. The individuals comprising the Promoter Group agree that during the term of the Shareholders Agreement, they shall, together with their respective Affiliates, continue to hold the Existing Holding and shall not encumber or Transfer any of the securities that represent the Existing Holding without the prior written consent of the Investors. Provided however, that no prior consent of the Investors will be required for any Transfer of voting securities of PIL by the constituents of the Promoter Group to their respective Affiliates provided that such Transfers shall be on the condition that prior to such Affiliate ceasing to be an Affiliate of the members of the Promoter Group, the voting securities so transferred shall be re-transferred to the Promoter Group.

Pre-emptive rights and other conditions for further issuance of Company Securities

Notwithstanding anything to the contrary contained in these Articles, any further issuance of Company Securities shall be issued only in compliance with the following provisions:

72. Subject to the receipt of the consent of the Investors for an issuance of Company Securities, in the event the Company is desirous of issuing any new Company Securities (including by way of a rights issue or a preferential issue but other than a grant of options, or the issue of Equity Shares upon exercise thereof, pursuant to the ESOP Scheme) ("**Proposed Issuance**") in favour of any Shareholder(s) or any other Person ("**Potential Investor**"), it shall offer such number of Company Securities to the Investors such that the Proportionate Shareholding of the Investors in the Company prior to such transaction is maintained after the completion of such transaction. Each Investor shall have the right but not the obligation to purchase any or all of the Company Securities so offered to it by itself or through any Affiliate(s). In the event that such Company Securities being issued are not Equity Shares, each Investor shall have the right to subscribe or purchase either (i) an amount of such Company Securities which are being issued, which would be sufficient to maintain its Proportionate Shareholding; or (ii) such amount of Equity Shares, which would be sufficient to maintain its Proportionate Shareholding, assuming conversion (to the maximum extent possible) of the Company Securities being issued.
73. For this purpose, the Company shall deliver to the Investors written notice of the Proposed Issuance setting forth (i) the number, type and terms of the Company Securities to be issued, and (ii) the consideration payable to the Company in connection with the Proposed Issuance, which price per Company Security shall be the same as that accepted by the Potential Investor ("**Issuance Price**"), and (iii) the name(s) of the Potential Investor(s), 10 (ten) Business Days prior to the date the Company takes a decision in relation to the Proposed Issuance in the meeting of its Board.
74. In the event an Investor elects to exercise its rights under Articles 76 to 86, it shall: (i) within 10 (ten) Business Days following delivery of the notice referred to in Article 77, give written notice to the Company specifying the number of Company Securities to be subscribed to by the Investor and/or its Affiliate(s); and (ii) within 30 (thirty) days following delivery of the notice referred to in Article 77, settle the payment of the consideration to the Company simultaneously with the issuance of such number of Company Securities as are being subscribed to by the Investor and/or its Affiliate(s), which shall be determined based on the principles set forth in Articles 76 to 86; provided that the Potential Investor also simultaneously settles the entire payment for the Company Securities being purchased by it. The said 30 (thirty) days' period shall be extended for an additional period necessary to obtain any Approvals required for such purchase and payment by the Investors ("**Extended Period**").
75. Except as otherwise provided in this Article 79, failure by an Investor to either (a) give such notice within

the 10 (ten) Business Days' period referred to in Article 78 above; or (b) settle the payment of such consideration to the Company within the 30 (thirty) days' period (subject to the conditions contained in Article 78) or the Extended Period referred to in Article 78 above, as the case may be, shall be deemed a waiver by such Investor of its rights under Articles 76 to 86 with respect to such Proposed Issuance. If an Investor fails to give the notice required under this Article solely because of the Company's failure to comply with the notice provisions of Article 77, then the Company shall not issue Company Securities to the Potential Investor pursuant to Articles 76 to 86 and if purported to be issued, such issuance of Company Securities shall be void.

76. In the event that an Investor notifies the Company about its non-acceptance to subscribe to the new Company Securities offered by the Company as set forth in Articles 76 to 86, in part or in whole, or fails to give the notice specified in Article 78 hereinabove within the 10 (ten) Business Days period following delivery of the notice referred to in Article 77 or fails to settle the payment of the consideration within the required time period or within the Extended Period, as the case may be, such new Company Securities may be offered, issued or subscribed to by the other Shareholders of the Company or by any other Person, as the case may be, at or above the Issuance Price. In any event, the number of new Company Securities being issued shall not exceed the number of Company Securities proposed to be issued in terms of the Proposed Issuance and as set out in the notice provided to the Investors pursuant to Article 77.
77. The Proposed Issuance shall be completed within 90 (ninety) days of the notice provided under Article 77, failing which the right of the Company to make the Proposed Issuance shall lapse and the provisions of Articles 76 to 86 shall once again apply to such Proposed Issuance. The said 90 (ninety) days' period shall be extended for an additional period necessary to obtain any Approvals required.
78. In any event, the Company shall not issue any Company Securities (including any Equity Shares) of any type or class to any Person unless the Company has offered the Company Securities to the Investors in accordance with the provisions of Articles 76 to 86.
79. The Parties hereby agree that, notwithstanding the above, there exists no commitment by the Investors and/or their Affiliates to further capitalize the Company or provide finance to the Company in the form, *inter alia*, of guarantees or loans.
80. The Company and each member of the Promoter Group further agree that any Proposed Issuance by the Company shall be made at a price per Equity Share (in the event of a Proposed Issuance of Equity Shares) which is not less than the Subscription Price; and, if the Company Securities being issued are not Equity Shares, then the terms of the Company Securities being issued shall be such that a Potential Investor shall not be entitled to receive any Equity Share, pursuant to any conversion or exercise of such Company Security(ies), at a price per Equity Share which is effectively lesser than the Subscription Price. In the event that any Proposed Issuance is undertaken by the Company at an effective price per Equity Share which is lesser than the Subscription Price (such lesser price being referred to as the "**New Subscription Price**"), then each Investor shall, at its option, have the right to require that:
 - (a) The conversion ratio for its Subscription CCPS shall be modified, such that the price applicable for conversion of the Subscription CCPS shall be the New Subscription Price, or such other minimum price as is permitted under Applicable Laws (as and by way of illustration, if a Potential Investor subscribes to Equity Shares issued by the Company at a price of Rs. 80 (Rupees eighty) per share, and the Subscription Price is Rs. 100 (Rupees one hundred), 4 Subscription CCPS can converted into 5 Equity Shares); and/or
 - (b) The Company shall issue such number of fresh Equity Shares/preference shares to the Investors and/or to any Person nominated by it, without payment of any consideration by the Investors, or on payment of the minimum price as is permitted under Applicable Laws, which shall be determined in accordance with the following formula:

$$\frac{\text{Total Consideration}}{\text{New Subscription Price}} - \frac{\text{Total Consideration}}{\text{Subscription Price}}$$

Provided that the total number of Equity Shares issuable to the Investors and/or its nominees under (a) and (b) above, along with the Equity Shares already held by the Investors, shall not exceed such number of Equity Shares, as arrived at in accordance with the following formula:

Total Consideration (including consideration paid pursuant to Article 84(b))
New Subscription Price

81. In the event that the Company Securities being issued are not Equity Shares, but are convertible into Equity Shares, then the “New Subscription Price”, for the purposes of the formula set out in Article 84 above, shall be deemed to be the actual conversion price of the Company Securities being offered in a Proposed Issuance, as determined at any point of time upon or after the completion and consummation of the Proposed Issuance. Provided however, that if the Investor Securities are required to be mandatorily converted prior to the determination of the conversion price of the Company Securities offered in the Proposed Issuance, then the “New Subscription Price” shall be the lowest conversion price at which the Potential Investor would be able to acquire a single Equity Share pursuant to the conversion of the Company Securities held by it. As and by way of illustration, if a Potential Investor subscribes to optionally convertible preference shares issued by the Company at a price of Rs. 100 (Rupees one hundred) per share, and each preference share can be converted into 2 (two) Equity Shares in accordance with the aforesaid, then the New Subscription Price shall be deemed to be Rs. 50 (Rupees fifty).
82. It is clarified that in the event that the Investors are issued any Equity Shares/preference shares pursuant to the provisions of Article 84 or Article 85, such Shares shall be included towards calculation of the Company Securities to be issued to the Investors pursuant to any Proposed Issuance as required by Article 76 above. In the event that Applicable Law requires that the Company Securities shall be issued to the Investors at the face value of such Company Securities, or at any other minimum price, then the Investors shall pay such price to the Company; provided however that if the Investors opt to be issued any Company Securities pursuant to the provisions of Article 76 which are in addition to the Company Securities contemplated in Articles 84 and 85 above, then the price which would be payable by the Investors in relation to the Company Securities to be issued to it under Article 76 shall, to the maximum extent possible, be reduced by the price payable to the Company by the Investors pursuant to Articles 84, 85 and this Article 86.
83. Within a period of 90 (ninety) days from the Completion Date, the Company shall, and the members of the Promoter Group shall cause the Company to, approve a scheme providing for the issuance of options relating to up to 942,332 (Nine hundred and forty two thousand three hundred and thirty two) Equity Shares of the Company (“**ESOP Scheme**”) constituting 3% (three percent) of the Equity Share Capital on a Fully Diluted Basis (assuming no further Company Securities are issued between the Completion Date and the date of approval of the issuance of the options). The terms of the ESOP Scheme, including the term, vesting, and strike prices of any options, and the grant of options under the ESOP Scheme, shall require the prior approval of the Investors, and the options pursuant to the ESOP Scheme, and the Equity Shares allotted pursuant to the ESOP Scheme shall be issued, held and Transferred in accordance with the terms of the ESOP Scheme.

Instrument of transfer

84. The instrument of transfer shall be in writing and all provisions of Section 56 of the Companies Act, 2013 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

No Fee on Transfer or Transmission

85. No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document.

Transfer form to be Completed and Presented to the Company

86. The instrument of transfer shall be accompanied by such evidence as the Board may require proving the title of transfer and his right to transfer the share and every registered instruments of transferor shall remain in the custody of the Company until destroyed by the order of Board. The transferor shall be deemed to be the holder of such shares until the name of the transferee shall have been entered in the Register of Members in respect thereof. Before the registration of transfer the certificate of the shares must be delivered to the Company.

Transfer Books and Register of Members when Closed

87. The Board shall have power on giving not less than seven days previous notice by advertisement in some news paper circulating in the district in which the Registered office of the Company is situated to close the Transfer Books, Register of Members or Register of Debenture- holders at such time or times and for such period or periods, not exceeding thirty days at a time and not exceeding in the aggregate forty-five days in each year.

Directors May Refuse to Register Transfer

88. Subject to the provisions of Section III of the Act, Section 22A of the Securities Contracts (Regulation) Act, 1956 and the provisions of the Shareholders Agreement, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of 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.
89. Without prejudice to the generality of provisions of Article 102, the Board may refuse to register transfer of shares, in the name of the transferee on any one or more of the following grounds, namely:-
- a) that the instrument of transfer is not proper, or has not been duly stamped and executed, or that the certificate relating to the share has not been delivered to the Company, or that any other requirement under the law relating to registration of such transfer has not been complied with;
 - b) that the transfer of shares is in contravention of any law;
 - c) that the transfer of the shares is prohibited by any order of any Court, tribunal or other authority under any law for the time being in force;
 - d) that the transfer is not in accordance with the Articles.
90. The Board shall, before the expiry of two months from the date on which the instrument of transfer is lodged with the company for the purposes of such transfer, form its opinion as to whether such registration ought or ought not to be refused on any of the grounds mentioned in Article 93.
91. If the Board has formed the opinion that such registration ought not to be refused the company shall affect the registration of transfer.
92. If the Board forms an opinion that such registration ought to be refused on the grounds mentioned in as above, it shall intimate the transferor and transferee by notice in the prescribed form about the requirements under the law which has or which have to be complied with for securing such registration on.
93. If the Board forms an opinion that the registration ought to be refused on any of the grounds in clauses (b) to (d) of Article 93, it shall make a reference to the Company Law Board and forward thereof to the transferor and the transferee.
94. When on reference to the Company Law Board, the said Board directs that the transfer of shares-
- a) shall be registered by the Company, the company shall register the transfer of shares within 10 days of the order of the Board.
 - b) need not be registered by the Company, the Company shall, within 10 days from the date of the order intimate the transfer and the transferee accordingly.

Death of One or More Joint-Holders of Shares

95. In case of the death of any one or more of the persons named in the Register of Member as the joint-holders of any share, the survivor or survivors shall be the only person recognized by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a

deceased joint-holder from any liability of shares held by him jointly with any other person.

Title of Shares of Deceased Member

96. The executors or administrators or holders of a Succession Certificate or the legal representatives of a deceased member (not being one or two or more joint-holders) shall be the only persons recognized by the Company as having any title to the shares registered in the name of such member and the Company shall not be bound to recognize such executors or administrators or holders of a Succession Certificate or the legal representatives unless they have first obtained Probate or Letters of Administration or Succession Certificate, as the case may be, from a duly constituted Court in the Union of India, provided that in any case where the Board in its absolute discretion, thinks fit, it may dispense with production of Probate or Letter of Administration or Succession Certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary, register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member as a member.

No Transfer to Minor

97. No partly paid share shall in any circumstance be subscribed or transfer to any infant, minor, insolvent or person of unsound mind.

Registration of Persons Entitled to Shares Otherwise than by Transfer

98. Subject to the provisions of the Act and Articles any person becoming entitled to share in consequence of the death, lunacy, bankruptcy or insolvency of any member, 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 shares or elect to have some persons nominated by him and approved by the Board registered as such holder; provided nevertheless, that if that 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 provision herein contained, and until he does so, he shall not be freed from any liability in respect of the shares.

Person Entitled May Receive Dividend without being registered as Member

99. A person entitled to a share by transmission shall, subject to the right of the Directors, to retain such dividends of money as hereinafter provided, be entitled to receive any and may give discharge for any dividends or other moneys payable in respect of share.

Company Not Liable for Disregard of a Notice Prohibiting Registration of a Transfer

100. 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 person having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice or referred thereto, in any book of 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 to 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.

De-materialization/ Re-materialization of Securities

101. Definitions:

- a) "Beneficial Owner" shall mean a person whose name is recorded as such with a Depository.
- b) "Depository" shall mean a Company formed and registered under the Companies Act, 1956 and which

has been granted a Certificate of Registration under the Securities and Exchange Board of India (SEBI) Act, 1992.

- c) “Depositories Act” shall mean Depositories Act, 1996 or any statutory modification or re-enactment thereof.
- d) “Registered Owner” shall mean a Depository whose name is entered as such in the records of the Company or persons whose name appears in the register of members of the Company.

102. Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize / rematerialize its securities and may offer securities in a dematerialized form pursuant to the Depositories Act or as may be decided by the Board. The Company being unlisted Company can issue securities in physical form subject to terms and condition of the Act. The provisions of dematerialization / dematerialization and Depositories Acts will be applicable once the Company goes for listing at Stock Exchanges.

Options for Investors

103. Every person subscribing to securities offered by the Company shall have the option to receive the security certificate(s) or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any security in the manner provided by the Depositories Act and the Company shall, in the manner and within the time prescribed, issued to the beneficial owner the required certificate(s) of securities. If a person opts to hold his securities with a Depository, the Company shall intimate such Depository the details of allotment of the security and on receipt of the information, the Depository shall enter in its records the name of the allottee as the beneficial owner of the security.

Securities in Depositories to be in fungible form

104. All securities held by a Depository shall be dematerialized and shall be in a fungible form.

Rights of Depositories and Beneficial Owners

105. Notwithstanding anything to the contrary contained in the Companies Act, 2013 or in these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of the security on behalf of the beneficial owner.

106. Save as otherwise provided in (a) above, the Depository as the registered owner of the securities shall not have any voting right or any other rights in respect of securities held by it.

107. Every person holding securities of the Company and whose name is entered as the beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.

Service of Documents

108. Notwithstanding anything contained in the Companies Act, 2013 or in these Articles to the contrary, where securities are held in a Depository, the notice 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.

Transfer of Securities

109. Nothing contained in section 56 of the Companies Act, 2013 or in these Articles shall apply to transfer of securities effected by a transferor and a transferee, both of whom are entered as beneficial owner in the records of the Depository.

Allotment of Securities

110. Notwithstanding anything contained in the Companies Act, 2013 or in these Articles after any issue where

the securities are dealt within a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of securities.

Distinctive Numbers of Securities

111.Nothing contained in the Companies Act, 2013or in these Articles regarding necessity of having distinctive numbers for securities issued by the Company shall apply to the securities held by a Depository.

Register and index of Beneficial Owners

112.The register and index of beneficial owners maintained by a Depository under the Depositories Act. 1996 shall be deemed to be register and the Index of Members and Security Holders for the purpose of these Articles.

Director's power to borrow

113.Subject to the requirement of the affirmative vote of the Investors as set out in Articles 126, 202 and **Schedule 4**, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board or Committees of the Board receive deposits or loans from members either in advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdraft, cash credit or by issue of bonds, debentures or debenture stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any corporate body, bank institution, government or any authority or any other body, for the purposes of the Company and may secure the payment of any sum or sums of money so received, raised or borrowed.

The payment or repayment of moneys borrowed etc.

114.Subject to the requirement of the affirmative vote of the Investors as set out in Articles 126, 202 and **Schedule 4**, the payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing or otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charge, lien or any other security upon all or assets or property (both present and future) the undertaking of the Company including its uncalled capital for the time being or on the guarantee by any Director or Government or any third party and the bonds, debentures and the debenture stock and other securities may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company, of any obligation undertaken by the Company or by any other person or company as the case may be.

Terms of issue of debentures or raising loan

115.Subject to the requirement of the affirmative vote of the Investors as set out in Articles 126, 202 and **Schedule 4**, the pre-emptive rights set out in Articles 76 to 86, any debentures, debenture stock, loans/stock or other securities may be issued at a discount premium or otherwise-and the moneys borrowed otherwise may be borrowed on condition that they or any part of them shall be convertible into share of any denomination and with any privilege and conditions as to redemption, surrender drawing, repayment, allotment of shares, attending (but not voting) at general meetings, appointment of Directors and otherwise.

116.Debentures with the right .to conversion into or allotment of shares shall be issued only with the consent of the Company in General Meeting.

Mortgage of uncalled capital

117.If any uncalled capital of the Company is included in or charged by way of mortgage or other security, the Board may, subject to the provisions of Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favor such mortgage or security is executed. Provided that power to make calls on shares shall not be given to any other person without the consent of the members in General Meeting,

MEETINGS OF MEMBERS

Annual General Meeting

118. The Company shall, in each year hold, in addition to any other meeting, a General Meeting as its Annual General Meeting in accordance with the provisions of the Act and shall specify the meeting such in the notice calling it.
119. Every Annual General Meeting shall be called for at a time during business hours, on a day that is not a business holiday, and shall be held at the Registered Office of the Company or at some other place within the city or town in which the Registered Office of the Company is for time being situated as the Board may determine.

Voting at a Shareholders Meeting

120. Each member of the Promoter Group shall exercise his votes at any annual or extraordinary meeting of the Shareholders (a “**Shareholders Meeting**”), and shall take all other actions necessary, including by way of voting in the same manner as the Investors, to give effect to the provisions of the Shareholders Agreement and the other Transaction Documents and to maintain the inclusion in the Charter Documents of the rights and obligations of the Shareholders included in the Shareholders Agreement and the other Transaction Documents.
121. The Investors shall be entitled to vote at each meeting of the holders of Equity Shares of the Company to the extent of such proportion of the total voting rights, as the Investors would have been entitled assuming full conversion of all the Subscription CCPS, along with the Purchase Shares and any other Equity Shares held by the Investors. Such right shall be construed inter alia as a voting arrangement amongst the Promoter Group and the Investors; and, if required by the Investors, each member of the Promoter Group shall provide proxy(ies) to the Investors to enable the Investors to exercise such proportion of the votes as would provide the Investors the right to exercise (in any meeting of the holders of Equity Shares of the Company) such voting rights as the Investors would have been able to exercise had all the Subscription CCPS been converted into Equity Shares of the Company.

Decision on Affirmative Vote Items

122. Subject to any additional requirements imposed by the Act and notwithstanding anything contained in the Articles and the Shareholders Agreement, during the Term of the Agreement, the Company and each member of the Promoter Group agree that neither the Company nor any Shareholder, Director, officer, committee, committee member, employee, agent or any of their respective delegates shall, without the affirmative written consent or approval of the Investors obtained at a validly convened Shareholders Meeting, take any of the actions in relation to any Affirmative Vote Items at a Shareholders Meeting.
123. It is hereby clarified that if an Affirmative Vote Item is considered for the approval of the Board, and the affirmative vote of the Investor Nominee Director has been obtained in respect of such Affirmative Vote Item, then in such an event, if such Affirmative Vote Item is also referred to the Shareholders in any Shareholders Meeting, no further affirmative vote of the Investors would be required for such Affirmative Vote Item at an adjourned shareholders meeting in the event the Investors is not present at such adjourned shareholders meeting.

Right to attend General Meeting

124. Subject to Articles 124 and 125, every member of the Company shall be entitled to attend 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.

Extra-ordinary General Meeting

125. All General Meeting other than Annual General Meeting shall be called Extra-ordinary General Meeting.

Extra-ordinary General Meeting by Board and by requisition

126. The Directors may, whenever they think fit, convene an extra-ordinary General Meeting and they shall on requisition by the Members as provided under Section 100 of the Act, forthwith proceed to convene an Extra-ordinary General Meeting of the Company. If at any time there are not within India sufficient Directors capable of acting to form a quorum, any Director or any two members of the Company may convene an extra-ordinary general meeting in the same manner as nearly as possible as that in which General Meetings may be convened by the Directors.

Notice of Shareholders Meeting

127. A minimum clear 21 (twenty one) days prior written notice shall be given to all the Shareholders (including to the Investors) of any Shareholders Meeting, accompanied by the agenda for such meeting (unless the Investors shall have given written approval for a meeting called at shorter notice). The quorum for the Shareholders Meeting shall be in accordance with the terms of Article 133 herein below.

Notice of business to be given

128. No General Meeting, Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice convening the meeting.

Quorum of Shareholders Meeting

129. Subject to the provisions of the Act. (i) 5 (Five) shareholders personally present if the number of members as on the date of meeting is within 1,000 (One Thousand) (ii) 15 (fifteen) shareholders personally present if the number of members as on the date of meeting is within 5,000 (Five Thousand) (iii) 30 (Thirty) members personally present if the number of members as on the date of the meeting exceeds 5000 (Five Thousand) shall constitute quorum for the purposes of Shareholders Meetings of the Company, which shall include at least one (1) representative of the Investors (the “**Investor Attendee**”). In the event that the requisite quorum is not present, the Shareholders Meeting shall be adjourned to the same day, place and time of the following week, and the quorum requirements at such Shareholders Meeting shall be in accordance with Applicable Law, provided that if at the adjourned meeting the Investor Attendee is not present, no Affirmative Vote Matter shall be considered at such Shareholders Meeting.

130. Unless otherwise provided in the Act, the Articles of Association or the Shareholders Agreement (but subject to Articles 126, 127, 202 and **Schedule 4** below), at a duly called Shareholders Meeting with the requisite quorum, all decisions shall only be approved if passed (subject to Applicable Laws) with the affirmative vote of Shareholders present at the meeting and representing more than 50% (fifty percent) of the Equity Shares held by all Shareholders present at the meeting, subject to the provisions of Article 125. Without prejudice to the above, it is clarified that the Investors in their capacity as holders of Equity Shares will also be entitled to vote in accordance with the rights provided to the Equity Shares.

If quorum not present meeting to be dissolved or adjourned

131. If within half-an-hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting if called by or upon the requisition of members, shall stand dissolved and in any other case the meeting shall stand adjourned to the same day in the next week and if that day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place or to such other day and at such other time and place as the Board may determine and notify. If at the adjourned meeting also quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be quorum and may transact the business for which the meeting was called.

Resolution passed at adjourned meeting

132. Where a resolution is passed at an adjourned meeting of the Company, the resolution shall for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have passed on any earlier date.

Chairman of General Meeting

133. The Chairman of the Board shall be entitled to take the chair at every General Meeting, whether Annual or Extra-ordinary.

134.If there is no such Chairman or if any meeting he shall not be present within fifteen minutes after the time appointed for holding such meeting or shall decline to take the chair any of the Directors present and willing to take the chair be the Chairman for that meeting. If none of the Directors present is willing to take the chair, the members present may elect one of their members to be the Chairman of the meeting,

Chairman may adjourn meeting with consent

135.The Chairman may, with the consent of any meeting at which quorum is present and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

136.No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

137.When a meeting is adjourned for thirty days or more or change of day, time or place of meeting or by the Board's decision under Article 139 above, notice of the adjourned meeting shall be given not less than 3 days of the adjourned meeting.

138.Save as aforesaid it shall not be necessary to give any notice of an adjournment of or of business to be transacted at any adjourned meeting.

Voting to be by show of hands in the first instance

139.At any General Meeting, a resolution put to the vote at the meeting shall unless a poll is demanded or the voting is carried out electronically, be decided on a show of hands.

Chairman's declaration of result of voting on show of hands

140.A declaration by the Chairman that in pursuance of voting on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and any entry to that effect in the books containing the minutes of the proceedings of the company shall be conclusive evidence of the fact without proof the number or proportion of votes in favour of or against such resolution.

Demand for poll

141.Before or on the declaration of the result of the voting on any resolution on show of hands a poll may be ordered to be taken by him on demand made in that behalf by any member, or members present in person or by proxy and holding shares in the Company.

- i) Which confers a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution, or
- ii) On which an aggregate sum of not less than Five Lakhs rupees has been paid-up.

The demand for a poll may be withdrawn at any time by person or persons who made the demand.

Time for taking poll

142.A poll demanded on any question of adjournment or election of Chairman of the meeting shall be taken forthwith

143.A poll demanded on any other matter not being related to the election of Chairman which is provided for in Article 144 shall be taken at such time not being later than forty-eight hours from the time when the demand was made and in such manner and place as the Chairman of the meeting may direct.

Scrutineers at poll and Chairman's power to remove scrutineer

144.Where a poll is to be taken, the Chairman of the meeting shall appoint two Scrutinisers to scrutinize the votes given on a poll and report thereon to him. One of the scrutinisers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting provided that such a

member is available and willing to be so appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a Scrutiniser from office and fill vacancies in the office of the scrutiniser arising from such removal or any other cause.

Demand for poll not to be prevent transaction of other business

145. The demand for a poll except on the question of the election of the Chairman or an adjournment shall not prevent the continuance of meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTING RIGHTS OF MEMBERS

Members paying money in advance not be entitled to vote in respect thereof

146. A member paying the whole or a part of the amount remaining unpaid on any shares held by him although no part of that amount has been called up shall not be entitled to voting rights in respect of the moneys so paid by him,

Restriction on exercise of voting rights of members who have not paid calls

147. No member shall exercise any voting rights in respect of any share 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,

Votes of members of unsound mind

148. A Member of unsound mind or in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote whether on a show of hands or on a poll by his committee or other legal guardian and any such committee or guardian may on a poll vote by proxy.

Votes of joint holders

149. If there be joint registered holders of any one of such persons may vote at any meeting personally or by proxy, that one of the said persons so present whose name stands first or higher on the Register shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Provided always that a person present at any meeting personally shall be entitled to vote in preference to a person by proxy stands first or higher in the Register in respect of such shares. Several executors or administrators of a deceased member in whose name shares stand shall, for the purpose of these Articles, be deemed joint holders thereof.

Votes in respect of deceased or insolvent member

150. Any person entitled, under the provisions of the Articles governing transmission of shares, to transfer any shares may vote at any General Meeting in respect thereof in the same manner as if he was the registered holder of such shares, provided that at least forty eight hours before the time of holding the meeting or the adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares and give such indemnity (if any) as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting In respect thereof.

Voting In person or by proxy

151. Subject to the provision of these Articles and provisions set out in Article 125, a vote may be given either personally or by proxy.

Right of member to use his votes different

152. On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the vote he uses.

Appointment of proxy

153. Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself provided always that a proxy so appointed shall not have any right whatsoever to speak at the meeting. Every notice convening a meeting of the Company shall state that a member entitled to attend and vote is entitled to appoint one or more proxies.

Proxy either for specified meeting or for a period

154. An instrument of proxy may appoint a proxy either for the purposes of a particular meeting specified in the instrument and adjournment thereof or it may appoint for the purpose of every meeting to be held before a date specified in the instrument and every adjournment and any such meeting.

Proxy not to vote on show hands

155. No member present only by proxy shall be entitled to vote on a show of hands.

156. The instrument appointing a proxy and the power of attorney or other authority (if any) under which it is signed or a notarial certified copy of that authority, shall be deposited at the office 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 twelve months from the date of its execution.

Validity of votes given by proxy notwithstanding revocation of authority

157. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, in the case of an individual member, or winding up in the case of a corporate member, or revocation of the proxy or authority 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, insanity, winding up, revocation or transfer, as the case may be, shall have been received at the office before the commencement of the meeting, or adjourned meeting at which the proxy is used.

Chairman of any meeting to be the Judge of validity of any vote

158. The Chairman of any meeting shall be the sole judge of every vote tendered at such meeting. The Chairman present at the taking of the poll shall be sole judge of the validity of every vote tendered at such poll.

Custody of instruments appointing proxy

159. If any such instrument of appointment to be confined to the object of appointing a proxy for voting at the meetings of the Company, it shall remain permanently or for such times as the Directors may determine, in the custody of the Company. If embracing other objects, copy thereof verified with the original shall be delivered to the Company to remain in the custody of the Company.

Member's Circular Resolution

160. Subject to the provisions of the Act, A resolution in writing signed by all the members (or being corporations, by their duly authorised representatives) for the time being entitled to receive notice of and to attend and vote at General Meetings, shall be as valid and effective as if the same had been passed at a General Meeting of the Company duly convened and held.

DIRECTORS

Authority of the Board

161. Subject to the provisions of the Shareholders Agreement, the Articles and the Act, the Board shall be responsible for the management, supervision and direction of the Company.

Number of Directors

162.Composition of the Board:

- (i) The Parties agree that the Board shall comprise of 9 (nine) Directors. The Investors shall have the right to collectively nominate and appoint 2 (two) Directors to the Board (“**Investor Nominee Directors**”).
- (ii) The Investor Nominee Directors shall be appointed as Directors on the Board. Any changes to the size of the Board after Completion, other than changes pursuant to Article 166(i) to Article 166(iii), shall be undertaken only on the mutual agreement of the Promoter Representative and the Investors. The Promoters shall have the right to nominate up to 5 (five) Directors to the Board of the Company (“**Promoters Nominee Directors**”).
- (iii) At least 2 (two) independent directors appointed on the board of PIL shall be appointed as independent directors to the Board of the company.
- (iv) In addition, the Promoter Representative and the Investors shall jointly appoint such number of Directors to the Board of the Company as may be mutually agreed by them.
- (v) The Investors shall also have the right to appoint an observer (the “**Investor Observer**”) to attend the Board meetings and all meetings of all committees and sub-committees of the Board. However the Investor Observer shall not be entitled to a separate vote.
- (vi) The Investor Nominee Directors shall have the right to be appointed as members to all committees and sub-committees of the Board including any compensation committee of the Company. However it is clarified that only 1 (one) Investor Nominee Director shall be entitled to attend each meeting of the committee or sub-committee of the Board.
- (vii) All Shareholders shall have all rights available to them to ensure the appointment and removal of all Directors in the manner contemplated in the Articles.

First Directors

163.The following persons shall be the first Directors of the Company.

- I. VENKATA NRUPENDER RAO JOGINAPALLY
- II. ADITYA NARSING RAO
- III. VIJAY CHANDRA PULJAL

Appointment of Alternate Director

164.The Investors and the Promoters shall be entitled to nominate alternate Directors to act in accordance with the Act, and shall also have a right to withdraw the nominated alternate Director, and nominate another in his/her place. The Shareholders shall take all such actions, including exercising their votes in relation to the Company Securities controlled by them, as may be required to cause any alternate Director nominated pursuant to this Article 168 to be duly elected or appointed.

Director's Power to Add to the Board

165.Subject to the provisions of Sections 152 and 161 of the Act, the Board shall have power at any time and from time to time appoint any other person to be an additional Director but so that the total number of Directors shall not at any time exceed the maximum fixed under Article 166. Any such additional Director shall hold office only up to the date of the next Annual General Meeting.

Removal and Replacement of Directors

166.No person other than the Investors shall be permitted to remove or replace at any time and for any reason the Investor Nominee Directors or the Investor Observer.

167.No person other than the Promoter Representative shall be permitted to remove or replace at any time and

for any reason the Promoters Nominee Directors.

168. The Investors or the Promoter Representative, as the case may be, may respectively require the removal of any Investor Nominee Director or the Promoters Nominee Director, as the case may be, and nominate another individual as its nominee Director in his/her place, and the other Shareholders shall exercise their rights to ensure the removal and appointment as aforesaid. The Investors may require the removal of any Investor Observer and nominate another individual as the Investor Observer in his/her place.

169. In the event of the resignation, retirement or vacation of office of any Director/observer nominated by a Shareholder due to any other reason, the relevant Shareholder shall be entitled to appoint another person as a nominee Director/observer in such place, and the other Shareholders shall exercise their rights to ensure the appointment of the individual nominated for appointment as Director/observer as aforesaid.

170. In the event that an Investor Nominee Director retires by rotation in accordance with the provisions of the Act, the Shareholders shall ensure and perform all acts including the exercise of the voting rights to ensure that such Investor Nominee Director is reappointed to the Board. However the Promoters Nominee Director shall not be required to retire by rotation.

Directors' Power to fill Casual Vacancies

171. Subject to the provisions of Sections 152 and 161 of the Act, the Board shall have power at any time to appoint any other person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

Share Qualification of Directors

172. No qualification shares are required to be held by any director.

Remuneration of Directors

173. Until otherwise determined by the Company in General Meeting, each Director other than the Managing Director and whole time Director shall be entitled to receive out of the funds of the Company for his services in attending Meetings of the Board or committees thereof, a fee up to such amount as may be prescribed by the Central Government from time to time

174. Subject to the provisions of the Act, a Managing Director or Director in the whole time employment of the Company may be paid remuneration either by way of a monthly payment or at a specified percentage of the net profits of the Company or partly by one way and partly by the other.

Director may act notwithstanding any Vacancy

175. The continuing Director may act notwithstanding any vacancy in their body but if and so long as their number is reduced below the minimum, the continuing Directors not being less than two may act for the purpose of increasing the number of Director to that number, or of summoning a General meeting, but for no other purpose.

Eligibility for Re-Election

176. A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retired.

Directors' Access

177. Each Director shall be entitled to examine the books, accounts and records of the Company and shall have free access, at all reasonable times and with 3 (three) days prior written notice, to any and all properties and facilities of the Company. The Company shall provide such information relating to the business affairs and financial position of the Company as any Director may require.

MANAGING DIRECTOR / WHOLE-TIME DIRECTOR

Appointment of Managing Director and/or Whole-time Director by the Board

178. Subject to the provisions of the Act, and Articles the Board may appoint one or more of their body to be Managing Director or whole time Director of the Company for such term not exceeding five years at a time as they may think fit, to manage the affairs and business of the Company and may from time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or other in his or their place or places.

The Board may while appointing a Whole-time Director other than the Managing Director designate such Whole-time Director as Technical Director, Finance Director, Executive Director, Commercial Director or such other designation as may be deemed appropriate taking into account, the specific duties to be performed by the Whole-time Director concerned.

Provisions to which Managing and Whole-time Director(s) would be subject to

179. Subject to the provisions of the Act and these Articles, Managing Director or Whole-time Director shall not while he continues to hold that office, be subject to retirement by rotation. He 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 he shall ipso-facto and immediately cease to be Managing Director or Whole-time Director, as the case may be if he ceases to hold the office of Director for any reason.

Powers and duties of Managing and/or Whole-time Director(s)

180. 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) and the Whole-time Director(s) appointed under these Articles with power to the Board to distribute such day-to-day management functions among such Managing or Whole-time Director/s in any manner as may be deemed fit by the Board and subject to the provisions of the Act and these Articles, the Board may by Resolution, vest any such Managing or Whole-time Director or Directors such of the power hereby vested in the Board generally as it thinks fit and such power may be made exercisable for such restrictions as the Board may determine and the Board may, subject to the provisions of the Act and these Articles, confer such power either collaterally with or to the exclusion of or substitution for all or any of the powers of the Directors and may from time to time revoke, withdraw, alter or vary all such powers.

181. Subject to the provisions of the Act and subject to the general control, superintendence and direction of the Board, and further subject to Subject to the requirement of the affirmative vote of the Investors as set out in Articles 126, 202 and **Schedule 4**, the Managing Director shall have power on behalf of the Company.

- a. to make all sales and purchases and to enter into all contracts and agreements as he thinks proper for the purpose of the Company, execute and sign all dividend warrants and all the documents, instruments, declarations, statements, affidavits, application, receipts, releases, discharges and paper on behalf of the Company and to do all other acts, deeds and things, as usually desirable or expedient in the management of the affairs of the Company or otherwise for the purpose thereof, such manager, officers, bankers, secretaries, brokers, exporter, engineers, contractors, assistant, clerks, labourers, workmen, peons and other servants, persons or employees as he shall think proper with such power and duties and upon such terms as to duration of employment, remuneration or otherwise as he shall think fit and to engage or appoint advocates, legal advisers, chartered accountants, practicing Company Secretaries or other professionals and technical persons on such terms as he considers appropriate for the business affairs of the Company,
- b. to borrow, make payments, receive and accept moneys and draw, accept, endorse and negotiate on behalf of the Company all bills of exchange, promissory notes, hundies, cheques, drafts, government promissory notes, loans or bonds or any other security, debentures, Railway Receipts, way bills, consignment notes, lorry receipts, bills of lading and all other negotiable or transferable instruments; and the receipts signed by the Managing Director for any moneys, goods or property payable to or belonging to the Company shall be effectual for the moneys, goods or property which in such receipts shall be acknowledged to be received and the person paying any such moneys etc., shall not be bound

to see to the application or be answerable for any misapplication thereof.

- c. to commence, institute, conduct, defend or abandon any action or legal proceedings by or against the Company and shall have for such purpose power to sign and verify all plaints, written statements, petitions, appeals, declarations, revisions and applications and shall have power to refer any claims by or against the Company to arbitration and to perform, observe and challenge the awards.

Restrictions on powers of Managing Director

182. The Managing Director shall not exercise the Power:

- a) to make calls on shareholders in respect of money unpaid on their shares in the Company, and
- b) to issue debentures.

Except to the extent mentioned in the resolution passed at the Board Meeting under Section 179 of the Act, the Managing Director shall also not exercise the powers to:

- a) borrow moneys,
- b) invest the funds of the Company, and
- c) make loans.

Appointment of Secretary

183. The Directors may from time to time appoint a duly qualified person to be the Company Secretary of the Company on such terms and conditions as they shall deem fit and may from time to time suspend, remove or dismiss him/her from office and appoint another in his/her place.

184. Subject to the provisions of the Act, and these Articles, the Directors may delegate to the Secretary such powers and entrust him/her with such duties as they may deem fit from time to time and revoke, cancel, alter or modify the same, and in particular, entrust to him/her the performance of the functions which, by the Act, are to be performed by the Secretary of a Company, and other administrative and ministerial duties.

185. The remuneration of the Secretary shall be such as may be determined by the Directors from time to time.

Appointment of Chief Financial Officer

186. The Directors may appoint Chief Financial Officer for such terms and conditions, at such remuneration as the Directors deem fit and may time to time suspend, remove or dismiss him from office and appoint another in his place by means of resolution of the Board.

Subject to the provisions of the Act, and these Articles, the Directors may delegate such powers and entrust him/her with such duties as they deem fit from time to time and revoke, cancel, alter or modify the same, and in particular, entrust to him/her the performance of the functions which, by the Act, are to be performed by the Chief Financial Officer.

PROCEEDINGS OF THE BOARD OF DIRECTORS

Meeting of Directors

187. The Board will meet not less than once in 120 days, at Hyderabad, or Bangalore or at any current or future plant locations of the Company. Provided that, in the event the Board proposes to meet or meets at any location other than Hyderabad or Bangalore, the prior written approval of the Investor Nominee Directors would be required.

188. The place of meetings of the Board shall be such as may be decided by Managing Director/WTD or the Board from time to time keeping in view the convenience of the Directors in general.

189. The Board shall act in any Board meetings (a “**Board Meeting**”) in conformity with the specific terms and provisions of the Shareholders Agreement and the Articles; it being acknowledged that the Transaction, and

consequently the Shareholders Agreement, is in the best interests of the Company; and accordingly, the Board shall cause the Company to comply with its obligations hereunder. The Parties shall accordingly require Directors nominated by them to act in accordance with this Article 193.

Notice of Meetings

190. A meeting may be called by the Chairman of the Board or any one (1) other Director giving notice in writing to the company secretary, or any other Person nominated in this regard by the Board, specifying the date, time and agenda for such meeting. The company secretary (or such nominated person) shall upon receipt of such notice give a copy of such notice to all Directors of such meeting, accompanied by a written agenda specifying the business of such meeting and copies of all papers relevant for such meeting. The Company shall ensure that sufficient information is included with such notice to the Directors to enable each Director to make a decision on the issue in question at such meeting. Not less than a minimum of 15 (fifteen) days" prior written notice shall be given to each Director (including the Investor Nominee Director) of any Board Meeting, accompanied by the agenda for the Board Meeting, unless the Investor Nominee Director shall have given written approval for a meeting called at shorter notice. The quorum for the Board Meeting shall be in accordance with Articles 195 to 197 herein above.

When meeting to be convened

195. A Managing Director may at any time and the Secretary upon the request of any two Directors made at any time shall convene a meeting of the Board of Directors by giving a notice in writing to every Director for the time being in India at his usual address in India. Notice may be given by telegram or telex or fax or by electronic mode or other usual mode of communication to any Director in whose case the notice ordinary post in not likely to reach at the address intimated by him in time to enable him to attend the proposed meeting.

Quorum for a meeting of the Board

191. Subject to the terms set out in Articles 195 to 197 and the provisions of the Act, 3 (three) Directors would constitute a quorum in Board Meetings of the Company, of which at least one (1) should be an Investor Nominee Director. In the event the Investor Nominee Directors are unable to attend the scheduled Board Meeting, any Investor Nominee Director shall provide a written request to the Company, at least 5 (five) days prior to the date of the proposed Board Meeting, to postpone the Board Meeting (the "**Postponement Notice**"), in which case such Board Meeting shall be postponed to the same place to next ensuing week on a day which is a Business Day.

192. In the event the Investor Nominee Director provides the Postponement Notice and, thereafter, the Investor Nominee Director is not present in such postponed Board Meeting, then the Board can proceed with the Board Meeting and its agenda subject to there being a valid quorum as per the provisions of the Act. However, if any matter to be discussed in such postponed Board Meeting includes an Affirmative Vote Item, then the Board Meeting shall be adjourned to the same place and time 7 (seven) days later on a Business Day to consider such Affirmative Vote Item. If at the adjourned meeting none of the Investor Nominee Directors are present, the Directors present at such meeting shall be deemed to be the valid quorum and the Board Meeting shall continue and proceed with the agenda, other than the consideration of any Affirmative Vote Item. It is clarified that the Company or the Board shall not, in any circumstances, take any decision in relation to any Affirmative Vote Item without the prior written consent of the Investors, or, as the case may be, the affirmative vote of the Investor Nominee Director or a representative of the Investors in a meeting of the Board or the Shareholders.

193. In the event that no Postponement Notice is received from the Investor Nominee Directors and if the matters to be discussed do not include any Affirmative Vote Item, the Board Meeting shall continue and proceed with its agenda. However, in the event the matter to be discussed includes an Affirmative Vote Item and none of the Investor Nominee Directors are present, then the Board Meeting shall be adjourned to the same place and time 7 (seven) Business Days later, on a Business Day, to consider such Affirmative Vote Item. If at the adjourned Board Meeting none of the Investor Nominee Directors are present, the Directors present at such Board Meeting shall be deemed to constitute a valid quorum, and the Board Meeting shall continue and proceed with any other agenda, other than the consideration of the Affirmative Vote Items(s).

Chairman

194. The right to select and appoint the Chairman of the Board of the Company and the Company Subsidiary(ies) shall be with the Promoter Representative. The Chairman of the Board or the chairman of the Company Subsidiaries shall not have a casting vote in relation to any matter.

195. The Chairman shall preside over the meeting of the Board. If at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the same, the Directors shall elect any one of them to be the Chairman of such meeting.

Questions at the Board Meeting how to decide

196. At any Board Meeting, each Director may exercise one (1) vote. The matters shall be decided in the manner set out in Articles 125, 126, 127, 134, 201, 202 and **Schedule 4** herein below.

197. Unless otherwise provided in the Act, the Articles of Association or the Shareholders Agreement (but subject to Articles 126, 127, 202 and **Schedule 4**), at a duly called Board Meeting, all decisions shall be taken by a simple majority (the affirmative vote of greater than 50% (fifty percent) of the Directors present at a meeting duly called and for which requisite quorum is present as required under the Articles and the Shareholders Agreement and under the Act).

198. Subject to any additional requirements imposed by the Act and notwithstanding anything contained in the Articles and in the Shareholders Agreement, during the Term of the Agreement, the Company, each member of the Promoter Group and the Investors agree that neither the Company (through its Board or general body, or otherwise) nor any Shareholder, Director, officer, committee, committee member, employee, agent or any of their respective delegates shall, without the prior affirmative written consent or approval of at least one (1) Investor, or one (1) Investor Nominee Director, obtained at a validly convened Board Meeting, committee meeting or sub-committee meeting, or otherwise, take any of the actions set forth in **Schedule 4** hereto (the “**Affirmative Vote Items**” or “**Affirmative Vote Matters**”)), in any manner whatsoever. Notwithstanding anything to the contrary contained in the Articles and in the Shareholders Agreement, in the event that it is proposed that any Affirmative Vote Item be decided in a Board Meeting, the Investors shall be entitled to require that a Shareholders Meeting be convened for the purposes of deciding such Affirmative Vote Item, and that such Affirmative Vote Item be decided at a Shareholders Meeting, in accordance with the provisions of Article 126.

Powers exercisable at Board Meetings

199. A Meeting of the Board for the time being at which a quorum is present shall be competent to exercise all or any of its authorities, powers and discretions which by or under the Act or these Articles or the regulations for the time being of the Company are vested in or exercisable by the Board generally.

Committees of Board

200. The Board may subject to the provisions of Section 179 and other relevant provisions of the Act and of these Articles, appoint committees of the Board, and delegate any of the powers other than the powers to make calls and to issue debentures to such committee or committees and may from time to time revoke and discharge any such committees either wholly or in part and either as to the person or purposes, but every committee so formed shall in exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board.

Meetings of a Committee how to be Governed

201. The meetings and proceedings of any such committee of the Board shall be governed by the provisions herein contained for regulating meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Board under the preceding Articles.

Hold Board Meetings through Video or Tele-conferencing.

202. The extent permitted under Applicable Laws, the Directors may participate in Board Meetings by telephone or video conferencing or any other means of contemporaneous communication, provided each person taking part in the meeting is able to hear each other person taking part and provided further that each Director must

acknowledge his presence for the purpose of the meeting and any Director not doing so shall not be entitled to speak or vote at the meeting. The Director(s) shall be counted for the quorum of the meeting.

203. The Directors intimate his/her intention to participate through video conferencing or other audio visual means, he/she shall give prior intimation in 7 days advance to the Chairman or Company Secretary or other authorized person for making suitable arrangements in this behalf.

204. The directors, who desire, to participate may intimate his/her intention of participation through the electronic mode at the beginning of the calendar year and such declaration shall be valid for one calendar year and the Directors will attend at least 2 (two) Board Meeting in person.

205. The Company should record proceedings, store for safekeeping and marking the tape recording(s) or other electronic recording mechanism as part of the records of the company and record in the minutes of the meeting as prescribed in the provision of the Act.

206. The Act defines that some matters shall not be dealt with in any meeting held through video conferencing or other audio visual means. i) the approval of the annual financial statements; ii) the approval of the Board's report; iii) the Audit Committee Meetings for consideration of accounts.

Circular resolutions

207. A written resolution circulated to all the Directors or members of committees of the Board, whether in India or overseas and signed by a majority of them as approved, shall (subject to compliance with the relevant requirements of the Act) be as valid and effective as a resolution duly passed at a meeting of the Board or committee of the Board, called and held in accordance with the Shareholders Agreement and the Articles (provided that it has been circulated in draft form, together with the relevant papers, if any to all the Directors); provided however that if the resolution proposed to be passed by circulation pertains to any of the Affirmative Vote Items, such circular resolution shall be valid and effective only if it has received the consent in writing of at least one (1) Investor Nominee Director.

Expenses

208. The reasonable costs of attendance of the Investor Nominee Directors/representatives at Board and Shareholders Meetings (including costs of airfare, hotel accommodation and local transportation) shall be borne by the Company.

Acts of the Board or committee valid notwithstanding defect in appointment

209. All acts done by any meeting of the Board or by a Committee of the Board or by any person acting as Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of one or more of such Directors or any person acting as aforesaid or that they or any of them were disqualified or that the appointment of any of them was 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 Directors. Provided nothing in this Article shall be deemed to give validity to acts done by a Director after his appointment has been shown to the Company to be invalid or to have been terminated.

The seal its custody and use

210. The Board shall provide a Common seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being under such regulations as the Board may prescribe.

211. The seal shall not be affixed to any instrument without the authority of the Board or a Committee of the Board except by the authority previously given. It shall be affixed in the presence of one Director of the Company and counter signed by the Secretary or any other Officer/Person specifically authorised in this behalf who shall sign every instrument to which the Seal is affixed.

RIGHTS OF INVESTORS IN RELATION TO SUBSIDIARY COMPANIES

212. Each member of the Promoter Group and the Company agree and undertake that within six (6) months from the Effective Date (“**Agreed Period**”), without material cost to the Company, (i) all of the securities of the Current Subsidiary held by the Company shall be transferred to another Person (“**Proposed Purchaser**”); and (ii) the Current Subsidiary will cease being a Company Subsidiary; cease using the words “Pennar” in its name and change its name to such name as may be approved by the Investors. The members of the Promoter Group and the Company further agree and undertake that post such transfer to the Proposed Purchaser, the Proposed Purchaser and the Company Subsidiary shall not:

- (i) carry on, own, manage, operate, join, assist, have an interest or control in any business/business entity which is a Competitor,
- (ii) engage in or conduct or carry on any Competing Business; or
- (iii) on their own account or as an agent of any Person canvass or solicit for any Competing Business; or
- (iv) solicit any customer, distributor, supplier, dealer or agent for the purpose of any Competing Business; or
- (v) solicit, canvass or entice away any employee who is employed in a managerial, professorial, supervisory, technical, sales or administrative capacity in the Company.

213. The Shareholders shall ensure that in relation to any present or future Company Subsidiary, all of the rights of the Investors which are contained in the Articles and the Shareholders Agreement, and all management principles set out in the Articles and the Shareholders Agreement, shall, if required by the Investors, and subject to the provisions of applicable Law, be continuously made applicable to each of the Company Subsidiaries. Without prejudice to the generality of the preceding sentence, the Parties agree that, at the option of the Investors, the board of directors of each Company Subsidiary shall be appointed by the Company and shall be of the same size as the Board provided that, with the prior written consent of the Investors, the size of the Board may be different from other subsidiaries, and shall include directors nominated by the Investors if required by the Investors; and further, that any decision in relation to the subject matter of the Affirmative Vote Items, as such items would apply in relation to each Company Subsidiary, shall require the affirmative vote of the Investors, whether at the board meeting or shareholders meeting of such Company Subsidiary, or otherwise. The Parties agree that the quorum, voting and board composition arrangements and other procedures with respect to the boards of directors of each Company Subsidiary as set out in the Articles and the Shareholders Agreement, as well as other voting, management and corporate governance matters shall also be available to the Investors in relation to each Company Subsidiary. Subject to the aforesaid and subject to the provisions of the Act, at the option of the Investors, it may be provided that there shall be at least 2 (two) representatives of the Company required for the purposes of formation of quorum at each board meeting and shareholders meeting of any Company Subsidiary, of which 1 (one) representative shall be a person nominated by the Investors. The Shareholders and the Company hereby undertake to take all necessary actions to ensure that all the Company Subsidiaries comply with the provisions of the Articles and the Shareholders Agreement. All rights mentioned in this Article 214 shall form part of the memorandum and articles of association or other charter documents of such Company Subsidiary and such provisions shall continue to form part of such documents as long as the Investors are a Shareholder, or a shareholder of any Company Subsidiary.

PROMOTER REPRESENTATIVE COVENANTS AND NON-COMPETE

214. Promoter Representative: Notwithstanding anything to the contrary contained in the Articles and the Shareholders Agreement, each member of the Promoter Group shall, from time to time, authorise a person to inter alia, send and receive notices for the purpose of sending and receiving notice required to be provided or received by the members of the Promoter Group by executing the power of attorney set out in the Shareholders Agreement. If the Promoter Group wishes to replace the Promoter Representative, then it shall provide to each of the Investors a written notice informing them of such nomination. On the Effective Date the members of the Promoter Group shall nominate Mr. Nrupender Rao as the first Promoter Representative by executing the said power of attorney and constituting him as their duly authorised attorney.

215. Mr. Nrupender Rao and Mr. Aditya Rao shall devote significant and sufficient time to the management and operations of the Company (which shall not in any event be less than the time currently being devoted by Mr. Nrupender Rao and Mr. Aditya Rao to the Company) and shall not take any other management

responsibility outside of the Company, save and except their responsibilities with respect to PIL, without prior approval of the Investors.

216. Each member of the Promoter Group shall, on and from the date hereof, give up, part with, cease and refrain from directly or indirectly carrying on any Competing Business.

217. No member of the Promoter Group shall, directly or indirectly, either by himself or in association with or through any Person, in any manner whatsoever:

- (a) carry on, own, manage, operate, join, assist, have an interest or control in any business/business entity which directly or indirectly competes with the Business, other than through the Company; or
- (b) engage in or conduct or carry on any Competing Business; or
- (c) on his own account or as an agent of any Person canvass or solicit for any Competing Business; or
- (d) solicit any customer, distributor, supplier, dealer or agent for the purpose of any Competing Business; or
- (e) solicit, canvass or entice away any employee who is employed in a managerial, professorial, supervisory, technical, sales or administrative capacity in the Company.

218. Each member of the Promoter Group hereby agrees and confirms that any breach of the obligations set out under Articles 216 to 220 shall be deemed to be a material breach of the obligations of the members of the Promoter Group under the Articles and the Shareholders Agreement.

219. The obligations of the members of the Promoter Group under Articles 216 to 220 will continue until the Fall Away Threshold Date.

IPO, EXIT AND BUYBACK

220. The Promoters shall provide, or shall cause the Company to provide, a suitable exit to the Investors in the manner prescribed below.

221. Within a period of 4 (four) years from the Completion Date, the Promoters shall cause a Qualified IPO of the Company to be consummated ("**Investor Liquidity Event**"). A "**Qualified IPO**" shall mean an underwritten public offering (i) pursuant to which Equity Shares are listed on the Bombay Stock Exchange and/or the National Stock Exchange or any other stock exchange approved by the Investors; and (ii) with a minimum market capitalization (immediately post-listing, based on the floor price of the price band for the public offering) of Rs. 7,500,000,000 (Rupees seven billion and five hundred million), with a float of at least Rs. 2,500,000,000 (Rupees two billion and five hundred million). It is clarified that (i) in case of an IPO other than a Qualified IPO, an affirmative vote of the Investors shall be required; and (ii) the approval of the Board shall not be required where the Investors are voluntarily converting the Subscription CCPS. The Investors shall have the right (but not the obligation) to require an offer for sale of any or all of the Company Securities held by them, along with or as a part of the Company Securities being offered pursuant to the Qualified IPO.

222. In the event that a Qualified IPO is not consummated within a period of 4 (four) years from the Completion Date, then the Investors shall be entitled to exercise any or all of the following rights:

- (a) to require the Promoters, jointly and severally to purchase, or to cause the purchase of, or to cause the Company to buyback (in one or more tranches), the Investor Securities, during the 6 (six) month period beginning on the 4 (four) year anniversary of the Completion Date ("**Buyback Period**"). The price at which each Investor Security shall be purchased or bought back at shall be the higher of the Fair Market Value or the acquisition price of such Investor Security ("**Buyback Price**"). The buyback right shall be exercised by way of a written notice from the Investors, addressed to the Company and the Promoters ("**Buyback Notice**"), and in the event that the Company is itself buying back the Investor Securities, each member of the Promoter Group hereby agrees to renounce any buyback of their Company Securities for the purposes of such buyback, until the Investor Securities are bought back in full. To effectuate the said buyback, the Promoters agree to subscribe Equity Securities of

such class and to such extent necessary, at a value not lesser than the Buyback Price, the proceeds of which may be utilised for the aforesaid buyback; and/or

- (b) to require the members of the Promoter Group to Transfer (and to cause any of their Affiliates that hold Company Securities to Transfer) all or part of the Company Securities held by the members of the Promoter Group and their Affiliates to any Person(s) notified by the Investors (“**Drag Transferee**”) for a price agreed between the Investors and the Drag Transferee along with a Transfer of the Investor Securities to the Drag Transferee (“**Drag Along Right**”). The Drag Along Right shall be exercised by the Investors by issuing a written notice to the Promoter Representative indicating the name of the Drag Transferee, the amount of Company Securities to be transferred to the Drag Transferee (“**Drag Shares**”) and other terms agreed between the Drag Transferee and the Investors (“**Drag Notice**”). Within 30 (thirty) days of the receipt of the Drag Notice, the Persons forming part of the Promoter Group shall Transfer (and if applicable, cause their Affiliates to Transfer), the Drag Shares to the Drag Transferee, provided that this period may be extended by the Investors if any Approvals are required for such Transfer. Provided further that, subject to the provisions of Article 71, the Promoter Group can only be dragged on terms that are no less beneficial than those set out in the Drag Notice.
- (c) Provided that, prior to the Investors exercising their right under Article 223(b) hereinabove, the Investors shall first grant an opportunity to the Promoters to purchase the Investor Securities, by issuing a notice to the Promoter Representative (“**Investor Offer Notice**”). Within 30 (thirty) Business Days of receipt of the Investor Offer Notice, the Promoters shall have the right to offer to purchase all (but not less than all) of the Investor Securities by causing the Promoter Representative to issue a notice in writing to the Investors (“**Promoter Notice**”) setting out the (i) name and details of the member(s) of the Promoter Group or their Affiliates that would be purchasing the Investor Securities (“**Proposed Purchaser**”) (and the proportion thereto) and (ii) the price offered by the Proposed Purchaser for each Investor Security (“**Offered Price**”). The Investors may, at their sole discretion choose to accept the terms of the Investor Offer Notice by issuing an acceptance notice to the Promoter Representative (“**Offer Acceptance Notice**”), within 30 (thirty) Business Days from the date of issue of the Promoter Notice. Within 30 (thirty) Business Days from issuance of the Offer Acceptance Notice (“**Agreed Period**”), the Proposed Purchaser shall purchase the Investor Securities at the Offered Price in the proportion set out in the Promoter Notice. If for any reason, the Proposed Purchaser does not complete the purchase of the Investor Securities within the Agreed Period, the Investor shall forthwith be entitled to exercise their rights under Article 223(b) hereinabove. If the Investors choose not to accept the terms of the Investor Offer Notice, the Investors shall forthwith be entitled to exercise their rights under Article 223(b) hereinabove, at a price per Company security that is higher than the Offered Price.

223. The members of the Promoter Group shall undertake the following by the Effective Date:

- (a) The members of the Promoter Group (other than PIL, Mr. P.V. Rao and Mrs. Usha Ramani) shall place all the Company Securities held by them as of the Effective Date (representing 9.37% (nine point three seven percent) of the share capital of the Company, on a Fully Diluted Basis) held by them in escrow in accordance with the terms of the Escrow Agreement;
- (b) At all times hereafter, no member of the Promoter Group shall do any act, deed or thing that would result in termination of the Escrow Agreement, and each member of the Promoter Group shall ensure that all the Company Securities held by him or it are held in escrow in accordance with the Escrow Agreement until released hereunder and in accordance with the terms of the Escrow Agreement;
- (c) At the time of creation of the above escrow and at all times thereafter, the Promoter Group shall provide all such documents (including resolutions approving the transfer and powers of attorney authorising the Escrow Agent to make the transfer) so as to enable Zephyr India to effect a sale of Company Securities that is in accordance with the provisions of the Articles and the Shareholders Agreement;
- (d) Zephyr India shall bear all costs relating to the creation and operation of the escrow, including making the necessary payments to the Escrow Agent; and
- (e) Without prejudice to the obligation of the members of the Promoter Group to comply with Article

223(b), Zephyr India shall be entitled to direct the escrow agent to transfer the Company Securities held in escrow in the manner provided in the Escrow Agreement, pursuant to any exercise of the Drag Along Right.

224. The obligation of the Company and the members of the Promoter Group to undertake necessary actions to fulfill their obligations under Articles 221 to 225 shall not cease on account of the simultaneous exercise of more than one applicable right by the Investors, as available to them under the Shareholders Agreement and Applicable Laws.

COVENANTS OF THE COMPANY AND THE PROMOTER GROUP

225. The Company and the members of the Promoter Group hereby undertake and covenant to the Investors as follows:

Visitation and Inspection Rights

226. The Company shall and the Promoters shall cause the Company to allow the Investors and its Representatives the right during normal business hours to inspect books and accounting records of the Company, to make extracts and copies therefrom at its own expense and to have full access to all of the property and assets of the Company, subject to the Investors giving prior notice to the Company of the same.

Books and Records

227. The Company shall, and the Promoters shall cause the Company to, keep proper, complete and accurate books of account in rupees in accordance with Indian accounting standards (Indian GAAP).

Information and Reports

228. The Company shall, and the Promoters shall cause the Company to, provide to the Investors so long as the Investors hold any shares in the Company, the following information and reports:

- (i) Annual audited financial statements within 90 (ninety) days from the end of financial year of the Company;
- (ii) unaudited internally prepared monthly and quarterly financial statements (profit and loss statement and balance sheet), including monthly and year-to-date cash flow statements, within 30 (thirty) days after the end of each month and 45 (forty five) days after the end of each quarter,
- (iii) monthly reports on Key Performance Indicators identified by the Investors (including labor, environmental and social metrics reasonably requested by the Investors) within 30 (thirty) days after the end of each month a descriptive narrative of the results in the above mentioned financial statements including a comparison between the actual, projected and comparable figures for the prior period;
- (iv) the proposed annual Business Plan, which shall be provided to the Board and the Investors for their approval at least 30 (thirty) Business Days prior to the period to which such Business Plan relates;
- (v) monthly reports against the current approved Business Plan, showing budgeted, actual and forecast monthly results and comparison against the same for the prior year;
- (vi) a quarterly report and certificate, within 15 (fifteen) Business Days from the completion of such each quarter, certifying compliance with (a) Anti-Bribery Laws; (b) the provisions of the Shareholders Agreement; and (c) any conditions subsequent to the investment of the Investors, as specified in any of the Transaction Documents;
- (vii) all material communication (written or otherwise) exchanged between the Company and its auditors or any governmental agency;
- (viii) prior intimation of all information relating to: (i) any other significant business and operational decisions, (ii) entering into any contracts or leases involving revenues or expenses in excess of the

higher of Rs. 100,000,000 (Rupees one hundred million) or 3% (three percent) of the revenues of the previous Financial Year;

- (ix) all such other information as the Investors or the Investor Nominee Directors may require within 15 (fifteen) days of the date of such request.

Director's and Officers Insurance

229. The Company will procure Director's and Officers insurance for all Directors, and such other officers of the Company as determined by the Board for a minimum coverage of USD 2,000,000 (United States Dollars two million). The Company shall also procure suitable key person insurance for the Directors and officers, for an amount which is satisfactory to the Investors and agreeable to the Board of Directors, subject to the Company incurring a reasonable cost for procuring and maintaining such insurance policy(ies). The Board of the Company shall adopt a resolution acknowledging that Investor Nominee is not responsible for the day to day management of the Company and is not a part of the operations of the Company.

Intellectual Property Protection and Proprietary Information

230. The Company shall promptly take all steps to protect its Intellectual Property Rights of whatsoever nature, including without limitation registering all its trademarks, brand names and copyrights. The Company and the Promoters shall cause the employees, officers and the Directors of the Company to enter into such agreements or undertakings from time to time for protecting its Intellectual Property Rights, as may be reasonably requested by the Investors, within such time period as may be requested by the Investors and in any event no later than 60 (sixty) days from the request by the Investors.

Related Party Transactions

231. Without prejudice to the provisions of Articles 126, 127, 202 and **Schedule 4**, the members of the Promoter Group and the Company hereby agree and undertake that all agreements and arrangements with the Company and any of the Related Parties shall be entered into on terms no less favourable to the Company than could be obtained on an arms length basis and subject to the provision of the Act and other provisions of the Articles and the Shareholders Agreement.

Promoter Status

232. The Company and the Promoter Group undertake and agree that the Investors and their respective Affiliates shall not be named or deemed or designated as a promoter of the Company in the prospectus or any other documents related to a public offer or otherwise, nor shall any declaration or statement be made to this effect either directly or indirectly in filings with any Governmental Authorities or offer documents or otherwise. Further the Investors and their Affiliates shall not be required to offer or make available their shares or warrants in the Company for the purposes of any mandatory lock-in as applicable to "promoter" under the ICDR in respect of a public offer or otherwise.

233. The Promoter Group and the Company hereby agree and undertake that there shall be no obligation whatsoever on the Investors and/or their Affiliates to provide any debt or other form of financial assistance to the Company or the Company Subsidiaries or to provide any guarantees in relation to any debt or financial assistance to be obtained by the Company or its Subsidiaries from any other Person.

Future Funding

234. The Company and the members of the Promoter Group agree that if any rights are granted by the Company to any future investors which are more favourable than the rights granted to the Investors under the Shareholders Agreement and/or the other Transaction Documents, such rights shall also be made available to the Investors and/or to the investment made by the Investors to the extent they are relevant. For this purpose, the Company and the Promoter Group shall provide the Investors with such information as may be required to enable the Investors to take a decision on the matter.

Subsidiaries

235. The Company and the Promoter Group hereby agree and covenant that for the purposes of all Applicable

Laws, the Company and members of the Promoter Group have no objection to the Investors, their Affiliates, or any person belonging to the group of the Investors, investing in any business or company in the same or similar field as that of the business of the Company and the Company Subsidiaries, including any business or company deemed to be related to the current businesses. The Company and the members of the Promoter Group hereby covenant that they shall, if required by the Investors, themselves execute, and procure from each of the Company Subsidiaries, a no objection certificate to this effect in a form acceptable to the Investors.

Corporate Opportunities

236. The Promoters shall, and shall cause their Affiliates to, refer to the Company and not to any other Person all business and investment opportunities that become available to any of them that fall within the scope of the Business or that are otherwise suitable for the Company. The Promoters undertake that their efforts in the Business will only be on behalf of the Company.

237. Environmental: The Company undertakes to the Investors to comply with the following:

- (a) Comply, and procure that each Company Subsidiary complies, with all applicable laws which set standards concerning environmental, social, labor, health and safety, or impose liability for the breach thereof, as well as International Finance Corporation's Performance Standards on Social and Environmental Sustainability Nos. 1-8, copies of which are available on the IFC website at <http://www.ifc.org> (the "**Applicable Standards**").
- (b) Within 3 (three) days after its occurrence, notify the Investors of any social, labor, health and safety, security or environmental incident, accident or circumstance having, or which could reasonably be expected to have, any material adverse social and/or environmental impact, specifying in each case the nature of the incident, accident, or circumstance and the impact or effect arising or likely to arise therefrom, and the measures the Company or a Company Subsidiary is taking, or plans to take, to address them and to prevent any future similar event.
- (c) provide, either in accordance with Article 229 or separately, periodic reports providing such data relating to the Company's and the Company Subsidiaries' operations with respect to environmental, social, labor, health and safety matters as the Investors may request from time to time, including compliance with the provisions of this Article 238.
- (d) Implement the following action plan: develop and implement an environmental and social management system (or upgrade an existing environmental and social management system) to comply with the Applicable Standards. Such management system will seek to ensure that all future projects including acquisition, expansions and greenfield developments comply with the Applicable Standards, and will be appropriate to the operations of the Company and the environmental and social risks associated with the activities the Company undertakes. Such management system will also define clearly the organization structure responsible for (x) assessing environmental and health and safety risks, (y) managing and mitigating the risks and their impacts, and (z) monitoring the operation of the system and reporting to the Investors on its operation. Notwithstanding the 6 (six) month period provided for above, with respect to the possible acquisition by the Company of a manufacturing facility in Gujarat, the Company will assess the environmental and social risks and impacts in accordance with the Applicable Standards, and acquisition of the facility will be subject to the consent of the Investors. Achieve full compliance, within 3 (three) months after the Completion Date, with all conditions laid out in the Consent to Operate ("**CTO**") and all letters referred to in the CTO issued by the State Pollution Control Board.
 - i. within 6 (six) months of the Completion Date, ensure that all contracted workers including the security personnel are sourced from legally compliant and licensed contractors who are approved for providing the type of workers.
 - ii. within 6 (six) months of the Completion Date, ensure that (x) all workers and contractors' workforce are issued identity cards, (y), security reference checks are completed by contractors for all their workers, and (z) copies of the security checks are provided to the Company.

DEFAULT AND CONSEQUENCES OF DEFAULT

238. The following events shall constitute an event of default (the “**Events of Default**”):

- (a) Breach or failure by any Party to observe or comply with any term, covenant or obligation contained in the Shareholders Agreement or in any other Transaction Documents, which breach or failure, if capable of cure or remedy, has not been cured or remedied within 30 (thirty) days of the receipt of written notice of such breach or failure from the non-defaulting Party;
- (b) Breach by any Party of any of the representations, warranties or covenants contained in the Shareholders Agreement or the other Transaction Documents;
- (c) Material breach by any Party of any Applicable Laws; and/or
- (d) Bankruptcy, winding-up and/or liquidation or dissolution of a Party, and/or the Person in the Promoter Group who, collectively, holds more than 5% (five percent) of the Equity Shares of the Company, unless the relevant Person in the Promoter Group ceases to be a shareholder of the Company.

239. Notwithstanding any of the above, an Event of Default by the Investors would occur only in case of the representations and warranties contained in Clauses 10.1 (a), (b) and (c) of the Shareholders Agreement being untrue as of the Completion Date.

240. In the event that either Parties commit an Event of Default (“**Defaulting Party**”) and such Event of Default cannot be or is not cured by the Defaulting Party, as the case may be, within 30 (thirty) days after being notified in writing of the same by either or both Investors (“**Non-Defaulting Party**”) (“**EoD Cure Period**”), then the Non Defaulting Party shall not be required to comply with its obligations under the Shareholders Agreement thereafter; provided however, the Non-Defaulting Party shall continue to be entitled to all its rights under the Shareholders Agreement, which shall remain unaffected, and the Defaulting Party shall continue to be liable for all their obligations under the Shareholders Agreement and the other Transaction Documents. If the Defaulting Party is the Company or a member of the Promoter Group, and the Event of Default is not cured within the EoD Cure Period, the Non-Defaulting Party shall have the right to require the Promoters, jointly and severally to purchase, or to cause the purchase of, or to cause the Company to buyback (in one or more tranches), the Investor Securities, at price at which shall be the higher of (a) the Fair Market Value (b) the Total Consideration, within a period of 45 (forty five) days from the completion of the EoD Cure Period (“**EoD Buyback Period**”) and the Promoters shall purchase, or to cause the purchase of, or to cause the Company to buyback (in one or more tranches), the Investor Securities, as may be required by the Investors. In the event of a buyback, the Defaulting Party and all other Shareholders shall renounce any buyback of their Company Securities for the purposes of such buyback, until the Company Securities held by the Non-Defaulting Party are bought back in full.

241. In the event that the EoD Buyback has not been completed within the EoD Buyback Period, for any reason whatsoever (including an inability to buyback any Company Securities as a result of any conditions imposed by Applicable Law), the Non-Defaulting Party shall be entitled to also exercise such other remedies as would be available to it under Article 223.

242. Notwithstanding the abovementioned provisions of this Article, the Non-Defaulting Party shall be entitled to all the rights and remedies which are available to it under law, equity or otherwise in the event of occurrence of an Event of Default. The rights specified in Articles 241 to 244 shall be in addition to and not in substitution for any other remedies, including a claim for damages that may be available to the Non-Defaulting Party.

243. Nothing contained herein shall affect the rights and obligations which have accrued prior to the expiry of the EoD Cure Period.

FALL AWAY OF RIGHTS

244. Notwithstanding anything to the contrary contained herein (but subject however to Article 247 below), all rights and obligations of the Investors (and/or their Affiliates) shall fall away and cease with immediate effect upon the Fall Away Threshold Date, other than the rights contained in (i) Article 166(vi) (right to appoint an Investor Observer) and (ii) Article 229 (Information and Reports) and all obligations of the Promoters to the Investors under the Shareholders Agreement shall also fall away save and except the

obligations under Article 166(vi) and Article 229. However, till the date the Investors and/or their Affiliates continue to remain Shareholders, they will continue to enjoy all rights available to a shareholder under the Act. Without prejudice to the generality of the foregoing, the Investors and/or their Affiliates shall not be entitled to (i) right to appoint, or continue to nominate the Investor Nominee Directors, together with the rights granted to such Investor Nominee Directors, (ii) right of prior consent over the Affirmative Vote Items, (iii) exit rights under Articles 221 to 225, (iv) right of prior consent over Transfers by the Promoter Group and the right to tag along in such Transfers, (v) right to require the Promoter Group to undertake a lock-in of their Company Securities, and (vi) right to require the Promoter to continue to hold the Existing Holding in accordance with Article 75.

245. Each Party shall, however, be bound by all obligations and liabilities arising out of any acts, deeds or things done by such Party and/or their Affiliates prior to the Fall Away Threshold Date.

246. The Parties agree that notwithstanding anything contained in the Articles and in the Shareholders Agreement (including Article 245 hereinabove), if the Investors and/or their Affiliates Transfer the Investor Securities in accordance with the provisions of the Articles and the Shareholders Agreement, such transferee shall be entitled to all rights of the Investors as set out in the Articles and the Shareholders Agreement (including those expressly set out in Article 245 hereinabove); provided however that in the event the Investors Transfer only part of the Investor Securities to a transferee along with the transfer of any rights under Article 166(i), Articles 126, 127, 202, **Schedule 4** and 223(b), either such transferee alone, or the Investors and such transferee collectively (but not solely the Investors) shall be entitled to exercise the rights under Article 166(i), Articles 126, 127, 202, **Schedule 4** and 223(b) that are so transferred.

SHAREHOLDERS AGREEMENT

247. Subject to applicable laws, the Shareholders and the Company shall act in accordance with the provisions of the Transaction documents including but not limited to the Shareholders Agreement. The incorporation of provisions of from the Shareholders Agreement and the CCPS Subscription Agreement is on account of and pursuant to inter se agreements entered into between the shareholders (including the Investors).

248. The Shareholders have agreed that to the extent that the Articles of Association are in conflict or are inconsistent with the terms and conditions of the Transaction Documents including but not limited to the Shareholders Agreement, the provisions of the Shareholders Agreement shall prevail and the Shareholders shall take all such steps as are necessary to alter the Articles of Association as soon as is practicable so that there is no such conflict or inconsistency. In the event that there is any conflict or inconsistency between such provisions of these Articles as are incorporated herein pursuant to the Transaction Documents and any other provisions of these Articles, the provisions incorporated pursuant to the Transaction Documents shall prevail.

249. Subject to Applicable Laws, each Shareholder shall exercise its rights and powers as a shareholder in the Company to give effect to the terms of the Transaction Documents including but not limited to the Shareholders Agreement.

DIVIDENDS

Division of profits

250. Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid in proportion to the amounts paid or credited as paid on the shares in respect where of the dividend is paid but if and so long nothing is paid upon any of the shares in the Company, dividends may be declared and paid according to the nominal amounts of the shares.

251. No amount paid or credited as paid on a shares in advance of calls shall be treated for the purpose of this Article as paid on the share.

The Company in General Meeting may declare dividends

252. Subject to the affirmative vote right of the Investors set out in Articles 126, 202 and Schedule 4, the Company in General Meeting may declare dividends to be paid to members according to the respective rights and interests in the profits and may fix the time for payment.

Interim dividend

253. Subject to the affirmative vote right of the Investors set out in Articles 126, 202 and Schedule 4, the Board of Directors may from time to time, pay to the members such interim dividends as in their judgment the position of the Company Justifies.

Capital paid up in advance at interest to earn dividend

254. Where the capital is paid in advance of the calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest confer a right to dividend or to participate in profits.

Dividends in proportion to amount paid-up

255. All dividends shall be apportioned and paid proportionately to the amounts paid and credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends from a particular date, such share shall be entitled for dividend accordingly.

Effect of transfer of shares

256. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.

Dividends etc. to joint holders

257. Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.

Dividend etc., how to be paid

258. Any dividend, interest or other moneys payable in cash in respect of shares may be paid by cheque or warrants payable only in India, or by a pay-slip or receipt having the force of a cheque or warrant, sent through post direct to the registered address of the member or person entitled to the payment of the dividend or in case of joint holders to the registered address of that one of the members who is first named one the Register of Members in respect of the Joint holding or to such person and to such address as the holder or the joint holder as aforesaid may in writing direct.

259. Every cheque or warrant shall be crossed and made payable to the order of the person to whom it is sent.

260. The Company shall not be liable or responsible for any cheque or warrant or pay slip or receipt for dividend lost in transmission or for dividend lost to the member or person entitled there to by forged endorsement of any cheque or warrant or forged signature on any pay slip or receipt or the fraudulent recovery of the dividend by any other means.

Unclaimed dividend not to be forfeited

261. No unclaimed dividend shall be forfeited by the Board and the Company shall comply with the provision of Section 124 of the Act in respect of such dividend. No member to receive dividend whilst indebted to the Company and the Company's rights to reimbursement there out.

262. No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such shares or shares or otherwise howsoever, either alone or jointly with any other person or persons whether member or members of the Company or not and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

Notice of dividend

263. Notice of the declaration of any dividend, whether interim or otherwise, shall be given to the registered

holder of shares in the manner herein provided,

Unclaimed dividend

264. Dividend unclaimed until transferred to the unpaid dividend account of the Company as per Section 124 of the Act, may be invested or otherwise used by the Board of Directors for the benefit of the Company until claimed or so transferred.

Dividend and call together

265. Any General Meeting declaring a dividend may, on the recommendations of the Directors make a call on the members of such amount as the meeting may fix but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the members be set off against the call. The making of a call under this Article shall be deemed to be special business.

No interest on dividend

266. Except otherwise provided by the Act, unpaid dividend shall not bear interest as against the Company.

CAPITALISATION

Capitalisation of undistributed profits etc.

267. Subject to the affirmative vote right of the Investors set out in Articles 126, 202 and Schedule 4, the Company in General Meeting may, upon the recommendations of the Board, resolve that any moneys, investments or other assets forming part of the undistributed profits of the company standing to the credit of any reserve account, or any capital redemption reserve account or in the hands of the company and available for dividend or representing premium account be capitalised and distributed amongst such of the members as would be entitled to receive the same by way of dividend and in the same proportion on the footing that they become entitled there to as capital and that all or any part of such capitalised fund be applied on behalf of such Members in paying up in full any un issued shares of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares or partly in one way and partly in the other, and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalised sum.

268. Subject to the affirmative vote right of the Investors set out in Articles 126, 202 and Schedule 4, a General Meeting may resolve that any surplus moneys arising from the realization of any capital assets of the company or any investments represent the same, or any other undistributed profits of the company not subject to charge of income tax be distributed among the Members on the footing that they receive the same as capital.

269. The Board shall, subject to the affirmative vote right of the Investors set out in Articles 126, 202 and Schedule 4, give effect to the resolution passed as aforesaid and for that purpose the Board may settle any difficulty which may arise in regard to the distribution as it thinks expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that such cash payments shall be made to any Members upon the footing of the value so fixed or that fraction of less value than Rs. 10/- disregarded in order to adjust the rights of all parties, and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised funds as may seem expedient to the Board.

Fractional Certificates

270. Whenever such a resolution as aforesaid shall have been passed, the Board shall:-

- a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issue of fully paid shares if any and
- b) generally do all acts and things required to give effect thereto

271. The Board shall have full powers to make such provisions, by the issue of fractional certificates or by

payment in cash or otherwise as it thinks fit, in the case of shares becoming distributable in fractions and

272.to authorise any person to enter on behalf of all the members entitled hereto into an agreement with the Company providing for the allotment to them respectively credited as fully paid up, of any further shares to which they may be entitled upon such capitalization or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions of the profits resolved to capitalize the amounts or any part of the amount remaining unpaid on their existing shares.

273.Any agreement made under such authority shall be effective and binding on all such members.

274.That for the purpose of giving effect to any resolution, under the preceding clause of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

ACCOUNTS

Directors to keep true accounts

275.The Company shall keep at the Registered Office or at such other place or places in India as the Board thinks fit, proper books of account in accordance with Section 128 of the Act with respect to:-

- a) all sums of money received and expended by the Company and the matters in respect of which the receipts and expenditure took place.
- b) the assets and liabilities of the Company.
- c) all sales and purchases of goods by the Company
- d) proper cost records as may be prescribed by the Central Government from time to time.

276.Where the Board decides to keep all or any of the books of account at any place other than the Registered Office of the Company, the Company shall within seven days of the decision file with Registrar a notice in writing giving the full address of that other place. The books of account and other books and papers shall be open to inspection by any Director using business hours and shall also be open to inspection by the Registrar or by any officer of Government authorised by the Central Government in his behalf if in the opinion of the Registrar or such officer sufficient cause exists for the inspection of the books of account.

Inspection of Accounts or Books by Members

277.The Board of Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of individual Directors and no Member shall have any right of inspecting any accounts or books or documents of the Company except as conferred by law, or authorised by the Board of Directors or by the Company in General Meeting.

Members bound by documents or notices served on or given to previous holders

278.Every person who by operation of law, transfer or other means whatsoever, becomes entitled to any shares, shall be bound by every document or notice in respect of such share, which prior to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derived his title to such share.

279.Printed copy of every Balance Sheet (including the Profit & Loss Account, the Auditor's Report and every other document required by Law to be annexed or attached, as the case may be, to the Balance Sheet) which is to be laid before the Company's annual General Meetings shall be made available for inspection at the Registered Office of the Company during working hours for a period of clear 21 days before the date of the meeting.

A statement containing the salient features of such documents in the prescribed form or the copies of the

documents aforesaid, as the Company may deem fit, will be sent to every member of the Company and to every trustees for the holders of debentures issued by the Company, not less than clear 21 days before the date of the meeting subject to the provisions of section 136 of the Act.

WINDING UP

Distribution of assets on winding up

280. The incorporation of

281. The incorporation of

282. Subject to the affirmative vote rights of the Investors set out in Articles, 126, 202 and Schedule 4 and the Liquidation Preference of the Investors set out in Article 71, if the Company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up or on the shares held by them respectively.

- a) If in winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed amongst the members in proportion to the capital at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.
- b) This article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.

Distribution specie or kind of assets on winding up

283. Subject to the requirement of the affirmative vote of the Investors as set out in Articles 126, 202 and **Schedule 4** and the Liquidation Preference of the Investors set out in Article 71, If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of special resolution, divide amongst the contributories in specie or in kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories or any of them as the Liquidator, with the like sanction, shall think fit.

284. If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributors (except where fixed by the Memorandum of Association) and in particular any class may be given preferential or special right or may be excluded altogether or in part but in case the division is otherwise than in accordance with the legal right of the contributories, any contributory who is prejudiced thereby shall have a right to dissent and have ancillary rights as if such determination were a special resolution passed pursuant to Section 484 of the Act.

285. In case any share to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the Liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable, act accordingly.

RECONSTRUCTION

Right of Shareholders in case of sale/reconstruction

286. Subject to the requirement of the affirmative vote of the Investors as set out in Articles 126, 202 and **Schedule 4** and the Liquidation Preference of the Investors set out in Article 71, on any sale of the undertaking of the Company, the Board or the Liquidator on a winding-up may, if authorised by a Special Resolution, accept fully paid or partly paid-up shares, debentures or securities of any other Company; whether incorporated in India or not either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board (if the profits of the Company permit) or the Liquidators (in a winding-up_ may distribute such shares or securities or any other property of the Company amongst the members without realization, or vest the same in trustees for them, and any Special Resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefit or property, otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for the

valuation of any such securities or property at such price and in such manner as the meeting may approve and all holders of share shall be bound to accept and shall be bound by any valuation or distribution so authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights (if any) under Section 319 of the Act as are incapable of being varied or excluded by these Articles.

INDEMNITY

Indemnity of Directors and others

287. Every Director, Manager, Secretary or Officer of the Company or any person (whether an officer of the Company or not) employed by the Company and any person appointed as Auditor shall be indemnified out of the funds of the Company against all liability incurred by him as such Director, Manager, Secretary, Officer, Employee or Auditor in defending any proceedings, whether civil or criminal, in which Judgment is given in his favour or in which he is acquitted or in connection with any application under Section 463 of the Act in which relief is granted to him by the Court.

Directors etc. not responsible for acts of others

288. Subject to the provisions of the Act, no Director, Auditor or other Officer of the Company shall be liable for the Acts, receipts, neglect or default of any other Director or officer or for joining in any receipts or other act for conformity or for any loss or expenses happening to the Company through the insufficiency in any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the insolvency or tortious act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or any loss occasioned by error of Judgment, omission, default or oversight on his part or for any other loss, damage or misfortune whatsoever shall happen in relation to execution of the duties of his office or in relation thereto unless the same shall happen by or through his own willful act, neglect or default.

Members shall not be entitled to discovery, information etc.

289. Subject to the provisions of Articles 226 to 229, no member shall be entitled to require discovery of or any information respecting any detail to the company's business or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors it would be inexpedient in the interest of the Company to disclose.

290. Subject to the provisions of Articles 226 to 229, no member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the company without the permission of the Directors or Managing Director or to require discovery of or any information respecting any detail of the company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process, or any other matter which may relate to the conduct of the business of the Company and which in the opinion of the Director, it would be inexpedient in the interest of the Company to disclose.

Declaration of fidelity and secrecy

291. Subject to the provisions of Articles 226 to 229, no member shall be entitled to visit or inspect the Company's works without the permission of the Board or any officer authorised by the board in this behalf to require discovery of or any information respecting any detail of the company's trading or any matters which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Board, it will be inexpedient in the interest of the members of the company to communicate to the public.

Disputes

292. In the event that there are any disputes between the Investor(s) on the one hand and the Company and/ or any member(s) of the Promoter Group on the other hand, such disputes shall be resolved in accordance with the dispute resolution mechanism set out in the Transaction Document.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be delivered to the RoC for registration. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days from Bid/Issue Opening Date until the Bid/Issue Closing Date.

1. Material Contracts for the Issue

- (i) Issue Agreement dated March 27, 2015 between our Company, the Selling Shareholders and the BRLMs.
- (ii) Registrar Agreement between our Company, the Selling Shareholders and the Registrar to the Issue dated March 26, 2015.
- (iii) Escrow Agreement dated [●] between our Company, the Selling Shareholders, the Registrar to the Issue, the BRLMs, the Syndicate Members, the Escrow Collection Bank(s) and the Refund Bank(s).
- (iv) Share Escrow Agreements dated [●] between the Selling Shareholders, our Company and the Escrow Agent.
- (v) Syndicate Agreement dated [●] between our Company, the Selling Shareholders, the BRLMs, the Syndicate Members and the Registrar to the Issue.
- (vi) Underwriting Agreement dated [●] between our Company, the Selling Shareholders and the Underwriters.

2. Other material contracts in relation to our Company

- (i) Share Subscription Agreement dated March 12, 2013 (“SSA”) between our Company, Zephyr Peacock India Fund III Limited, Zephyr Peacock India III Fund, PIL, Aditya Narsing Rao, Joginapally Venkata Nrupender Rao (HUF), Joginapally Venkata Nrupender Rao, Rajya Lakshmi Rao Joginapally, D. Sudeepta Rao, Avanthi Rao, Potluri Venkateswara Rao and Usha Ramani Potluri.
- (ii) Share Purchase Agreement dated March 12, 2013 (“SPA”) between our Company, Zephyr Peacock India Fund III Limited, Zephyr Peacock India III Fund, Joginapally Venkata Nrupender Rao (HUF), J. Rajya Lakshmi, Aditya Narsing Rao, Avanti Rao and D. Sudeepta Rao.
- (iii) Shareholders’ Agreement dated March 12, 2013 (“SHA”) between our Company, Zephyr Peacock India Fund III Limited, Zephyr Peacock India III Fund, PIL, Aditya Narsing Rao, Joginapally Venkata Nrupender Rao (HUF), Nrupender Rao, Rajya Lakshmi Rao Joginapally, D. Sudeepta Rao, Avanthi Rao, Potluri Venkateswara Rao and Usha Ramani Potluri.
- (iv) Amendment letter dated March 19, 2013 to the SSA, SPA and SHA.
- (v) Amendment letter dated September 10, 2013 to the SSA.
- (vi) Amendment letter dated February 28, 2015 to the SSA.
- (vii) Amendment to the SSA dated March 6, 2015.
- (viii) Amendment to the SHA dated March 6, 2015.
- (ix) Technical know-how license agreement dated March 3, 2009 between our Company and NCI Group, Inc.
- (x) Non compete agreement dated February 4, 2015 between our Company, Promoter, Promoter Group and our Group Company.

- (xi) Tripartite agreement dated February 25, 2015 between our Company, NSDL and Registrar to the Issue.
- (xii) Tripartite agreement dated March 12, 2015 between our Company, CDSL and Registrar to the Issue.

3. Material Documents

- (i) Certified copies of the Memorandum and Articles of Association of our Company as amended from time to time.
- (ii) Certificate of incorporation dated January 17, 2008.
- (iii) Certificate of commencement of business dated February 19, 2008.
- (iv) Resolution of the Board of Directors dated November 11, 2014 approving the proposed Fresh Issue.
- (v) Shareholders' resolution dated March 16, 2015 passed at the general meeting under Section 62(1)(c) of the Companies Act, 2013 approving the proposed Issue.
- (vi) Resolution dated March 25, 2015 passed by the board of directors of Zephyr India Fund III Limited approving the offer of 3,461,222 Equity Shares.
- (vii) Resolution dated March 25, 2015 passed by the Board of Directors approving this Draft Red Herring Prospectus.
- (viii) Approval dated March 25, 2015 from Zephyr India III Fund, by way of resolution of board of directors of ZP India Advisory Private Limited, its investment manager, approving the offer of 1,554,919 Equity Shares.
- (ix) Approval dated March 12, 2015 from Usha Ramani Potluri approving the offer of 200,000 Equity Shares.
- (x) Approval dated March 11, 2015 from Vikram Chachra approving the offer of 200,000 Equity Shares.
- (xi) Approval and resolution of board of directors of Eight Finance Private Limited dated March 11, 2015 approving the offer of 100,000 Equity Shares.
- (xii) The examination report dated February 11, 2015 of the Statutory Auditor, on our Company's Restated Financial Statements for the years ended March 31, 2010, 2011, 2012, 2013, 2014 and for the eight months period ended November 30, 2014, included in this Draft Red Herring Prospectus.
- (xiii) The Statement of Tax Benefits dated March 26, 2015 from the Statutory Auditor on possible tax benefits available to our Company and its shareholders, included in this Draft Red Herring Prospectus.
- (xiv) Consent of the Directors, the BRLMs, the Syndicate Members, legal counsel to our Company as to Indian Law, legal counsel to the BRLMs as to Indian Law, Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue, Bankers to our Company, Company Secretary and Compliance Officer as referred to in their specific capacities.
- (xv) Consent of the Statutory Auditor dated March 26, 2015 to include their name as experts in relation to their reports on the Restated Financial Statements dated February 11, 2015 in the form and context in which they appear in this Draft Red Herring Prospectus.
- (xvi) Consent from CARE dated February 3, 2015 for disclosure of information from their report and consent dated March 19, 2015 to include their name as experts in relation to their report titled "Pre-engineered buildings industry" in the form and context in which it appears in this Draft Red Herring Prospectus.
- (xvii) Consent from M/s Servel Associates, dated March 18, 2015, to include their name as an expert in relation to their certificate on detailed status of our completed projects and total built-up area from January 2010 to March 2015.

- (xviii) Due diligence certificate dated March 27, 2015 addressed to SEBI from the BRLMs.
- (xix) Resolutions of the Shareholders for appointment and remuneration of our whole-time Director.
- (xx) Agreement dated March 14, 2015 with our whole time Director, Potluri Venkateswara Rao.
- (xxi) In principle listing approvals dated [●] and [●] issued by BSE and NSE respectively.
- (xxii) Copies of annual reports of our Company for fiscal 2010, 2011, 2012, 2013 and 2014.

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 relevant statutes.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 1956, the Companies Act, 2013 and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines or regulations issued thereunder, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

Signed by the Directors of our Company

JOGINAPALLY VENKATA NRUPENDER RAO
Chairman and non-executive Director

POTLURI VENKATESWARA RAO
Managing Director

ADITYA NARSING RAO
Non-executive Director

MUKUL GULATI
Non-executive nominee Director

MANISH MAHENDRA SABHARWAL
Non-executive independent Director

KAMALAKER RAO BANDARI
Non-executive independent Director

VARUN CHAWLA
Non-executive independent Director

SITA VANKA
Non-executive independent Director

Signed by the Chief Financial Officer

Signed by the Compliance Officer and Company Secretary

SHRIKANT BHAKKAD

NAMRATA MAHESHWARI

Date: March 27, 2015

Place: Hyderabad

DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by the undersigned Selling Shareholder in this Draft Red Herring Prospectus about or in relation to itself and the Equity Shares being offered and sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Selling Shareholder

For Zephyr Peacock India Fund III Limited

Date: March 27, 2015

Place: Mauritius

DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by the undersigned Selling Shareholder in this Draft Red Herring Prospectus about or in relation to itself and the Equity Shares being offered and sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Selling Shareholder

**For IL&FS Trust Company Limited
Trustees of Zephyr Peacock India Master Trust (Zephyr Peacock India III Fund)**

Authorised Signatory

Date: March 27, 2015
Place: Mumbai

DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by the undersigned Selling Shareholder in this Draft Red Herring Prospectus about or in relation to itself and the Equity Shares being offered and sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Selling Shareholder

Usha Ramani Potluri, represented by Shrikant Bhakkad, authorised signatory, of Pennar Engineered Building Systems Limited, holding power of attorney dated March 12, 2015.

Date: March 27, 2015

Place: Hyderabad

DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by the undersigned Selling Shareholder in this Draft Red Herring Prospectus about or in relation to itself and the Equity Shares being offered and sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Selling Shareholder

Vikram Chachra, represented by Shrikant Bhakkad, authorised signatory, of Pennar Engineered Building Systems Limited, holding power of attorney dated March 11, 2015.

Date: March 27, 2015

Place: Hyderabad

DECLARATION

The undersigned Selling Shareholder hereby certifies that all statements and undertakings made by the undersigned Selling Shareholder in this Draft Red Herring Prospectus about or in relation to itself and the Equity Shares being offered and sold by it in the Offer for Sale are true and correct, provided however, that the undersigned Selling Shareholder assumes no responsibility for any of the statements made by the Company or any other Selling Shareholder or any expert or any other person(s) in this Draft Red Herring Prospectus.

Signed by the Selling Shareholder

Eight Finance Private Limited, represented by Shrikant Bhakkad, authorised signatory, of Pennar Engineered Building Systems Limited, holding power of attorney dated March 11, 2015.

Date: March 27, 2015

Place: Hyderabad