**DRAFT RED HERRING PROSPECTUS**
Dated: September 26, 2019
*(This Draft Red Herring Prospectus will be updated upon filing with the RoC)*
*Please read Section 32 of the Companies Act, 2013*
*Book Built Offer*

MONTECARLO

# MONTECARLO LIMITED

Our Company was incorporated as Montecarlo Construction Private Limited on March 20, 1995 at Ahmedabad, Gujarat as a private limited company under the Companies Act, 1956. Subsequently, the name of our Company was changed to Montecarlo Construction Limited, pursuant to its conversion into a public limited company, and a fresh certificate of incorporation, dated April 21, 2006, consequent to the conversion, was issued by the Registrar of Companies, Gujarat at Ahmedabad ("**RoC**"). The name of our Company was further changed to Montecarlo Limited and a fresh certificate of incorporation, dated March 21, 2012, consequent to the change of name, was issued by the RoC. For further details of change in name and Registered Office of our Company, see the section "*History and Certain Corporate Matters - Changes in the Registered Office of our Company*", on page 187.

**Registered and Corporate Office:** 706, 7th Floor, Shilp Building, Near Municipal Market, C.G. Road, Navrangpura, Ahmedabad - 380 009; **Tel:** +91 79 7199 9300
**Contact Person**: Kalpesh Punamchand Desai, Company Secretary and Compliance Officer; **E-mail:** kalpesh.desai@mclindia.com
**Website:** www.mclindia.com; **Corporate Identity Number**: U40300GJ1995PLC025082

**PROMOTERS OF OUR COMPANY: KANUBHAI M. PATEL TRUST (REPRESENTED THROUGH ITS TRUSTEES), KANUBHAI MAFATLAL PATEL, BRIJESH KANUBHAI PATEL AND MRUNAL KANUBHAI PATEL**

**INITIAL PUBLIC OFFER OF UP TO [●] EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF MONTECARLO LIMITED ("OUR COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●] PER EQUITY SHARE ("OFFER PRICE") AGGREGATING UP TO ₹ [●] MILLION CONSISTING OF A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 4,500 MILLION BY OUR COMPANY ("FRESH ISSUE") AND AN OFFER FOR SALE OF UP TO 3,000,000 EQUITY SHARES ("OFFERED SHARES") BY KANUBHAI M. PATEL TRUST (REPRESENTED THROUGH ITS TRUSTEES) ("SELLING SHAREHOLDER") AGGREGATING UP TO ₹ [●] MILLION ("OFFER FOR SALE", TOGETHER WITH THE FRESH ISSUE, "OFFER"). THE OFFER WOULD CONSTITUTE [●]% OF OUR COMPANY'S POST-OFFER PAID-UP EQUITY SHARE CAPITAL. OUR COMPANY AND THE SELLING SHAREHOLDER MAY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS (THE "BRLMS") OFFER A DISCOUNT TO RETAIL INDIVIDUAL BIDDERS ("RETAIL DISCOUNT") IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED ("SEBI REGULATIONS"). OUR COMPANY MAY, IN CONSULTATION WITH THE BRLMS, CONSIDER A PRE-OFFER PLACEMENT OF AN AGGREGATE AMOUNT NOT EXCEEDING ₹ 1,000 MILLION ("PRE-IPO PLACEMENT"). THE PRE-IPO PLACEMENT, IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BRLMS, AND THE PRE-IPO PLACEMENT WILL BE UNDERTAKEN PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC. IF THE PRE-IPO PLACEMENT IS UNDERTAKEN, THE AMOUNT RAISED FROM THE PRE-IPO PLACEMENT WILL BE REDUCED FROM THE FRESH ISSUE, SUBJECT TO THE OFFER SIZE SATISFYING THE MINIMUM ISSUE SIZE REQUIREMENTS UNDER THE SCRR.**

**THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH. THE OFFER PRICE IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER IN CONSULTATION WITH THE BRLMS, AND WILL BE ADVERTISED IN: (I) [●] EDITIONS OF ENGLISH NATIONAL DAILY NEWSPAPER, [●], (II) [●] EDITIONS OF THE HINDI NATIONAL DAILY NEWSPAPER, [●], AND (III) [●] EDITION OF THE GUJARATI NEWSPAPER, [●] (GUJARATI BEING THE REGIONAL LANGUAGE OF GUJARAT, WHERE OUR COMPANY'S REGISTERED OFFICE IS LOCATED), EACH WITH WIDE CIRCULATION, AT LEAST TWO WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE, AND SHALL BE MADE AVAILABLE TO BSE LIMITED ("BSE") AND NATIONAL STOCK EXCHANGE OF INDIA LIMITED ("NSE", TOGETHER WITH BSE, THE "STOCK EXCHANGES") FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES.**

In case of any revision to the Price Band, the Bid/Offer Period will be extended by at least three additional Working Days following such revision of the Price Band, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/Offer Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, will be widely disseminated by notification to the Stock Exchanges by issuing a public notice, and also by indicating the change on the respective websites of the BRLMs and at the terminals of the Syndicate Members and by intimation to the Self Certified Syndicate Banks ("**SCSBs**"), other Designated Intermediaries and the Sponsor Bank, as applicable.

This Offer is being made in accordance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the SEBI Regulations. This Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI Regulations wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**" and such portion the "**QIB Portion**"), provided that our Company and the Selling Shareholder, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis ("**Anchor Investor Portion**"). Atleast one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders, other than Anchor Investors, are required to mandatorily utilise the Application Supported by Blocked Amount ("**ASBA**") process providing details of their respective bank account (including UPI ID in case of RIBs, if applicable) which will be blocked by the SCSBs, or the bank accounts linked with the UPI ID, as applicable, to participate in the Offer. Anchor Investors are not permitted to participate in the Anchor Investor Portion through the ASBA process. For details, see the section "*Offer Procedure*", beginning on page 342.

**RISKS IN RELATION TO THE FIRST OFFER**

This being the first public offer of our Company, there has been no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 each. The Floor Price, the Cap Price and the Offer Price (determined and justified by our Company and the Selling Shareholder in consultation with the BRLMs, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, as stated in the section "*Basis for the Offer Price*", beginning on page 104) 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 and/or sustained trading of the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in respect of the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have neither been recommended nor approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to the section "*Risk Factors*", beginning on page 24.

**COMPANY'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY**

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

**LISTING**

The Equity Shares offered through the Red Herring Prospectus are proposed to be listed on BSE and NSE. Our Company has received 'in-principle' approvals from BSE and NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively. For the purposes of the Offer, the Designated Stock Exchange shall be [●]. A copy of the Red Herring Prospectus and the Prospectus shall be delivered for registration to the RoC in accordance with Section 26(4) of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus up to the Bid/Offer Closing Date, see the section "*Material Contracts and Documents for Inspection*", beginning on page 368.

| BOOK RUNNING LEAD MANAGERS | | | REGISTRAR TO THE OFFER |
|---|---|---|---|
| Edelweiss Ideas create, values protect | AXIS CAPITAL | HDFC BANK We understand your world | LINKIntime |
| **Edelweiss Financial Services Limited**<br>14th Floor, Edelweiss House<br>Off. C.S.T Road, Kalina<br>Mumbai - 400 098<br>Tel: +91 22 4009 4400<br>E-mail: mcl.ipo@edelweissfin.com<br>Investor grievance e-mail: customerservice.mb@edelweissfin.com<br>Website: www.edelweissfin.com<br>Contact Person: Disha Doshi/ Jaydeep Sarnaik | **Axis Capital Limited**<br>1st Floor, Axis House<br>C 2 Wadia International Centre<br>Pandurang Budhkar Marg, Worli<br>Mumbai - 400 025<br>Tel: +91 22 4325 2183<br>Email: mcl.ipo@axiscap.in<br>Investor grievance e-mail: complaints@axiscap.in<br>Website: www.axiscapital.co.in<br>Contact Person: Mayuri Arya | **HDFC Bank Limited**<br>Investment Banking Group, Unit No. 401 & 402<br>4th Floor, Tower B, Peninsula Business Park<br>Lower Parel, Mumbai - 400 013<br>Tel: +91 22 3395 8233<br>E-mail: mcl.ipo@hdfcbank.com<br>Investor grievance e-mail:<br>investor.redressal@hdfcbank.com<br>Website: www.hdfcbank.com<br>Contact Person:Ravi Sharma/ Harsh Thakkar | **Link Intime India Private Limited**<br>C-101, 1st Floor, 247 Park<br>Lal Bahadur Shastri Marg, Vikhroli (West)<br>Mumbai - 400 083<br>Tel: +91 22 4918 6200<br>E-mail: montecarloltd.ipo@linkintime.co.in<br>Investor grievance e-mail:<br>montecarloltd.ipo@linkintime.co.in<br>Website: www.linkintime.co.in<br>Contact Person: Shanti Gopalkrishnan |

**BID/OFFER PROGRAMME**

| | |
|---|---|
| **BID/OFFER OPENS ON: [●](1)** | **BID/OFFER CLOSES ON: [●](2)** |

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

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

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## SECTION I: GENERAL

## DEFINITIONS AND ABBREVIATIONS

*This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies or unless otherwise specified, shall have the meaning as provided below. References to any legislation, act, regulation, rules, guidelines or the Articles of Association, the Memorandum of Association, or policies shall be to such legislation, act, regulation, rules, guidelines, documents or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.*

*The words and expressions used in this Draft Red Herring Prospectus, but not defined herein shall unless the context otherwise requires, have the meaning ascribed to such terms under the SEBI Regulations, the Companies Act, the SCRA, the Depositories Act, and the rules and regulations made thereunder.*

*Notwithstanding the foregoing, the terms not defined but used in the sections "Statement of Special Tax Benefits", "Financial Statements", "Outstanding Litigation and Material Developments", "Regulations and Policies", "Industry Overview" and "Main Provisions of Articles of Association", beginning on pages 107, 227, 308, 179, 111 and 356, respectively, shall have the meanings ascribed to such terms in these respective sections.*

### General Terms

| Term | Description |
|---|---|
| "our Company" or "the Company" or "the Issuer" | Montecarlo Limited, a public limited company incorporated under the Companies Act, 1956, having its registered office at 706, 7th Floor, Shilp Building, Near Municipal Market, C.G. Road, Navrangpura, Ahmedabad - 380 009 |
| "we" or "us" or "our" | Unless the context otherwise indicates or implies, refers to our Company together with its Subsidiaries, Joint Ventures and the Associate Company, as applicable |

### Company and Selling Shareholder Related Terms

| Term | Description |
|---|---|
| "Articles of Association" or "AoA" | Articles of association of our Company |
| "Associate Company" or "Associate" | BHTPL |
| Audit Committee | The audit committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations |
| "Auditors" or "Statutory Auditors" | The statutory auditors of our Company, being Deloitte Haskins & Sells LLP |
| BECPL | Bhavna Engineering Company Private Limited |
| BHTPL | Bijapur-Hugund Tollway Private Limited |
| "Board" or "Board of Directors" | Board of directors of our Company, and unless the context otherwise indicates or implies, including a duly constituted committee thereof |
| Composite Scheme of Arrangement | Composite scheme of arrangement under Sections 391 to 394 read with Sections 100 to 103 and other relevant provisions of the Companies Act, 1956, and relevant provisions of the Companies Act, 2013, amongst our Company, Montecarlo Projects, Montecarlo Infrastructure, Montecarlo Engineering, Montecarlo Energy, Montecarlo Realty, Montecarlo Construction and their respective shareholders and creditors |
| Corporate Social Responsibility Committee | The corporate social responsibility committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 |
| Director(s) | Director(s) of our Company as appointed from time to time |
| Equity Shares | Equity shares of face value of ₹ 10 each of our Company |
| Group Companies | BHTPL, NCL and BECPL |
| Hubli Haveri HAM Project | Six-laning and strengthening of Hubli-Haveri section of NH-48 (old NH-4) from 340.00 km to 403.40 km in Karnataka |
| IPO Committee | IPO committee constituted by the Board |
| Independent Director(s) | The independent directors of our Company as per the Companies Act, 2013 and the SEBI Listing Regulations |
| Joint Ventures | Joint ventures, as on any particular date, shall mean AoPs constituted by our Company for various projects across our business verticals and on the date of this Draft Red |

| Term | Description |
|---|---|
| | Herring Prospectus shall mean the following entitities: MCL-KSIPL (JV), MONTECARLO-JPCPL (JV), MCL-SIIPL (JV), MCL-LAXYO-VNR (JV), MCL-KSIPL (JV) DHANBAD, MCL-KSIPL (JV) GURAJANAPALLI, MCL-JBPL Rajasthan (JV), VPRPL-MCL (JV), MCL-BEL GORAKHPUR (JV), MCL-BEL BIHAR (JV), Montecarlo-Laxyo-Technocom (JV), MCL-ITL Odisha (JV), MCL-PREMCO-ALCON AP(JV), MCL-ITL MH (JV) and MCL-BECPL MP (JV) |
| Kanubhai Trust | Kanubhai M. Patel Trust (which, unless the context otherwise indicates or implies, means Kanubhai Trust, as represented through its trustees) |
| Key Managerial Personnel | Key managerial personnel of our Company as disclosed in the section "*Management*", beginning on page 198 |
| Material Subsidiary | MHHHPL, a material subsidiary of the Company as on the date of this Draft Red Herring Prospectus (in accordance with the SEBI Regulations and the SEBI Listing Regulations), which contributed more than 10% of the turnover of our Company, based on the Restated Financial Statements for the Financial Year ended on March 31, 2019 |
| MBMPL | Montecarlo Barjora Mining Private Limited |
| "Memorandum of Association" or "MoA" | Memorandum of association of our Company |
| MEPL | Montecarlo Enterprises Private Limited |
| MHHHPL | Montecarlo Hubli Haveri Highway Private Limited |
| Montecarlo Construction | Montecarlo Asset Holdings LLP (formerly known as Montecarlo Construction Private Limited) |
| Montecarlo Energy | Montecarlo Energy Private Limited |
| Montecarlo Engineering | Montecarlo Engineering Private Limited |
| Montecarlo Infrastructure | Montecarlo Infrastructure Limited |
| Montecarlo Projects | Montecarlo Projects Private Limited |
| Montecarlo Realty | Montecarlo Realty LLP (formerly known as Montecarlo Realty Limited) |
| MPL | Montecarlo Projects Limited |
| MSBHPL | Montecarlo Singhara Binjhabahal Highway Private Limited |
| MSSHPL | Montecarlo Sinnar Shirdi Highway Private Limited |
| Non Convertible Debentures | Secured, rated, listed, redeemable, non-convertible debentures of nominal value of ₹ 1,000,000 each, issued by our Company on a private placement basis, in various tranches, *vide* the information memorandum dated July 29, 2017 |
| NCL | Nitin Construction Limited |
| Nomination and Remuneration Committee | The nomination and remuneration committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations |
| Promoters | Kanubhai Trust, Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel and Mrunal Kanubhai Patel |
| Promoter Group | Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI Regulations and disclosed in the section "*Promoter and Promoter Group*", beginning on page 217 |
| "Registered Office" or "Registered and Corporate Office" | Registered office of our Company situated at 706, 7th Floor, Shilp Building, Near Municipal Market, C.G. Road, Navrangpura, Ahmedabad - 380 009 |
| "Registrar of Companies" or "RoC" | Registrar of Companies, Gujarat at Ahmedabad situated at ROC Bhavan, Opp. Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad - 380 013 |
| Restated Financial Statements | Our restated consolidated statements of assets and liabilities as at March 31, 2017, March 31, 2018 and March 31, 2019, and our restated consolidated statements of profit and loss and restated consolidated statement of cash flow and restated consolidated statements of changes in equity for each of the Fiscals ending March 31, 2017, March 31, 2018 and March 31, 2019, together with the notes thereto and the examination report, thereon, as prepared and presented in accordance with Ind AS or by making Ind AS adjustments to the audited Indian GAAP financial statements, as applicable, and in each case restated in accordance with the requirements of Section 26 of the Companies Act, 2013, the SEBI |

| Term | Description |
|---|---|
| | Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2019)" issued by the ICAI |
| SEL | Sadbhav Engineering Limited |
| Selling Shareholder | Kanubhai Trust |
| Shareholders | Shareholders of our Company who hold Equity Shares from time to time |
| SIPL | Sadbhav Infrastructure Project Limited |
| Stakeholders' Relationship Committee | The stakeholders' relationship committee of our Company, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations |
| Subsidiaries | The subsidiaries of our Company, namely, MEPL, MPL, MBMPL, MHHHPL, MSBHPL and MSSHPL |
| Whole-time Director(s) | The whole-time directors of our Company |

**Offer Related Terms**

| Term | Description |
|---|---|
| Acknowledgement Slip | The slip or document issued by a Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form |
| Allot, Allotment or Allotted | Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue and transfer of the respective portion of the Offered Shares pursuant to the Offer for Sale, to the successful Bidders |
| Allotment Advice | A note or advice or intimation of Allotment sent to the successful 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 in accordance with the requirements specified in the SEBI Regulations and the Red Herring Prospectus |
| Anchor Investor Allocation Price | The price at which Equity Shares will be allocated to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs |
| Anchor Investor Application Form | The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus |
| Anchor Investor Bid/Offer Period | The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors shall be submitted and allocation to Anchor Investors shall be completed |
| Anchor Investor Escrow Account | Account opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through NACH/NECS/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid |
| Anchor Investor Offer Price | The final price at which the Equity Shares will be Allotted to the Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price.<br>The Anchor Investor Offer Price will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs |
| Anchor Investor Portion | Up to 60% of the QIB Portion which may be allocated by our Company and the Selling Shareholder, in consultation with the BRLMs, to the Anchor Investors on a discretionary basis, in accordance with the SEBI Regulations.<br>One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI Regulations |
| Application Supported by Blocked Amount or ASBA | An application, whether physical or electronic, used by ASBA Bidders to make a Bid by authorising an SCSB to block the Bid Amount in the ASBA Account and will include |

| Term | Description |
| --- | --- |
| | applications made by RIIs using UPI Mechanism, where the Bid Amount shall be blocked upon acceptance of UPI Mandate Request by RIIs using UPI Mechanism |
| ASBA Account | A bank account maintained by an ASBA Bidder with an SCSB, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the ASBA Form and includes the account of an RIB which is blocked upon acceptance of a UPI Mandate Request made by the RIBs using the UPI Mechanism |
| ASBA Bidder(s) | All Bidders except Anchor Investors |
| ASBA Form(s) | An application form, whether physical or electronic, used by ASBA Bidders to submit Bids, which will be considered as an application for Allotment in terms of the Red Herring Prospectus and the Prospectus |
| Axis | Axis Capital Limited |
| Banker(s) to the Offer | Escrow Collection Bank, Refund Bank, Public Offer Bank and Sponsor Bank, as the case may be |
| Basis of Allotment | The basis on which Equity Shares will be Allotted to successful Bidders under the Offer. For further details, see the section "*Offer Procedure*", beginning on page 342 |
| Bid(s) | An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bid/Offer Period by an Anchor Investor, pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI Regulations and in terms of the Red Herring Prospectus and the Bid cum Application Form.<br>The term "Bidding" shall be construed accordingly |
| Bid Amount | The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidders, as the case maybe, upon submission of the Bid in the Offer which shall be less Retail Discount for Retail Individual Bidders.<br>In case of Retail Individual Bidders Bidding at the Cut-Off Price, the Bid Amount is the Cap Price less Retail Discount, 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 Anchor Investor Application Form or the ASBA Form, as the context requires |
| Bid Lot | [●] Equity Shares and in multiples of [●] thereafter |
| Bid/Offer Closing Date | Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and in all editions of [●] (a widely circulated Gujarati newspaper, Gujarati being the regional language of Ahmedabad, Gujarat, where our Registered Office is located). In case of any revisions, the extended Bid/Offer Closing Date shall also be notified on the respective websites and terminals of the Syndicate Members, the BRMLs and the Stock Exchanges, as required under the SEBI Regulations, and communicated to the designated intermediaries and the Sponsor Bank.<br>Our Company and the Selling Shareholder, in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs one Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI Regulations |
| Bid/Offer Opening Date | Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being [●], which shall be published in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and in all editions of [●] (a widely circulated Gujarati newspaper, Gujarati being the regional language of Ahmedabad, Gujarat, where our Registered Office is located) |
| Bid/Offer Period | Except in relation to Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI Regulations |

| Term | Description |
|---|---|
| Bidder(s) | Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor |
| Bidding Centres | The centres at which the Designated Intermediaries shall accept the ASBA Forms, i.e. Designated Branches for SCSBs, Specified Locations for the Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs |
| Book Building Process | Book building process, as provided in Schedule XIII of the SEBI Regulations, in terms of which the Offer is being made |
| Book Running Lead Managers or BRLMs | The book running lead managers to the Offer, namely, Edelweiss, Axis and HDFC |
| Broker Centres | The broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker, and in case of RIIs only ASBA Forms with UPI.<br>The details of such Broker Centres, along with the names and the contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| Cap Price | The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted. |
| Cash Escrow Agreement | The cash escrow agreement to be entered into amongst our Company, the Selling Shareholder, the BRLMs, the Registrar to the Offer and the Escrow Collection Bank for, *inter alia*, collection of the Bid Amounts from the Anchor Investors, transfer of funds to the Public Offer Account and where applicable, refunds of the amounts collected from the Anchor Investors, on the terms and conditions thereof |
| Client ID | Client identification number maintained with one of the Depositories, in relation to demat account |
| Collecting Depository Participant(s) or CDP(s) | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations as per the list available on the websites of BSE (www.bseindia.com) and NSE (www.nseindia.com) |
| Confirmation of Allocation Note or CAN | A notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated Equity Shares, after the Anchor Investor Bid/Offer Period |
| Cut-off Price | The Offer Price finalised by our Company and the Selling Shareholder in consultation with the BRLMs, which shall be any price within the Price Band.<br>Only Retail Individual Bidders bidding in the Retail Portion are entitled to Bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price |
| Demographic Details | Details of the Bidders, including the Bidder's address, name of the Bidder's father or husband, investor status, occupation, bank account details and UPI ID, where applicable |
| Designated Branches | Such branches of the SCSBs which shall collect the ASBA Forms, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time |
| Designated CDP Locations | Such locations of the CDPs where Bidders can submit the ASBA Forms, and in case of RIIs, only ASBA Forms with UPI.<br>The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| Designated Date | Date on which funds are transferred from the Anchor Investor Escrow Account and instructions are given to the SCSBs (in case of RIBs using UPI Mechanism, instructions issued through the Sponsor Bank) to unblock the ASBA Accounts and transfer the amounts blocked by the SCSBs, from the ASBA Accounts, to the Public Offer Account or the Refund Account, as appropriate, in terms of the Red Herring Prospectus and the aforesaid transfer and instructions shall be issued only after finalisation of Basis of Allotment in consultation with the Designated Stock Exchange |
| Designated Intermediaries | In relation to ASBA Forms submitted by RIIs authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs.<br>In relation to ASBA Forms submitted by RIIs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RII using the UPI Mechanism, |

| Term | Description |
|---|---|
| | Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs and RTAs.<br>In relation to ASBA Forms submitted by QIBs and NIBs, Designated Intermediaries shall mean SCSBs, Syndicate, sub-syndicate/agents, Registered Brokers, CDPs and RTAs. |
| Designated RTA Locations | Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs, and in case of RIIs, only ASBA Forms with UPI.<br>The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com) |
| Designated Stock Exchange | [●] |
| Draft Red Herring Prospectus or DRHP | This draft red herring prospectus dated September 26, 2019, issued in accordance with the SEBI Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer |
| Edelweiss | Edelweiss Financial Services Limited |
| Eligible NRI(s) | NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares |
| Escrow Collection Bank | Bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the Anchor Investor Escrow Account will be opened, in this case being [●] |
| First Bidder | The Bidder whose name appears in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name also appears as the first holder of the beneficiary account held in joint names |
| Floor Price | The lower end of the Price Band, subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted |
| Fresh Issue | The fresh issue of up to [●] Equity Shares aggregating up to ₹ 4,500 million by our Company.<br>The Company, in consultation with the BRLMs, may consider a Pre-IPO Placement for an aggregate amount not exceeding ₹ 1,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the Offer size satisfying the minimum issue size requirements under the SCRR |
| HDFC | HDFC Bank Limited |
| Maximum RIB Allottees | The maximum number of RIBs who can be Allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price |
| Mutual Funds | Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 |
| Mutual Fund Portion | Up to 5% of the QIB Portion (excluding the Anchor Investor Portion) or [●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price |
| Net Proceeds | Proceeds of the Fresh Issue less our Company's share of the Offer expenses. For further information about use of the Offer Proceeds and the Offer expenses, see the section "*Objects of the Offer*", beginning on page 94 |
| Non-Institutional Bidders or NIBs | All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹200,000 (but not including NRIs, other than the Eligible NRIs) |
| Non-Institutional Portion or Non-Institutional Category | The portion of the Offer being not less than 15% of the Offer, comprising [●] Equity Shares, which shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price |
| Non-Resident | A person resident outside India, as defined under FEMA and includes NRIs and FPIs |

| Term | Description |
|---|---|
| Offer | The initial public offer of up to [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] per Equity Share (including a share premium of ₹ [●] per Equity Share), aggregating up to ₹ [●] million, consisting of the Fresh Issue and the Offer for Sale |
| Offer Agreement | The agreement dated September 26, 2019 entered into amongst our Company, the Selling Shareholder and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer |
| Offer for Sale | The offer for sale of up to 3,000,000 Equity Shares by the Selling Shareholder at the Offer Price aggregating up to ₹ [●] million |
| Offer Price | The final price at which Equity Shares will be Allotted to successful Bidders other than the Anchor Investors (Equity Shares will be Allotted to the Anchor Investors at the Anchor Investor Offer Price) in terms of the Red Herring Prospectus.<br><br>The Offer Price will be decided by our Company and the Selling Shareholder in consultation with the BRLMs on the Pricing Date in accordance with the Book Building Process and the Red Herring Prospectus. |
| Offer Proceeds | The proceeds of the Offer that will be available to our Company and the Selling Shareholder. For further details on use of Offer Proceeds, see the section "*Objects of the Offer*", beginning on page 94 |
| Offered Shares | Up to 3,000,000 Equity Shares aggregating to ₹ [●] million offered by the Selling Shareholder in the Offer for Sale |
| Pre-IPO Placement | A pre-Offer placement of Equity Shares by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹ 1,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the Offer size satisfying the minimum issue size requirements under the SCRR |
| Price Band | The 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.<br><br>The Price Band and the minimum Bid Lot for the Offer will be decided by our Company and the Selling Shareholder in consultation with the BRLMs and will be advertised in all editions of [●] (a widely circulated English national daily newspaper), all editions of [●] (a widely circulated Hindi national daily newspaper) and in all editions of [●] (a widely circulated Gujarati newspaper, Gujarati being the regional language of Ahmedabad, Gujarat, where our Registered Office is located), at least two Working Days prior to the Bid/Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites |
| Pricing Date | The date on which our Company and the Selling Shareholder in consultation with the BRLMs, will finalise the Offer Price |
| Prospectus | The prospectus to be filed with the RoC after the Pricing Date in accordance with Section 26 of the Companies Act, 2013 and the SEBI Regulations, containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto |
| Public Offer Account | Bank account to be opened with the Public Offer Bank, in accordance with Section 40(3) of the Companies Act, 2013, to receive monies from the Anchor Investor Escrow Account and the ASBA Accounts on the Designated Date |
| Public Offer Bank | Bank which is a clearing member and registered with SEBI as a banker to an issue and with whom the Public Offer Account will be opened, in this case being [●] |
| QIBs or QIB Bidders or Qualified Institutional Buyers | The qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI Regulations |
| QIB Portion or QIB Category | The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer comprising [●] Equity Shares which shall be available for allocation to QIBs (including Anchor Investors).<br><br>Our Company and the Selling Shareholder, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis subject to valid Bids being received at or above the Offer Price. |

| Term | Description |
|---|---|
| Red Herring Prospectus or RHP | The red herring prospectus to be issued by our Company in accordance with Section 32 of the Companies Act, 2013, and the provisions of the SEBI Regulations, which will not have complete particulars of the price at which the Equity Shares will be offered and the size of the Offer, including any addenda or corrigenda thereto.<br><br>The Red Herring Prospectus will be registered with the RoC at least three working days before the Bid/Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date |
| Refund Account | The account opened with the Refund Bank, from which refunds, if any, of the whole or part, of the Bid Amount to the Anchor Investors shall be made |
| Refund Bank | The banker to the Offer with whom the Refund Account will be opened, in this case being [●] |
| Registered Brokers | The stock brokers registered with the stock exchanges having nationwide terminals, other than the BRLMs and the Members of the Syndicate and eligible to procure Bids |
| Registrar to the Offer or Registrar | Link Intime India Private Limited |
| Registrar Agreement | The agreement dated September 23, 2019 entered into amongst our Company, the Selling Shareholder and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer, pertaining to the Offer |
| Retail Discount | Our Company and the Selling Shareholder may, in consultation with the BRLMs, offer a discount of up to [●]% (equivalent of ₹ [●]) to the Offer Price to Retail Individual Bidders, in accordance with the SEBI Regulations |
| Retail Individual Bidder(s) or Retail Individual Investor(s) or RIB(s) or RII(s) | Resident Indian individual Bidders submitting Bids, who have Bid for the Equity Shares for an amount not more than ₹ 200,000 in any of the bidding options in the Offer (including HUFs applying through their Karta) and Eligible NRIs |
| Retail Portion | The portion of the Offer being not less than 35% of the Offer comprising [●] Equity Shares which shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Offer Price |
| Revision Form | The form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s).<br><br>QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date |
| RTAs or Registrar and Share Transfer Agents | The registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations, as per the lists available on the websites of BSE (https://www.bseindia.com/) and NSE (https://nseindia.com/) |
| Self Certified Syndicate Bank(s) or SCSB(s) | The banks registered with SEBI, offering services (i) in relation to ASBA where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or such other website as updated from time to time, and (ii) in relation to the RIBs using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time<br><br>Applications through UPI in the Offer can be made only through the SCSBs mobile applications (apps) whose name appears on the SEBI website. A list of SCSBs and mobile application, which, are live for applying in public issues using UPI mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019. The said list shall be updated on SEBI website |
| Share Escrow Agent | The share escrow agent appointed pursuant to the Share Escrow Agreement, namely, [●] |
| Share Escrow Agreement | The share escrow agreement to be entered into amongst our Company, the Selling Shareholder, the BRLMs and the Share Escrow Agent, in connection with the transfer of Equity Shares under the Offer for Sale by such Selling Shareholder and credit of such Equity Shares to the demat accounts of the Allottees |
| Specified Locations | Bidding centres where the Syndicate shall accept ASBA Forms from Bidders, and in case of RIIs, only ASBA Forms with UPI |

| Term | Description |
|---|---|
| Sponsor Bank | A Banker to the Offer which is registered with SEBI and is eligible to act as a 'Sponsor Bank' in a public issue in terms of applicable SEBI requirements and has been appointed by the Company and the Selling Shareholder, in consultation with the BRLMs, to act as a conduit between the Stock Exchanges and NPCI to push the UPI Mandate Request in respect of RIIs as per the UPI Mechanism, in this case being [●] |
| Syndicate or Members of the Syndicate | The BRLMs and the Syndicate Members |
| Syndicate Agreement | The syndicate agreement to be entered into between our Company, the Selling Shareholder and the Members of the Syndicate in relation to collection of Bid cum Application Forms by the Syndicate |
| Syndicate Members | The intermediaries registered with SEBI who are permitted to accept bids, applications and place orders with respect to the Offer and carry out activities as an underwriter, namely, [●] |
| Underwriters | [●] |
| Underwriting Agreement | The underwriting agreement to be entered into amongst our Company, the Selling Shareholder and the Underwriters, on or after the Pricing Date, but prior to filing of the Prospectus with the RoC |
| UPI | Unified payments interface which is an instant payment mechanism, developed by NPCI |
| UPI Circulars | The SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 and SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 in relation to UPI Mechanism and any subsequent circulars or notifications issued by SEBI in this regard |
| UPI ID | ID created on the UPI for single-window mobile payment system developed by the NPCI |
| UPI Mandate Request | The request (intimating the RIB by way of a notification on the UPI linked mobile application (such mobile applications as disclosed by SCSBs on the website of SEBI) and by way of a SMS for directing the RIB to such UPI linked mobile application) initiated by the Sponsor Bank to authorise blocking of funds on the UPI linked mobile application, equivalent to the Bid Amount and subsequent debit of funds in case of Allotment |
| UPI Mechanism | The bidding mechanism that may be used by an RII in accordance with the UPI Circulars to make an ASBA Bid in the Offer |
| Working Day(s) | All days on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid/Offer Period, "Working Day" shall mean all days, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; (c) the time period between the Bid/Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, "Working Day" shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circulars issued by SEBI |

**Technical/Industry Related Terms/Abbreviations**

| Term | Description |
|---|---|
| AoP(s) | Association of Person(s) |
| BCCL | Bharat Coking Coal Limited |
| BCM | Bank Cubic Metre |
| BOT | Build Operate Transfer |
| CAGR of Revenue | CAGR of Revenue is calculated as:<br>(Revenue from operations for Fiscal 2019 / revenue from operations from Fiscal 2017) ^ (1/2) - 1 |
| CAGR of PAT | CAGR of PAT is calculated as:<br>(PAT before share of loss in associate from Fiscal 2019 / PAT before share of loss in associate from Fiscal 2017) ^ (1/2) -1 |
| "CRISIL" or "CRISIL Research" | CRISIL Limited |

| Term | Description |
|---|---|
| CRISIL Report | Report titled "Industry report on Infrastructure" dated August 2019 prepared by CRISIL Research |
| CSR | Corporate Social Responsibility |
| CST | Central sales tax |
| Debt to Equity Ratio | Calculated as follows: (Long term borrowings + current maturities of long term borrowings + short term borrowings) / total equity (excluding DRR) |
| DBFOT | Design, Build, Finance, Operate and Transfer |
| DGMAP | Directorate General of Married Accommodation Project, Ministry of Defence, Government of India |
| EPC | Engineering, Procurement and Construction |
| EWS, LIG and MIG Houses | Economically Weaker Sections, Lower Income Group and Middle Income Group Houses under PMAY |
| Existing Contracts | Existing contracts as of any particular date means EPC work orders, letter of awards or contracts for ongoing and new projects awarded to/entered into by our Company or its Joint Ventures |
| GMDCL | Gujarat Mineral Development Corporation Limited |
| Government Undertaking | Undertakings of the government including NHAI, MoRTH, RVNL, UADD and other authorities and entities directly or indirectly owned/ controlled/ governed by Government and State Government |
| GST | Goods and Service Tax |
| HAM | Hybrid Annuity Model |
| ITNL | IL&FS Transportation Networks Limited |
| JRPICL | Jharkhand Road Projects Implementation Company Limited |
| km | Kilometres |
| MDO | Mine Developer and Operator |
| MoRTH | Ministry of Road Transport and Highways, Government of India |
| MPMKVVCL | Madhya Pradesh Madhya Kshetra Vidyut Vitaran Company Limited |
| MPRDCL | Madhya Pradesh Road Development Corporation Limited |
| MT | Metric Ton |
| MoU | Memorandum of Understanding |
| Northern Coal | Northern Coalfields Limited |
| NH | National Highway |
| NHAI | National Highways Authority of India |
| NHDP | National Highways Development Project |
| NBPDCL | North Bihar Power Distribution Company Limited |
| NHIDCL | National Highways and Infrastructure Development Corporation Limited |
| NTPC Limited | National Thermal Power Corporation Limited |
| NVDA | Narmada Valley Development Authority |
| O&M | Operations and management |
| Order Book | Order Book as of any particular date represents the Total Contract Value of all Existing Contracts of our Company as reduced by revenue billed by our Company for works certified with respect to such Existing Contracts |
| PMAY | Pradhan Mantri Awas Yojna |
| PWD | Public Works Department |
| RRVPNL | Rajasthan Rajya Vidyut Prasaran Nigam Limited |
| RUIFDCO | Rajasthan Urban Infrastructure Finance and Development Corporation |
| RVNL | Rail Vikas Nigam Limited |
| SAP | Systems applications and products |

| Term | Description |
|---|---|
| SOP | Standard Operating Procedures |
| SBPDCL | South Bihar Power Distribution Company Limited |
| SSNNL | Sardar Sarovar Narmada Nigam Limited |
| Tata housing | Tata Housing Development Company Limited |
| TOT | Toll-operate-transfer |
| Total Contract Value | Total contract value as of any particular date means the entire value of a project being undertaken by our Company which is the contractually agreed value as adjusted by price escalation and other claims/or variations, in the contract works which have been accepted by the client and for projects undertaken by way of Joint Venture, value of work awarded to our Company for such project |
| UADD | Directorate, Urban Administration and Development, Government of Madhya Pradesh |
| UPTCL | Uttar Pradesh Power Transmission Corporation Limited |
| WBPDCL | West Bengal Power Development Corporation Limited |
| WBSEDCL | West Bengal State Electricity Distribution Company Limited |

**Conventional and General Terms or Abbreviations**

| Term | Description |
|---|---|
| "₹" or "Rs." or "Rupees" or "INR" | Indian Rupee(s) |
| AIF | Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations |
| Arbitration Act | The Arbitration and Conciliation Act, 1996 |
| "AS" or "Accounting Standards" | Accounting standards issued by the ICAI |
| BSE | BSE Limited |
| CAGR | The compound annual growth rate is the mean annual growth rate of an investment over a specified period of time longer than one year |
| Category I AIF | AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF Regulations |
| Category I FPIs | FPIs who are registered as "Category I foreign portfolio investors" under the SEBI FPI Regulations subject to the re-categorisation of the FPIs registered under the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations, 2014 by their respective designated depository participant in terms of the SEBI FPI Regulations |
| Category II AIF | AIFs who are registered as "Category II Alternative Investment Funds" under the SEBI AIF Regulations |
| Category II FPIs | FPIs who are registered as "Category II foreign portfolio investors" under the SEBI FPI Regulations subject to the re-categorisation of the FPIs registered under the Securities and Exchange Board of India (Foreign Portfolio Investor) Regulations, 2014 by their respective designated depository participant in terms of the SEBI FPI Regulations |
| Category III AIF | AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations |
| CDSL | Central Depository Services (India) Limited |
| Central Government | The central government of India |
| Client ID | The client identification number maintained with one of the Depositories in relation to demat account |
| Companies Act | Companies Act, 1956 and Companies Act, 2013, as applicable |
| Companies Act, 1956 | Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the sections of the Companies Act, 2013) along with the relevant rules made thereunder |
| Companies Act, 2013 | Companies Act, 2013, to the extent in force pursuant to the notification of the sections, along with the relevant rules made thereunder |

| Term | Description |
|---|---|
| Consolidated FDI Policy | Consolidated Foreign Direct Investment Policy notified by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India under D/o IPP F. No. 5(1)/2017-FC-1 dated the August 28, 2017 |
| CPC | Code of Civil Procedure, 1908 |
| Depositories | NSDL and CDSL |
| Depositories Act | The Depositories Act, 1996 |
| DIN | Director Identification Number |
| DPIIT | Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (formerly known as Department of Industrial Policy and Promotion) |
| "DP" or "Depository Participant" | A depository participant as defined under the Depositories Act |
| DP ID | Depository Participant's Identification |
| DRR | Debenture redemption reserve |
| EPS | Earnings Per Share |
| FBIL | Financial Benchmarks India Private Limited |
| FDI | Foreign direct investment |
| FEMA | Foreign Exchange Management Act, 1999, read with rules and regulations thereunder |
| FEMA Regulations | Foreign Exchange Management (Transfer or Offer of Security by a Person Resident Outside India) Regulations, 2017 |
| "Financial Year" or "Fiscal(s)" or "Fiscal Year(s)" or "FY" | Unless stated otherwise, the period of 12 months ending March 31 of that particular year |
| FIR | First information report |
| FPI | Foreign Portfolio Investors as defined under the SEBI FPI Regulations |
| FVCI | Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations |
| Gazette | Gazette of India |
| "GoI" or "Government" | Government of India |
| HUF(s) | Hindu Undivided Family(ies) |
| ICAI | The Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards |
| Income Tax Act | The Income-tax Act, 1961 |
| Ind AS | Indian Accounting Standards notified under the Companies (Indian Accounting Standards) Rules, 2015 |
| India | Republic of India |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| IPC | Indian Penal Code, 1860 |
| IPO | Initial public offering |
| IRDAI | Insurance Regulatory and Development Authority of India |
| IRDAI Investment Regulations | Insurance Regulatory and Development Authority (Investment) Regulations, 2016 |
| IST | Indian Standard Time |
| IT | Information Technology |
| "Mn" or "mn" | Million |
| NACH | National Automated Clearing House |
| NAV | Net Asset Value |
| NBFC(s) | Non-banking financial company(ies) registered with the RBI |
| NECS | National Electronic Clearing Services |
| NEFT | National Electronic Fund Transfer |

| Term | Description |
|---|---|
| NPCI | National Payments Corporation of India |
| NR | Non-Resident |
| 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 |
| NSDL | National Securities Depository Limited |
| NSE | National Stock Exchange of India Limited |
| "OCB" or "Overseas Corporate Body" | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA. OCBs are not allowed to invest in the Offer |
| p.a. | Per annum |
| P/E | Price/Earning |
| P/E Ratio | Price/Earnings Ratio |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| RBI | Reserve Bank of India |
| ROE | Calculated as restated PAT and before share of loss from associates /net worth, where net worth means the sum of equity share capital, reserves and surplus (including securities premium, general reserve and retained earnings and excluding DRR). |
| RTGS | Real Time Gross Settlement |
| SCRA | Securities Contracts (Regulation) Act, 1956 |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SEBI | Securities and Exchange Board of India constituted under the SEBI Act, 1992 |
| SEBI Act | Securities and Exchange Board of India Act, 1992 |
| SEBI AIF Regulations | Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012 |
| SEBI FPI Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019 |
| SEBI FVCI Regulations | Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 |
| SEBI Ind AS Circular | SEBI Circular SEBI/HO/CFD/DIL/CIR/P/2016/47 dated March 31, 2016 on clarification regarding applicability of Indian Accounting Standards to disclosures in offer documents under the SEBI Regulations |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| SEBI Regulations | Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 |
| SEBI Takeover Regulations | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |
| SEBI VCF Regulations | Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as repealed by the SEBI AIF Regulations |
| Stamp Act | The Indian Stamp Act, 1899 |
| State Government(s) | The government of a state in India |
| Stock Exchanges | BSE and NSE |
| STT | Securities Transaction Tax |
| "Systemically Important Non-Banking Financial Company" or "NBFC-SI" | Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI Regulations, as a non-banking financial company registered with the RBI and having a net-worth of more than ₹ 5,000 million as per the last audited financial statements |

| Term | Description |
|---|---|
| U.S. Securities Act | U.S. Securities Act of 1933 |
| “U.S.” or “USA” or “United States” | United States of America |
| VCFs | Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations |
| Wilful Defaulter(s) | Wilful defaulter as defined under Regulation 2(1)(lll) of the SEBI Regulations |

## PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

### Certain Conventions

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

Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus. Unless otherwise specified, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time ("**IST**"). Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

### Financial Data

Unless stated otherwise, the financial information and financial ratios in this Draft Red Herring Prospectus have been derived from our Restated Financial Statements. Certain other financial information pertaining to the Subsidiaries and Group Companies is derived from their respective financial statements. For further information, see the section "*Financial Information*", beginning on page 227 of this Draft Red Herring Prospectus.

Our Company's financial year commences on April 1 and ends on March 31 of the next year. Accordingly, all references to a particular financial year, unless stated otherwise, are to the 12 month period ended on March 31 of that year. Reference in this Draft Red Herring Prospectus to the terms Fiscal or Fiscal Year or Financial Year is to the 12 months ended on March 31 of such year, unless otherwise specified.

The Restated Financial Statements have been compiled from (i) the audited and consolidated financial statements as at and for the Fiscals 2019 and 2018 prepared under Ind AS; (ii) the audited and consolidated financial statements for the Fiscal 2017 prepared under previous generally accepted accounting principles (Indian GAAP) adjusted in conformity with Ind AS. The financial information of the Company (on a consolidated basis) for the Fiscal 2017 have been prepared in accordance with requirements of the SEBI Ind AS Circular.

All amounts in the Restated Financial Statements have been rounded off to the nearest million with two decimals, except for earning per share and unless otherwise indicated.

There are significant differences between Ind AS, Indian GAAP, U.S. GAAP and IFRS. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS, the Indian GAAP and the SEBI Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited.

Unless the context otherwise indicates, any percentage amounts, in the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditional and Results of Operations*", beginning on pages 24, 156 and 289, respectively, and elsewhere in this Draft Red Herring Prospectus have been calculated on the basis of our Restated Financial Statements.

Consequent to the introduction of Goods and Service Tax ("**GST**"), central excise and value added tax have been subsumed into GST. In accordance with Ind AS 18, GST is not considered a part of revenue unlike excise duties which used to be included in revenue prior to July 1, 2017. Accordingly, our results of operations and our EBITDA for Fiscals 2018 and 2019 are not directly comparable with the previous Fiscals.

### Currency and Units of Presentation

All references to:

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

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in "million" units. One million represents 1,000,000 and one billion represents 1,000,000,000. However, figures sourced from third party industry sources, may be expressed in denominations other than millions or may be rounded off to other than two decimal points in the respective sources, and such figures have been expressed in this Draft Red Herring Prospectus in such denominations or rounded off to such number of decimal points as provided in such respective sources.

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

**Exchange Rates**

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

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

*(Amount in ₹, unless otherwise specified)*

| Currency | As on March 31, 2019(1) | As on March 31, 2018(2) | As on March 31, 2017 |
|---|---|---|---|
| 1 USD | 69.17 | 65.04 | 64.84 |

*Source: www.fbil.org.in*

(1) *Exchange rate as on March 29, 2019, as RBI reference rate is not available for March 31, 2019 and March 30, 2019 being a Sunday and Saturday, respectively*

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

**Industry and Market Data**

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus has been obtained or derived from the report entitled "*Industry Report on Infrastructure*" of August 2019 prepared by CRISIL Limited ("**CRISIL Report**") and publicly available information as well as other industry publications and sources. The CRISIL Report has been prepared at the request of our Company. In relation to the CRISIL Report, please see below the disclaimer clause specified in their consent letter dated September 26, 2019 issued to our Company:

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

Industry publications generally state that the information contained in such publications has been obtained from publicly available documents from various sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be based on such information. We believe the industry and market data used in this Draft Red Herring Prospectus is reliable, however, it has not been independently verified by our Company, the Directors, the Promoters, the Selling Shareholder or the BRLMs or any of their affiliates or advisors. The data used in these sources may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the section "*Risk Factors*", beginning on page 24. For details in relation to the risks involving the CRISIL Report, see "*Risk Factors – CRISIL Report referred to in this Draft Red Herring Prospectus was commissioned by our Company*", on page 48.

The extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which business of our Company is conducted, and methodologies and assumptions may vary widely among different industry sources. Accordingly, investment decisions should not be based solely on such information.

In accordance with the SEBI Regulations, the section "*Basis for the Offer Price*" on page 104, includes information relating to our listed peer group companies. Such information has been derived from publicly available sources, and neither we, nor the BRLMs have independently verified such information. Such data involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those disclosed in the section "*Risk Factors*", beginning on page 24.

## FORWARD-LOOKING STATEMENTS

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

Actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, including, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategies, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on our business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

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

- Our Order Book may not be representative of our possible future results as projects included in our Order Book and our future projects may be cancelled, modified or delayed for reasons which may be considered to be beyond our control;
- Our financial condition would be materially and adversely affected if we fail to obtain new contracts for infrastructure projects;
- Occurrence of an event of default under the terms of the infrastructure construction and development related agreements entered into with various governments and private sector clients;
- Limited experience in various functional and geographic areas; and
- Outstanding litigations against our Company and the Subsidiaries.

For further discussion on factors that could cause actual results to differ from expectations, see the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", beginning on pages 24, 156 and 289, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

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

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, the Directors, the Selling Shareholder, the Syndicate nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with the SEBI Regulations, our Company and the BRLMs will ensure that the investors in India are informed of material developments from the date of RHP until the time of the grant of listing and trading permission by the Stock Exchanges. The Selling Shareholder shall ensure that it will keep our Company and the BRLMs informed of all material developments pertaining to its portion of the Equity Shares in the Offer for Sale and itself, as the Selling Shareholder, from the date of this Draft Red Herring Prospectus until the receipt of final listing and trading approvals by the Stock Exchanges for this Offer, that may be material from the context of the Offer.

## SUMMARY OF THE OFFER DOCUMENT

The following is a general summary of the terms of the Offer. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including the sections "*Risk Factors*", "*Objects of the Offer*", "*Our Business*", "*Offer Procedure*" and "*Main Provisions of Articles of Association*", beginning on pages 24, 94, 156, 342 and 356 respectively.

**Summary of Business**

We are an infrastructure construction and development company, with our operations diversified across highways, railways, buildings and factories, mining, energy infrastructure and water and irrigation verticals of the infrastructure sector. Our business comprises: (i) infrastructure construction business, under which we undertake EPC projects primarily from various government authorities; and (ii) infrastructure development business, under which we are currently undertake building, operation and development of highways primarily on a HAM basis and developing and operating mines on a MDO basis. As of June 30, 2019, we had a portfolio of 39 ongoing EPC projects and three highways projects on HAM basis and one mining project on MDO basis.

We have more than two decades of experience in execution of infrastructure projects having completed 79 EPC projects. We have an Order Book as of June 30, 2019, aggregating to ₹ 91,612.99 million, with 39 ongoing EPC projects, spanning across 14 states in India, including the states of Maharashtra, Odisha, West Bengal, Karnataka, Andhra Pradesh, Chhattisgarh, Bihar and Uttar Pradesh.

Over the past two decades, we have established a track record in executing majority of our projects in a timely manner and have been able to develop and establish competencies in the infrastructure verticals in which we operate. The infrastructure verticals in which we currently operate include:

- *Highways*: We undertake design, construction, widening, strengthening, operation and maintenance of highways, roads, carriageways, major bridges, culverts and road over bridges. As per our Restated Financial Statements, revenue from highways vertical accounted for 60.89%, 50.54% and 36.72% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our highways infrastructure projects accounted for 65.27% of our Order Book;

- *Railways:* We undertake construction of railway stations and bridges, track laying, gauge conversion, electrical signalling and communication works. As per our Restated Financial Statements, revenue from railways vertical accounted for 14.97%, 10.69% and 12.75% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our railways projects accounted for 8.62% of our Order Book;

- *Building and Factories:* We undertake construction of commercial complex, district court, housing projects, townships, information technology parks, hotels, shopping malls, hospitals and ancillary construction works for industrial buildings. As per our Restated Financial Statements, revenue from our building and factories vertical accounted for 11.26%, 17.02% and 22.06% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our building and factories projects accounted for 10.90% of our Order Book;

- *Mining:* We undertake blast-hole drilling, removal of overburden, removal of inter-burden and excavation of coal and lignite, as part of infrastructure construction and development activities under the mining vertical. As per our Restated Financial Statements, revenue from our mining vertical accounted for 7.05%, 14.70% and 14.62% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our mining projects accounted for 9.46% of our Order Book;

- *Energy infrastructure:* We undertake design, installing, laying testing and commissioning of electricity transmission lines, electricity distribution lines and electricity sub-stations, respectively. As per our Restated Financial Statements, revenue from our energy infrastructure vertical accounted for 4.01%, 3.20% and 9.49% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our energy projects accounted for 4.51% of our Order Book; and

- *Water and irrigation:* We undertake construction of, canals, water supply projects, aqueducts and sewage drainage pipelines. As per our Restated Financial Statements, revenue from our water and irrigation vertical accounted for 1.73%, 2.88% and 4.36% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our water and irrigation projects accounted for 1.24% of our Order Book.

**Summary of Industry**

The overall construction opportunity in infrastructure and industrial is expected to grow at an average of 11-12% annually over the next five years from Fiscal 2020 to Fiscal 2024. Total construction spending for infrastructure and industrial is expected to increase to Rs. 34.4 trillion in the Fiscal 2020 to Fiscal 2024 period which is 1.7 times the spending in last five years. Within the infrastructure space, road projects are expected be a critical investment driver, from 2019-20 to 2023-24. There are also certain challenges for the road sector.

**Promoters**

Our Promoters are Kanubhai Trust, Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel and Mrunal Kanubhai Patel.

**Offer Size**

| | |
|---|---|
| Offer[#] | Up to [●] Equity Shares, aggregating up to ₹ [●] million |
| *of which* | |
| Fresh Issue[(1)] | Up to [●] Equity Shares, aggregating up to ₹ 4,500 million |
| Offer for Sale[(2)] | Up to 3,000,000 Equity Shares, aggregating up to ₹ [●] million |

[#] *A Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹ 1,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the Offer size satisfying the minimum issue size requirements under the SCRR.*

[(1)] *The Fresh Issue has been authorised by the Board pursuant to a resolution passed on September 14, 2019 and by our Shareholders pursuant to a special resolution passed on September 17, 2019.*

[(2)] *The Selling Shareholder specifically confirms that the Offered Shares have been held by it for a period of at least one year prior to the date of filing of this Draft Red Herring Prospectus with SEBI, calculated in the manner as set out under the SEBI Regulations and accordingly, are eligible for being offered for sale in this Offer. For details on the authorisation of the Selling Shareholder in relation to the Offered Shares, see the section "Other Regulatory and Statutory Disclosures", beginning on page 326.*

**Objects of the Offer**

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

*(in ₹ million)*

| S. No. | Particulars | Amount (in ₹ million) |
|---|---|---|
| 1. | Working capital requirements of our Company | 3,000.00 |
| 2. | Investment in MHHHPL for part-financing of the Hubli Haveri HAM Project | 500.00 |
| 3. | General corporate purposes* | [●] |
| **Total*** | | **[●]** |

* *To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for the general corporate purpose shall not exceed 25% of the Gross Proceeds.*

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**Pre-Offer Shareholding of Promoters, Promoter Group and Selling Shareholder**

| S. No. | Category of Shareholders | No. of Equity Shares | % of total paid up Equity Share capital |
|---|---|---|---|
| 1. | Promoters | 85,479,790 | 99.98 |
| 2. | Promoter Group | 9,547 | 0.01 |
| 3. | Selling Shareholder* | 85,456,909 | 99.95 |

* *The Selling Shareholder is the Kanubhai Trust which is one of our Promoters.*

**Summary of Restated Financial Statements**

*(in ₹ million other than share data)*

| Particulars | Fiscal | | |
|---|---|---|---|
| | 2019 | 2018 | 2017 |
| Share capital | 855.00 | 855.00 | 641.25 |
| Net worth (Total Equity (excluding DRR)) | 6,872.93 | 5,284.96 | 4,015.34 |
| Revenue (total income) | 25,047.15 | 19,462.43 | 19,866.31 |
| Profit after tax | 1,546.24 | 1,492.75 | 1,116.65 |
| Earnings per share (basic and diluted) | | | |
| - Basic | 18.08 | 17.46 | 13.06 |
| - Diluted | 18.08 | 17.46 | 13.06 |
| Net asset value per Equity Share* | 80.39 | 61.81 | 46.96 |
| Total borrowings (as per balance sheet) | 5,749.73 | 3,925.48 | 3,534.65 |

* *Net worth at the end of the years/ Total number of equity shares outstanding at end of the years. "Net worth" means the sum of equity share capital, reserves and surplus (including securities premium, general reserve and retained earnings and excluding DRR).*

**Qualifications of the Auditors**

The Restated Financial Statements do not contain any qualification requiring adjustments by the Auditors.

**Summary of Outstanding Litigation**

A summary of outstanding litigation proceedings involving our Company, the Directors, the Promoters, the Subsidiaries and the Joint Ventures, have been set out below:

| Type of Proceedings | Number of cases | Amount* (₹ in million) |
|---|---|---|
| **Cases against our Company** | | |
| Criminal proceedings | 5 | - |
| Direct and indirect taxes | 17 | 314.85 |
| Material civil litigation | 5** | 1,698.22 |
| Regulatory actions and disciplinary proceedings | 3 | - |
| **Total** | **30** | **2,103.07** |
| **Cases by our Company** | | |
| Criminal proceedings | 3 | - |
| Material civil litigation | 10** | 4,514.24## |
| **Total** | **13** | **4,514.24** |
| **Cases against the Promoters** | | |
| Criminal proceedings | 1 | - |
| Direct and indirect taxes | 6 | 51.50 |
| Material civil litigation | 1** | - |
| Regulatory actions and disciplinary proceedings | 1 | - |
| **Total** | **9** | **51.50** |
| **Cases against the Directors (including Promoters)** | | |
| Criminal proceedings | 2 | - |
| Direct and indirect taxes | 6 | 51.50 |
| Material civil litigation | 3** | 0.84 |
| Regulatory actions and disciplinary proceedings | 1 | - |
| **Total** | **12** | **52.34** |
| **Cases against the Subsidiaries** | | |
| Regulatory actions and disciplinary proceedings | 1 | - |
| **Total** | **1** | **-** |
| **Cases by the Joint Ventures** | | |
| Criminal proceedings | 1 | - |
| Material civil litigation | 1 | 327.52 |
| **Total** | **2** | **327.52** |

* *To the extent quantifiable*

** *including arbitration proceedings*

## *including counter claims filed by our Company. For details, see "Outstanding Litigation and Material Developments – Litigation involving our Company – Litigation filed against our Company – Civil Proceedings", on page 310.*

For further details of the outstanding litigation proceedings, see the section "*Outstanding Litigation and Material Developments*" beginning on page 308.

**Risk Factors**

Please see the section "*Risk Factors*" beginning on page 24.

**Summary of Contingent Liabilities of our Company**

As at March 31, 2019, our contingent liabilities that have not been provided for was ₹ 314.85 million which comprised the following:

*(₹ in million)*

| Particulars | As at March 31, 2019 |
|---|---|
| Claim against the Company not acknowledged as debt in respect of: | |
| Income Tax | 141.81 |
| Indirect Tax | |
| - VAT/CST | 139.90 |
| - Entry Tax | 7.16 |
| - Excise | 25.98 |

For details, see "*Financial Statements -Note 41 – Contingent Liabilities and Commitments*" on page 272.

**Summary of Related Party Transactions**

*(in ₹ million)*

| S No. | Particulars | Entity | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|---|---|
| 1 | Rent Expense | Kanubhai Mafatlal Patel | 2.45 | 2.05 | 1.76 |
| | | Brijesh Kanubhai Patel | 2.45 | 2.05 | 1.76 |
| | | Mrunal Kanubhai Patel | 0.32 | 0.12 | - |
| | | Kanubhai Mafatlal Patel HUF | - | 0.51 | 0.80 |
| | | Montecarlo Realty LLP (Formerly known as Montecarlo Realty Limited) | 4.48 | 4.26 | - |
| | | Montecarlo Asset Holdings LLP (Formerly known as Montecarlo Construction Private Limited) | 0.63 | 0.60 | - |
| 2 | Remuneration paid@ | Kanubhai Mafatlal Patel | 27.60 | 27.60 | 27.60 |
| | | Brijesh Kanubhai Patel | 18.00 | 18.00 | 18.00 |
| | | Mrunal Kanubhai Patel | 18.00 | 18.00 | 18.00 |
| | | Nareshkumar Pranshankar Suthar | 6.36 | 6.36 | 5.84 |
| | | Suhas Vasant Joshi | 6.36 | 6.36 | 6.19 |
| | | Nigam Gautamkumar Shah | 5.10 | 4.68 | 3.75 |
| | | Kalpeshkumar Punamchand Desai | 1.82 | 1.72 | 1.30 |
| | | Alpa Brijesh Patel | 0.65 | 0.84 | 0.84 |
| | | Janki Mrunal Patel | 0.66 | 0.84 | 0.84 |
| 3 | Interest paid | Kanubhai Mafatlal Patel | 0.18 | 0.19 | 0.14 |
| | | Brijesh Kanubhai Patel | 2.23 | 3.32 | 6.47 |
| | | Mrunal Kanubhai Patel | 3.96 | 6.58 | 9.64 |
| 4 | Interest received | Nareshkumar Pranshankar Suthar | - | 0.03 | - |
| 5 | Loans Taken# | Kanubhai Mafatlal Patel | 9.60 | 10.10 | 3.56 |
| | | Brijesh Kanubhai Patel | 96.10 | 143.80 | 220.74 |
| | | Mrunal Kanubhai Patel | 165.70 | 250.70 | 325.30 |
| 6 | Loans Repaid# | Kanubhai Mafatlal Patel | 9.60 | 10.10 | 3.56 |
| | | Brijesh Kanubhai Patel | 96.10 | 143.80 | 220.74 |
| | | Mrunal Kanubhai Patel | 165.70 | 250.70 | 325.30 |
| 7 | Loan Given | Nareshkumar Pranshankar Suthar | - | 1.50 | - |
| 8 | Loan Received back | Nareshkumar Pranshankar Suthar | - | 1.50 | - |
| 9 | Donation | Montecarlo Charitable Trust | 0.24 | 1.43 | 1.67 |
| 10 | Sub-Contracting Expense | Bhavna Engineering Company Private Limited | 154.68 | - | - |
| | | Nitin Construction Limited | 0.39 | 4.85 | 5.00 |
| 11 | Contract revenue | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 2,962.20 | 735.91 | - |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL)^ | 1,468.88 | - | - |
| | | Montecarlo Barjora Mining Private Limited (MBMPL)^ | 68.22 | - | - |
| 12 | Reimbursement of expense | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 16.38 | - | - |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL)^ | 20.91 | - | - |
| 13 | Mobilization Advance received | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 1,200.00 | 170.00 | - |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL) | 1,420.00 | - | - |

| S No. | Particulars | Entity | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|---|---|
| 14 | Mobilization Advance recovered | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 218.33 | - | - |
| 15 | Sub-ordinate debt given | Montecarlo Projects Limited (MPL) (Previously known as Montecarlo Projects India Limited)^ | 516.62 | 100.27 | - |
| 16 | Sub-ordinate debt repaid | Bijapur Hungund Tollway Private Limited | - | 66.70 | - |
| | | Montecarlo Projects Limited (Previously known as Montecarlo Projects India Limited)^ | 69.80 | 20.40 | - |
| 17 | Advances given to vendor | Bhavna Engineering Company Private Limited | 39.80 | - | - |
| | | Nitin Construction Limited | 0.40 | 2.75 | 0.98 |
| 18 | Advances recovered from vendor | Bhavna Engineering Company Private Limited | 10.00 | - | - |
| | | Nitin Construction Limited | 0.95 | 3.15 | 0.58 |
| 19 | Investment made | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHL)^ | * | * | * |
| 20 | Investment made (Subsidiary to Step-down subsidiaries) | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 126.80 | 0.10 | - |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL) ^ | - | 0.10 | - |
| 21 | Sub-ordinate debt given (Subsidiary to Step-down subsidiaries) | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL) ^ | 359.71 | 54.80 | - |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL) ^ | 25.94 | 44.38 | - |
| | | Montecarlo Barjora Mining Private Limited (MBMPL) ^ | 3.75 | - | - |
| 22 | Sub-ordinate debt repaid (Step-down subsidiaries to Subsidiary) | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL) ^ | 69.80 | 20.40 | - |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL) ^ | - | - | - |
| | | Montecarlo Barjora Mining Private Limited (MBMPL) ^ | - | - | - |

*Amount below ₹ 5,000*

\# *There are multiple transactions of loans taken and repaid during the year. Amounts presented here are sum of each transaction of loan taken and repaid during the year.*

@ *The Key Managerial Personnel are covered by the Company's gratuity policy along with other employees of the Company. The proportionate amount of gratuity cost pertaining to the Key Managerial Personnel has not been included in the aforementioned disclosures as these are not determined on an individual basis.*

^ *The above transactions and balance outstanding are eliminated at the time of preparation of the Restated Financial Statements.*

For details of the related party transactions and as reported in the Restated Financial Statements, see the section *"Financial Statements"*, beginning on page 227.

**Average Cost of Acquisition**

The average cost of acquisition per Equity Share to the Promoters (including the Selling Shareholder) as at the date of this Draft Red Herring Prospectus is:

| Name | Number of Equity Shares held as on March 31, 2019 | Average cost of Acquisition per Equity Share (in ₹)* |
|---|---|---|
| **Promoters and Selling Shareholder** | | |

| Name | Number of Equity Shares held as on March 31, 2019 | Average cost of Acquisition per Equity Share (in ₹)* |
|---|---|---|
| Kanubhai Trust** | 85,456,909 | Nil |
| Kanubhai Mafatlal Patel | 7,627 | 5.53 |
| Brijesh Kanubhai Patel | 7,627 | 0.33 |
| Mrunal Kanubhai Patel | 7,627 | 5.11 |

* *As certified by Surana Maloo & Co., Chartered Accountants, by way of their certificate dated September 25, 2019.*

** *The Kanubhai Trust is the Selling Shareholder and is one of our Promoters.*

**Details of Pre-Offer Placement**

| | |
|---|---|
| **Size of the Pre-IPO placement and allottees, upon completion of the placement** | A Pre-IPO Placement of Equity Shares by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹ 1,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from Pre-IPO Placement will be reduced from the Fresh Issue, subject to the Offer size satisfying the minimum issue size requirements under the SCRR. |

**Issue of Equity Shares for consideration other than cash in the last one year**

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus.

**Split/ Consolidation of Equity Shares in the last one year**

Our Company has not undertaken a split or consolidation of the Equity Shares in the one year preceding the date of this Draft Red Herring Prospectus.

## SECTION II: RISK FACTORS

*An investment in the Equity Shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described herein, 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, additional risks and uncertainties not currently known to us or that are currently believed to be immaterial may also have an adverse impact on our business, results of operations, financial condition and the price of the Equity Shares could decline, causing the investors to lose part or all of the value of their investment in the Equity Shares. The financial and other related implications of the risk factors, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where the financial impact is not quantifiable and, therefore, cannot be disclosed in such risk factors. Prospective investors should read this section in conjunction with "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages 156, 111 and 289, respectively, as well as the other financial and statistical information contained in this Draft Red Herring Prospectus.*

*Unless otherwise indicated, the financial information included herein is based on our Restated Financial Statements included in this Draft Red Herring Prospectus. For further information, see the section "Financial Information", beginning on page 227. Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the CRISIL Report (extracts of which have been appropriately incorporated as part of "Industry Overview", beginning on page 111). Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant Fiscal. Prospective investors are accordingly cautioned against placing undue reliance on such information in making an investment decision and should consult their own advisors and evaluate such information in the context of the Restated Financial Statements and other information relating to our business, operations and the industry in which we operate, included in this Draft Red Herring Prospectus.*

*Additionally, this Draft Red Herring Prospectus may include certain forward-looking statements that involve risks and uncertainties, and our actual financial performance may materially vary from the conditions contemplated in such forward-looking statements as a result of various factors, including those described below and elsewhere in this Draft Red Herring Prospectus. For further information, see "Forward-Looking Statements", beginning on page 17.*

***Internal risks***

1. ***Our Order Book may not be representative of our possible future results as projects included in our Order Book and our future projects may be cancelled, modified or delayed for reasons which may be considered to be beyond our control and such cancellation, modification or delay may materially and adversely affect our business, future prospects, reputation, financial condition and results of operation.***

   As on June 30, 2019, our Order Book amounted to ₹ 91,612.99 million and sets forth the expected revenue from 39 ongoing projects of our Company. We prepare our Order Book on the basis of the work completed, the outstanding work and the time expected to complete the projects forming part of the Order Book. The Order Book may vary materially if the time taken or amount payable for completion of an ongoing projects of our Company changes. For instance, our turnover estimation for Fiscal 2018 was negatively affected due to delay in declaration of appointed date by NHAI for our highway projects on HAM basis in Odisha and Karnataka caused by delay in entering into concession agreement and declaration of financial closures by NHAI. In addition, there may be a risk that the actual revenue from operations may vary substantially from the projected value of our Order Book. Furthermore, our Order Book may not be strictly comparable with our peer's order book due to the methodology and other factors determining the value of our Order Book. For instance, our Order Book includes a mining project awarded to us by our Subsidiary, MBMPL, for undertaking mining work and certain construction work at the Barjora (North) coal mine project for which MBMPL holds a concession for 19 years. The project value for such project, being ₹ 8,577.50 million, reflected in our Order Book is based on the expected revenue from undertaking mining of agreed quantity of coal from the project site at the base mining rate of ₹ 742 per tonne in terms of the approved mine plan issued for a period of seven years from the appointed date for the project declared by WBPDCL.

   Furthermore, our Order Book, as of June 30, 2019, indicates only the outstanding value of work under the relevant contracts existing as of that particular date and should not be misconstrued to include value of works awarded to our Company subsequent to June 30, 2019. Furthermore, our Order Book as of June 30, 2019, includes a portion which has already been realized as revenue by our Company subsequent to June 30, 2019 but remains unquantified as on date of this Draft Red Herring Prospectus.

   Additionally, estimated future earnings pertaining to the completion of all ongoing projects forming part of the Order Book may not be realized as we may face cancellations, adverse modification of agreed scope or schedule of our ongoing projects due to factors beyond our control or the control of our clients, including, failure to obtain necessary permits, authorizations and permissions, political unrest and other forms of unforeseeable force majeure events. Accordingly, we cannot predict with certainty the extent to which a project forming part of our Order Book will be performed. Further, such delays in the completion of a project or cancellation of a project may lead to delays or refusal in payment of the applicable amount that we expect to be paid in respect of such project. Our clients may also be entitled to terminate the agreement in the event of delay in completion of the work if the delay is not on account of any of the agreed exceptions. In addition, where a project is concluded as scheduled, our client may delay, default or otherwise fail to pay amounts owed to us. Such payments often represent an important portion of the margin we expect to earn on a project. Further, any delay in execution of ongoing projects leading to extended timelines would also adversely impact our ability to undertake additional projects in future and the outlook of our Order Book. For instance, an EPC project in the state of Tamil Nadu forming part of our Order Book in the year 2013 faced significant delays in commencement by the contracting parties.

Moreover, if any of our projects are cancelled or terminated prematurely, there can be no assurance that our Company will receive the applicable termination payments in time or at all or that the amount paid will be adequate to enable our Company to recover its investments in the prematurely cancelled project. In such events, we may have to bear the actual costs for project activities incurred by us which may exceed the agreed work as a result of which, our future earnings may be lower from the amount of the Order Book and if any of the forgoing risks materialize, our cash flow position, revenues and earnings may be adversely affected.

2. ***Our financial condition would be materially and adversely affected if we fail to obtain new contracts for infrastructure projects.***

As part of our growth strategy, we intend to acquire infrastructure construction and/or infrastructure development contracts through competitive bidding process on an individual basis or with joint venture partners. Clients typically limit the tender to contractors that are qualified based on several criteria including experience, technological capacity and performance, reputation for quality, safety record, financial strength and size of previous contracts in similar projects. While price competitiveness of the bid is the most important selection criterion, qualification is the key to our ability to bid for major projects. Our ability to bid for and win such major projects is dependent on our ability to show experience of working on such large construction and lump-sum turnkey contracts and developing strong engineering capabilities and credentials to execute more technically complex projects. In certain cases, where we intend to bid for larger projects, we also enter into alliances with other infrastructure players to achieve the required technical qualification through MoUs. Such future acquisitions of contracts for infrastructure projects will depend on various factors such as: (i) our ability to identify projects on a cost-effective basis; (ii) our ability to integrate acquired operations into the business; (iii) our ability to outbid our competitors; (iv) our ability to partner with peers to meet the qualification criteria; and (v) other legal, tax and accounting factors. Further, such acquisitions may require consents from the lenders under the existing financing agreements. We cannot assure you that we will be able to successfully bid for such projects including the ones that do not permit multiple developers to bid together, which may adversely affect our prospects, cash flows, business, results of operations and financial condition.

Furthermore, as our income is primarily generated from undertaking EPC contracts, the timing of new construction projects awarded and their commencement can vary significantly, making our results of operations and cash flow subject to significant periodic fluctuations. It is generally difficult to predict whether or when we will receive such awards as these EPC contracts typically involve a lengthy and complex bidding and selection process which is affected by a number of factors, such as market conditions, governmental approvals, government policies, budget allocation, infrastructure requirements and project specific dynamics. For instance, out of 349 projects for which we had placed our bids during the Fiscals 2019, 2018 and 2017, we were awarded 27 projects. Additionally, set forth is a summary of the bids placed and projects awarded during Fiscals 2019, 2018 and 2017:

| Fiscal | Number of bids placed | Number of projects awarded |
|---|---|---|
| 2019 | 97 | 11 |
| 2018 | 161 | 11 |
| 2017 | 91 | 5 |

Further, we generally incur additional costs for preparation and submission of bids, which are one-time non-reimbursable costs. Furthermore, we are required to give guarantees in the form of bid security at the time of bidding for any project, which in turn blocks our working capital till the bid security is released. We cannot assure you that we would bid where we have been qualified to submit a bid or that our bids, when submitted or if already submitted, would be accepted. We may also not be able to secure bids due to negligence or disqualification of our joint venture partners in cases of bids in a consortium as these factors are beyond our control. Failure to be selected as a successful bidder may result in loss of cost incurred in bidding and opportunities which may adversely affect our business.

3. ***We face a variety of risks in connection with our infrastructure contracts entered into with various governments and private sector clients. The terms of these agreements include certain events of default, the occurrence of which could adversely affect our business, cash flows and results of operations.***

We have entered into several agreements with various government and private sector clients for the development, operation and maintenance of certain infrastructure facilities as specified in the respective agreements. The terms of these agreements include events of default, the occurrence of any of which entitles the respective counterparties to take certain actions against our Company, including terminating such agreements. These events of defaults typically include:

- our failure, omission, neglect or negligence in complying with or performing any duties or obligations under the respective agreements;
- our failure to carry out the construction and implementation of the infrastructure facility as specified in the respective agreements;
- our material breach of operations and maintenance requirements, if any;
- our assignment of rights, title and interest in the respective agreements without the prior written consent of the respective counterparties;
- our failure to achieve latest outstanding project milestones or certain performance parameters, as indicated in the respective agreements; and
- our creation of any encumbrance, charge or lien not otherwise permitted by the respective agreements.

The termination or suspension of an agreement as a result of the occurrence of an event of default, or otherwise, requires us to cease our operations at the relevant site and hand over the possession of the facility to the relevant counterparty along with the relevant records and materials pertaining to the project. In addition, as a result of such event of default, our clients have a right to encash and appropriate the performance security and retention money or bank guarantees deposited by us, for the losses, delays and cost of completing works and maintenance of the relevant project. Further, such agreements may require us to indemnify the relevant counterparty against any suits, proceedings, actions, demands or claims by third party whether arising from any breach or negligence on our part including any errors or deficiencies in the design documents. Any of the aforementioned events including breach, cancellation or early termination of our infrastructure contracts or imposition of any further limitations under these agreements could have an adverse effect on our ability to operate and manage our business and may have an adverse effect on our business, cash flows and results of operations.

Additionally, our clients may not agree with our interpretation of the applicability and implementation of certain provisions of infrastructure contracts executed with them. Such differing views may be detrimental to our interest and may primarily arise due to various factors, including absence, of sufficient administrative or judicial precedents in the infrastructure verticals in which we operate. Such differing views may culminate in disputes, which may impact the viability of our current business or restrict our ability to expand our business in the future. In certain instances, such differing views have resulted in legal matters before courts of appropriate forums, for further details, see the section "*Outstanding Litigations and Material Developments*", beginning on page 308.

***4. We and the Promoters have limited experience in various functional and geographic areas, which could have an adverse effect on our business, results of operations and financial condition.***

We have gradually expanded the geographical and functional areas in which we undertake our projects. Our business operations have historically been focused in Madhya Pradesh and Gujarat and primarily in the verticals of highways and water and irrigation. However, we have expanded and are in the process of expanding our presence across various verticals and states in India. For instance, in the past five Fiscals we have started undertaking water pipeline projects and have entered into the railways vertical and building and factories vertical. Additionally, we are undertaking new projects in Maharashtra, Chhattisgarh, Kerala, Odisha, Karnataka, Uttar Pradesh, West Bengal and Arunachal Pradesh. As a part of our strategy, we will continue to undertake new projects across the verticals of infrastructure, in which we operate, on an opportunistic basis. We recently initiated development and maintenance of highways and roads on HAM basis and mining on MDO basis. We believe that we will continue to undertake more projects on a HAM and MDO basis or projects based on a similar model in the future. Since, our Company has not completed any HAM projects or MDO projects, which are relatively new model for the Company, we cannot assure you that we have the requisite skill and experience to be able to successfully execute highway projects on a HAM basis or mining project on an MDO basis which are currently ongoing or may be awarded to us in the future. We and the Promoters may have limited background and experience in these areas, and we may need to enter into strategic tie-ups, recruit additional skilled personnel and purchase additional equipment to support such activities. Additionally, given our limited experience in new functional or geographical areas, we may undertake a project in collaboration through a joint venture, in such an event, we may depend on our joint venture partners for their satisfactory performance and fulfilment of their obligations. For details, see "- *Failure by our joint venture partners to perform their obligations or disagreements with such joint venture partners could result in additional performance and financial obligations for our Company, which may adversely affect our business and results of operations*", on page 38.

Further, as we seek to diversify our regional focus, we may face the risk that our competitors may be better known in other markets, enjoy better relationships with clients and international joint venture partners, have experience to work in a particular geography, gain early access to information regarding attractive projects and be better placed to bid for and be awarded such projects. Increasing competition could result in price and supply volatility, which could cause our business to suffer. Further, when we diversify to new geographical areas, we may have to incur significant fixed and working capital cost in relation to inputs, equipment and manpower. In addition, we may not have the required amount of experience in the new areas of business in which we propose to venture and therefore may not be able to compete effectively with established competitors in these businesses or be able to form joint ventures with established regional players. There can be no assurance that we will be able to effectively manage our entry into new functional and geographical areas, which may have a material adverse impact on our business, financial condition and results of operation. Additionally, we cannot assure you that we will be able to successfully implement such expansion and diversification strategies, in a timely or cost-effective manner, or at all.

***5. There are outstanding litigations against our Company, the Directors, the Promoters and Subsidiaries***

Our Company, the Directors, the Promoters and the Subsidiaries are involved in certain legal proceedings filed against them, which are pending at different levels of adjudication before various courts and tribunals. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and include amounts claimed jointly and severally. If any new developments arise, such as a change in Indian law or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements that could increase our expenses and current liabilities.

The summaries of outstanding litigation in relation to criminal matters, material civil matters including arbitration proceedings, direct tax matters and indirect tax matters against our Company, the Directors, the Promoters and the Subsidiaries, have been set out below:

| Type of Proceedings | Number of cases | Amount* (₹ in million) |
|---|---|---|
| **Cases against our Company** | | |
| Criminal proceedings | 5 | - |
| Direct and indirect taxes | 17 | 314.85 |
| Material civil litigation | 5** | 1,698.22 |
| Regulatory actions and disciplinary proceedings | 3 | - |
| **Total** | **30** | **2,103.07** |
| **Cases against the Promoters** | | |
| Criminal proceedings | 1 | - |
| Direct and indirect taxes | 6 | 51.50 |
| Material civil litigation | 1** | - |
| Regulatory actions and disciplinary proceedings | 1 | - |
| **Total** | **9** | **51.50** |
| **Cases against the Directors (including Promoters)** | | |
| Criminal proceedings | 2 | - |
| Direct and indirect taxes | 6 | 51.50 |
| Material civil litigation | 3** | 0.84 |
| Regulatory actions and disciplinary proceedings | 1 | - |
| **Total** | **12** | **52.34** |
| **Cases against the Subsidiaries** | | |
| Regulatory actions and disciplinary proceedings | 1 | - |
| **Total** | 1 | - |

* *To the extent quantifiable.*
** *including arbitration proceedings.*

For further details of legal proceedings involving our Company, the Directors, the Promoters and the Subsidiaries, see the section "*Outstanding Litigation and Material Developments*", beginning on page 308. We cannot provide assurance that these legal proceedings will be decided in our favour. We may not have been able to quantify all claims involved in such proceedings and any decisions in such proceedings adverse to our interests may have a material adverse effect on our business, results of operations, cash flows and financial condition.

***6. Delays in the completion of construction of current and future projects could lead to termination of our infrastructure contracts or cost overruns, which could have an adverse effect on our cash flows, business, results of operations and financial condition.***

Our projects are required to achieve commercial operation no later than the scheduled commercial operation dates specified under the relevant infrastructure contracts, or by the end of the extension period, if any is granted by the concessioning authority or an employer in case of our EPC projects. The scheduled completion targets for our projects are estimates and are subject to delays as a result of unforeseen engineering problems, force majeure events, issues arising out of right of way, unavailability of financing, unanticipated cost increases or changes in scope and inability in obtaining certain property rights or government approvals. We cannot assure you that we will be able to achieve the timely completion of our projects or the respective milestones for projects.

For instance, there has been a delay in achieving the Project Milestone-III for our Hubli-Haveri HAM project as per the timelines prescribed under the concession agreement for such project. For details, see "*Objects of the Offer-Proposed Schedule of Implementation*". While in terms of the concession agreement, we are entitled for an additional period to achieve the completion of the Project Milestone-III, we cannot assure you that we will be able to complete the project within such cure period. In the event we are unable to achieve the completion within such period or extension of time is not granted by the authority, the authority would be entitled to *inter alia,* seek liquidated damages, invoke performance guarantee or terminate the concession agreement.

Furthermore, there have been delays in implementation of certain of our ongoing EPC projects for various reasons beyond our control and accordingly, we have been unable to complete such projects within the scheduled completion date under the EPC agreements have been passed. For details in relation to such projects, see "*Our Business- Our Business Operation*" on page 162.

In relation to our EPC projects, we provide the authorities with performance securities for completion of the construction of our projects within a specified timeframe. Subject to certain exceptions such as (i) occurrence and continuance of force majeure events that are not within our control, or (ii) delays that are caused due to reasons solely attributable to the employer, failure to adhere to contractually agreed timelines or extended timelines could require us to pay liquidated damages as stipulated in such ontracts (typically capped at a range between 5% and 10% of the project value) or lead to encashment and appropriation of the bank guarantee or performance security. Additionally, the authority or client may also be entitled to terminate the EPC agreement in the event of delay in completion of the work if the delay is not on account of any of the agreed exceptions. In the event of termination of any of our projects for such reasons, we may only receive partial payments under such agreements and such payments may be less than our estimated cash flows from such projects.

Further, we may not be able to obtain extensions for projects on which we face delays or time overruns. In addition to the risk of termination by the concessioning authority or the employer in case of EPC projects, delays in completion of development may result in cost overruns, lower or no returns on capital and reduced revenue for the concessionaire thus impacting the project's performance, as well as failure to meet scheduled debt service payment dates and increased interest costs from our financing agreements for the projects. We have faced delays in completion of our projects and may continue to face delays in completion for certain of our projects which are under construction and any such delays could have adverse effects on our cash flows, business, results of operations and financial condition.

***7. Delays in the acquisition of land for our projects which is free from encumbrances or encroachments, and other factors may affect timely execution of our projects leading to dispute with the government or private sector clients.***

Once the project is awarded to us, the same is reflected in our Order Book as on any particular date. We strive to complete our projects within the stipulated time and costs for the projects to be economically viable. However, our projects could be delayed due to various factors such as technical difficulties, human resource, technological or other resource constraints, including increases in raw material costs, or for other unforeseen reasons, events or circumstances. Further, such delays in the completion of a project or cancellation of a project may lead to delays or refusal in payment of the applicable amount that we expect to be paid in respect of such project. Our clients may also be entitled to terminate the agreement in the event of delay in completion of the work if the delay is not on account of any of the agreed exceptions.

Further, most of the projects, particularly highways, water and irrigation, mining and railways projects, are dependent on the procurement of unencumbered contiguous land. In our infrastructure contracts, government or private sector clients are typically required to acquire, lease, or secure rights of way over tracts of land in order for us to construct an infrastructure facility on such land, free of encroachments and encumbrances, which are beyond our control. Their failure to acquire the relevant land free of encumbrances in a timely manner may cause project delays, cost overruns or even force us to change or abandon the projects completely, which may further lead to disputes and cross-claims for liquidated damages between our Company and the clients. For instance, we commenced the construction of our ongoing Gorakhpur bypass road project after a lapse of four months and 13 days from the receipt of letter of award for the project due to delay by the authority in acquisition of land for the project. Similarly, we received the appointed date for two of our projects after a lapse of significant period from the date of receipt of their letter of award due to delay by the authority in securing acquisition of land for such project. Further, we have not received the appointed dates for the Medshi to Washim road project and Sinnar-Shirdi road project due to delay by the authority in securing acquisition of land for such project.

Furthermore, at times construction of a project may commence even before all of the land required for the project has been acquired or leased or rights of way have been secured by the relevant government entity, which leads to investment of resources by us in relation to such projects. We may be entitled to terminate such contracts on the basis of our counterparty's default such as the failure to acquire or lease the requisite land or right of way. Although we may be entitled to a termination payment from the governmental entity, this payment may not be sufficient to cover the losses incurred by our Company in the development or construction of such projects and we may not be able to recover the balance amount which may adversely affect our business and financial conditions.

8. ***Our trademark appearing on the cover page of this Draft Red Herring Prospectus is subject to an ongoing litigation.***

The trademark appearing on the cover page of this Draft Red Herring Prospectus is an important asset of our business developed through our expertise and experience in the industry. Our significant goodwill in the industry in which we operate is recognized through our trademark and we believe that our trademark has contributed significantly towards our success and recognition.

Whilst our Company has registered the trademark for our name, 'MONTE CARLO' and 'MC' (Device), Monte Carlo Fashions Limited ("**Monte Carlo Fashions**") had filed an injunction suit against, *inter alia*, our Company before the Court of District Judge, Ludhiana, *inter alia* alleging the infringement of their registered trademark 'Montecarlo' and to restrain our Company from using such trade name and trademark. Monte Carlo Fashions had obtained an *ex-parte* injunction order on November 3, 2017 ("**Order**"), whereby our Company had been restrained from using the trade mark 'Monte Carlo' and 'MC' and any identical or deceptively similar trademark to 'Monte Carlo' till further order. Consequently, our Company approached the High Court of Punjab and Haryana at Chandigarh ("**P&H High Court**") challenging the Order and Monte Carlo Fashions has assured the P&H High Court that till the matter is heard at the motion stage, it shall not initiate contempt proceedings in relation to the Order. We cannot assure you that we will continue to have the uninterrupted use and enjoyment of our trade name and trademark. If the proceedings are not determined in our favour, we will not have the right to use these or prevent others from using them or their variations, which could adversely affect our ability to conduct our business as well as affect our reputation, goodwill, business, prospect and results of operations. We cannot assure you that similar actions will not be initiated against us by others in the future. For further details, see "*Outstanding Litigation and Material Developments - Litigation involving our Company*" on page 309.

9. ***Our business is substantially dependent on projects in India awarded or funded by the Government or State Governments and we derive substantial revenues from contracts with a limited number of government entities. Any changes in the Government or State Government policies or focus, or delay in payment may adversely affect our business and results of operations.***

Our business increasingly relies on projects in India awarded or funded by the Government or State Governments. As of June 30, 2019, contracts awarded by various government entities accounted for 98.66% of our Order Book. We derived 99.08%, 96.39% and 86.18% of our contract revenue, as per our Restated Financial Statements, from transactions with Government, relevant State Governments or other Government Undertakings during the Fiscals 2019, 2018 and 2017, respectively. Further, a significant proportion of our revenues from infrastructure projects have historically been derived from a limited number of clients. The nature of our infrastructure business is such that it is heavily reliant upon the ability of a relatively small number of clients to pay amounts due to us for services provided. For instance, as of June 30, 2019, contracts awarded by NHAI accounted for 46.27% of our Order Book.

According to the CRISIL Report, with the increase of investment in national highways, the funding needs for NHAI and other authorities will rise substantially. In the event of any adverse change in budgetary allocations to NHAI for infrastructure development or a downturn in available work in the road infrastructure sector or resulting from any change in government policies or priorities, our business prospects and our financial performance, may be adversely affected. Further, any event having an adverse impact on the ability of NHAI to raise funds in the future would adversely affect our business, results of operations and financial conditions.

Accordingly, our business is subject to risks relating to or arising from the Government or State Governments, including but not limited to:

- personnel, structural, or policy changes or any changes in practices or focus at the Government or State Government level and due to high concentration of highway projects in our Order Book, we are particularly vulnerable to any adverse policy changes by NHAI or MoRTH;

- changes in government initiatives, agenda or budgetary allocations or fund deficiencies resulting in capital reduction in the infrastructure sector;

- political or financial pressures on a government entity that may lead to restructuring or renegotiation of our infrastructure contracts;

- non-payment by or delays in collection from the Government or State Governments, or the entities and financial institutions they control due to regulatory scrutiny, long procedural formalities including any audit by the Comptroller Auditor General of India or due to a shortfall in budgetary allocation by Government or State Governments for the infrastructure sector or due to a shortfall in budgetary allocation by Government or State Governments for the infrastructure sector;

- significant loss of business in the case of loss of a major client; particularly in the railways vertical where all of our projects are associated with RVNL;

- government entities restrictive interpretation of the applicability of the escalation clauses in our contracts and difficulties in enforcing such clauses to recover the costs we incurred in relation to the additional work performed at the clients' requests or because of the change of scope of work;

- delays by the government entities in documentary closure or completion of contracts, including the release of performance guarantees, retention money and final acceptance notices;

- adverse action against our Company in the bidding process by any government entity may affect our ability to bid for projects of other government entities; and

- demand of price reductions and value-added services for no additional charge, which could reduce our profitability, by our significant clients. Any significant reduction in or the elimination of the use of the services that we provide to any of our clients, or any requirement to reduce our price, could adversely affect our profitability.

In addition, interaction with the government entities is critical to the development and ongoing operations of our projects. We cannot assure that our projects will not get delayed or disrupted due to, among other things, extensive internal processes, policy changes, Government or external budgetary allocation and insufficiency of funds. To the extent that any of the projects awarded to us by the government entities are delayed, disrupted or cancelled, our cash flows, business, results of operations and financial condition may be adversely affected. Further, any adverse changes in the policy or budgetary allocation may lead to our infrastructure contracts being restructured or renegotiated, which could adversely affect our financing, capital expenditure, asset utilization, revenues, cash flows or operations relating to our existing projects as well as our ability to participate in competitive bidding or bilateral negotiations for our future projects.

***10. Our government contracts usually contain terms that favour governmental clients, who may terminate our contracts prematurely under various circumstances beyond our control. We have limited ability to negotiate terms of these contracts and may have to accept onerous provisions.***

The counterparties to majority of our EPC contracts are government entities. Our contracts with such government entities usually contain terms that favour governmental clients, who may terminate our contracts prematurely under various circumstances beyond our control and we have limited ability to negotiate terms of these contracts and may have to accept onerous provisions. The contractual terms may present risks to our business, including but not limited to:

- our design and engineering liability, in particular relating to latent defects, where designs are reviewed and approved by our client;

- risks we have to assume and lack of recourse against our government client where defects in site or geological conditions were unforeseen or latent from our preliminary investigations, design and engineering prior to submitting a bid;

- liability for defects arising after the completion of the project;

- clients' discretion to grant time extensions, which may result in project delays and our cost overruns;

- absence of a cap on our liability as a contractor for consequential or economic loss to our clients; and

- the right of the government client to terminate our contracts at any time after providing us with the required written notice within the specified notice period.

***11. While we have initiated undertaking infrastructure development projects, such projects may yield lower than expected returns on our investment.***

While our strategy is to undertake infrastructure development projects, including projects on a HAM and MDO basis or projects on similar model, opportunistically, the return on investment in such projects is based on a number of factors, including financing costs, amount of capital invested, duration of the project and other terms and conditions of the concessions and the mining fees. As of June 30, 2019 we have a portfolio of three highway projects on HAM basis and one mining project on MDO basis. We may face the following risk in each of such arrangements:

- Under the concession agreements for carrying out projects on a HAM basis, 60% of the project costs are to be funded by the concessionaire through a combination of equity and debt, and the remaining 40% of the project cost are to be paid by the NHAI in equal installments, which is linked to the project completion milestones. Thereafter, on completion of the project, 60% of the project cost is required to be paid by the NHAI to the concessionaire in semi-annual annuity payments. We cannot guarantee that we will receive the relevant share of the project cost on time. Further, we may experience significant delays in the receipt of such money and consequently, an increase in the overall project cost. We cannot assure you that we will be able to obtain adequate finance to continue or complete the relevant projects in the event that we do not receive such money on time or at all from the NHAI. Further, if we decide to sell or transfer of our interest in our HAM projects in the future, we would be required to take prior approval from NHAI under the concession agreement. We cannot assure you that we will be able to obtain such approval from NHAI on time or at all.

- Under the concession agreement for undertaking the Barjora (north) coal mine on MDO basis for WBPDCL, MBMPL is required to excavate a pre-fixed quantity of coal over the period of 19 years as the targeted annual capacity for mining fees fixed by the WBPDCL. As part of the scope of work for the project, MBMPL is also required to undertake civil works including construction of a township, roads and culverts at the project site at its own cost. The actual volume of coal excavated from the site may be lower than estimates and targeted annual capacity specified under the MDO agreement. We cannot assure you that MBMPL may be able to meet annual capacity requirement under the agreement or be able to recover its expenditure, which MBMPL may incur in future, for developing the project site.

As HAM projects, MDO project or other infrastructure development project (including TOT projects) require capital investment with potential returns spread over a long period of time, any delay in commencing operations of such projects, may affect our liquidity, business, financial condition and results of operation. We cannot assure you if we will be successful in executing these projects or if we will achieve better returns as compared to our existing construction projects, or any returns at all which may have a material adverse effect on our financial condition and results of operations.

***12. We require certain approvals, licenses or permits in the ordinary course of business and the failure to obtain or retain them in a timely manner, or at all, may adversely affect our operations.***

Under the agreements entered into by us for a majority of our projects, we are required to obtain and maintain majority of the statutory and regulatory approvals, licenses, registrations and permissions, and applications need to be made at the appropriate stages for each of our projects to operate including environmental and wildlife clearances, mining, forestry, railway or other approvals from the central or state regulatory authorities. Furthermore, approvals, licenses, clearances, and consents covering the same subject matter are often required at both the Government and State Government levels. We typically require licenses including explosive license, license for use of blasting materials, applicable licenses under labour laws and environmental laws and certain other consents as required under our contracts. These approvals, licenses, registrations and permits issued to us may expire or 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. For instance, we are awaiting renewal of certain of our licences under the Building and other Construction Workers Act, 1996 for some of our ongoing projects. For details, see "*Government and Other Approvals - Approvals applied for but not received"* on page 323. Additionally, there are certain approvals required for undertaking our operations for which we are yet to make applications, for details, see "*Government and Other Approvals - Approvals for which applications are yet to be made*", on page 324. There can be no assurance that the relevant authorities will issue these licenses or approvals, or renewals applied for in a timely manner, or at all.

We may also not be aware of certain approvals or permissions, which we may be required to maintain or acquire for undertaking our operations, under any new regulation or amended regulation made by any local or State Government. An inability to obtain, maintain or renew approvals or licenses required for our operations may adversely affect continuity of our operations or result into breach of our contractual obligations. Furthermore, such government approvals and licenses are subject to numerous conditions, some of which are onerous and may require us to make substantial expenditure. For details of material approvals, see the section "*Government and Other Approvals*", beginning on page 320. If we fail to comply, or a regulator claims that we have not complied with these conditions, we may be subject to severe penalties or our operations may be ceased by the regulator which may adversely affect our cash flows, business, results of operations and financial condition and our ability to bid for future projects.

***13. Our operations are subject to environmental, health and safety laws and regulations and could expose us to material liabilities, loss in revenues and increased expenditure.***

Our operations involve use of explosives, blasting materials, large scale deforestation, waste and pollutant generation which subjects us to various national and state environmental laws and regulations relating to the control of pollution in the various locations in India where we operate. In particular, the discharge or emission of chemicals, dust or other pollutants into the air, soil or water that exceed permitted levels and cause damage to others may give rise to our liability towards the Government, State Government or any third parties, and may result in our incurring costs to remedy such discharge or emissions. There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of our operations, or a material increase in the costs of our operations, or otherwise have a material adverse effect on the financial condition and results of our operations. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities on us or result in the need for additional investment in pollution control equipment, either of which could adversely affect our business, financial condition or prospects. If any of our projects are shut down due to non-compliance of such laws, we will continue to incur costs in complying with regulations, appealing any decision to stop construction, continuing to pay manpower and other costs which continue even if construction has ceased. Moreover, majority of the contracts we enter into, as part of our business, require our clients to obtain the necessary environmental clearances to proceed with a project and we may not have control over the process. If environmental clearances are not obtained in a timely manner or at all, the project may not be in compliance with environmental laws and regulations and/or may be delayed and may lead to time and cost overruns, adversely affecting our business and results of operations. For instance, our Subsidiary, MBMPL, entered into a coal mining agreement for Barjora (north) coal mine project on October 17, 2016, however, the appointed date for such project was declared on July 1, 2018 due to the delay in obtaining requisite environment clearance.

We are also subject to health and safety laws and regulations as well as laws and regulations governing its relationship with its employees in areas such as minimum wages, maximum working hours, overtime, working conditions, hiring and terminating employees, contract labour and work permits. Changes in laws or regulations may result in us incurring significant costs in order to maintain compliance with such laws and regulations and may delay or prevent project completion. There can be no assurance that a failure to comply with any such regulations would not result in penalties, revocation of permits or licenses for our operations or litigation that may adversely affect our business, financial condition and results of operations. While as of the date of this Draft Red Herring Prospectus, we are not subject to any environmental legal proceedings, we may be impleaded in such legal proceedings in the course of our business. Such legal proceedings or actions by the authorities could divert management's time and attention, and consume financial resources in defense or prosecution of such legal proceedings or cause delays in the construction, development or commencement of operations of our projects. No assurance can be given that we will be successful in all, or any, of such proceedings.

Furthermore, our operations are subject to certain hazards such as risk of design, construction or system failure, work accidents, fire or explosions that may cause injury, damage to property and environment and loss of life. Occurrence of any event may result in an injury or damage to third parties, which may require us to incur or bear environmental or workers' compensation liability.

Our policy of covering these risks through contractual limitations of liability, indemnities and insurance may not always be effective as our clients and sub-contractors may not have adequate financial resources to meet their indemnity obligations to us or there may be significant delays in recovering the insurance claim amount or because the incurred losses may have derived from risks not addressed in our indemnity agreements or insurance policies, or it may no longer be possible to obtain adequate insurance against some risks on commercially reasonable terms. Failure to effectively cover ourselves against infrastructure industry risks for any of these reasons could expose us to additional costs and potentially lead to material losses. Additionally, the occurrence of any of these risks may also adversely affect public perception about our operations and the perception of our suppliers, clients and employees, leading to an adverse effect on our business. These liabilities and costs could have an adverse effect on our business, results of operations and financial condition.

***14. Obsolescence, destruction, theft, breakdowns of our equipment or failures to repair or maintain the same may adversely affect our business, cash flows, financial condition and results of operations.***

We own majority of the construction equipment used in our operations. As of June 30, 2019, we had a fleet of 1,674 modern construction equipment owned by our Company. As per our Restated Financial Statements, we invested total amount of ₹ 629.05 million, ₹ 270.78 million and ₹ 1,094.42 million in Fiscals 2017, 2018 and 2019, respectively for purchase of plants, machinery and vehicles. We depend on machinery and equipment to implement our projects in the infrastructure business. To maintain our capability to undertake large and complex projects and undertake multiple projects at a given time, we primarily seek to purchase plants, equipment and vehicles built with the latest technologies and know-how and keep them readily available for our business activities through careful and comprehensive repairs and maintenance. However, we cannot assure you that we will be immune from the associated operational risks such as the obsolescence of such plants or equipment, destruction, theft or major equipment breakdowns or failures to repair our major plants or equipment, which may result in their unavailability, project delays, cost overruns and even defaults under our infrastructure projects. Whilst we have procured insurance policies to cover damages to and thefts of our equipment, we may not always be able to receive the full amount claimed under our insurance policies. The latest technologies used in newer models of construction equipment may improve productivity and render our older equipment obsolete. Additionally, mining projects require substantial investment in mining equipment which are peculiar and different than equipment used for projects under other verticals, which may lead to additional funding requirement. Further, any manufacturing defect or poor maintenance systems of the machinery could give rise to claims, liabilities, costs and expenses, relating to loss of life, personal injury, damage to property, damage to equipment and facilities, pollution, inefficient operating processes, loss of production or suspension of operations causing delays in implementation of our projects.

We may not be able to acquire new plants or equipment or repair the damaged plants or equipment in time or at all, particularly where our plants or equipment are not readily available from the market or requires services from original equipment manufacturers. The cost of upgrading or implementing new technologies, upgrading, repairing or replacing our existing equipment or expanding capacity could be significant. Additionally, rapid and frequent changes in technology and market demand may render our existing technologies and equipment obsolete, as a result of which we may be required to make substantial capital expenditure for new equipment and/or undertake writing-down of our obsolete equipment. We may experience significant price increases due to supply shortages, inflation, transportation difficulties or unavailability of bulk discounts. Such obsolescence, destruction, theft, breakdowns, repair or maintenance failures or price increases may not be adequately covered by the insurance policies availed by our Company and may have an adverse effect on our business, cash flows, financial condition and results of operations.

***15. We have long working capital cycles and significant working capital requirements. If we are unable to effectively manage our working capital cycles or generate sufficient cash flow to satisfy any increased working capital requirements and make required payments for our business, our results of operations may be negatively impacted.***

Our business requires a high amount of working capital. In many cases, significant amounts of working capital are required to finance the purchase of materials and the performance of engineering, construction and other work on projects before payments are received from clients. In certain cases, we are contractually obligated to our clients to fund the working capital requirements of our projects. As on August 31, 2019, our consolidated outstanding fund based working capital borrowings, amounts to ₹ 1,892.90 million and our consolidated outstanding non–fund based working capital stood at ₹ 18,245.48 million. For further details of our working capital borrowings as of August 31, 2019, see the section "*Financial Indebtedness*", beginning on page 287. Our working capital requirements may increase if, under certain contracts, payment terms do not include advance payments or such contracts have payment schedules that shift payments toward the end of a project or otherwise increase our working capital burdens. In addition, our working capital requirements have increased in recent years because we have undertaken a growing number of projects within a similar timeframe and due to the general growth of our business. All of these factors may result, or have resulted, in increases in our working capital needs.

We may finance such capital requirements of our projects with debt, equity or both. If we decide to raise additional funds through the issuance of equity or equity-linked instruments, the interests of our existing shareholders will be diluted. If we decide to meet our capital requirements through debt financing, our interest obligations will increase and we may be subject to additional restrictive covenants. Consequently, we may not be able to maintain our financial leverage. Further, our significant indebtedness results in substantial debt service obligations which could lead to reduced availability of cash flow to pursue growth plans, increased vulnerability to economic downturn, our ability to bid for new projects and limited flexibility in our operations. For further details of our financial indebtedness, see "*- We have substantial existing debt and may incur substantial additional debt, which could adversely affect our financial health and our ability to obtain financing in the future and react to changes in our business and increases in interest rates of our borrowings may impact our results of operation*", on page 46.

Whilst we incur significant initial costs for our projects, we are entitled to receive grants or annuities, payment from clients under our infrastructure contracts only upon completion of prescribed milestones for the projects. Delays in the collection of receivables from our clients or entities owned, controlled or funded by our clients or their related parties increase our working capital burden. As of March 31, 2019, ₹ 3,827.29 million was our total trade receivable before expected credit loss and the total receivables of the Company before expected credit loss which was outstanding for more than one year was ₹ 694.10 million, on the basis of our Restated Financial Statements. Further, our Company has undertaken provisioning for allowance for doubtful debts (expected credit loss allowance), see the section "*Financial Statements -Note 12 – Trade Receivables*", on page 256.

Accordingly, we cannot assure you that our clients would pay our receivables in accordance with our infrastructure contracts and we may have to resort to lengthy arbitration, litigation or other dispute resolution proceedings. As we often need to fulfill significant working capital requirements in our operations, delayed collection of receivables or inadequate recovery on our claims could materially and adversely affect our business, cash flows, financial condition and results of operations.

It is customary in the industry in which we operate to provide bank guarantees or performance bonds in favour of clients to secure obligations under contracts. In addition, letters of credit are often required to satisfy payment obligations to suppliers and sub-contractors. Furthermore, we are required to give guarantees in the form of bid security at the time of bidding for any project, which in turn blocks our working capital till the bid security is released. If 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 or obtain adequate supplies could be limited. Providing security to obtain letters of credit, bank guarantees and performance bonds increases our working capital needs. We may not be able to continue obtaining new letters of credit, bank guarantees and performance bonds in sufficient quantities to match our business requirements. Due to various factors, including certain extraneous factors such as increase in tariff regulations, interest rates, insurance and other costs or borrowing and lending restrictions, if any, we may not be able to finance our working capital needs, or secure other financing when needed, on acceptable commercial terms, or at all, which may have a material adverse effect on our business, financial condition, growth prospects and results of operation.

Long working capital cycles, particularly due to delay in payments from our clients further increase our working capital requirements. Further, the number of holding days required for realizing our trade receivables and unbilled revenue, on a standalone basis, have increased during Fiscal 2019, as compared to holding days during Fiscal 2018. While we are in the process of implementing measures to improve our management and rationalize our working capital cycle, we may be unable to adequately finance our working capital requirements on account of various factors, including extraneous factors such as increased interest rates, insurance or other costs, or borrowing and lending restrictions, on commercially acceptable terms or at all, which may have a material adverse effect on our business, financial condition, prospects and results of operations.

***16. Our debt financing agreements contain restrictive covenants including requiring prior consent of our lenders for undertaking a number of corporate actions, including the Offer, which may affect our interest and we are subject to restrictions on our financial and operational flexibility and risks associated with debt financing, including acceleration of our repayment obligations and forced sale of our assets if we fail to comply with covenants under our credit facilities, many of which have been secured by our assets.***

As on August 31, 2019, our Company, on a consolidated basis, had outstanding fund-based borrowing of ₹ 6,891.19 million, which comprised of term loans, NCDs and fund based working capital facilities. Additionally, our Company, as on August 31, 2019, had availed non-fund based working capital facilities of ₹ 18,245.48 million on a consolidated basis. For details, see the section "*Financial Indebtedness*", beginning on page 287. Some debt financing agreements entered into by our Company or its Subsidiaries contain restrictive covenants, and/or events of default that limit our ability to undertake certain types of transactions, which may adversely affect our business and financial condition. Further, we provide bank guarantees to secure obligations under the respective contracts for our projects. If we are unable to provide sufficient collateral to secure the bank guarantees or performance bonds, our ability to enter into new contracts could be limited. We may not be able to continue obtaining new bank guarantees and performance bonds in sufficient quantities to match our business requirements. Many of our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities or entering into certain transactions. These financing agreements also require us to maintain certain financial ratios like debt equity ratio, debt service coverage ratio and asset coverage ratio. Further, debt financing agreements entered into by our Subsidiaries undertaking HAM Projects contain the put option of the lenders, exercisable after 12 years from the first drawdown, whereby our Subsidiaries would be required to mandatorily repay the entire loan amount outstanding as on that date. Typically, restrictive covenants under our financing documents relate to obtaining prior consent of the lender for, among others:

- effecting any change in the capital structure of the Company and/or Subsidiaries;
- undertaking any merger, de-merger, consolidation, reorganisation, scheme of arrangement or compromise or effecting any scheme of amalgamation or reconstruction;
- undertaking any new project or implementing any scheme of expansion or acquiring fixed assets or carrying out any change of business or undertaking any allied line of business;
- investing, lending, extending advances or placing deposits with any other concern;
- entering into borrowing arrangements with any other bank, financial institution or company;
- creating any charges, lien or encumbrances over its assets or undertaking or any part thereof in favour of any third party;
- selling, assigning, mortgaging or disposing off any fixed assets charged to a lender;
- entering into any contractual obligation of a long-term nature or affecting our Company financially to a significant extent;
- undertaking guarantee obligations or providing any collateral on behalf of any other company, including group and Subsidiaries;
- making investments or giving advances to an entity, including our subsidiaries;
- declaring dividend on equity shares;
- changing the ownership, control or management structure of our Company or effecting any material changes in the management of the business or reducing the shareholding of the Promoters or Directors; and

- making amendments to the memorandum of association and articles of association.

We have entered into a working capital consortium agreement dated April 7, 2018 with certain lenders (the **Consortium Agreement**") in addition to certain other loan facilities availed by us from other lenders for our other requirements. Pursuant to the arrangements entered into with our lenders, we have applied to our lenders to obtain their consent to undertake the Offer. However, we have not received such consent from certain lenders, including the lenders forming part of the Consortium Agreement as on the date of filing of this Draft Red Herring Prospectus. While our Company intends to obtain the necessary consents in relation to the Offer from such lender(s) prior to the filing of the Red Herring Prospectus with the RoC, undertaking the Offer without obtaining such lender consents would be in contravention of the conditions contained in the Consortium Agreement and other facility agreements, as the case may be, would constitute a default under such agreements. Any failure to comply with the requirement to obtain consent, or other conditions or covenants 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. Further, if our lenders enforce these restrictive covenants or exercise their options under the relevant debt financing agreements, our operations and use of assets may be significantly hampered. We may also lose our majority shareholding interest in our Subsidiaries or lose management control over such Subsidiaries.

We cannot assure you that we have or will be able to comply with all such restrictive covenants in a timely manner or at all or that we will be able to comply with all such restrictive covenants in the future. Our Company may not have been in compliance with specific non-financial covenants, which may constitute events of default under certain financing agreements and also trigger cross default provisions under such financing agreements of our Company. We cannot assure you that the waivers under financing agreements where we may have new or additional defaults may be forthcoming. For further details of the restrictive covenants under our financing documents, see the section "*Financial Indebtedness*", beginning on page 287.

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. Any default and the consequences thereof may also result in a decline in the trading price of our Equity Shares and you may lose all or part of your investment. Any action initiated by a lender may result in the price of the Equity Shares being adversely affected along with our ability to obtain further financing from banks and financial institutions. Moreover, our ability to borrow and the terms of our borrowings depend on our financial condition, the stability of our cash flows and our capacity to service debt in a fluctuating interest rate environment. Some of our financing arrangements permit our lenders to convert the debt into equity and nominate a director on our board during the subsistence of the credit facility, upon an event of default.

***17. Our mining operations are subject to operational hazards, the occurrence of which may adversely affect our business and results of operations.***

Mining operations, both underground and open pit, are subject to hazards and risks normally associated with the exploration, development and production of natural resources, any of which could disrupt our operations or cause damage to persons or property when safety and precautionary measures are breached by individuals. Although rare, the occurrence of industrial accidents, such as explosions, fires, transportation interruptions and inclement weather as well as any other events with negative environmental consequences, could adversely affect our operations by disrupting our ability to extract minerals from the mines we operate or exposing us to significant liability.

We are exposed to risks associated with our operations in our mining projects, including Barjora (north) coal mine MDO project as our coal mines are open-pit mines which increase in depth as and when we mine them, presenting certain geotechnical challenges including the possibility of slope failure. If we are required to decrease pit slope angles or provide additional road access to prevent such a failure, our stated reserves could be negatively affected. Further, hydrological conditions relating to pit slopes, removal of material displaced by slope failures and increased stripping requirements could also negatively affect our stated reserves. We have taken action in order to maintain slope stability, but we cannot assure you that we will not have to take additional action in the future or that any action taken will be successful. If any of our mines experience unexpected slope failure, or we are required to take additional measures to prevent slope failure, such measures may negatively affect our results of operations and financial condition, as well as have the effect of diminishing our stated reserves.

***18. If we are unable to raise additional capital necessary for growth or for maintaining our existing infrastructure, our business prospects could be adversely affected.***

We intend to fund our development plans through our cash in hand, cash flow from operations and from the Net Proceeds. We will continue to incur significant expenditure in maintaining and growing our existing infrastructure. We cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. While we expect our cash in hand and cash flow from operations to be adequate to fund our existing commitments, our ability to incur any future borrowings is dependent upon the success of our operations. Additionally, the inability to obtain sufficient financing could adversely affect our ability to complete expansion plans and capability to achieve financial closure for our proposed projects in the manner favourable to us. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to raise adequate capital in a timely manner and on acceptable terms, or at all, our business, results of operations, cash flows and financial condition could be adversely affected.

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

The timely and cost effective execution of our projects is dependent on the adequate and timely supply of key raw materials, such as steel, cement, bitumen and sand. We typically do not enter into any long-term contracts for the purchase of other raw materials with our suppliers. We cannot assure you that we will be able to procure adequate supplies of raw materials in the future, as and when we need them on commercially acceptable terms. For instance, the change in local regulations for sand excavation and transportation in Madhya Pradesh and Bihar has affected our ability to procure sand for our projects, particularly under the highways vertical, and affected our profitability. Additionally, we typically use third-party transportation providers for the supply of most of our raw materials. Transportation strikes and various legal or regulatory restrictions, placed on transportation providers could have an adverse effect on our receipt of supplies. Through our centralized procurement system, we negotiate bulk discounts with our suppliers due to the large sizes of our purchases. We may divide our orders among several suppliers, if required, to reduce reliance on a limited number of suppliers, which may result in fewer discounts for us. If we are unable to procure the requisite quantities of raw materials in time and at a commercially acceptable price, the performance of our business and results of operations may be adversely affected.

Further, construction expenses including the cost of raw materials, fuel for operating our construction and other equipment, manpower and other inputs constitutes a significant part of our operating expenses. For Fiscals 2019, 2018 and 2017, the consumption of construction material as per our Restated Financial Statements constituted 21.96%, 14.86% and 17.63% of our total expenses, respectively. The price and supply of raw materials depend upon factors that are beyond our control, including but not limited to general economic conditions, transportation costs, global and domestic market prices, competition, production levels, import duties, taxes and levies and these prices are cyclical in nature. Our ability to pass on increases in the purchase price of raw materials, fuel and other inputs may be limited in the case of contracts with limited price escalation provisions. Our actual expense in executing a contract with limited price escalation costs may vary substantially from the assumptions underlying our bid for several reasons, including:

- unanticipated increases in the cost of raw materials, fuel, manpower or other inputs;
- unforeseen construction conditions, including the inability of the client to obtain requisite environmental and other approvals, resulting in delays and increased costs;
- delays caused by local weather conditions; and
- suppliers' or sub-contractors' failure to perform.

Further, unanticipated increase in the price of raw materials, fuel costs, manpower or other inputs not taken into account in our bid can also have compounding effects by increasing costs of performing other parts of a contract. These variations and other risks which are generally inherent to the industry, in which we operate, may result in our profits from a project being less than as originally estimated or may result in our experiencing losses. We cannot assure you that our current or future projects will be completed, or, if completed, will be completed on time or within budget. Our inability to pass on increased costs to our clients, due to limited or no price escalation provisions or no change in law provisions in infrastructure contracts or clients disputing the increased costs, may adversely affect our business, financial condition and results of operations.

Additionally, our operations require a significant amount and continuous supply of electricity and water and any shortage or non-availability may adversely affect our operations. The construction process of certain products requires significant power. We currently source our water requirements from bore wells and water tankers and depend on state electricity supply for our energy requirements. Although we have diesel generators to meet exigencies at our project sites, we cannot assure you that our project sites will be operational during power failures. Any failure on our part to obtain alternate sources of electricity or water, in a timely fashion, and at an acceptable cost, may have an adverse effect on our business, results of operations and financial condition.

***20. Our business is relatively concentrated in a few states and any adverse development in these states may adversely affect our business, results of operations and financial condition.***

Although the geographical footprint of our project portfolio currently has reached 14 states as of the date of this Draft Red Herring Prospectus, our project portfolio had historically been concentrated in projects in and around few Indian states including Gujarat and Madhya Pradesh. As of June 30, 2019, we were undertaking, four projects in Maharashtra, four projects in West Bengal and three projects in Odisha, accounting for approximately 32.40%, 14.68% and 18.13% of our Order Book, respectively. This concentration of our business in certain states subjects us to various risks, including but not limited to:

- regional slowdown in construction activities or reduction of infrastructure projects in regions;
- vulnerability to change of policies, laws and regulations or the political and economic environment of the regions;
- constraint on our ability to diversify across states; and
- perception by our potential clients that we are a regional infrastructure construction and development company, which hampers us from competing for large and complex projects at the national level.

While we strive to diversify across states and reduce our concentration risk, there is no assurance that the above factors associated with a few states we are concentrated in, will not continue to have a significant impact on our business. If we are not able to mitigate this concentration risk, we may not be able to develop our business as we planned and our business, financial condition and results of operations could be materially and adversely affected.

***21. Our business is substantially dependent on highway projects awarded by various government entities and could be negatively affected by any adverse development in this sector, including as a result of any adverse changes in the policies adopted by such government entities.***

We are an infrastructure, construction and development company with presence in diverse verticals including highways, railways, building and factories, mining, energy infrastructure and water and irrigation. Highways vertical is one of the earliest verticals we ventured into and continued to contract and build highways, roads, carriageways, culverts and road over bridges as part of our highway infrastructure consignments. Though we have diversified our business across other verticals of infrastructure, we receive a significant percentage of contract revenue from the highways vertical of our business. For the Fiscals 2019, 2018 and 2017, the highways vertical contributed 60.89%, 50.54% and 36.72% as per our Restated Financial Statements, respectively. With government's inclination towards new models such as TOT to drive private participation, higher budgetary support to EPC projects, special accelerated road development programs and other programs under Bharatmala Pariyaojna, we expect to continue our growth in the sector. As of June 30, 2019, we have a presence in 10 states with 16 projects in hand under the highways vertical. Our Order Book, as of June 30, 2019, for our projects under the highways vertical aggregates to ₹ 59,794.12 million and accounts for 65.27% of our total Order Book as of June 30, 2019. We have also ventured into projects on a HAM basis in this vertical and our Order Book, as of June 30, 2019, includes the EPC value of the three projects undertaken by our Subsidiaries on a HAM basis. There can be no assurance that we will be able to efficiently complete our existing projects or procure new projects in this vertical. Given our high reliance on this vertical in terms of contract revenue and performance, any challenges or losses in our highways vertical at micro or macro level, could have a significant effect on our business, operating cash flows and financial condition.

***22. Our operations could be adversely affected by strikes, work stoppages, increased wage demands or any other kind of disputes with our employees or independent contractors.***

As of June 30, 2019, our Company had 3,790 employees on our rolls, of which we had a total of 282 in-house engineers as part of our workforce and at certain instances we engage workforce for our ongoing projects through independent contractors. Our operations depend upon the productivity of our workforce, which may be affected due to disputes with our employees or independent contractors including strikes, work stoppages or demands for wage increments. Independent labour unions or independent contractors may order their members to stop working at our project sites or allege violations of employee rights, laws or agreements. Construction activities at our worksites may be suspended and our projects may be significantly delayed if we fail to negotiate with the independent contractors, employees or independent labour unions or find acceptable solutions in a timely manner. In addition, such an event could result in increased wages and other benefits and otherwise have a material adverse effect on our business, results of operations and financial condition.

We are subject to a number of stringent labour laws that protect the interests of our workers, including legislation that stipulates rigorous procedures for dispute resolution and retrenchment of workers and imposes financial obligations on employers. While we consider our current labour relations to be good, and we have measures in place aimed at maintaining compliance with applicable labour laws, there can be no assurance that we will not receive any notice from labour authorities. For details, see the section "*Outstanding Litigation and Material Developments*", beginning on page 308.

Certain recent changes in and proposed changes to, Indian labour laws could adversely affect our business. For instance, a recent amendment to the Payment of Bonus Act, 1965, has, *inter alia*, increased the ceiling for bonus payments to employees as defined under the Payment of Bonus Act, 1965. The Government proposes to enact the

Code on Wages Bill, 2019 and the Code on Occupational Safety, Health and Working Conditions Bill, 2019 which seeks to consolidate all existing labour legislation in relation to wages and bonus in the country and provision of safety, health, welfare and working conditions, respectively. Any such significant changes, if implemented, could adversely affect our operating margins, manufacturing operations, cash flows and results of operations.

Since we also engage independent contractors to assist us in undertaking our projects, it is possible that we may be held responsible for wage payments to the workers engaged by such independent contractors should they default on wage payments. Any of the aforementioned events including labour disputes, union activities or requirements to fund wage payments of contractual employees or recruit them as permanent employees could adversely affect the construction progress of our projects and have a material and adverse effect on our business, financial condition and results of operations. For details, see the section "*Outstanding Litigation and Material Developments*", beginning on page 308.

***23. Failure by our joint venture partners to perform their obligations or disagreements with such joint venture partners could result in additional performance and financial obligations for our Company, which may adversely affect our business and results of operations.***

We carry out certain infrastructure projects through project specific joint ventures which are typically in the form of AoPs. Typically, we detail our roles and responsibilities in our joint bidding documents or joint venture agreements executed with such third parties. Currently, we have 15 Joint Ventures which are constituted as AoPs for various projects across our business verticals. As of June 30, 2019, we have completed 79 EPC projects out of which four projects were in collaboration with third parties and out of the 39 projects in our Order Book as of June 30, 2019, we are executing 11 projects through Joint Ventures with third parties. Our current joint venture partners, amongst others, includes Kunal Structure (India) Private Limited, Jyoti Buildtech Private Limited, Iron Triangle Limited and Laxyo Energy Limited. Typically, we only enter into joint ventures for meeting technical qualifications for a specific project only and not for financial purposes. Thus, we do not receive any financial contributions or investments from our joint venture partners in respective projects. Some of our future projects will continue to be developed and maintained through joint ventures, as we continue to bid jointly for projects with suitable joint venture partners. The success of these Joint Ventures depends significantly on the satisfactory performance of our joint venture partners and fulfillment of their obligations. If our joint venture partners fail to perform their obligations satisfactorily, or at all, the relevant Joint Venture may be unable to perform its contracted services adequately and in a timely manner, or at all. Our joint venture partners may face legal and operational difficulties which could adversely affect our Joint Ventures and may affect our ability to progress the projects further for which such Joint Ventures were formed. For instance one of our joint venture partners in MCL-Laxyo-VNR (JV) (the "**MCL VNR JV**"), VNR Infrastructures Limited, has recently been ordered to be liquidated and we cannot assure you that such liquidation would not affect our relevant project. The MCL VNR JV is currently executing Kothgangad to Botad gauge conversion project, which is an EPC project part of our railways vertical with a total contract value of ₹ 3,863.45 million. For further details, see "*Our Business - Joint Ventures*" on page 171. Our liability in relation to such project being executed by MCL VNR JV under the relevant EPC agreements and financing agreements is joint and several. The inability of the MCL VNR JV or any other joint venture partner to complete a project due to financial or legal difficulties could result in us bearing the responsibility of completion and increased costs incurred by us in the project.

In the event our joint venture partners fail to provide services under the infrastructure development agreement, as the case may be, we may not be able to provide such services due to our lack of experience or expertise in certain areas and we may not be successful in finding acceptable substitute partners, in a timely manner or at all. We may need the co-operation and consent of our joint venture partners in connection with the operations of our Joint Ventures, which may not always be forthcoming. We may have disagreements with our joint venture partners regarding the business and operations of the joint ventures. We cannot assure you that we will be able to resolve such disputes in a manner that will be in our best interests, specifically where we have only minority stakes in the joint ventures. Our joint venture partners may take actions which may be in conflict with our and our shareholders' interests or take actions contrary to our instructions or requests or contrary to the Joint Ventures' policies and objectives. If we are unable to successfully manage relationships with our joint venture partners, our projects and our profitability may suffer. In addition, our joint venture partners may have economic or business interests or goals that are inconsistent with ours. Any of these factors could adversely affect our business, financial condition, results of operations and business prospects.

***24. Failure to keep pace with technological developments in the infrastructure industry or any adverse development with respect to our IT systems could adversely affect our business, results of operations and financial condition.***

Our recent experience in the infrastructure industry indicates that our clients are increasingly developing larger and more technically complex projects using more advanced technologies. Our future success will depend, in part, on our ability to respond to technological advances and emerging technology standards and practices on a cost-effective and timely basis. To meet our clients' needs, we must continuously update our existing systems and develop new technologies for our infrastructure projects. We rely on our IT systems for our operations and its reliability and functionality is critical to our business success. IT is part of almost every aspect of our business operations, from planning to project management and from recruitment to procurement. Our IT systems have become a core underpinning of all aspects of our operations. Our growing dependence on the IT infrastructure, applications, and data has caused us to have a vested interest in its reliability and functionality, which can be affected by a number of factors, including:

- *Increasing complexity of the IT systems*: The overall complexity of our IT systems will grow as technology continues to advance. As IT system capabilities expand, user expectations increase and business practices change. A high rate of change may cause our IT systems to have a short life span.

- *Data security:* Hacking, data theft, and other unethical or illegal acts become a greater threat as more people use our IT systems and we put more sensitive information in it, including financial data. The need to protect our IT systems has thus greatly increased. Unfortunately, increased security requirements can increase costs and hamper user access to needed information.

- *Funding and staff*: Our IT systems now require a larger share of capital and operational funds. However, the systems may become effectively obsolete in a few years despite our substantial investment. Further, complex IT system require acquiring and retaining the trained IT staff with very specialized skills.

If our IT systems malfunction or experience extended periods of down time, we will not be able to run our operations safely or efficiently. We may not be able to upgrade or install our IT system in a timely manner and at a viable cost that is sufficient to meet the needs of our evolving business and operations or at all. If we fail to anticipate or respond adequately to our clients' changing requirements or keep pace with the latest technological developments, our business, prospects, financial condition and results of operations may be materially and adversely affected.

***25. Construction faults may arise in our projects, which may result in delays in completion, revision in estimated costs of our projects or expose us to liabilities after completion of the construction of our project and thereby affect our business and results of operations.***

We may, in the course of our operations, encounter construction faults on account of factors including design related deficiencies arising in our projects including inaccurate drawings for the sites on which the projects are expected to be developed, encounter unforeseen engineering problems, defective plans, specifications and equipment problems. Such construction related faults typically result in revision/modification to our design and engineering thereby resulting in increased interest cost due to delay, increase in estimated cost of operations on account of additional work executed towards rehabilitation and further expenditure incurred towards appointment of external consultants for assistance in revising our design. We may not be able to recover such increased costs from our clients in part, or at all, and may further be subject to penalties, including liquidated damages on account of such construction faults arising in our projects. We may further face delays in the estimated project completion schedule in respect of such projects on account of additional works required to be undertaken towards rectifying such construction faults, and are dependent upon our clients permitting extension of time of completion of such projects.

We have, undertaken and are undertaking projects requiring exploration of difficult locations in Andaman and Nicobar Islands, Arunachal Pradesh and Jharkhand. Brief details of such projects are set forth:

| **Completed Project details** | | |
|---|---|---|
| **Name** | **State/Union territory** | **Contract value (*in ₹ million*)** |
| Construction of roads from Ranchi to Patratu dam to Ramgarh for JRPICL | Jharkhand | 5,685.22 |
| Construction of dwelling units at Port Blair of MOD (army) | Andaman and Nicobar Islands | 4,820.26 |

| **Ongoing Project details** | | | | | |
|---|---|---|---|---|---|
| **Name** | **State** | **Contract value* (*in ₹ million*)** | **Outstanding order value* (*in ₹ million*)** | **Revenue generated in Fiscal 2019** | **% of total revenue*** |
| Kanubari-Longding road project | Arunachal Pradesh | 3,860.05 | 1,396.42 | 950.52 | 3.89 |

* *revenue generated from this project in Fiscal 2019 as a percentage of revenue from contracts as per the Restated Financial Statements.*

** *calculated after deducting the provisional GST payable by our Company.*

There can be no assurance that any cost escalation or additional liabilities in connection with the development of such projects would be fully offset by amounts due to us pursuant to the guarantees and indemnities, if any, provided by our contractors or insurance policies that we maintain. Delays in completion and commercial operation of our projects under construction could increase the financing costs associated with the construction and cause our forecasted budgets to be exceeded. We also cannot assure you that our clients will permit such revised completion schedule to be implemented to the necessary extent or at all, and we may be held in breach of the terms and conditions of the contracts in respect of such projects pertaining to completion schedule. Additionally, majority of our contracts specify a period (generally for an approximate period of six months to four years from the date of completion) as the defects liability period during which we would have to rectify any defects arising from construction services provided by us including repairs or restoration on account of usual wear and tear within the warranty periods stipulated in our contracts, at our cost and within the time period as determined by the employer. Such defects liability period can also be extended by the employer. Actual or claimed defects in construction quality could give rise to claims, liabilities, costs and expenses. Further, such construction faults may result in loss of goodwill and reputation, and may furthermore have a material and adverse impact on our eligibility in respect of future bids made by us towards projects, thereby affecting our future operations and revenue.

We also undertake infrastructure projects with O&M which requires us to maintain the constructed facility for a certain period post completion of the project. For instance, for one of our project, under the water and irrigation vertical, we have entered into a contract with Rajasthan Urban Drinking Water Sewerage and Infrastructure Corporation Limited for commissioning of a sewer system with a provision for one year defect liability period and 10 years as the O&M period. We are also responsible for any ancillary works required for the facility during such period which may subject us to increased operation and maintenance costs. Additionally, we are required to provide O&M services for 19 years for our Barjora (north) coal mine MDO project and for 15 years for our three highway projects on a HAM basis. Any construction faults which may arise in our projects may have an adverse effect during the O&M period.

***26. Our ability to complete our projects in a timely manner and maintain its quality standards is subject to performance of our sub- contractors.***

From time to time, we sub-contract certain activities or 'main works' to be undertaken under for our projects to other parties depending on various factors, including, manpower availability and complexity required for execution of projects. Set forth below is a Fiscal wise summary of the expenditure incurred by our Company (on a consolidated basis) towards the sub-contracting activities against the total revenue of the Company (on a consolidated basis):

(*in ₹ million*)

| | **Relevant period** | | |
|---|---|---|---|
| | **Fiscal 2019** | **Fiscal 2018** | **Fiscal 2017** |
| Total revenue from operations | 24,643.17 | 19,355.12 | 19,794.90 |
| Expenditure incurred on sub-contracting | 11,812.17 | 10,159.17 | 10,059.90 |

Although our contractors are qualified, we do not have control over their day to day performance. We cannot ensure that there will be no delay in performance of duties by our contractors, which may cause a delay in completion of our projects. We may also be exposed to risks relating to the quality of their services, equipment and supplies. In certain cases, such sub-contracting is done at a pre-determined price in line with the industry standards. In the event that our cost and work estimates are not in line with our budgets or there is an increase in the price of materials, the fixed price sub-contract may adversely affect our profit margins. Further, there is a risk that we may have disputes with our sub-contractors arising from, *inter alia,* quality and timely execution of work performed by our sub-contractors, payments to be made to subcontractors under our arrangement with them or our failure to extend existing work order to or issue a new work order to a subcontractor under our arrangement with such sub-contractor. We cannot assure you that these disputes will be amicably resolved or will not culminate into lengthy arbitration, litigation or other dispute resolution proceedings. For instance, the Statutory Auditors' examination reports on the Restated Financial Statements, contains an emphasis of matter pertaining to an outstanding arbitration proceeding with M/s Varsani Construction Company, one of the sub-contractors of our Company. For details, see the risk factor "*The Statutory Auditors' examination reports on the Restated Financial Statements contain certain emphasis of matter*" on page 50.

In addition, under certain of the agreements for our infrastructure projects, the consent of the client is required for any selection or replacement of an operation and maintenance contractor. Further, while we may sub-contract our construction work and may be indemnified by the sub-contractor for any loss or damage due to their default, we may still be liable for accidents on the projects due to defects in design and quality of construction of our projects during their construction and operation. In addition, we can make no assurance that such contractors will continue to hold or renew valid registrations including under the relevant labour laws in India or be able to obtain the requisite approvals for undertaking such construction and operation. If our contractors are unable to perform as per their commitments on time or meet the quality standards required, our ability to complete projects could be impaired. This may have an adverse effect on our reputation, business, results of operations and financial condition.

***27. Our projects may be adversely affected by public and political oppositions, conflicting local interests, elections and protests.***

Our projects may be faced with oppositions from the local communities where these projects are located or from special interest groups. In particular, the public, forest authorities and other authorities may oppose our operations due to the perceived negative impact it may have on the environment. Furthermore, if our construction or operation leads to a displacement of people or has an impact on religious sites or graveyards close to the project sites, our projects can become functional only after obtaining the consent of such affected persons and the resettlement and rehabilitation of such persons or relocation of such religious sites or graveyards. There may be objections or disputes in relation to such resettlement, rehabilitation or relocations, which may suspend our construction or operations until the disputes are resolved. We are associated with SSNNL and NVDA for certain projects in relation to the Sardar Sarovar project over Narmada River covering four major states, which has been publicly opposed in the past in relation to rehabilitation and resettlement of people living in the submergence area of the dam.

Furthermore, in relation to our operations in the mining vertical, if a mining operation in respect of a mine leads to a displacement of people, the mining project can become functional only after obtaining the consent of such affected persons and the resettlement and rehabilitation of the persons displaced by the mining operations and payment of other benefits is required to be carried out in accordance with the guidelines of the relevant State Governments, including payment for the acquired land that are owned by those displaced persons. We cannot assure you that there will not be any objection or dispute in relation to such resettlement, including litigation which may entail us having to suspend mining operations until the dispute is resolved. Moreover, significant opposition by various parties to the development of mines and construction activities near mines may adversely affect our results of operations and financial condition.

There may be negative publicity about our Company or Promoters made by opposing interest groups in local media due to our construction activities. We may also be required by the local authorities or communities to provide jobs to the local labour market or provide other benefits. In addition, we may be adversely affected by political events such as protests and general strikes in the states where we operate, specifically when such events take place on or close to our project sites. Further, during elections, we may not have enough manpower to conduct our business normally and may experience difficulties such as heavy traffic, blocked roads and delivery delays. Such events may also disrupt the normal contract awarding or decision making processes and cause us losses of business or incurrence of significant costs. In these events, our business, financial condition and results of operations may be materially and adversely affected.

***28. Our business is seasonal which may get affected by severe weather conditions and other natural disasters and our insurance coverage may not be adequate.***

We are engaged in the business of construction, development, operation and maintenance of infrastructure facilities which may be materially and adversely affected by severe weather conditions, forcing us to curtail services or suspend our operations leading to postponement of the execution of outstanding milestones under our projects. Heavy or sustained rainfalls or other extreme weather conditions such as cyclones could result in delays or disruptions to our operations during the critical periods of our projects and cause severe damages to our premises and equipment. High temperatures during summer season and the monsoon season could limit our ability to carry on construction activities or to fully utilize our resources. Our business activities may also be adversely affected by other natural disasters, including earthquakes, floods, and landslides, which may cause significant interruptions of our operations and damages to our properties and working environment which may not be adequately covered by the insurance policies availed by our Company. During periods of curtailed activity due to severe weather conditions or natural disasters, we may continue to incur operating expenses but our revenue from operations may be delayed or reduced.

***29. Our insurance may not be adequate to protect us against all potential losses to which we may be subject.***

Substantially all of our insurance policies relate to the coverage of our buildings, plant and machinery, stocks, goods-in-transit, risks related to our projects and liabilities towards our employees. The policies provide appropriate coverage for our projects in relation to special perils, loss of profit, public liability and consequential loss due to fire, explosions, floods, inundations, windstorms, earthquakes, landslides, theft, burglary and personal injury claims by our personnel. As of March 31, 2019, the net book value of total fixed assets (excluding land and intangible assets and including construction equipment and capital work in progress) of our Company was ₹ 3,859.23 million. However, not all of our risks may be insurable or possible to insure on commercially reasonable terms. Our insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. Further, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. Particularly, in the past our claims have arisen due to floods, landslides and incidents of theft at our project sites. Should an uninsured loss or a loss in excess of insured limits occur, we would lose the anticipated revenue from our infrastructure projects. Additionally, the insurance policies may not cover our losses, in part or at all. For further details, see "*Our Business- Insurance*", on page 177.

***30. We have entered into and in future, shall continue to enter into, related party transactions in the ordinary course of our business on an arm's length basis.***

We have entered into and may in the ordinary course of our business continue to enter into transactions with related parties that include certain of our Promoters, Promoter Group, Directors, Key Managerial Personnel and Group

Companies. For further details in relation to our related party transactions, see "*Financials Statements-Note 34 - Related Party Transaction*", on page 264. While we have entered into such transactions on an arm's length basis, we cannot assure you that any related party transaction in the future, individually or in the aggregate, will always have a positive effect on our business, results of operations, cash flows and financial condition.

***31. Some of our Group Companies, our Promoters and some of our Directors are involved in ventures that operate in the same line of business as us, which may lead to competition with such persons or entities.***

Some of our Group Companies, our Promoters and some of our Directors are involved in ventures that operate in the same line of business as us, which may lead to competition with such persons or entities. We may hence have to compete with such persons or entities for business, which may impact our business, financial condition and results of operations. The interests of our Group Companies, our Promoters and such Directors may also conflict in material aspects with our interests or the interests of our Shareholders.

***32. We may rely on joint venture partners to qualify and bid for new projects and our inability to partner with other companies or inability of such companies can lead to loss of opportunities and failure to increase volume of new projects.***

Most large and complex infrastructure projects are awarded by the Government or State Governments or their respective authorized agencies following competitive bidding processes and satisfaction of certain prescribed qualification criteria. In selecting contractors for major projects, clients generally limit the tender to contractors that have qualified based on several criteria including experience in executing large projects, strong engineering capabilities for technically complex projects, the ability to take on further projects and sufficient financial resources or ability to access funds. In particular, our net worth and project experience may constrain our ability to bid for certain types of projects on a standalone basis, particularly as such projects become larger and qualification criteria, such as those for net worth and project experience, become more stringent. If we are not able to qualify in our own right to bid for large infrastructure projects, we may partner and collaborate with other construction companies in tendering bids for such projects.

Whilst we follow a rigorous due diligence process to identify potential joint venture partners, we remain exposed to the possibility that such joint venture partners may not execute a prospective project to our quality standards. Accordingly, we cannot assure you that projects undertaken by way of joint ventures will be of our quality standards. We have entered into various MoUs with certain private companies in order to, *inter alia,* meet the technical qualification for submitting bids for undertaking prospective projects. Once the project is awarded to our Joint Venture, such MoUs are later formed as deed of AoPs and the respective projects are collectively sub-contracted to our Company by the respective AoPs. We face competition from other bidders in a similar position to us in looking for suitable joint venture partners with whom to partner in order to meet the qualification criteria. If we are unable to partner with other companies, or lack the credentials to be the partner-of-choice for other companies, we may lose the opportunity to bid for, and therefore fail to increase or maintain our volume of new projects, which could affect our growth and prospects.

***33. The nature of our business exposes us to potential claims and contract disputes, which may adversely affect our business, results of operations and financial condition.***

As part of our business, we regularly submit bids for new infrastructure projects and such bid documents typically require us to present our credentials, including past experience in similar projects and provide certain representations and confirmations in this regard. We cannot assure you that any of our future bid documents will not contain inaccurate representations and confirmations. If our bid documents contain certain misstatements, the respective counterparties may impose restrictions on our ability to bid for future projects. This could also lead to termination of the respective agreement and other legal actions, such as an action for damages. Any of these may have adverse effect on our business and reputation.

***34. Failure to provide performance security may result in forfeiture of bid security and termination of the contract thereby affecting our cash flows, business, results of operations and financial condition.***

We are required to deliver a performance security under all infrastructure projects undertaken by our Company, Subsidiaries and Joint Ventures. Typically, we are required to ensure that the performance security is valid and enforceable for a certain period after the appointed date or such other period as is stipulated under the respective agreements. In some of our project agreements, we are required to provide separate performance securities for the construction period and the operations and maintenance period. This performance security is released after handing over the project to a specific contracting authority or party after completion of the construction and/or defect liability period and/or maintenance period, as applicable.

Delay or inability in providing performance security may result in termination of the agreement or the bid security may be encashed by the authority or employer. In case of an event of default by us or failure by us to meet the conditions precedent under the relevant infrastructure contracts, the authority or employer is entitled to encash the relevant performance security. Upon such encashment, the authority or employer is required to grant us a stipulated period of time to provide a new performance security or in the event of partial appropriation, replenishing the existing performance security to its original level. If the new performance security is not provided or if the existing performance security is not replenished within such period, the authority or employer may terminate the relevant infrastructure contract. Further, upon furnishing of a new performance security or replenishing the existing performance security, we may be granted an additional cure period to remedy the default, and if the default is not remedied within such period, the employer may terminate the relevant agreement. In the event that a significant amount of performance security provided by us is encashed, our cash flows will be adversely affected.

***35. We are dependent on a number of key personnel, including our senior management, and the loss of or our inability to attract or retain such persons could adversely affect our cash flows, business, results of operations and financial condition.***

Our success depends on the continued services and performance of the members of our senior management team and other key employees. Our continued success also depends upon our ability to attract and retain a large group of skilled professionals and staff, particularly project managers, engineers, and skilled workers. The loss of the services of our senior management or our inability to recruit, train or retain a sufficient number of skilled professionals could have a material adverse effect on our operations and profitability. Competition for senior management in the industry in which we operate is intense, and we may not be able to retain our existing senior management or attract and retain new senior management in the future, particularly in Ahmedabad, Gujarat, where our principal corporate office is located. Furthermore, our Company also provides training to our employees. As a result of the recent growth in the infrastructure industry in India and the expected future growth, the demand for both skilled professionals and staff and unskilled workers has significantly increased in recent years. We may lose skilled workers to competing employers who pay higher wages or be forced to increase the wages to be paid to our employees. For instance, the attrition rate for our employees have increased from 2% in the Fiscal 2015 to 10% in the Fiscal 2019. If we cannot hire or retain enough skilled professionals or unskilled workers, our ability to bid for and execute new projects or to continue to expand our business will be impaired and consequently, our revenue could decline. Any such loss of the services of our senior management personnel or skilled professionals could adversely affect our business, prospects, financial condition and results of operation.

***36. The Promoter Group of our Company does not include Govindbhai Mafatlal Patel, brother of our individual Promoter, Kanubhai Mafatlal Patel, or any entity in which they may have a direct interest as of this Draft Red Herring Prospectus.***

On account of formal business disassociation of Kanubhai Mafatlal Patel from his brother, Govindbhai Mafatlal Patel by way of the separation agreement dated April 2, 2018 (the "**Separation Agreement**"), the Promoter Group of our Company does not include Govindbhai Mafatlal Patel or any entities in which he may have a direct interest, as of this Draft Red Herring Prospectus.

Kanubhai Mafatlal Patel has confirmed that Govindbhai Mafatlal Patel does not hold, directly or indirectly, any securities in our Company and Kanubhai Mafatlal Patel does not hold, directly or indirectly, any securities in any venture that may have been promoted by Govindbhai Mafatlal Patel. Further, Govindbhai Mafatlal Patel and any entity in which he may have an interest as of this Draft Red Herring Prospectus are not included in the Promoter Group of our Company since our Company does not have access to any information pertaining to Govindbhai Mafatlal Patel or any entities in which they may have an interest.

In light of the disassociation, our Company has not been able to communicate with, or obtain any information from Govindbhai Mafatlal Patel including in relation to inquiries or any adverse action by a governmental or regulatory authority. Any action taken against Govindbhai Mafatlal Patel in relation to the aforementioned issues or any entities they are associated with may have an impact on the reputation of the Promoter or our Company.

***37. We operate in a very competitive industry and our failure to successfully compete could result in the loss of one or more of our significant clients and may adversely affect our business.***

We operate in a very competitive environment and compete against various domestic and foreign engineering, construction and infrastructure companies. Our competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project is to be executed. For further information concerning our competitors in specific industry and project verticals, see the section "*Our Business*", beginning on page 156.

We may be unable to compete with larger infrastructure construction and development companies for high-value contracts, as we are a mid- sized infrastructure construction and development company and many of them may have greater financial resources, economies of scale and operating efficiencies. If we are unable to bid for and win projects, whether large or small, or compete with larger competitors, we may be unable to sustain or increase, our volume of order intake and our results of operations may be materially adversely affected. While many factors affect our ability to win the projects that we bid for, pricing is a key deciding factor in most of the tender awards. While we have, in the past, been awarded a number of contracts in diverse infrastructure vertical, we cannot assure you that we will continue to be awarded such contracts. Further, in the event that our competitors follow a policy of severely under-bidding in the projects that we bid for, our revenue may be adversely affected. These competitive factors may result in reduced revenue, reduced margins and loss of market share. Failure to compete successfully against current or future competitors could harm our business, operating cash flows and financial condition.

Further, we have been more inclined towards road transport infrastructure and have ventured into new infrastructure verticals including railways and building and factories. Competitors in these verticals may have greater financial resources, economies of scale and operating efficiencies, goodwill in the market, established track record and high value projects in hand. It may not be easy for us to secure and execute projects in these verticals and therefore, our performance in highways infrastructure sector may not be indicative of our performance in these verticals.

***38. If we are not successful in managing our growth, our business may be disrupted and our profitability may be reduced.***

We have experienced significant growth in recent years and expect our business to continue to grow as we gain greater access to financial resources. Such growth will place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across our organization. Continued expansion increases certain operational challenges including:

- making accurate assessments of the resources we will require;
- preserving a uniform culture, values and work environment across our projects;
- developing and improving internal administrative infrastructure, particularly financial and operational;
- communications, internal control and other internal systems;
- recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
- maintaining high levels of client satisfaction; and
- adhering to expected performance and quality standards.

There can be no assurance that we will be able to effectively manage our entry and expansion into new functional and geographical areas, which may have a material adverse impact on our business, financial condition and results of operation. Though we have in place systems including SAP implementation system for maintaining accurate database and real time information for improving management's decisions and maintaining economies of scale and SOP implementation for eliminating systematic lapses and maintenance of work flow systems, we may not be able to address these challenges efficiently or at all, which may have a material adverse effect on our business, financial condition and results of operations. Therefore, we may not grow at a rate comparable to our growth rate in the past, either in terms of revenue or profit.

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

We aim to implement our business strategies to ensure future business growth, which may be subject to various risks and uncertainties, including but not limited to the following:

- failure to maintain our competitive edge due to cost overruns or failure to execute our projects in a timely manner or according to quality specifications;
- intensified competition, delayed payments or non-payments by our clients and associated litigation or arbitration proceedings and inability to enforce escalation clauses in our contracts. For further details, see the section "*Outstanding Litigation and Material Developments*", beginning on page 308;
- failure to implement our bidding strategy;
- inability to make an efficient use of or improve our execution system or fail to maintain or operate our IT systems and centralized procurement system in an effective and efficient manner;
- lack of ability to properly manage financing resources and unavailability of funds at affordable costs or maintain financial discipline;
- adverse changes in applicable laws, regulations or policies or political or business environments;
- inability to diversify across states or into different business verticals;

- lack of ability to recruit or retain skilled employees;
- failure to correctly identify market trends relating to the demand for our services, inability to carry out our strategy of bidding for new infrastructure projects or optimize our project portfolio; and
- increase in costs of raw materials, fuel, manpower and equipment and adverse movements in interest rates and foreign exchange rates.

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

Any failure or delay in the implementation of any of our strategies may have a material adverse effect on our business, prospects, financial condition and results of operations. For instance, as part of our growth strategy, we have diversified and intend to continue to diversify our portfolio of projects and services.

We entered the railways vertical in Fiscal 2015, building and factories vertical in Fiscal 2014, energy infrastructure vertical in Fiscal 2011 and actively entered the mining vertical in Fiscal 2011. In addition to Gujarat and Madhya Pradesh, we had expanded our geographical footprint to 12 additional states, as of June 30, 2019. As of June 30, 2019, we were undertaking 31 projects outside Gujarat and Madhya Pradesh. Further, historically we have concentrated on pure EPC projects however, in Fiscal 2010, we ventured into highways infrastructure development project on a DBFOT (toll) basis in collaboration with SIPL and as of June 30, 2019, we had three ongoing highway projects on a HAM basis in the states of Odisha, Maharashtra and Karnataka and a mining project on MDO basis in West Bengal through the Subsidiaries.

We do not have a long-term, established track record in executing projects with such kind of arrangements, new business verticals or geographical areas, which may expose us to unanticipated risks, including financial, management and operational strains. Due to our limited experience in undertaking certain types of projects or offering certain services, our entry into new business verticals or new geographical areas may not be successful, which could lead to losses, hamper our growth and damage our reputation. We may be unable to compete effectively for projects in these verticals or areas or execute the awarded projects efficiently. Further, our new business or projects may turn out to be mutually disruptive and may cause an interruption to our business as a result. In the event, we are unable to implement such strategies in a timely manner or at all or any inefficient implementation may have an adverse effect on our business operations and financial condition.

40. ***An inability to develop and maintain effective internal controls and compliance procedures may adversely affect our business operations, and consequently our results of operations and financial condition.***

Our internal controls over secretarial reporting must be reviewed on an ongoing basis as risks evolve, and the processes to maintain such internal controls involve human diligence and compliance and are subject to lapses in judgment and breakdowns resulting from human error. To the extent that there are lapses in judgment or breakdowns resulting from human error, the accuracy of our secretarial reporting could be affected, resulting in a loss of investor confidence and a decline in the market price of the Equity Shares. For instance, our Company, Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel, Mrunal Kanubhai Patel and others filed an application dated June 1, 2011 (the "**Compounding Application**"), before the Regional Director North-Western Region (the "**Authority**"), Ministry of Corporate Affairs, Ahmedabad, under Section 621A of the Companies Act, 1956 for compounding of offence under Section 297 of the Companies Act, 1956, in relation to the failure to obtain approval of the Government for entering into certain contracts. The Authority by way of its order dated June 29, 2011, allowed such Compounding Application, and compounded the defaults on a payment of a total compounding fee of approximately ₹ 0.03 million. For details, see "*Outstanding Litigation and Material Developments- Outstanding actions by regulatory and statutory authorities*", on page 313. Accordingly, we cannot assure you that we will be able to establish or maintain sufficient internal controls for ensuring compliance of applicable legislations, regulations and notifications in the future.

41. ***One of the Group Companies has a negative net worth and has incurred losses in the preceding Fiscals and may incur losses in the future.***

One of the Group Companies, BHTPL, has a negative net worth and has incurred losses in Fiscals 2019, 2018 and 2017. For further details of the loss making Group Companies, see the section "*Group Companies*", beginning on page 221. There can be no assurance that the Group Companies will not incur losses in the future or that there will not be an adverse effect on our Company's reputation or business as a result of such losses.

***42. Our inability to collect receivables from our clients including government authority on time or at all may adversely affect our cash flows, business, results of operations and financial condition.***

There may be delays in the collection of receivables from our clients. As of March 31, 2019, ₹ 3,827.29 million was our total trade receivable before expected credit loss on the basis of our Restated Financial Statements. Additionally, we may claim more payments from our clients for additional work and costs incurred in excess of the contract price or amounts not included in the contract price. These claims typically arise from changes in the initial scope of work or from delays caused by the clients. The costs associated with these changes or client caused delays include additional direct costs, such as manpower and material costs associated with the performance of the additional work, as well as indirect costs that may arise due to delays in the completion of the project, such as increased manpower costs resulting from changes in labour markets.

We may not always have the protection of escalation clauses in our contracts or supplemental agreement in respect of the additional work to support our claims. Where we have escalation clauses in our infrastructure contracts, we may seek to enforce our contractual rights. However, our clients may interpret such clauses restrictively and dispute our claims. These claims are thus often subject to lengthy arbitration, litigation or other dispute resolution proceedings. We cannot assure you that we can recover adequately on our claims. Our debtors may have insufficient assets to pay the amounts owed to us even if we win our cases. In addition, we may incur substantial costs in collecting against our debtors and such costs may not be recovered in full or at all from the debtors. As we often need to fulfill significant working capital requirements in our operations, delayed collection of receivables or inadequate recovery on our claims could materially and adversely affect our business, cash flows, financial condition and results of operations. For instance, MPMKVVCL, for some of our projects under energy infrastructure vertical, had withheld certain amounts payable to us on account of our Company failing to meet the requisite thresholds for aggregate technical and commercial losses. Against such action of MPMKVVCL, our company had filed a writ petition before the High Court of Madhya Pradesh, Jabalpur. For further details, see the section "*Outstanding Litigation and Material Developments*", beginning on page 308.

***43. Risks associated with the execution of large contracts could adversely affect our margins.***

There are various risks associated with the execution of large-scale infrastructure projects. Larger contracts may represent a larger part of our portfolio, thereby increasing the exposure to individual contract risks and potential volatility of our results of operations. Set forth is a brief summary of certain key on-going projects as of June 30, 2019, which are considered large by our Company on the basis of: (i) relative order value of project undertaken under a particular vertical; (ii) funding requirements of a particular project; and (iii) nature of a particular project:

| Project name | Total contract value (*in ₹ million*) | Customer | State/union territory |
|---|---|---|---|
| Singhara – Binjabahal* | 10,756.22* | NHAI* | Odisha |
| Hubli – Haveri** | 10,122.02** | NHAI** | Karnataka |
| Nagpur - Mumbai super communication expressway | 13,121.62 | MSRDC | Maharashtra |

* *This reflects the EPC contract value executed with between our Company and MSBHPL for the HAM project being undertaken by MSBHPL.*
** *This reflects the EPC contract value executed with between our Company and MHHHPL for the HAM project being undertaken by MHHHPL.*

Managing large projects may also increase the potential relative size of cost overruns and negatively affect our operating margins. If we suffer losses on one or more of these large contracts on account of delay, cancellation or modification of such contracts, our results of operations could be adversely affected.

Further, we maintain a workforce based upon our current and anticipated workloads. While our estimates are based upon best judgment, these estimates can be unreliable and may frequently change based upon newly available information. In the case of large-scale projects timing is often uncertain and it is particularly difficult to predict whether or when we will be awarded the contract. The uncertainty of the contract being awarded and its timing can present difficulties in matching workforce size with contract needs. If a contract, which we expect will be awarded, is delayed or not received, our Company could incur costs due to maintaining underutilized staff and facilities, which could have a material adverse effect on our profitability, financial condition and results of operations and financial condition.

***44. We have substantial existing debt and may incur substantial additional debt, which could adversely affect our financial health and our ability to obtain financing in the future and react to changes in our business and increases in interest rates of our borrowings may impact our results of operation.***

As of August 31, 2019, the outstanding amount of our total fund-based borrowings was ₹ 6,891.19 million on a consolidated basis. Additionally, as on August 31, 2019, our Company, on a consolidated basis, had availed non-fund based working capital facilities of ₹ 18,245.48 million. For further details, see the section "*Financial Indebtedness*", beginning on page 287. Our business requires a high amount of working capital to finance the purchase of materials and the performance of engineering, construction and other work on the projects before payments are received from client. We may incur additional indebtedness in the future. According to the CRISIL Report, for companies having high leverage, the average revenue for past three Fiscals was negative and going forward, only companies having lower leverage are expected to participate in construction activity, while companies with high debt will have to undertake restructuring measures in order to sustain. We cannot assure you that we will generate sufficient revenue from our businesses to service existing or proposed borrowings.

Our ability to meet our debt service obligations and our ability to repay our outstanding borrowings will depend primarily upon the cash flow produced by our businesses. If we fail to meet our debt service obligations, our lenders could declare us to be in default under the terms of our borrowing contracts and may accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we would have sufficient resources to repay these borrowings. Accordingly, any such acceleration would have an adverse effect on our cash flows, business, financial condition and results of operation. In addition:

- our ability to obtain additional financing for working capital, capital expenditures, acquisitions or general corporate purposes may be impaired in the future;
- a substantial portion of our cash flow from operations may be dedicated to the payment of principal and interest on our indebtedness, thereby reducing the funds available to us for other purposes;
- we will be exposed to the risk of increased interest rates; and
- our flexibility to adjust to changing market conditions and ability to withstand competitive pressures could be limited, and we may be more vulnerable to a downturn in general economic conditions in our business or be unable to carry out capital spending that is necessary or important to our growth strategy.

If our cash flow and capital resources are insufficient to fund our debt service obligations, we may be forced to reduce or delay capital expenditure, sell assets including stakes in our Subsidiaries, seek additional equity capital, or restructure our debt. Our significant indebtedness results in substantial debt service obligations which could lead to reduced availability of cash flow to pursue growth plans, increased vulnerability to economic downturn and limited flexibility in our operations i.e. over leveraging of our balance sheet. In the future, our cash flow and capital resources may not be sufficient for interest or principal payments on our indebtedness, and any remedial measures may not be successful and therefore may not permit us to meet our scheduled debt service obligations. A substantial portion of our borrowings carry interest at floating rates or at a fixed rate that is subject to adjustment at specified intervals. We are exposed to interest rate risk as we do not currently enter into any swap or interest rate hedging transactions in connection with our loan agreements. Any such increase in interest expense may have an adverse effect on our business, prospects, financial condition and results of operation. Furthermore, if we decide to enter into agreements to hedge our interest rate risk, there can be no assurance that we will be able to do so on commercially viable terms, that our counterparties will perform their obligations, or that such agreements, if entered into, will protect us fully against our interest rate risk. Such instances could adversely affect our business operations, cash flows and financial condition.

***45. Our Company has availed certain unsecured loans that are recallable by the lenders at any time.***

Our Company has availed certain unsecured loans that are recallable on demand by the lenders. In such cases, the lender is empowered to require repayment of the facility at any point in time during the tenor. In case the loan is recalled on demand by the lender and our Company is unable to repay the outstanding amounts under the facility at that point, it would constitute an event of default under the respective loan agreements. As of August 31, 2019, the total amount of fund-based unsecured loans availed and outstanding by our Company were ₹ 960.90 million and the total amount of non-fund based unsecured facilities was ₹ 1,075.16 million, on a consolidated basis. Further, the percentage of fund-based unsecured borrowings of our Company, on a consolidated basis, *vis-a-vis* the total fund based outstanding borrowings of our Company, as on August 31, 2019 is 13.94%. For further details, see the section "*Financial Indebtedness*", beginning on page 287.

***46. Our financing agreements entail interest at variable rates and any increases in interest rates may adversely affect our results of operations.***

We are susceptible to changes in interest rates and the risks arising there from. Certain of our financing agreements provide for interest at variable rates with a provision for the periodic resetting of interest rates. Further, under certain of our financing agreements, the lenders are entitled to change the applicable rate of interest, which is a combination of a base rate/MCLR that depends upon the policies of the RBI and a contractually agreed spread, and in the event of an adverse change in our Company's credit risk rating. See the section "*Financial Indebtedness*", beginning on page 287 for a description of interest payable under our financing agreements. Further, in recent years, the Government has taken measures to control inflation, which have included tightening the monetary policy. Any increase in interest rates in the future may have an adverse effect on our business, results of operations, cash flows and financial condition.

***47. Our contingent liabilities, if materialised, could adversely affect our business, cash flows, financial condition and results of operations.***

We usually need to provide performance guarantees when we undertake infrastructure projects, which are often demanded by our clients to protect them against potential defaults by us. We are also often required to have our lenders issue letters of credit in favour of our suppliers for purchases of equipment and raw materials. We thus may have substantial contingent liabilities from time to time depending on the projects we undertake and the amount of our purchases. As at March 31, 2019, our contingent liabilities that have not been provided for was ₹ 314.85 million. Additonally, as at March 31, 2019, our Company had provided guarantees on behalf of its Subsidiaries amounting to ₹ 1,230 million. For details, see "*Financial Statements--Note 41- Contingent Liabilities and Commitments*", on page 272.

If a project is not completed or the required payments are not made on time, the relevant performance guarantees or letters of credit may be enforced. If any of these contingent liabilities materialize, we may have to fulfill our payment obligations, which may have an adverse impact on our cash flows, financial conditions and results of operations.

***48. Relevant copies of educational qualification of one of our Key Managerial Personnel are not traceable.***

Relevant copy of graduation degree for one of our Key Managerial Personnel is not traceable. While such Key Managerial Personnel has filed an application with the relevant university seeking the copy of such educational qualification, he has not received any revert from the university. We cannot assure you that the relevant copies of the educational qualifications will be available in a timely manner or at all. For details, see "*Management- Key Managerial Persons*", on page 215

***49. We have not obtained the registration of all of our trademarks used in our businesses and our inability to obtain or maintain these registrations may adversely affect our competitive business position. Our inability to protect or use our intellectual property rights may adversely affect our business.***

As on June 30, 2019, we have 21 registered trademarks and 63 pending applications for trademarks. There can be no assurance that our Company will be able to obtain the registration of our trademarks in a timely manner, or at all. If any of our unregistered trademarks are registered in favour of a third party, we may not be able to claim registered ownership of such trademarks and consequently, we may be unable to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities. If our application is objected to, we will not have the right to use this trademark or prevent others from using this trademark or its variations. Our inability to obtain or maintain this trademark in our business thus could adversely affect our reputation, goodwill, business, prospectus and results of operations. For details in relation to intellectual properties of our Company, see the section "*Government and Other Approvals*", beginning on page 320.

***50. Our business reputation is critical to maintaining market share and growing our business and any adverse publicity may have a material adverse effect on our business, prospects, financial condition and results of operations.***

Our business reputation and market perception is critical to maintaining our market share and growing our business. While we have developed our brand and business reputation over the years, any negative incident or adverse publicity could rapidly erode clients' trust and confidence in us, particularly if such incidents receive widespread adverse mainstream and social media publicity, or attract regulatory investigation or litigation. In addition, our brand and business reputation will be adversely affected in the event of any adverse publicity relating to our operations, irrespective of whether such development relates to factors within our control. The high level of media scrutiny and public attention that the infrastructure sector is subjected to, together with increasing environmental activism in India, has significantly increased the risk of negative publicity that may affect our reputation or the reputation of the infrastructure industry in general.

Any significant claim or litigation, employee misconduct, operational failure, regulatory investigation, media speculation and adverse publicity, whether actual, unfounded or merely alleged, could damage our brand, business reputation and confidence of clients. Furthermore, negative publicity may also influence market perception of our business and affect our ability to maintain our credit ratings. Accordingly, any adverse impact on our brand and business reputation may have a material adverse effect on our business, prospects, financial condition and results of operations.

***51. CRISIL Report referred to in this Draft Red Herring Prospectus was commissioned by our Company.***

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 appointed CRISIL for commissioning of the CRISIL Report which may not be publicly available. We commissioned this report for the purpose of confirming our understanding of the infrastructure industry in India. Neither we, nor any of the BRLMs, nor any other person connected with the Offer has verified the information in the CRISIL Report. CRISIL has advised that while it has taken due care and caution in preparing the commissioned report, which is based on information obtained from sources that it considers reliable ("**Information**"), it does not guarantee the accuracy, adequacy or completeness of the Information and disclaims responsibility for any errors or omissions in the Information or for the results obtained from the use of the Information.

The CRISIL Report also highlights certain industry and market data, which may be subject to assumptions. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions vary widely among different industry sources. Further, such assumptions may change based on various factors. We cannot assure you that CRISIL's assumptions are correct or will not change and, accordingly, our position in the market may differ from that presented in this Draft Red Herring Prospectus. Further, the commissioned report is not a recommendation to invest or disinvest in our Company. CRISIL has disclaimed all financial liability in case of any loss suffered on account of reliance on any information contained in the CRISIL Report. Prospective Investors are advised not to unduly rely on the CRISIL Report or extracts thereof as included in this Draft Herring Prospectus, when making their investment decisions.

***52. Our management will have broad discretion in how we apply the Net Proceeds, including interim use of the Net Proceeds, and there is no assurance that the objects of the Offer will be achieved within the time frame expected or at all, or that the deployment of the Net Proceeds in the manner intended by us will result in any increase in the value of your investment. Further, the funding plan has not been appraised by any bank or financial institution.***

Our Company intends to use the Net Proceeds for the purposes described in "*Objects of the Offer*", beginning on page 94. Subject to this section, our management will have broad discretion to use the Net Proceeds, and investors will be relying on the judgment of our management regarding the application of the Net Proceeds. Whilst a monitoring agency will be appointed in compliance with the SEBI Regulations for monitoring utilisation of Net Proceeds, the funding plans are in accordance with our own estimates and have not been appraised by any bank, financial institution or any other external agency. Our Company may have to revise its management estimates from time to time on account of various factors beyond its control, such as market conditions, competitive environment, costs of commodities and interest or exchange rate fluctuations and consequently its requirements may change. Additionally, various risks and uncertainties, including those set forth in this section may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in its business. For instance, our expansion plans could be delayed due to failure to receive regulatory approvals, technical difficulties, human resource, technological or other resource constraints, including increases in raw material costs, or for other unforeseen reasons, events or circumstances.

Our Board will have significant flexibility in temporarily investing the Net Proceeds of the Offer. Accordingly, the use of the Net Proceeds for purposes identified by our management may not result in actual growth of its business, increased profitability or an increase in the value of your investment.

***53. Any variation in the utilisation of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior Shareholders' approval.***

We propose to utilize the Net Proceeds for the following purposes:

(a) Working capital requirements of our Company;

(b) Investment in MHHHPL for part-financing of six-laning and strengthening of Hubli-Haveri section of NH-48 (old NH-4) from 340.00 km to 403.40 km in Karnataka; and

(c) General corporate purposes.

For further details of the proposed objects of the Offer, see the section "*Objects of the Offer*", beginning on page 94. At this juncture, we cannot determine with any certainty if we would require the Net Proceeds to meet any other expenditure or fund any exigencies arising out of competitive environment, business conditions, economic conditions or other factors beyond our control. In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilisation of the Net Proceeds as will be disclosed in this Draft Red Herring Prospectus without obtaining the Shareholders' approval through a special resolution. In the event of any such circumstances that require us to undertake variation in the disclosed utilisation of the Net Proceeds, we may not be able to obtain the Shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such Shareholders' approval may adversely affect our business or operations.

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

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

***54. The Statutory Auditors' examination reports on the Restated Financial Statements contain certain emphasis of matter.***

The Statutory Auditors' examination reports on the Restated Financial Statements included as part of this Draft Red Herring Prospectus, beginning on page 228, contains an emphasis of matter pertaining to an outstanding arbitration proceeding with M/s Varsani Construction Company, one of the contractors of our Company. For further details pertaining to such outstanding arbitration proceeding, please see the section "*Outstanding Litigation and Material Developments - Litigation involving our Company*", on page 309. For further details on the emphasis of matter, see the section "*Financial Statements*", beginning on page 227.

***55. Our infrastructure development projects enjoy certain benefits under Section 80IA and Section 35AD of the Income Tax Act, 1961 and any change in these tax benefits applicable to us may adversely affect our results of operations.***

Some of our infrastructure development projects are eligible for certain benefits under Section 80IA of the Income Tax Act, 1961 which is not be available to us from Fiscal 2018. Further, Section 35AD of the Income Tax Act, 1961 provides for deduction of 100% of the expenditure of capital nature, which is incurred wholly and exclusively for the purpose of any specified business carried on by the Company during the previous year in which such expenditure is incurred subject to specified conditions. As a result of these incentives, most of the infrastructure development companies are subject to relatively low tax liabilities. The income tax exemptions for various projects expire at various points of time and our projects will be subject to increase tax expense and there is no assurance that such increased tax expenditure will not materially increase and our profitability may decrease as a result. For further details, see the section "*Statement of Special Tax Benefits*", beginning on page 107.

***56. The Promoters, Directors and Key Managerial Personnel of our Company may have interests in us other than reimbursement of expenses incurred or normal remuneration or benefits.***

The Promoters and some of our Directors are interested in us to the extent of any transactions entered into or their shareholding and dividend entitlement on account of their shareholding in our Company. The Directors and Key Managerial Personnel are also interested in us to the extent of remuneration paid to them for services rendered and reimbursement of expenses payable to them. Additionally, our Company has availed loans from our Promoter Directors. Further, some of the Promoters and Directors may also be deemed to be interested to the extent that our Company has taken certain premises on lease pursuant to arrangements with certain members of the Promoter Group. For further details, see the section "*Management*" and "*Financials Statements– Note 34 - Related Party Transaction*", on pages 198 and 264, respectively.

***57. The Promoters will retain majority shareholding in our Company following the Offer, which will allow them to exercise significant influence over us and may cause us to take actions that are not in the best interest of our other shareholders.***

As on the date of this Draft Red Herring Prospectus, the Promoters hold majority of the shareholding of our Company i.e. 99.98% of the issued, subscribed and paid-up Equity Share capital of our Company. After the completion of the Offer, the Promoters will collectively continue to hold a majority of our Company's issued and outstanding Equity Shares. So long as the Promoters own a significant portion of our Equity Shares, they will be able to significantly influence the election of the Directors and control most matters affecting our Company, including our business strategies and policies, decisions with respect to mergers, business combinations, acquisitions or dispositions of assets, dividend policies, capital structure and financing, and may also delay or prevent a change of management or control, even if such a transaction may be beneficial to other shareholders of our Company. The interests of the Promoters may be different from our interests or the interests of other shareholders. As a result, the Promoters may take actions with respect to our Company that may not be in our or our other shareholders' best interests. Further, the Promoters will continue to exercise significant influence over us through their shareholding subsequent to the Offer and listing of our Equity Shares.

***58. Our Company will not receive any proceeds from the offer for sale by the Selling Shareholder.***

The Offer consists of the Fresh Issue by our Company and an Offer for Sale by the Selling Shareholder. The entire proceeds of the Offer for Sale will be transferred to the Selling Shareholder and will not result in any creation of value for us or in respect of your investment in our Company. Additionally, as part of the Offer, one of the Promoters as a selling shareholder will receive a part of the proceeds. For details in relation to the Selling Shareholders, see the section "*Capital Structure – History of the Equity Share Capital held by the Promoters*", on page 79.

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

The amount of future dividend payments, if any, will depend upon a number of factors, including but not limited to our future earnings, financial condition, cash flows, working capital requirements, contractual obligations, applicable Indian legal restrictions and capital expenditures. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing agreements our Company may enter into to finance our fund requirements for our business activities. There can be no assurance that our Board will decide to declare dividends in the foreseeable future or if we will be able to pay dividends in the future. For further information, see the section "*Dividend Policy*", beginning on page 226.

***External Risk Factors***

***60. Our ability to raise foreign capital under the FDI route is currently constrained by Indian law and we may be subject to various conditions if we propose to raise foreign capital through the FDI route. Further, we propose to raise foreign capital in the Offer from certain foreign investors under the FPI route in accordance with the applicable law and may raise further foreign capital from such foreign investors. If the Government of India reduces the permissible limit or imposes restrictive conditions in the future, our ability to raise foreign capital could be adversely affected and consequently, this may adversely affect our business, prospects and results of operations.***

Our Company has developed a residential project, namely 'Lakeview' at Jabalpur, Madhya Pradesh, and currently has some unsold inventory under this project. Pursuant to holding such unsold inventory of residential flats constructed and developed by our Company, currently, there are certain restrictions on receiving FDI in our Company, and therefore, our Company presently does not propose to raise any foreign capital or in the Offer through the FDI route. In accordance with the FEMA Regulations, we propose to allow participation by non-residents in the Offer to the extent of participation by (i) FPIs through the portfolio investment scheme under Schedule 2 of the FEMA Regulations, subject to limit of the individual holding of an FPI (including its investor group which means multiple entities registered as FPIs and directly or indirectly, having common ownership of more than 50% or common control) below 10% of the post-Offer paid-up capital of our Company and the aggregate limit for FPI investment up to 49% of the post-Offer paid-up capital of our Company; and (ii) Eligible NRIs only on non-repatriation basis under Schedule 4 of the FEMA Regulations. Further, other Non-Residents such as FVCIs and multilateral and bilateral development financial institutions are not permitted to participate in the Offer. As per the existing policy of the Government, OCBs cannot participate in this Offer.

We cannot assure you that the Government of India will continue to allow current level of participation by the aforesaid investors in the sectors in which we operate or that the Government will not impose any further conditions with respect to such investments. Any adverse decision by the Government in this regard could adversely affect our business, prospects, results of operations and trading price of our Equity Shares. Furthermore, as an Indian company, we are subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, we cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to us without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our business growth, financial condition and results of operations.

***61. Changes in tax laws or regulations, or their interpretation, such changes may significantly affect our financial statements for the current and future years, which may have a material adverse effect on our financial position, business and results of operations.***

Any change in Indian tax laws, including the upward revision to the currently applicable normal corporate tax rate of 30% along with applicable surcharge and cess, could affect our tax burden. Other benefits such as exemption for income earned by way of dividend from investments in other domestic companies and units of mutual funds, exemption for interest received in respect of tax-free bonds and long-term capital gains on equity shares, if withdrawn by the statute in the future, may no longer be available to us. Any adverse order passed by the appellate authorities/tribunals/courts would have an impact on our profitability.

For instance, the General Anti-Avoidance Rules ("**GAAR**") became effective from April 1, 2017. While the intent of this legislation is to prevent business arrangements that are set up with the intent to avoid tax avoidance under the Income Tax Act 1961, certain exemptions have been notified, viz., (i) arrangements where the tax benefit to all parties under an arrangement is less than ₹ 30.00 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, 1961 and have invested in listed or unlisted securities with SEBI approval and (iii) where a non-resident has made an investment, either direct or indirect, by way of an offshore derivative instrument in an FII. Further, investments made up to March 31, 2017 shall not be subject to GAAR provided that GAAR may apply to any business arrangement pursuant to which tax benefit is obtained on or after April 1, 2017, irrespective of the date on which such arrangement was entered into.

The Finance Act, 2019 (the "**Finance Act**") has made various amendments. The Finance Act stipulates the sale, transfer and issue of securities through exchanges, depositories or otherwise to be charged with stamp duty. The Finance Act has also clarified that, in the absence of a specific provision under an agreement, the liability to pay stamp duty in case of sale of securities through stock exchanges will be on the buyer, while in other cases of transfer for consideration through a depository, the onus will be on the transferor. The stamp duty for transfer of securities other than debentures, on a delivery basis is specified at 0.015% and on a non-delivery basis is specified at 0.003% of the consideration amount.

Further, the Government has also announced the union budget for Fiscal 2020, pursuant to which the Finance (No.2) Bill, 2019 proposes to introduce various amendments. As such, there is no certainty on the impact that the Finance (No. 2) Bill, 2019 may have on our business and operations or on the industry in which we operate. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, 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 affect the viability of our current business or restrict our ability to grow our business in the future.

We have not determined the impact of such legislations on our business. In addition, unfavourable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations, cash flows and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, 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 affect the viability of our current business or restrict our ability to grow our business in the future.

***62. Public companies in India, including us, are required to compute income tax under the Income Computation and Disclosure Standards ("ICDS"). The transition to ICDS in India is recent and we may be negatively affected by this transition.***

The Ministry of Finance of India issued a notification dated March 31, 2015 presenting the ICDS, which creates a new framework for the computation of taxable income. The ICDS was to take effect from April 1, 2015. However, in view of the representations from stakeholders, the Central Board of Direct Taxes ("**CBDT**"), Ministry of Finance of India, according to its press release dated July 6, 2016, has deferred the applicability of the ICDS with Fiscal 2017 being the first assessment year. The ICDS deviates in several respects from concepts that are followed under general accounting standards, including Indian GAAP and Ind AS. For instance, where ICDS-based calculations of taxable income differ from Indian GAAP or Ind AS-based concepts, the ICDS-based calculations have the effect of requiring taxable income to be recognised earlier, increasing overall levels of taxation or both. ICDS have been recently introduced and in the absence of any precedents or interpretative aids on the subject, the risk of tax authorities adopting an interpretation, which is contrary to that adopted by our Company, cannot be ruled out. If the tax authorities adopt a contrary interpretation, our tax expense could materially increase, thereby reducing our profitability.

***63. All of our revenue from operations is derived from business in India, and our business is substantially affected by economic, political and other prevailing conditions in India.***

We are a public limited company incorporated in India, and the majority of our assets and employees are located in India. We derive our revenue from our operations in India as a result of which, we are highly dependent on prevailing economic, political and other conditions in India and our results of operations are significantly affected by factors influencing the Indian economy. Factors that may adversely affect our results of operations, may include:

- change in policies or decisions due to change in governments;
- macroeconomic climate, including any increase in Indian interest rates or inflation;
- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse impact on economic conditions in India and scarcity of financing for our expansions;
- epidemic or any other public health in India or in countries in the region or globally, including in India's various neighbouring countries;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- changes in India's tax, trade, fiscal or monetary policies;

- political instability, terrorism or military conflict in India or in countries in the region or globally, including in India's various neighbouring countries;

- occurrence of force majeure events, terrorist attacks or war or conflicts. Such events could also create a perception that investments in Indian companies involve a higher degree of risk;

- prevailing regional or global economic conditions, including in India's principal export markets;

- other significant regulatory or economic developments in or affecting India or its infrastructure sector;

- international business practices that may conflict with other customs or legal requirements to which we are subject, including anti-bribery and anti-corruption laws;

- protectionist and other adverse public policies, including local content requirements, import/export tariffs, increased regulations or capital investment requirements;

- logistical and communications challenges;

- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis;

- instability in financial markets; and

- being subject to the jurisdiction of foreign courts, including uncertainty of judicial processes and difficulty enforcing contractual agreements or judgments in foreign legal systems or incurring additional costs to do so.

For instance, the recent decision by Andhra Pradesh's state Government's move to cancel water and irrigation infrastructure projects which were awarded by the erstwhile Government has impacted certain infrastructure construction and development players adversely. While our Company was not undertaking any project directly awarded by the Andhra Pradesh's Government and our operations were not impacted by such order, we cannot assure you that any similar decision by Central Government or any state Government will not impact our operations.

In November 2017, Governments' policy measure of demonetization impacted certain sectors of the Indian economy, including the infrastructure sector, due to cash crunch with both the construction contractors and the clients. Such slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the market price of the Equity Shares. The majority of our direct costs are incurred in India. As inflation continues to be a concern in India, we may experience inflations-driven increases in certain of our costs. We may not be able to charge higher quotations in our infrastructure contracts to preserve operating margins. Further, banks and lenders are taking tightening measures through risk management to control inflation, which could affect the availability of funds in the future or the withdrawal of our existing credit facilities. The Indian economy is undergoing many changes and it is difficult to predict the impact of certain fundamental economic changes on our business. Conditions outside India, such as a slowdown or recession in the economic growth of other major countries, specifically the United States, may have an impact on the growth of the Indian economy. Additionally, an increase in trade deficit, a downgrading in India's sovereign debt rating or a decline in India's foreign exchange reserves could negatively affect interest rates and liquidity, which could adversely affect the Indian economy and our business. Any downturn in the macroeconomic environment in India could adversely affect our business, financial condition, results of operation and the trading price of our Equity Shares.

***64. We may be affected by competition law in India and any adverse application or interpretation of the Competition Act could in turn adversely affect our business.***

The Competition Act, 2002 (the "**Competition Act**") was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the CCI to separate such practices. The Competition Act regulates practices having an appreciable adverse effect on competition ("**AAEC**") in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and results in imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves determination of purchase or sale prices, limits or controls production, shares the market by way of geographical area or number of subscribers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC in the relevant market in India and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

The Government notified 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 CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for 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 AAEC 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 AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. 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.

***65. Investors may have difficulty enforcing foreign judgments against us or our management.***

We are a limited liability company incorporated under the laws of India. All the directors and executive officers are residents of India and a majority of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside of India, or to enforce judgments obtained against such parties outside of India. Recognition and enforcement of foreign judgments is provided for under Section 13 of CPC on a statutory basis. India would award damages on the same basis as a foreign court if an action was brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy or Indian practice. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. However, a party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under the FEMA, to execute such a judgment or to repatriate any amount recovered.

***66. The Indian economy has had sustained periods of high inflation in the past.***

We derive all our revenue from our operations in India and the performance and growth of our business is significantly dependent on the performance of the Indian economy. In the past, the Indian economy has been affected by global economic uncertainties, liquidity crisis, domestic policies, domestic and global political environment, volatility in interest rates, currency exchange rates, commodity and oil prices, volatility in inflation rates and various other factors. Though the inflation rates have gone down recently, the RBI, in its recent monetary policy reviews, has indicated that inflation continues to be a concern. Accordingly, high rates of inflation in India may increase our employee costs and decrease our operating margins, which could have an adverse effect on our business, prospects, financial condition and results of operation.

***67. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our business, prospects, financial condition and results of operations.***

According to a report released by RBI, India's foreign exchange reserves totaled approximately US$ 402.04 billion as of March 8, 2019. Foreign exchange reserves have declined recently and may have adversely affected the valuation of the Rupee. Further declines in foreign exchange reserves could adversely affect the valuation of the Rupee and could result in reduced liquidity and higher interest rates that could adversely affect our future business, prospects, financial condition and results of operations, and the market price of the Equity Shares.

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

There are provisions in Indian law that may discourage a third party from attempting to take control over us, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Under the Takeover Regulations an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. These provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control of us.

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

The Restated Financial Statements for the Fiscals 2019, 2018 and 2017 included in this Draft Red Herring Prospectus have been prepared under Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013 to the extent applicable. For further details, see the section "*Financial Statements*", beginning on page 227.

Except as otherwise provided in the "*Financial Statements*" with respect to Indian GAAP, no attempt has been made to reconcile any of the information given in this Draft Red Herring Prospectus to any other principles or to base the information on any other standards. Ind AS differs from other accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Persons not familiar with Ind AS should limit their reliance on the financial disclosures presented in this Draft Red Herring Prospectus. In addition, our Restated Financial Statements may be subject to change if new or amended Ind AS accounting standards are issued in the future or if we revise our elections or selected exemptions in respect of the relevant regulations for the implementation of Ind AS.

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

The Articles of Association, regulations of the Board, Indian laws governing our corporate affairs, 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 in our Company than as a shareholder of a company in another jurisdiction.

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

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

***72. MCA has filed, among others, a petition with the NCLT seeking an order to impose a restriction on DHS LLP from being appointed as an auditor of any company for a five-year period***

Deloitte Haskins & Sells LLP ("DHS LLP"), the current statutory auditors of the Issuer, is a firm registered with the Institute of Chartered Accountants of India. It has been reported that in connection with certain alleged lapses identified by the Serious Fraud Investigation Office in one of its audit assignments, the Ministry of Corporate Affairs in India ("**MCA**") has filed, among others, a petition with the National Company Law Tribunal ("**NCLT**") seeking an order under Section 140(5) of the Companies Act to impose a restriction on DHS LLP (and another large audit firm which was the joint auditor with DHS LLP of the company in a recent past financial year) from being appointed as an auditor of any company for a five-year period, (the "**Proposed Restriction**"). The MCA has also made other applications before other judicial/quasi-judicial forums seeking certain other orders against DHS LLP and the other audit firm. Both the auditors have raised objections to the proceedings on technical and legal grounds. DHS LLP has challenged against the orders issued by the NCLT including, in particular, the applicability of Section 140(5) to it and appeals are pending before the National Company Law Appellate Tribunal ("**NCLAT**"). Separately, the other audit firm has also challenged the proceedings before the Bombay High Court and the matter is under appeals. The matters are currently sub-judice. As of date, there are no orders that prevent DHS LLP from continuing as auditors of the Issuer.

**Risks relating to Equity Shares**

***73. The Equity Shares have never been publicly traded and the Offer may not result in an active or liquid market for the Equity Shares. The price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Offer Price.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Stock Exchanges may not develop or be sustained after the Offer. Moreover, the Offer Price is intended to be determined through a book-building process and may not be indicative of the price of our Equity Shares at the time of commencement of trading of our Equity Shares or at any time thereafter. Listing and quotation does not guarantee that a market for the Equity Shares will develop, or if developed, the liquidity of such market for the Equity Shares. The price of our Equity Shares on the Stock Exchanges may fluctuate after this Offer as a result of several factors, including:

- volatility in the Indian and global securities market or in the Rupee's value relative to the U.S. Dollar, the Euro and other foreign currencies;
- our profitability and performance;

- perceptions about our future performance or the performance of Indian companies in general;
- performance of our competitors and the perception in the market about investments in the industry;
- adverse media reports about us or the industry;
- significant developments in India's economic liberalization and deregulation policies;
- significant developments in India's fiscal and environmental regulations; and
- changes in central banks' monetary policies of developed economies, affecting the global liquidity scenario.

There can be no assurance that an active trading market for our Equity Shares will be sustained after this Offer, or that the price at which our Equity Shares have historically traded will correspond to the price at which the Equity Shares are offered in this Offer the price at which our Equity Shares will trade in the market subsequent to this Offer. Our Equity Share price may be volatile and may decline post listing.

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

The Offer Price of the Equity Shares will be determined by our Company and the Selling Shareholder in consultation with the BRLMs through the Book Building Process. This price will be based on numerous factors, as described in the section "*Basis for the Offer Price*", beginning on page 104 and may not be indicative of the market price for the Equity Shares after the Offer. The market price of the Equity Shares could be subject to significant fluctuations after the Offer, and may decline below the Offer Price. We cannot assure you that the investor will be able to resell their Equity Shares at or above the Offer Price.

***75. Any future issuance of Equity Shares by us may dilute your shareholding and sales of the equity shares by the Promoters, Promoter Group or other major shareholders may adversely affect the trading price of the Equity Shares.***

Any future issuance of Equity Shares by us may dilute your shareholding in our Company. In addition, any sales of substantial amounts of the Equity Shares in the public market after the completion of the Offer, including by the Promoters or other major shareholders, or the perception that such sales could occur, could adversely affect the market price of the Equity Shares and could materially impair future ability of our Company to raise capital through offerings of the Equity Shares. Our Company's Promoters and Promoter Group currently hold an aggregate of 85,489,337Equity Shares which is equivalent to 99.99% of the issued, subscribed and paid-up Equity Share capital of our Company as of this Draft Red Herring Prospectus. After the completion of the Offer (assuming full subscription of the Offer), the Promoters and Promoters Group will continue to hold up to 82,489,337 Equity Shares of our Company. We cannot predict the effect, if any, that the sale of the Equity Shares held by the Promoters or other major shareholders or the availability of these Equity Shares for future sale will have on the market price of the Equity Shares.

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

Under the Companies Act, a company incorporated in India must offer its equity shareholders pre-emptive rights to subscribe and pay for a proportionate number of equity shares to maintain their existing ownership percentages prior to issuance of any new equity shares, unless the pre-emptive rights have been waived by the adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without our filing an offering document or registration statement with the applicable authority in such jurisdiction, you will be unable to exercise such pre-emptive rights, unless we make such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for your benefit. The value such custodian receives on the sale of any such securities and the related transaction costs cannot be predicted. To the extent that you are unable to exercise pre-emptive rights granted in respect of our Equity Shares, your proportional interests in our Company may be reduced.

## SECTION III: INTRODUCTION

## THE OFFER

The following table summarizes the details of the Offer:

| | |
|---|---|
| Offer(1)(2)# | Up to [●] Equity Shares, aggregating up to ₹ [●] million |
| *of which:* | |
| (i) Fresh Issue(1) | Up to [●] Equity Shares, aggregating up to ₹ 4,500 million |
| (ii) Offer for Sale by Kanubhai Trust(2) | Up to 3,000,000 Equity Shares, aggregating up to ₹ [●] million |
| | |
| The Offer comprises of: | |
| A) QIB Portion (3) (4) | Not more than [●] Equity Shares |
| *of which* | |
| (i) Anchor Investor Portion | Up to [●] Equity Shares |
| (ii) Balance available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed) | [●] Equity Shares |
| *of which:* | |
| (iii) Available for allocation to Mutual Funds only (5% of the QIB Portion (excluding the Anchor Investor Portion))(5) | Up to [●] Equity Shares |
| (iv) Balance of QIB Portion for all QIBs including Mutual Funds | Up to [●] Equity Shares |
| B) Non-Institutional Portion(3) | Not less than [●] Equity Shares |
| C) Retail Portion(3)(6) | Not less than [●] Equity Shares |
| | |
| **Pre-Offer and post-Offer Equity Shares** | |
| Equity Shares outstanding prior to the Offer | 85,500,003 Equity Shares |
| Equity Shares outstanding after the Offer | [●] Equity Shares |
| | |
| **Utilisation of Net Proceeds** | See the section "*Objects of the Offer*", beginning on page 94 for information about the use of the proceeds from Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale. |

# *A Pre-IPO Placement may be undertaken by our Company, in consultation with the BRLMs, for an aggregate amount not exceeding ₹ 1,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the Offer size satisfying the minimum issue size requirements under the SCRR.*

(1) *The Fresh Issue has been authorised by the Board pursuant to a resolution passed on September 14, 2019 and by our Shareholders pursuant to a special resolution passed on September 17, 2019.*

(2) *The Selling Shareholder specifically confirms that the Offered Shares have been held by it for a period of at least one year immediately preceding the date of filing this Draft Red Herring Prospectus with SEBI, and are accordingly eligible for being offered for sale pursuant to the Offer in terms of the SEBI Regulations. For details on the authorisation of the Selling Shareholder in relation to the Offered Shares, see the section "Other Regulatory and Statutory Disclosures", beginning on page 326.*

(3) *Subject to valid bids being received at or above the Offer Price, under-subscription, if any, in any category, except in the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories of Bidders at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws. In the event of under-subscription in the Offer, Equity Shares offered pursuant to the Fresh Issue shall be allocated prior to Equity Shares offered pursuant to the Offer for Sale. However, after receipt of minimum subscription of 90% of the Fresh Issue, Equity Shares offered pursuant to the Offer for Sale shall be allocated prior to Equity Shares offered pursuant to the Fresh Issue. For details, see the section "Offer Procedure", beginning on page 342.*

(4) *Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the QIB Portion. 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For details, see the section "Offer Procedure", beginning on page 342.*

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

(6) *Our Company and the Selling Shareholder may, in consultation with the BRLMs, offer a Retail Discount to Retail Individual Bidders in accordance with the SEBI Regulations.*

Allocation to Bidders in all categories, except the Retail Portion and the Anchor Investor Portion, if any, shall be made on a proportionate basis, subject to valid Bids, being received at or above the Offer Price. The allocation to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to the availability of Equity Shares in the Retail Portion, and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. For further details, see the sections "*Offer Procedure*" and "*Terms of the Offer*", beginning on pages 342 and 334, respectively.

## SUMMARY FINANCIAL INFORMATION

*The summary financial information presented below should be read in conjunction with "Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages* 227 and 289, *respectively.*

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**Restated Consolidated Statement of Assets and Liabilities**

(₹ *in million)*

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| **I. ASSETS** | | | |
| **1 Non-current assets** | | | |
| (a) Property, Plant and Equipment | 3,547.02 | 2,629.99 | 2,810.89 |
| (b) Capital work in progress | 321.98 | 223.05 | 14.45 |
| (c) Intangible assets | 153.32 | 86.87 | 97.44 |
| (d) Investments accounted for using the equity method | - | 7.37 | 164.68 |
| (e) Financial Assets | | | |
| (i) Non-current Investments | 3.00 | 3.00 | 3.00 |
| (ii) Other Non-current financial assets | 1,673.30 | 704.96 | 120.52 |
| (f) Deferred tax assets (net) | 379.12 | 421.48 | 73.31 |
| (g) Other non-current assets | 616.14 | 229.59 | 26.85 |
| **Total Non-current assets** | **6,693.88** | **4,306.31** | **3,311.14** |
| **2 Current assets** | | | |
| (a) Inventories | 1,759.19 | 1,414.06 | 1,287.64 |
| (b) Financial Assets | | | |
| (i) Current Investments | 321.63 | - | - |
| (ii) Trade receivables | 3,754.89 | 3,247.85 | 3,261.93 |
| (iii) Cash and cash equivalents | 580.40 | 195.94 | 68.99 |
| (iv) Bank balances other than (iii) above | 62.08 | 80.81 | 126.73 |
| (v) Other current financial assets | 2,671.12 | 1,419.45 | 1,864.98 |
| (c) Current tax assets (Net) | 326.88 | 318.42 | 172.22 |
| (d) Other current assets | 8,253.18 | 4,958.04 | 4,417.87 |
| **Total Current assets** | **17,729.37** | **11,634.57** | **11,200.36** |
| | | | |
| **TOTAL ASSETS** | **24,423.25** | **15,940.88** | **14,511.50** |
| | | | |
| **II. EQUITY AND LIABILITIES** | | | |
| **1 Equity** | | | |
| (a) Equity share capital | 855.00 | 855.00 | 641.25 |
| (b) Other Equity | 6,197.93 | 4,654.96 | 3,374.09 |
| **Equity attributable to owners of the Company** | 7,052.93 | 5,509.96 | 4,015.34 |
| **Equity attributable to Non-controlling interests** | - | - | - |
| **TOTAL EQUITY** | **7,052.93** | **5,509.96** | **4,015.34** |
| | | | |
| **2 Liabilities** | | | |
| **Non-Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Long term borrowings | 2,855.41 | 1,223.34 | 681.38 |
| (ii) Other non-current financial liabilities | 420.99 | 758.68 | 368.59 |
| (b) Long-term provisions | 42.97 | 37.23 | 29.82 |
| (d) Other non-current liabilities | 416.17 | 190.40 | 2,052.80 |
| **Total Non-current liabilities** | **3,735.54** | **2,209.65** | **3,132.59** |
| **Current liabilities** | | | |
| (a) Financial Liabilities | | | |
| (i) Short term borrowings | 2,158.99 | 2,147.03 | 2,113.02 |
| (ii) Trade payables | | | |
| -total outstanding dues of micro enterprises and small enterprises | - | - | - |
| -total outstanding dues of creditors other than micro enterprises and small enterprises | 5,375.47 | 3,043.51 | 3,091.59 |
| (iii) Other current financial liabilities | 2,076.22 | 1,698.91 | 1,854.35 |
| (b) Short term provisions | 38.61 | 30.34 | 21.89 |
| (c) Other current liabilities | 3,985.49 | 1,301.48 | 282.72 |
| **Total Current liabilities** | **13,634.78** | **8,221.27** | **7,363.57** |
| | | | |
| **TOTAL LIABILITIES** | **17,370.32** | **10,430.92** | **10,496.16** |

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | **24,423.25** | **15,940.88** | **14,511.50** |

**Restated Consolidated Statement of Profit and Losses**

*(₹ in million)*

| | Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|---|
| **I** | **Revenue** | | | |
| | Revenue from Operations | 24,643.17 | 19,355.12 | 19,794.90 |
| | Other Income | 403.98 | 107.31 | 71.41 |
| | **Total Income** | **25,047.15** | **19,462.43** | **19,866.31** |
| | | | | |
| **II** | **Expenses** | | | |
| | Construction Expenses | 19,767.06 | 15,361.52 | 16,068.80 |
| | Changes in inventory of work-in-progress | 17.24 | 106.56 | (156.35) |
| | Employee Benefits Expense | 1,295.89 | 1,149.69 | 1,060.50 |
| | Finance costs | 799.24 | 678.27 | 516.42 |
| | Depreciation and Amortization Expenses | 512.99 | 442.70 | 398.38 |
| | Other Expenses | 589.70 | 471.61 | 461.04 |
| | **Total Expenses** | **22,982.12** | **18,210.35** | **18,348.79** |
| | | | | |
| **III** | **Restated Profit Before Tax** | 2,065.03 | 1,252.08 | 1,517.52 |
| | | | | |
| **IV** | **Tax expense:** | | | |
| | (1) Current Tax | 448.75 | 17.94 | 352.86 |
| | (2) Deferred Tax | 44.10 | (349.22) | (10.38) |
| | | | | |
| **V** | **Restated Profit after Tax and before share of loss from Associates (III - IV)** | **1,572.18** | **1,583.36** | **1,175.04** |
| | | | | |
| **VI** | **Restated Share of Loss in Associate** | (25.94) | (90.61) | (58.39) |
| | | | | |
| **VII** | **Restated Profit for the Year (V+VI) Attributable to :** | **1,546.24** | **1,492.75** | **1,116.65** |
| | Owners of the Company | 1,546.24 | 1,492.75 | 1,116.65 |
| | Non-controlling interests | - | - | - |
| | **Restated Other comprehensive (income)/ loss** | | | |
| | **Items that will not be reclassified to profit or loss** | | | |
| | Remeasurements of defined benefit plans | 5.01 | (2.87) | (11.77) |
| | Income tax related to items that will not be reclassified to profit or loss | (1.74) | 1.00 | 4.07 |
| **VIII** | **Restated Total other comprehensive (income)/ loss (net of taxes)** | 3.27 | (1.87) | (7.70) |
| | | | | |
| **IX** | **Restated Total comprehensive income for the Year (VII-VIII)** | 1,542.97 | 1,494.62 | 1,124.35 |
| | Owners of the Company | 1,542.97 | 1,494.62 | 1,124.35 |
| | Non-controlling interests | - | - | - |
| | | | | |
| **X** | **Earnings per equity share (EPS)** | | | |
| | Restated Profit attributable to equity shareholders | 1,546.24 | 1,492.75 | 1,116.65 |
| | Weighted average number of equity shares outstanding during the year (Refer note 39) | 8,55,00,003 | 8,55,00,003 | 8,55,00,003 |
| | Nominal value of equity share | 10.00 | 10.00 | 10.00 |
| | Basic and Diluted Earning per Share (EPS) | 18.08 | 17.46 | 13.06 |

**Restated Consolidated Statement of Cash flow**

*(₹ in million)*

| | Particulars | For the year ended March 31, 2019 | For the Year ended March 31, 2018 | For the Year ended March 31, 2017 |
|---|---|---|---|---|
| **A** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| | Net Profit before Tax | 2,065.03 | 1,252.08 | 1,517.52 |
| | **Adjustment for:** | | | |
| | Depreciation and Amortisation Expense | 512.99 | 442.70 | 398.38 |
| | Net Loss on sale / disposal of Property, Plant and Equipment | 49.52 | 19.27 | 1.32 |
| | Finance cost | 799.24 | 678.27 | 516.42 |
| | Fair valuation adjustment on retention monies (net) | (5.81) | (8.23) | 31.88 |
| | Provision for Expected Credit Loss | 39.74 | 8.78 | 9.79 |
| | Interest Income on Retention monies | (60.31) | 35.22 | - |
| | (Gain) / loss on account of Foreign exchange fluctuation | (15.79) | 12.37 | (7.14) |
| | Other Interest income | (34.46) | (10.79) | (4.79) |
| | Doubtful debts / advances written off | 22.62 | 18.46 | - |
| | Interest income on service consession receivables | (272.25) | - | - |
| | Income from mutual funds | (4.47) | - | - |
| | **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES** | **3,096.05** | **2,448.13** | **2,463.37** |
| | **Adjustment For Working Capital Changes:** | | | |
| | Changes in Inventories | (345.12) | (126.43) | (347.79) |
| | Changes in Trade Receivables | (569.41) | (13.16) | (607.31) |
| | Changes in Financial Assets and Other Assets | (5,250.06) | (796.67) | (1,119.78) |
| | Changes in Financial Liabilities and Other Payables | 4,817.84 | (528.41) | 1,784.24 |
| | **CASH GENERATED FROM OPERATIONS** | **1,749.30** | **983.46** | **2,172.73** |
| | Income Taxes paid (Net) | (790.37) | (350.07) | (535.08) |
| | **NET CASH GENERATED FROM OPERATING ACTIVITIES** | **958.93** | **633.39** | **1,637.65** |
| **B** | **CASH FLOW FROM INVESTING ACTIVITIES:** | | | |
| | Purchase of Property Plant and Equipment, CWIP and Intangible Assets | (1,523.11) | (437.00) | (659.09) |
| | Sale / disposal of Property, Plant and Equipment | 14.51 | 22.68 | 23.13 |
| | Investment in Subsidiaries, Associate and Joint operations | | | |
| | (Investment in)/Proceeds from Other Equity of associate | (18.57) | 66.70 | |
| | (Investment in)/Proceeds from current investments | (317.16) | | |
| | Interest received | 41.50 | 17.51 | 10.94 |
| | Changes in Fixed deposits other than Cash and Cash Equivalents | 62.90 | 42.84 | (24.58) |
| | **NET CASH USED IN INVESTING ACTIVITIES** | **(1,739.93)** | **(287.27)** | **(649.61)** |
| **C** | **CASH FLOW FROM FINANCING ACTIVITIES:** | | | |
| | Proceeds from Loans | 2,459.41 | 1,352.92 | 500.98 |
| | Repayment of Loans | (647.11) | (996.12) | (706.15) |
| | Net increase in working capital borrowings | 11.96 | 34.01 | (322.17) |
| | Interest and other borrowing cost | (658.80) | (609.98) | (519.21) |
| | **NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES** | **1,165.46** | **(219.17)** | **(1,046.55)** |
| | **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **384.46** | **126.95** | **(58.50)** |
| | **OPENING BALANCE- CASH AND CASH EQUIVALENTS** | **195.94** | **68.99** | **126.93** |
| | Pursuant to the Composite Scheme of Arrangement (Refer note 43) | | | 0.56 |
| | **CLOSING BALANCE- CASH AND CASH EQUIVALENTS** | **580.40** | **195.94** | **68.99** |

# GENERAL INFORMATION

Our Company was incorporated as Montecarlo Construction Private Limited on March 20, 1995, as a private limited company under the Companies Act, 1956, at Ahmedabad, Gujarat. Subsequently, the name of our Company was changed to Montecarlo Construction Limited, pursuant to its conversion into a public limited company, and a fresh certificate of incorporation, dated April 21, 2006, consequent to the change of name was issued by the RoC. Further, in order to reflect the expanding areas of activities and business scope of our Company, the name of our Company was further changed to Montecarlo Limited and a fresh certificate of incorporation dated March 21, 2012, consequent to the change of name, was issued by the RoC.

**Registered and Corporate Office**

**Montecarlo Limited**

706, 7th Floor
Shilp Building
Near Municipal Market
C.G. Road, Navrangpura
Ahmedabad – 380 009
Registration Number: 025082

**Address of the RoC**

Our Company is registered with the RoC situated at:

Registrar of Companies
ROC Bhavan, Opp Rupal Park Society
Behind Ankur Bus Stop
Naranpura, Ahmedabad – 380 013

**Board of Directors**

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

| Name | Designation | DIN | Address |
|---|---|---|---|
| Kanubhai Mafatlal Patel | Chairman and Managing Director | 00025552 | 18 Devkrushna Bunglow, Ashok Vatika-1, Ambali Bopal Road Bodakdev, Ahmedabad - 380 058 |
| Brijesh Kanubhai Patel | Joint Managing Director | 00025479 | Devkrushna Bunglow, 18 Ashok Vatika-1, Ambli Bopal Road, Bodakdev, Ahmedabad - 380 058 |
| Mrunal Kanubhai Patel | Joint Managing Director | 00025525 | Dev Mansion Bunglow, B/H Saket-3, Sindhu Bhavan Road, Ambali, Ahmedabad - 380 058 |
| Nareshkumar Pranshankar Suthar | Whole-time Director | 00414050 | A/7 Paras Bunglow Part-1, near telephone exchange, Bopal, Ahmedabad - 380 058 |
| Suhas Vasant Joshi | Whole-time Director | 00171232 | 14, Vrundavan Bunglow-2, Thaltej Shilaj Road, Thaltej Ahmedabad - 380 059 |
| Ajay Vasantbhai Mehta | Independent Director | 00078126 | A-2, 1399, Opp. Nahru Foundation, Bodakdev, Ahmedabad - 380 001 |
| Ketan Harshadrai Mehta | Independent Director | 07141480 | Plot: 379, Sector 1-C, Gandhinagar - 382 001 |
| Malini Ganesh | Independent Director | 07126914 | Flat-2D, Raga Foundation, No-12, 11th street, Nandanam Extn, Chennai - 600 035 |
| Dipak Kamlakar Palkar | Independent Director | 00475995 | 22-A, Saujanya Society, Opposite Bhavans School, Makarpura Road, Vadodara - 390 009 |
| Dinesh Babulal Patel | Independent Director | 03443006 | 802, Sector-8, Opposite St. Xavier's Church, Gandhinagar - 382 008 |
| Suresh Natwarlal Patel | Independent Director | 07202263 | 6-3-1101, Greenlands Rajbhawan Road, Ayyappa Temple Lane, Somajiguda, Hyderabad - 500 082 |

For further details in relation to the Directors, see the section "*Management*", beginning on page 198.

**Company Secretary and Compliance Officer**

Kalpesh Punamchand Desai is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

**Kalpesh Punamchand Desai**
706, 7th Floor
Shilp Building
Near Municipal Market
C.G. Road, Navrangpura
Ahmedabad - 380 009
**Tel:** +91 79 7199 9300
**E-mail:** kalpesh.desai@mclindia.com

**Book Running Lead Managers**

**Edelweiss Financial Services Limited**
14th Floor, Edelweiss House
Off. C.S.T. Road, Kalina
Mumbai - 400 098
**Tel:** +91 22 4009 4400
**E-mail:** mcl.ipo@edelweissfin.com
**Website:** www.edelweissfin.com
**Contact Person:** Disha Doshi/Jaydeep Sarnaik

**Axis Capital Limited**
1st Floor, Axis House
C 2 Wadia International Centre
Pandurang Budhkar Marg, Worli
Mumbai - 400 025
**Tel**: +91 22 4325 2183
**Email**: mcl.ipo@axiscap.in
**Website**: www.axiscapital.co.in
**Contact Person**: Mayuri Arya

**HDFC Bank Limited**
Investment Banking Group,
Unit No. 401 & 402, 4th Floor,
Tower B, Peninsula Business Park,
Lower Parel, Mumbai - 400 013,
Maharashtra, India
**Tel:** +91 22 3395 8233
**E-mail:** mcl.ipo@hdfcbank.com
**Website:** www.hdfcbank.com
**Contact Person:** Ravi Sharma/Harsh Thakkar

**Syndicate Members**

[●]

**Indian Legal Counsel to the Company and the Selling Shareholder**

**Cyril Amarchand Mangaldas**
5th Floor, Peninsula Chambers
Peninsula Corporate Park
Ganpat Kadam Marg
Lower Parel
Mumbai - 400 013
Tel: +91 22 2496 4455

**Cyril Amarchand Mangaldas**
Shapath -V
1304/1305
Opposite Karnavati Club
S.G. Road
Ahmedabad - 380 051
Tel: +91 79 4903 9900

**Indian Legal Counsel to the BRLMs**

**Trilegal**
Peninsula Business Park
17th Floor, Tower B
Ganpatrao Kadam Marg
Lower Parel (West)
Mumbai – 400 013
**Tel:** +91 22 4079 1000

**Special International Legal Counsel to the BRLMs**

**Duane Morris & Selvam LLP**
16 Collyer Quay, Floor 17
Singapore 049318
Tel: +65 6311 0030

**Statutory Auditors to our Company**

**Deloitte Haskins & Sells LLP**
19th Floor, Shapath V
S.G. Highway
Ahmedabad - 380 015
Tel: +91 79 6682 7300
E-mail: kraval@deloitte.com
Firm Registration Number: 117366W/ W-100018
Peer review certificate no.: 009919

**Changes in the auditors**

Except as disclosed below, there has been no change in the Statutory Auditors during the three years immediately preceding the date of this Draft Red Herring Prospectus:

| Name of the Auditor(s) | Date of Change | Reason for Change |
|---|---|---|
| **M/s Surana Maloo & Co.**<br>2nd Floor, Akashganga Complex<br>Parimal Underbridge<br>Near Suvidha Shopping Center, Paldi<br>Ahmedabad – 380007<br><br>E-mail: incometax@suranamaloo.com<br>Firm Registration No.: 112171W<br>Peer Review Number: 009328* | September 30, 2017 | Completion of term of appointment |
| **Deloitte Haskins & Sells LLP**<br><br>19th Floor, Shapath V<br>S.G. Highway<br>Ahmedabad – 380 015<br>E-mail: kraval@deloitte.com<br>Firm Registration No.: 117366W/ W-100018<br>Peer Review No.: 009919 | September 30, 2017 | Appointment as Statutory Auditors |

* *The peer review certificate issued by the Peer Review Board of ICAI, New Delhi (dated September 16, 2016) was due for review on September 15, 2019. M/s Surana Maloo & Co. has approached the Peer Review Board of ICAI to review its peer review certificate, on August 6, 2019. Further, the ICAI, by way of its notification dated September 21, 2019, has clarified that the peer review certificate will be valid from the date of submission of final report irrespective of the date of the peer review board meeting in which it was approved. M/s Surana Maloo & Co.'s peer reviewer has submitted the final clear report with ICAI. Further, M/s Surana Maloo & Co. has been communicated by the Peer Review Board of ICAI that there is no express refusal to renew its peer review certificate.*

**Registrar to the Offer**

**Link Intime India Private Limited**
C-101, 1st Floor, 247 Park
Lal Bahadur Shashtri Marg
Vikhroli West
Mumbai – 400 083
Tel: +91 22 4918 6200
E-mail: montecarloltd.ipo@linkintime.co.in
Investor Grievance e-mail: montecarloltd.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Shanti Gopalkrishnan
SEBI Registration Number: INR000004058

**Bankers to our Company**

**Oriental Bank of Commerce**
Mid Corp-Ashram Road Branch
"Neel Kamal", Opposite Sales India
Ashram Road, Ahmedabad – 380 009
Tel: +91 79 2754 1113
E-mail: bm0170@obc.co.in

**Indian Overseas Bank**
Large Corporate Branch
Sharad Shopping Centre, Chinubhai Tower
Ashram Road, Ahmedabad – 380 009
Tel: +91 79 2658 9070
E-mail: iob2933@iob.in

**IDBI Bank Limited**
IDBI Complex Near Lal Bunglow
Off C.G. Road, Ahmedabad - 380 006
Tel: +91 79 6607 2600
E-mail: ibkl0000375@idbi.co.in

**Karur Vyasa Bank Limited**
Plot No.: 503,504/1, Sakar VII Near Nehru Bridge Corner
Ashram Road, Ahmedabad – 380 009
Tel: +91 79 2658 2482
E-mail: ahmedabad@kvbmail.com/agowri@kvbmail.com

**The RBL Bank Limited**
First Floor, Viva Complex
Opposite Parimal Garden
Ellisbridge, Ahmedabad - 380 006
Tel: +91 79 4014 6921/+91 79 4014 6954
E-mail: sachin.shah@rblbank.com/
kunal.shah@rblbank.com

**IDFC First Bank Limited**
3rd floor, Sun Square Complex
Off C.G. Road, Ahmedabad - 380 006
Tel: +91 99 0995 8189
E-mail: sachin.gupta2@idfcfirstbank.com

**Axis Bank Limited**
2nd Floor, 3rd Eye One
C.G. Road, Ahmedabad - 380 009
Tel: +91 79 6614 7121
E-mail: vishrut.bavishi@axisbank.com/
vaibhav.garg@axisbank.com

**State Bank of India**
Commercial Branch, Mid Corporate Group
"Paramsiddhi" Complex, Opp. V S Hospital,
Ellsibridge, Ahmedabad – 380 006
Tel: +91 79 2657 7380
E-mail: rml.cbahm@sbi.co.in

**Bankers to the Offer - Escrow Collection Bank, Public Offer Bank, Refund Bank and Sponsor Bank**

[●]

**Designated Intermediaries**

**SCSBs**

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or such other website as may be updated from time to time. For a list of branches of SCSBs named by the respective SCSBs to receive ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link or any such other website as may be prescribed by SEBI from time to time. Further, in relation to RIBs using the UPI Mechanism, a list of SCSBs eligible as 'Issuer Banks' for UPI is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time. Applications through UPI in the Offer can be made only through the SCSBs and mobile applications whose name appears on the SEBI website at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40. A list of SCSBs and mobile application, which are live for applying in public issues using UPI mechanism is provided as Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019.

***Syndicate SCSB Branches***

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

**Registered Brokers**

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

**Registrar and Share Transfer Agents**

The list of the RTAs eligible to accept the ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and https://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

**CDPs**

The list of the CDPs eligible to accept ASBA Forms at the Designated CDP Locations, including details such as name and contact details, is provided on the websites of the Stock Exchanges at http://www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx?expandable=6 and http://www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, respectively, as updated from time to time.

**Monitoring Agency**

The Monitoring Agency shall be appointed for monitoring the utilization of net proceeds, prior to filing of the Red Herring Prospectus with the RoC, as our Offer size (excluding the Offer for Sale by the Selling Shareholder) exceeds ₹ 1,000 million in accordance with Regulation 41 of the SEBI Regulations. For further details, please see the section "*Object of the Offer*", beginning on page 94.

**Inter-se Allocation of Responsibilities**

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

| Sr. No. | Activity | Responsibility | Co-ordination |
|---|---|---|---|
| 1. | Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, and positioning strategy | Edelweiss, Axis, HDFC | Edelweiss |
| 2. | Pre-Offer due diligence of our Company including its operations/management/business plans/legal etc., Drafting and design of DRHP, RHP and Prospectus. Ensure compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC including finalisation of RHP, Prospectus, Offer Agreement, Syndicate and Underwriting Agreements and RoC filing | Edelweiss, Axis, HDFC | Edelweiss |
| 3. | Drafting and approval of all statutory advertisements | Edelweiss, Axis, HDFC | Edelweiss |
| 4. | Drafting and approval of all publicity material other than statutory advertisements as mentioned in 3 above, including corporate advertising, brochures, | Edelweiss, Axis, HDFC | HDFC |
| 5. | Appointment of Registrar to the Offer, printers, advertising agency (including coordinating all agreements to be entered with such parties) including media monitoring & filing of media compliance report | Edelweiss, Axis, HDFC | HDFC |
| 6 | Appointment of Escrow Collection Banks, Share Escrow Agent and appointment of Monitoring Agency (including coordinating all agreements to be entered with such parties) | Edelweiss, Axis, HDFC | Axis |
| 7. | International institutional marketing of the Offer, which will cover, *inter alia*:<br>• Preparation of road show presentation and FAQs for the road show team<br>• Institutional marketing strategy<br>• Finalising the list and division of international investors for one-to-one meeting<br>• Finalising international road show and investor meeting schedules | Edelweiss, Axis, HDFC | Edelweiss |
| 8. | Domestic institutional marketing of the Offer, which will cover, *inter alia*: | Edelweiss, Axis, HDFC | Axis |

| Sr. No. | Activity | Responsibility | Co-ordination |
|---|---|---|---|
| | • Finalising the list and division of domestic investors for one-to-one meetings<br><br>• Finalising domestic road show and investor meeting schedules | | |
| 9. | Conduct non-institutional and retail marketing of the Offer, which will cover, *inter-alia*:<br><br>• Finalising media, marketing, public relations strategy and publicity budget<br><br>• Finalising collection centres<br><br>• Finalising centres for holding conferences for brokers etc.<br><br>• Follow-up on distribution of publicity and Offer material including form, RHP/Prospectus and deciding on the quantum of the Offer material | Edelweiss, Axis, HDFC | Edelweiss |
| 10. | Coordination with Stock Exchanges for book building software, bidding terminals and mock trading, deposit of 1% security deposit | Edelweiss, Axis, HDFC | HDFC |
| 11. | Managing the book and finalization of pricing in consultation with our Company | Edelweiss, Axis, HDFC | Edelweiss |
| 12. | Post-Bidding activities and managing Anchor book related activities and submission of letters to regulators post completion of Anchor issue management of escrow accounts, coordinating underwriting, coordination of non-institutional allocation, finalization of the basis of allotment based on technical rejections, listing of instruments, demat credit and refunds/ unblocking of funds announcement of allocation and dispatch of refunds to Bidders, etc, payment of the applicable STT, coordination with SEBI and Stock Exchanges for refund of 1% security deposit | Edelweiss, Axis, HDFC | Axis |

**Filing of this Draft Red Herring Prospectus**

This Draft Red Herring Prospectus has been filed with the Securities and Exchange Board of India at:

**Securities and Exchange Board of India**
Corporation Finance Department
Division of Issues and Listing
SEBI Bhavan, Plot No. C4 A, ‘G’ Block
Bandra Kurla Complex
Bandra (East)
Mumbai 400 051, India

The Red Herring Prospectus and the Prospectus will be filed along with the material contracts and documents referred to in the Red Herring Prospectus at:

**Registrar of Companies**
Gujarat at Ahmedabad
ROC Bhavan, Opp Rupal Park Society,
Behind Ankur Bus Stop,
Naranpura, Ahmedabad – 380 013

**Book Building Process**

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

**All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer. Anchor Investors are not permitted to participate in the Offer through ASBA process.**

**In accordance with the SEBI Regulations, QIBs and Non-Institutional Bidders are not permitted to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids on or before the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period. Allocation to the Anchor Investors will be on a discretionary basis.** For further details, see "*Terms of the Offer*" and "*Offer Procedure*" beginning on pages 334 and 342, respectively.

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

For further details on the method and procedure for Bidding, see the section "*Offer Procedure*", beginning on page 342.

**Underwriting Agreement**

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

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

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

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

The above mentioned commitments are indicative and will be finalised after determination of Offer Price and Basis of Allotment, in accordance with the provisions of the SEBI Regulations.

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

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above in accordance with the terms of the Underwriting Agreement.

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

## CAPITAL STRUCTURE

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

*(In ₹ except share data)*

| Sr. No. | Particulars | Aggregate value at face value | Aggregate value at Offer Price |
|---|---|---|---|
| **A.** | **AUTHORIZED SHARE CAPITAL** | | |
| | 125,000,000 Equity Shares(1) | 1,250,000,000 | |
| | | | |
| **B.** | **ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER** | | |
| | 85,500,003 Equity Shares | 855,000,030 | |
| | | | |
| **C.** | **PRESENT OFFER IN TERMS OF THIS DRAFT RED HERRING PROSPECTUS** | | |
| | Offer of up to [●] Equity Shares(2)(3) | [●] | [●] |
| | *of which* | | |
| | Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 4,500 million(2) # | [●] | [●] |
| | Offer for Sale of up to 3,000,000 Equity Shares aggregating up to ₹ [●] million(3) | [●] | [●] |
| | | | |
| **D.** | **SECURITIES PREMIUM ACCOUNT** | | |
| | Before the Offer | | Nil |
| | After the Offer* | | [●] |
| | | | |
| **E.** | **ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE OFFER** | | |
| | [●] Equity Shares | [●] | |

\# *Our Company, may in consultation with the BRLMs, is considering, subject to the approval of our Shareholders, a Pre-IPO Placement of Equity Shares for an aggregate amount not exceeding ₹ 1,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the Offer size satisfying the minimum issue size requirements under the SCRR.*

* *To be included upon finalisation of Offer Price*

(1) *For details in relation to changes in the authorized share capital of our Company, see the section "History and Certain Corporate Matters", beginning on page 187.*

(2) *The Fresh Issue has been authorized by the Board pursuant to a resolution passed on September 14, 2019 and by our Shareholders pursuant to a special resolution passed on September 17, 2019.*

(3) *The Offered Shares have been held by the Selling Shareholder for a period of at least one year prior to filing of the Draft Red Herring Prospectus in accordance with Regulation 8 of the SEBI Regulations and accordingly, are eligible for the Offer for Sale in accordance with the provisions of the SEBI Regulations. For details on the authorisation of the Selling Shareholder in relation to the Offered Shares, see the section "Other Regulatory and Statutory Disclosures", beginning on page 326.*

**Notes to the Capital Structure**

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

(a) The history of the Equity Share capital of our Company is provided below.

| Date of allotment | Name(s) of allottee(s) | Nature of allotment | No. of Equity Shares allotted | Face value (₹) | Offer price per Equity Share (₹) | Form of consideration |
|---|---|---|---|---|---|---|
| March 21, 1995 | 10 Equity Shares to Kanubhai Mafatlal Patel and 10 Equity Shares to Dinaben Kanubhai Patel | Initial subscription to the Memorandum of Association | 20 | 10 | 10 | Cash |
| September 9, 1995 | 500 Equity Shares to Patel Harikrishna Nathalal, 500 Equity Shares to Vyas Jagdishkumar Sukhdevji, 500 Equity Shares to Patel Rajeshbhai Manharbhai, 500 Equity Shares to Patel Janak Manhrabhai, 1,000 Equity Shares to Patel Harishbhai Bhailalbhai, 16,990 Equity Shares to Kanubhai Mafatlal Patel and 18,490 Equity Shares to Dinaben Kanubhai Patel | Preferential allotment | 38,480 | 10 | 10 | Cash |
| May 24, 1996 | 41,000 Equity Shares to Kanubhai Mafatlal Patel, 40,000 Equity Shares to Natvarbhai Shantilal Patel and 30,500 Equity Shares to Amitbhai Bakulchandra Thakker | Preferential allotment | 111,500 | 10 | 10 | Cash |
| November 20, 1996 | 20,000 Equity Shares to Amitbhai Bakulchandra Thakker | Preferential allotment | 20,000 | 10 | 10 | Cash |
| March 31, 1997 | 41,000 Equity Shares to Kanubhai Mafatlal Patel, 9,000 Equity Shares to Dinaben Kanubhai Patel and 30,000 Equity Shares to Amitbhai Bakulchandra Thakker | Preferential allotment | 80,000 | 10 | 10 | Cash |
| March 2, 1998 | 41,900 Equity Shares to Kanubhai Mafatlal Patel and 108,100 Equity Shares to Amitbhai Bakulchandra Thakker | Preferential allotment | 150,000 | 10 | 10 | Cash |
| September 7, 1998 | 5,000 Equity Shares to Mitesh Rajanikant Patel, 10,000 Equity Shares to Vinodbhai Dahyabhai Patel, 5,000 Equity Shares to Veenaben J. Vyas and 5,000 | Preferential allotment | 25,000 | 1 0 | 10 | Cash |

| Date of allotment | Name(s) of allottee(s) | Nature of allotment | No. of Equity Shares allotted | Face value (₹) | Offer price per Equity Share (₹) | Form of consideration |
|---|---|---|---|---|---|---|
| | Equity Shares to Ghanshyambhai Somabhai Patel | | | | | |
| March 21, 2001 | 26,500 Equity Shares to Amratbhai Nathalal Patel, 20,000 Equity Shares to Mahendrabhai S. Patel, 20,000 Equity Shares to Brijesh Kanubhai Patel, 20,000 Equity Shares to Dinaben Kanubhai Patel and 6,000 Equity Shares to Kalpeshbhai Rajanibhai Patel | Preferential allotment | 92,500 | 10 | 10 | Cash |
| September 14, 2004 | 12,500 Equity Shares to Kanubhai Mafatlal Patel and Dinaben Kanubhai Patel jointly, 200,000 Equity Shares to Dinaben Kanubhai Patel and Kanubhai Mafatlal Patel jointly, 35,000 Equity Shares to Brijesh Kanubhai Patel and Kanubhai Mafatlal Patel jointly, and 235,000 Equity Shares to Mrunal Kanubhai Patel and Kanubhai Mafatlal Patel jointly | Preferential allotment | 482,500 | 10 | 10 | Cash |
| March 30, 2007 | 130,000 Equity Shares to Kanubhai Mafatlal Patel, 20,000 Equity Shares to Brijesh Kanubhai Patel and 30,000 Equity Shares to Mrunal Kanubhai Patel | Preferential allotment | 180,000 | 10 | 50 | Cash |
| March 25, 2008 | 310,000 Equity Shares to Montecarlo Infrastructure, 260,000 Equity Shares to Montecarlo Projects and 100,000 Equity Shares to Montecarlo Engineering | Preferential allotment | 670,000 | 10 | 100 | Cash |
| October 3, 2008 | 100,000 Equity Shares to Montecarlo Infrastructure, 100,000 Equity Shares to Montecarlo Projects and 200,000 Equity Shares to Montecarlo Engineering | Preferential allotment | 400,000 | 10 | 100 | Cash |
| March 3, 2009 | 15,000 Equity Shares to Montecarlo Infrastructure, 120,000 Equity Shares to Montecarlo Projects and 180,000 Equity Shares to Montecarlo Engineering | Preferential allotment | 315,000 | 10 | 100 | Cash |

| Date of allotment | Name(s) of allottee(s) | Nature of allotment | No. of Equity Shares allotted | Face value (₹) | Offer price per Equity Share (₹) | Form of consideration |
|---|---|---|---|---|---|---|
| March 31, 2015 | 10,260,000 Equity Shares to the shareholders of our Company, namely, (i) Kanubhai Mafatlal Patel, (ii) Kanubhai Mafatlal Patel and Dinaben Kanubhai Patel jointly, (iii) Dinaben Kanubhai Patel, (iv) Dinaben Kanubhai Patel and Kanubhai Mafatlal Patel jointly, (v) Brijesh Kanubhai Patel, (vi) Brijesh Kanubhai Patel and Kanubhai Mafatlal Patel jointly, (vii) Mrunal Kanubhai Patel, (viii) Mrunal Kanubhai Patel and Kanubhai Mafatlal Patel jointly, (ix) Rekhaben Jagdipbhai Patel, (x) Jagdipbhai Chandulal Patel, (xi) Alpa Brijesh Patel, (xii) Montecarlo Infrastructure, (xiii) Montecarlo Projects, and (xiv) Montecarlo Engineering | Bonus issue in the ratio four new Equity Shares for every one existing paid up Equity Share | 10,260,000 | 10 | - | N.A. |
| March 30, 2016 | 51,300,000 Equity Shares to the shareholders of our Company, namely, (i) Kanubhai Mafatlal Patel, (ii) Dinaben Kanubhai Patel, (iii) Brijesh Kanubhai Patel, (iv) Rekhaben Jagdeep Patel, (v) Jagdeep Chandulal Patel, (vi) Mrunal Kanubhai Patel, (vii) Alpa Brijesh Patel, (viii) Kanubhai Mafatlal Patel and Dinaben Kanubhai Patel jointly, (ix) Dinaben Kanubhai Patel and Kanubhai Mafatlal Patel jointly, (x) Brijesh Kanubhai Patel and Kanubhai Mafatlal Patel jointly, (xi) Mrunal Kanubhai Patel and Kanubhai Mafatlal Patel jointly, (xii) Montecarlo Infrastructure, (xiii) Montecarlo Projects, (xiv) Montecarlo Engineering, (xv) Suhas Vasant Joshi, and (xvi) Nareshkumar Pranshankar Suthar | Bonus issue in the ratio four new Equity Shares for every one existing paid up Equity Share | 51,300,000 | 10 | - | N.A. |
| February 9, 2017 | 12,000,000 Equity Shares held by Montecarlo Projects, 10,625,000 Equity Shares held by Montecarlo Infrastructure and 12,000,000 Equity Shares held by Montecarlo Engineering | Cancelled, pursuant to the Composite Scheme of Arrangement approved by the Hon’ble High | (34,625,000) | - | - | N.A. |

| Date of allotment | Name(s) of allottee(s) | Nature of allotment | No. of Equity Shares allotted | Face value (₹) | Offer price per Equity Share (₹) | Form of consideration |
|---|---|---|---|---|---|---|
| | stood cancelled pursuant to the amalgamation of the said companies with our Company. For details in relation to the Composite Scheme of Arrangement, see the section "*History and Certain Corporate Matters*", beginning on page 187 | Court of Gujarat *vide* its order dated December 2, 2016 | | | | |
| | 12,000,000 Equity Shares, 10,625,000 Equity Shares and 12,000,000 Equity Shares to the shareholders of Montecarlo Projects (i.e., Kanubhai Mafatlal Patel and Dinaben Kanubhai Patel), Montecarlo Infrastructure (i.e., Kanubhai Mafatlal Patel, Dinaben Kanubhai Patel, Brijesh Kanubhai Patel, Mrunal Kanubhai Patel, Rekha Jagdeep Patel, Jagdeep Chandulal Patel and Alpa Brijesh Patel) and Montecarlo Engineering (i.e., Kanubhai Mafatlal Patel and Dinaben Kanubhai Patel), respectively, and one fully paid Equity Share to each of the two shareholders of Montecarlo Energy (i.e., Kanubhai Mafatlal Patel and Brijesh Kanubhai Patel). For details in relation to the Composite Scheme of Arrangement, see the section "*History and Certain Corporate Matters*", beginning on page 187 | Pursuant to the Composite Scheme of Arrangement approved by the Hon'ble High Court of Gujarat *vide* its order dated December 2, 2016 | 34,625,002 | 10 | - | Other than cash |
| February 24, 2018 | 21,375,001 Equity Shares to the shareholders of our Company, in the ratio one new Equity Share for every three existing paid up Equity Share, namely, (i) Kanubhai Mafatlal Patel (on behalf of Kanubhai Trust), (ii) Kanubhai Mafatlal Patel, (iii) Dinaben Kanubhai Patel, (iv) Brijesh Kanubhai Patel, (v) Mrunal Kanubhai Patel, (vi) Alpa Brijesh Patel, (vii) Janki Mrunal Patel, (viii) Suhas Vasant Joshi, and (ix) Nareshkumar Pranshankar Suthar | Bonus issue in the ratio of one new Equity Share for every three existing paid up Equity Share | 21,375,001 | 10 | - | N.A. |

2. **Issue of Equity Shares under Sections 230 to 232 of the Companies Act, 2013 or Sections 391 to 394 of the Companies Act, 1956**

Other than the allotment of 12,000,000 Equity Shares, 10,625,000 Equity Shares and 12,000,000 Equity Shares to the shareholders of Montecarlo Projects (i.e., Kanubhai Mafatlal Patel and Dinaben Kanubhai Patel), Montecarlo Infrastructure (i.e., Kanubhai Mafatlal Patel, Dinaben Kanubhai Patel, Brijesh Kanubhai Patel, Mrunal Kanubhai Patel, Rekha Jagdeep Patel, Jagdeep Chandulal Patel and Alpa Brijesh Patel) and Montecarlo Engineering (i.e., Kanubhai Mafatlal Patel and Dinaben Kanubhai Patel), respectively, and one fully paid up Equity Share to each of the two (2) shareholders of Montecarlo Energy (i.e., Kanubhai Mafatlal Patel and Brijesh Kanubhai Patel) pursuant to the Composite Scheme of Arrangement entered into between our Company, Montecarlo Projects, Montecarlo Infrastructure, Montecarlo Engineering, Montecarlo Energy, Montecarlo Realty and Montecarlo Construction, our Company has not allotted any Equity Shares pursuant to any scheme of amalgamation under Sections 230 to 232 of the Companies Act, 2013 or Sections 391 to 394 of the Companies Act, 1956. For details of the Composite Scheme of Arrangement, see the section "*History and Certain Corporate Matters*", beginning on page 187. For details of the allotment, see "*– Notes to the Capital Structure – Equity Share Capital History of our Company*", on page 71.

3. **Issue of Equity Shares through bonus issue or for consideration other than Cash**

- Except as set out below, our Company has not issued Equity Shares through bonus issue or for consideration other than cash since incorporation:

| Date of allotment | Name of the allottees | Number of Equity Shares allotted | Offer price per Equity Share (₹) | Reason for allotment | Benefits accrued to our Company |
|---|---|---|---|---|---|
| March 31, 2015 | Kanubhai Mafatlal Patel | 1,520,280 | - | Bonus issue of 10,260,000 Equity Shares in the ratio of four new Equity Shares for every one existing paid up Equity Share was authorised by the Shareholders through a resolution dated March 10, 2015 and allotment was made by the Board pursuant to a resolution dated March 31, 2015. | - |
| | Kanubhai Mafatlal Patel and Dinaben Kanubhai Patel jointly | 50,000 | - | | |
| | Dinaben Kanubhai Patel | 214,040 | - | | |
| | Dinaben Kanubhai Patel and Kanubhai Mafatlal Patel jointly | 800,000 | - | | |
| | Brijesh Kanubhai Patel | 934,800 | - | | |
| | Brijesh Kanubhai Patel and Kanubhai Mafatlal Patel jointly | 140000 | - | | |
| | Mrunal Kanubhai Patel | 120040 | - | | |
| | Mrunal Kanubhai Patel and Kanubhai Mafatlal Patel jointly | 940,000 | - | | |
| | Rekhaben Jagdipbhai Patel | 400 | - | | |
| | Jagdipbhai Chandulal Patel | 400 | - | | |
| | Alpa Brijesh Patel | 40 | - | | |

| Date of allotment | Name of the allottees | Number of Equity Shares allotted | Offer price per Equity Share (₹) | Reason for allotment | Benefits accrued to our Company |
|---|---|---|---|---|---|
| | Montecarlo Infrastructure | 1,700,000 | - | | |
| | Montecarlo Projects | 1,920,000 | - | | |
| | Montecarlo Engineering | 1,920,000 | - | | |
| | | | | | |
| March 30, 2016 | Kanubhai Mafatlal Patel | 7,595,000 | - | Bonus issue of 51,300,000 Equity Shares in the ratio of four new Equity Shares for every one existing paid up Equity Share was authorised by the Shareholders pursuant to a resolution dated March 29, 2016 and allotment was made by the Board pursuant to a resolution dated March 30, 2016. | - |
| | Dinaben Kanubhai Patel | 1,070,200 | - | | |
| | Brijesh Kanubhai Patel | 4,674,000 | - | | |
| | Rekhaben Jagdeep Patel | 2,000 | - | | |
| | Jagdeep Chandulal Patel | 2,000 | - | | |
| | Mrunal Kanubhai Patel | 600,200 | - | | |
| | Alpa Brijesh Patel | 200 | - | | |
| | Kanubhai Mafatlal Patel and Dinaben Kanubhai Patel jointly | 250,000 | - | | |
| | Dinaben Kanubhai Patel and Kanubhai Mafatlal Patel jointly | 4,000,000 | - | | |
| | Brijesh Kanubhai Patel and Kanubhai Mafatlal Patel jointly | 700,000 | - | | |
| | Mrunal Kanubhai Patel and Kanubhai Mafatlal Patel jointly | 4,700,000 | - | | |
| | Montecarlo Infrastructure | 8,500,000 | - | | |
| | Montecarlo Projects | 9,600,000 | - | | |
| | Montecarlo Engineering | 9,600,000 | - | | |
| | Suhas Vasant Joshi | 3,200 | - | | |
| | Nareshkumar Pranshankar Suthar | 3,200 | - | | |

| Date of allotment | Name of the allottees | Number of Equity Shares allotted | Offer price per Equity Share (₹) | Reason for allotment | Benefits accrued to our Company |
|---|---|---|---|---|---|
| February 9, 2017 | Shareholders of Montecarlo Projects (i.e., Kanubhai Mafatlal Patel and Dinaben Kanubhai Patel) | 12,000,000 | - | Allotment of Equity Shares pursuant to the Composite Scheme of Arrangement approved by the Hon'ble High Court of Gujarat *vide* its order dated December 2, 2016. For further details in relation to the Composite Scheme of Arrangement, see the section "*History and Certain Corporate Matters*", beginning on page 187 | To facilitate simplification of the corporate structure within our Company, and to enable cost savings by reduction in administrative costs and the need for multiple records keeping |
| | Shareholders of Montecarlo Infrastructure (i.e., Kanubhai Mafatlal Patel, Dinaben Kanubhai Patel, Brijesh Kanubhai Patel, Mrunal Kanubhai Patel, Rekha Jagdeep Patel, Jagdeep Chandulal Patel and Alpa Brijesh Patel) | 10,625,000 | - | | |
| | Shareholders of Montecarlo Engineering (i.e., Kanubhai Mafatlal Patel and Dinaben Kanubhai Patel) | 12,000,000 | - | | |
| | Shareholders of Montecarlo Energy (i.e., Kanubhai Mafatlal Patel and Brijesh Kanubhai Patel) | 2 | - | | |
| February 24, 2018 | Kanubhai Mafatlal Patel (on behalf of Kanubhai Trust) | 21,364,227 | - | Bonus issue of 21,375,001 Equity Shares in the ratio of one new Equity Share for every three existing paid up Equity Share was authorised by the Shareholders pursuant to a resolution dated February 22, 2018 and allotment was made by the Board pursuant to a resolution dated February 24, 2018. | - |
| | Kanubhai Mafatlal Patel | 1,907 | - | | |
| | Dinaben Kanubhai Patel | 1,907 | - | | |
| | Brijesh Kanubhai Patel | 1,907 | - | | |
| | Mrunal Kanubhai Patel | 1,907 | - | | |
| | Alpa Brijesh Patel | 240 | - | | |
| | Janki Mrunal Patel | 240 | - | | |
| | Suhas Vasant Joshi | 1,333 | - | | |
| | Nareshkumar Pranshankar Suthar | 1,333 | - | | |

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

As on the date of this Draft Red Herring Prospectus, the Promoters hold 85,479,790 Equity Shares in our Company, which is equivalent to 99.98% of the issued, subscribed and paid-up Equity Share capital of our Company. Further, as on the date of this Draft Red Herring Prospectus, (i) Kanubhai Trust holds 85,456,909 Equity Shares, equivalent to 99.95% of the issued, subscribed and paid-up Equity Share capital of our Company, (ii) Kanubhai Mafatlal Patel holds 7,627 Equity Shares, equivalent to 0.01% of the issued, subscribed and paid-up Equity Share capital of our Company, (iii) Brijesh Kanubhai Patel holds 7,627 Equity Shares, equivalent to 0.01% of the issued, subscribed and paid-up Equity Share capital of our Company, and (iv) Mrunal Kanubhai Patel holds 7,627 Equity Shares, equivalent to 0.01% of the issued, subscribed and paid-up Equity Share capital of our Company.

The build-up of the Equity Shareholding of Kanubhai Trust, Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel and Mrunal Kanubhai Patel since incorporation of our Company is provided below:

| Name of Promoter | Date of allotment/ transfer | Nature of transaction | No. of Equity Shares | Nature of consideration | Face value per Equity Share (₹) | Issue price/ transfer price per Equity Share (₹) | Percentage of the pre- Offer capital (%) | Percentage of the post-Offer capital (%)* |
|---|---|---|---|---|---|---|---|---|
| Kanubhai Trust | March 20, 2017 | Gift of Equity Shares from Kanubhai Mafatlal Patel | 64,080,456 | - | 10 | - | 74.95 | [●] |
| | March 21, 2017 | Gift of Equity Shares from Dinaben Kanubhai Patel | 11,440 | - | 10 | - | 0.01 | [●] |
| | March 21, 2017 | Gift of Equity Shares from Brijesh Kanubhai Patel | 22 | - | 10 | - | Negligible | [●] |
| | March 21, 2017 | Gift of Equity Shares from Mrunal Kanubhai Patel | 21 | - | 10 | - | Negligible | [●] |
| | March 21, 2017 | Gift of Equity Shares from Alpa Brijesh Patel | 21 | - | 10 | - | Negligible | [●] |
| | July 11, 2017 | Gift of Equity Shares held jointly by Jagdeep Chandulal Patel and Rekha Jagdeep Patel | 361 | - | 10 | - | Negligible | [●] |
| | July 11, 2017 | Gift of Equity Shares held jointly by Rekha Jagdeep Patel and Jagdeep Chandulal Patel | 361 | - | 10 | - | Negligible | [●] |

| Name of Promoter | Date of allotment/ transfer | Nature of transaction | No. of Equity Shares | Nature of consideration | Face value per Equity Share (₹) | Issue price/ transfer price per Equity Share (₹) | Percentage of the pre- Offer capital (%) | Percentage of the post- Offer capital (%)* |
|---|---|---|---|---|---|---|---|---|
| | February 24, 2018 | Bonus issue in the ratio of 1:3 (allotted to Kanubhai Mafatlal Patel on behalf of the Kanubhai Trust) | 21,364,227 | - | 10 | - | 24.99 | [●] |
| **Total (A)** | | | **85,456,909** | | | | **99.95** | |
| Kanubhai Mafatlal Patel | March 21, 1995 | Initial subscription to the Memorandum of Association | 10 | Cash | 10 | 10 | Negligible | [●] |
| | September 9, 1995 | Preferential allotment | 16,990 | Cash | 10 | 10 | 0.02 | [●] |
| | May 24, 1996 | Preferential allotment | 41,000 | Cash | 10 | 10 | 0.05 | [●] |
| | October 1, 1996 | Transfer of Equity Shares from Natvarbhai Shantilal Patel | 40,000 | Cash | 10 | 1.50 | 0.05 | [●] |
| | March 31, 1997 | Preferential allotment | 41,000 | Cash | 10 | 10 | 0.05 | [●] |
| | December 2, 1997 | Transfer of Equity Shares to Dharmin Manubhai Patel | (100) | Cash | 10 | 10 | Negligible | [●] |
| | December 2, 1997 | Transfer of Equity Shares to Alpaben Dharminkumar Patel | (100) | Cash | 10 | 10 | Negligible | [●] |
| | December 2, 1997 | Transfer of Equity Shares to Pathik Manubhai Patel | (100) | Cash | 10 | 10 | Negligible | [●] |
| | December 2, 1997 | Transfer of Equity Shares to Induben Manubhai Patel | (100) | Cash | 10 | 10 | Negligible | [●] |
| | December 2, 1997 | Transfer of Equity Shares to Manubhai | (100) | Cash | 10 | 10 | Negligible | [●] |

| Name of Promoter | Date of allotment/ transfer | Nature of transaction | No. of Equity Shares | Nature of consideration | Face value per Equity Share (₹) | Issue price/ transfer price per Equity Share (₹) | Percentage of the pre- Offer capital (%) | Percentage of the post- Offer capital (%)* |
|---|---|---|---|---|---|---|---|---|
| | | Bhalubhai Patel | | | | | | |
| | December 2, 1997 | Transfer of Equity Shares to Poojaben Pathik Patel | (100) | Cash | 10 | 10 | Negligible | [●] |
| | December 2, 1997 | Transfer of Equity Shares to Ashokbhai V. Patel | (100) | Cash | 10 | 10 | Negligible | [●] |
| | March 2, 1998 | Preferential allotment | 41,900 | Cash | 10 | 10 | 0.05 | [●] |
| | May 2, 1998 | Transfer of Equity Shares to Trupti Vishnubhai Patel | (10) | Cash | 10 | 10 | Negligible | [●] |
| | November 15, 1999 | Transfer of Equity Shares to Rekha Jagdeep Patel | (100) | Cash | 10 | 10 | Negligible | [●] |
| | November 15, 1999 | Transfer of Equity Shares to Shardaben Chandulal Patel | (100) | Cash | 10 | 10 | Negligible | [●] |
| | November 15, 1999 | Transfer of Equity Shares to Rajendra B. Patel | (100) | Cash | 10 | 10 | Negligible | [●] |
| | April 3, 2001 | Transfer of Equity Shares from Dharmin Manubhai Patel | 100 | Cash | 10 | 4.50 | Negligible | [●] |
| | April 3, 2001 | Transfer of Equity Shares from Pathik M. Patel | 100 | Cash | 10 | 4.50 | Negligible | [●] |
| | April 10, 2001 | Transfer of Equity Shares from Manubhai B. Patel | 100 | Cash | 10 | 4.50 | Negligible | [●] |
| | April 20, 2001 | Transfer of Equity Shares from Induben M. Patel | 100 | Cash | 10 | 4.50 | Negligible | [●] |

| Name of Promoter | Date of allotment/ transfer | Nature of transaction | No. of Equity Shares | Nature of consideration | Face value per Equity Share (₹) | Issue price/ transfer price per Equity Share (₹) | Percentage of the pre- Offer capital (%) | Percentage of the post-Offer capital (%)* |
|---|---|---|---|---|---|---|---|---|
| | August 28, 2001 | Transfer of Equity Shares from Harikrishna N. Patel | 500 | Cash | 10 | 8 | Negligible | [●] |
| | August 28, 2001 | Transfer of Equity Shares from Veena J. Vyas | 5,000 | Cash | 10 | 4 | 0.01 | [●] |
| | August 28, 2001 | Transfer of Equity Shares from Kalpesh R. Patel | 6,000 | Cash | 10 | 3 | 0.01 | [●] |
| | August 28, 2001 | Transfer of Equity Shares from Harishchandra B. Patel | 1,000 | Cash | 10 | 4 | Negligible | [●] |
| | August 28, 2001 | Transfer of Equity Shares from Amratbhai N. Patel | 26,990 | Cash | 10 | 3 | 0.03 | [●] |
| | August 28, 2001 | Transfer of Equity Shares from Mahendra S. Patel | 20,000 | Cash | 10 | 5 | 0.02 | [●] |
| | August 28, 2001 | Transfer of Equity Shares from Vinod D. Patel | 10,000 | Cash | 10 | 6 | 0.01 | [●] |
| | August 18, 2003 | Transfer of Equity Shares to Shetal A. Parikh | (10) | Cash | 10 | 10 | Negligible | [●] |
| | August 18, 2003 | Transfer of Equity Shares to Nisha R. Parikh | (10) | Cash | 10 | 10 | Negligible | [●] |
| | August 18, 2003 | Transfer of Equity Shares to Ruchin J. Patel | (10) | Cash | 10 | 10 | Negligible | [●] |
| | April 5, 2004 | Transfer of Equity Shares to Hansaben R. Patel | (10) | Cash | 10 | 10 | Negligible | [●] |

| Name of Promoter | Date of allotment/ transfer | Nature of transaction | No. of Equity Shares | Nature of consideration | Face value per Equity Share (₹) | Issue price/ transfer price per Equity Share (₹) | Percentage of the pre- Offer capital (%) | Percentage of the post-Offer capital (%)* |
|---|---|---|---|---|---|---|---|---|
| | July 30, 2004 | Transfer of Equity Shares to Vishal R. Parikh | (10) | Cash | 10 | 10 | Negligible | [●] |
| | August 30, 2004 | Transfer of Equity Shares to Rajendra Patel jointly with Kanubhai Mafatlal Patel | (10) | Cash | 10 | 10 | Negligible | [●] |
| | September 14, 2004 | Transfer of Equity Shares to Alpa B. Patel | (10) | Cash | 10 | 10 | Negligible | [●] |
| | September 14, 2004 | Preferential allotment of Equity Shares to Kanubhai Mafatlal Patel (as first holder) jointly with Dinaben Kanubhai Patel(1) | 12,500 | Cash | 10 | 10 | 0.01 | [●] |
| | December 16, 2006 | Transfer of Equity Shares from Alpa Darmin Patel | 100 | Cash | 10 | 10 | Negligible | [●] |
| | December 16, 2006 | Transfer of Equity Shares from Shardaben Chandulal Patel | 100 | Cash | 10 | 10 | Negligible | [●] |
| | December 16, 2006 | Transfer of Equity Shares from Nandubhai M. Patel | 100 | Cash | 10 | 10 | Negligible | [●] |
| | December 16, 2006 | Transfer of Equity Shares from Shetal Ashokbhai Parikh | 10 | Cash | 10 | 10 | Negligible | [●] |
| | December 16, 2006 | Transfer of Equity Shares from Nisha Rajeshkumar Parikh | 10 | Cash | 10 | 10 | Negligible | [●] |

| Name of Promoter | Date of allotment/ transfer | Nature of transaction | No. of Equity Shares | Nature of consideration | Face value per Equity Share (₹) | Issue price/ transfer price per Equity Share (₹) | Percentage of the pre- Offer capital (%) | Percentage of the post-Offer capital (%)* |
|---|---|---|---|---|---|---|---|---|
| | December 16, 2006 | Transfer of Equity Shares from Ruchin J. Patel | 10 | Cash | 10 | 10 | Negligible | [●] |
| | December 16, 2006 | Transfer of Equity Shares from Hansaben R. Patel | 10 | Cash | 10 | 10 | Negligible | [●] |
| | December 16, 2006 | Transfer of Equity Shares from Vishal Rajeshbhai Parikh | 10 | Cash | 10 | 10 | Negligible | [●] |
| | December 16, 2006 | Transfer of Equity Shares from Rajendra R. Patel held jointly with Kanubhai Mafatlal Patel | 10 | Cash | 10 | 10 | Negligible | [●] |
| | March 30, 2007 | Preferential allotment | 130,000 | Cash | 10 | 50 | 0.15 | [●] |
| | March 31, 2015 | Bonus issue in the ratio of 4:1 | 1,570,280(2) | - | 10 | - | 1.84 | [●] |
| | March 28, 2016 | Transfer of Equity Shares to Suhas Vasant Joshi | (800) | Cash | 10 | 250 | Negligible | [●] |
| | March 28, 2016 | Transfer of Equity Shares to Nareshkumar Pranshankar Suthar | (800) | Cash | 10 | 250 | Negligible | [●] |
| | March 30, 2016 | Bonus issue in the ratio of 4:1 | 7,845,000(3) | - | 10 | - | 9.17 | [●] |
| | July 13, 2016 | Gift of Equity Shares from Dinaben Kanubhai Patel | 1,332,750 | - | 10 | - | 1.56 | [●] |
| | July 13, 2016 | Gift of Equity Shares from Brijesh Kanubhai Patel | 5,837,500 | - | 10 | - | 6.83 | [●] |
| | July 13, 2016 | Gift of Equity Shares from | 745,500 | - | 10 | - | 0.87 | [●] |

| Name of Promoter | Date of allotment/ transfer | Nature of transaction | No. of Equity Shares | Nature of consideration | Face value per Equity Share (₹) | Issue price/ transfer price per Equity Share (₹) | Percentage of the pre- Offer capital (%) | Percentage of the post-Offer capital (%)* |
|---|---|---|---|---|---|---|---|---|
| | | Mrunal Kanubhai Patel | | | | | | |
| | July 13, 2016 | Renunciation by Brijesh Kanubhai Patel (as first holder) of his interest as the joint shareholder in Equity Shares held by Brijesh Kanubhai Patel jointly with Kanubhai Mafatlal Patel | 875,000 | Nil | 10 | - | 1.02 | [●] |
| | July 13, 2016 | Renunciation by Dinaben Kanubhai Patel (as first holder) of her interest as the joint shareholder in Equity Shares held by Dinaben Kanubhai Patel jointly with Kanubhai Mafatlal Patel | 5,000,000 | Nil | 10 | - | 5.85 | [●] |
| | July 13, 2016 | Renunciation by Mrunal Kanubhai Patel (as first holder) of his interest as the joint shareholder in Equity Shares held by Mrunal Kanubhai Patel jointly with Kanubhai Mafatlal Patel | 5,875,000 | Nil | 10 | - | 6.87 | [●] |
| | February 9, 2017 | Further issue pursuant to the approval of the Composite Scheme of Arrangement by the Hon'ble High Court of Gujarat *vide* its order dated | 34,613,456 | Other than cash | 10 | 10 | 40.48 | [●] |

| Name of Promoter | Date of allotment/ transfer | Nature of transaction | No. of Equity Shares | Nature of consideration | Face value per Equity Share (₹) | Issue price/ transfer price per Equity Share (₹) | Percentage of the pre- Offer capital (%) | Percentage of the post- Offer capital (%)* |
|---|---|---|---|---|---|---|---|---|
| | | December 2, 2016(4) | | | | | | |
| | March 20, 2017 | Gift of Equity Shares to Mrunal Kanubhai Patel (on behalf of Kanubhai Trust) | (64,080,456) | - | 10 | - | (74.95) | [●] |
| | July 14, 2017 | Gift of Equity Shares held jointly by Jagdeep Chandulal Patel and Rekha Jagdeep Patel | 720 | - | 10 | - | Negligible | [●] |
| | February 24, 2018 | Bonus issue in the ratio of 1:3 | 1,907 | - | 10 | - | Negligible | [●] |
| **Total (B)** | | | **7,627** | | | | **0.01** | |
| Brijesh Kanubhai Patel | February 10, 1998 | Transfer of Equity Shares from Ashokbhai V. Patel | 100 | Cash | 10 | 10 | Negligible | [●] |
| | June 1, 1998 | Transfer of Equity Shares from Amitbhai B. Thakkar | 188,600 | Cash | 10 | 2 | 0.22 | [●] |
| | March 1, 2000 | Transfer of Equity Shares to Jagdeep Chandulal Patel | (100) | Cash | 10 | 10 | Negligible | [●] |
| | March 21, 2001 | Preferential allotment | 20,000 | Cash | 10 | 10 | 0.02 | [●] |
| | June 26, 2001 | Transfer of Equity Shares from Rajendra B. Patel | 100 | Cash | 10 | 6 | Negligible | [●] |
| | August 28, 2001 | Transfer of Equity Shares from Ghanshyambhai S. Patel | 5,000 | Cash | 10 | 3 | 0.01 | [●] |

| Name of Promoter | Date of allotment/ transfer | Nature of transaction | No. of Equity Shares | Nature of consideration | Face value per Equity Share (₹) | Issue price/ transfer price per Equity Share (₹) | Percentage of the pre- Offer capital (%) | Percentage of the post- Offer capital (%)* |
|---|---|---|---|---|---|---|---|---|
| | March 30, 2007 | Preferential allotment | 20,000 | Cash | 10 | 50 | 0.02 | [●] |
| | September 14, 2004 | Preferential allotment of Equity Shares to Brijesh Kanubhai Patel (as first holder) jointly with Kanubhai Mafatlal Patel | 35,000 | Cash | 10 | 10 | 0.04 | [●] |
| | March 31, 2015 | Bonus issue in the ratio of 4:1 | 1,074,800(5) | - | 10 | - | 1.26 | [●] |
| | March 30, 2016 | Bonus issue in the ratio of 4:1 | 5,374,000(6) | - | 10 | - | 6.29 | [●] |
| | July 13, 2016 | Renunciation of his interest (of first holder) as joint shareholder in the Equity Shares held jointly with Kanubhai Mafatlal Patel | (875,000) | Nil | 10 | - | (1.02) | [●] |
| | July 13, 2016 | Gift of Equity Shares to Kanubhai Mafatlal Patel | (5,837,500) | - | 10 | - | (6.83) | [●] |
| | February 9, 2017 | Further issue pursuant to the approval of the Composite Scheme of Arrangement by the Hon'ble High Court of Gujarat vide its order dated December 2, 2016(4) | 22 | Other than cash | 10 | - | Negligible | [●] |
| | March 21, 2017 | Gift of Equity Shares to Mrunal Kanubhai Patel (on behalf of Kanubhai Trust) | (22) | - | 10 | - | Negligible | [●] |

| Name of Promoter | Date of allotment/ transfer | Nature of transaction | No. of Equity Shares | Nature of consideration | Face value per Equity Share (₹) | Issue price/ transfer price per Equity Share (₹) | Percentage of the pre- Offer capital (%) | Percentage of the post- Offer capital (%)* |
|---|---|---|---|---|---|---|---|---|
| | July 14, 2017 | Gift of Equity Shares held jointly by Jagdeep Chandulal Patel and Rekha Jagdeep Patel | 720 | - | 10 | - | Negligible | [●] |
| | February 24, 2018 | Bonus issue in the ratio of 1:3 | 1,907 | - | 10 | - | Negligible | [●] |
| **Total (C)** | | | **7,627** | | | | **0.01** | |
| Mrunal Kanubhai Patel | February 6, 2002 | Transfer of Equity Shares from Dinaben Kanubhai Patel | 10 | Cash | 10 | 10 | Negligible | [●] |
| | September 14, 2004 | Preferential allotment of Equity Shares to Mrunal Kanubhai Patel (as first holder) jointly with Kanubhai Mafatlal Patel | 235,000 | Cash | 10 | 10 | 0.27 | [●] |
| | March 30, 2007 | Preferential allotment | 30,000 | Cash | 10 | 50 | 0.04 | [●] |
| | March 31, 2015 | Bonus issue in the ratio of 4:1 | 1,060,040(7) | - | 10 | - | 1.24 | [●] |
| | March 30, 2016 | Bonus issue in the ratio of 4:1 | 5,300,200(8) | - | 10 | - | 6.20 | [●] |
| | July 13, 2016 | Renunciation of his interest (of first holder) as joint shareholder in the Equity Shares held jointly with Kanubhai Mafatlal Patel | (5,875,000) | Nil | 10 | - | (6.87) | [●] |
| | July 13, 2016 | Gift of Equity Shares to Kanubhai Mafatlal Patel | (745,500) | - | 10 | - | (0.87) | [●] |
| | July 13, 2016 | Gift of Equity Shares from Alpa B. Patel | 250 | - | 10 | - | Negligible | [●] |

| Name of Promoter | Date of allotment/ transfer | Nature of transaction | No. of Equity Shares | Nature of consideration | Face value per Equity Share (₹) | Issue price/ transfer price per Equity Share (₹) | Percentage of the pre- Offer capital (%) | Percentage of the post-Offer capital (%)* |
|---|---|---|---|---|---|---|---|---|
| | February 9, 2017 | Further issue pursuant to the approval of the Composite Scheme of Arrangement by the Hon'ble High Court of Gujarat vide its order dated December 2, 2016(4) | 21 | Other than cash | 10 | - | Negligible | [●] |
| | March 21, 2017 | Gift of Equity Shares to Mrunal Kanubhai Patel (on behalf of Kanubhai Trust) | (21) | - | 10 | - | Negligible | [●] |
| | July 14, 2017 | Gift of Equity Shares held jointly by Jagdeep Chandulal Patel and Rekha Jagdeep Patel | 720 | - | 10 | - | Negligible | [●] |
| | February 24, 2018 | Bonus issue in the ratio of 1:3 | 1,907 | - | 10 | - | Negligible | [●] |
| **Total (D)** | | | **7,627** | | | | **0.01** | |
| **Total (A+B+C+D)** | | | **85,479,790** | | | | **99.98** | |

* *Assuming full subscription in the Offer and Allotment pursuant thereto.*

(1) *On July 13, 2016, Dinaben Kanubhai Patel renounced her interest as the joint holder in 312,500 Equity Share (held jointly with Kanubhai Mafatlal Patel) in favour of Kanubhai Mafatlal Patel.*

(2) *Out of such 1,570,280 Equity Shares, 50,000 Equity Shares were allotted to Kanubhai Mafatlal Patel (as first holder) jointly with Dinaben Kanubhai Patel. On July 13, 2016, Dinaben Kanubhai Patel renounced her interest as the joint holder in 312,500 Equity Share (held jointly with Kanubhai Mafatlal Patel) in favour of Kanubhai Mafatlal Patel.*

(3) *Out of such 7,845,000 Equity Shares, 250,000 Equity Shares were allotted to Kanubhai Mafatlal Patel (as first holder) jointly with Dinaben Kanubhai Patel. On July 13, 2016, Dinaben Kanubhai Patel renounced her interest as the joint holder in 312,500 Equity Share (held jointly with Kanubhai Mafatlal Patel) in favour of Kanubhai Mafatlal Patel.*

(4) *For details in relation to the Composite Scheme of Arrangement, see the section "History and Certain Corporate Matters", beginning on page 187.*

(5) *Out of such 1,074,800 Equity Shares, 140,000 Equity Shares were allotted to Brijesh Kanubhai Patel (as first holder) jointly with Kanubhai Mafatlal Patel.*

(6) *Out of such 5,374,000 Equity Shares, 700,000 Equity Shares were allotted to Brijesh Kanubhai Patel (as first holder) jointly with Kanubhai Mafatlal Patel.*

(7) *Out of such 1,060,040 Equity Shares, 940,000 Equity Shares were allotted to Mrunal Kanubhai Patel (as first holder) jointly with Kanubhai Mafatlal Patel.*

(8) *Out of such 5,300,200 Equity Shares, 470,000 Equity Shares were allotted to Mrunal Kanubhai Patel (as first holder) jointly with Kanubhai Mafatlal Patel.*

- All the Equity Shares held by Kanubhai Trust, Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel and Mrunal Kanubhai Patel were fully paid-up on the respective dates of acquisition of such Equity Shares.

- Except as disclosed in "*– Notes to the Capital Structure – History of the Equity Share Capital held by Promoters*", on page 79, Kanubhai Trust, Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel and Mrunal Kanubhai Patel have not undertaken any sale of Equity Shares of our Company since incorporation.

- As on the date of this Draft Red Herring Prospectus, Kanubhai Trust, Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel and Mrunal Kanubhai Patel have not pledged any of the Equity Shares that they hold in our Company.

- The details of the Equity Shares held by the Promoters, and the members of the Promoter Group as on the date of filing of this Draft Red Herring Prospectus are set forth below:

| Sr. No. | Name of the Shareholder | Pre-Offer | | Post-Offer | |
|---|---|---|---|---|---|
| | | No. of Equity Shares | Percentage of total Equity Shareholding (%) | No. of Equity Shares* | Percentage of total Equity Shareholding (%) |
| **Promoters** | | | | | |
| 1. | Kanubhai Trust | 85,456,909 | 99.95 | 82,456,909 | [●] |
| 2. | Kanubhai Mafatlal Patel | 7,627 | 0.01 | 7,627 | [●] |
| 3. | Brijesh Kanubhai Patel | 7,627 | 0.01 | 7,627 | [●] |
| 4. | Mrunal Kanubhai Patel | 7,627 | 0.01 | 7,627 | [●] |
| | **Total (A)** | **85,479,790** | **99.98** | **82,479,790** | [●] |
| **Promoter Group** | | | | | |
| 1. | Dinaben Kanubhai Patel | 7,627 | 0.01 | 7,627 | [●] |
| 2. | Alpa Brijesh Patel | 960 | Negligible | 960 | [●] |
| 3. | Janki Mrunal Patel | 960 | Negligible | 960 | [●] |
| | **Total (B)** | **9,547** | **0.01** | **9,547** | [●] |
| | **Total (A+B)** | **85,489,337** | **99.99** | **82,489,337** | [●] |

* *Assuming full subscription to the Offer and Allotment pursuant thereto.*

5. **Details of Promoters' contribution and lock-in**

(i) Pursuant to Regulations 14 and 16 of the SEBI Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by the Promoters shall be locked in for a period of three years as minimum promoter's contribution from the date of Allotment, and the Promoters' shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment.

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

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

(1) *Subject to finalisation of the Basis of Allotment*

(iii) Our Company undertakes that the Equity Shares that are being locked-in are not ineligible for computation of Promoters' contribution in terms of Regulation 15 of the SEBI Regulations. In this connection, we confirm the following:

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

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

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

6. **Other lock-in requirements**

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

(ii) Pursuant to Regulation 22 of the SEBI Regulations, the Equity Shares held by the Promoters, which are locked-in may be transferred to and among the members of the Promoter Group or to any new Promoter or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI Takeover Regulations, as applicable.

(iii) Pursuant to Regulation 21(a) of the SEBI Regulations, the Equity Shares held by the Promoters, which are locked-in for a period of three years from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions or systemically important non-banking financial company or a housing finance company as collateral security for loans granted by such entities, provided that such loans have been granted for the purpose of financing one or more of the objects of the Offer and pledge of the Equity Shares is a term of sanction of such loans.

(iv) Pursuant to Regulation 21(b) of the SEBI Regulations, the Equity Shares held by the Promoters which are locked-in for a period of one year from the date of Allotment may be pledged only with scheduled commercial banks or public financial institutions or systemically important non-banking financial company or a housing finance company as collateral security for loans granted by such entities, provided that such pledge of the Equity Shares is one of the terms of the sanction of such loans.

(v) Pursuant to Regulation 22 of the SEBI Regulations, the Equity Shares held by persons other than the Promoters and locked-in for a period of one year from the date of Allotment in the Offer may be transferred to any other person holding the Equity Shares which are locked-in, subject to continuation of the lock-in in the hands of transferees for the remaining period and compliance with the SEBI Takeover Regulations.

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

7. **Build-up of Equity Shares held by Selling Shareholder in our Company**

For details in relation to the build-up of Equity Shares of the Selling Shareholder, see "– *Notes to the Capital Structure – History of the Equity Share Capital held by Promoters*", on page 79.

**Shareholding Pattern of our Company**

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

| Category (I) | Category of shareholder (II) | No. of shareholders (III) | No. of fully paid-up equity shares held (IV) | No. of partly paid-up equity shares held (V) | No. of shares underlying Depository Receipts (VI) | Total No. shares held (VII) = (IV)+(V)+ (VI) | Shareholding as a % of total no. of shares (calculated as per SCRR) (VIII) As a % of (A+B+C2) | Number of Voting rights held in each class of securities (IX) | | | | No. of shares underlying outstanding convertible securities (including warrants) (X) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) (XI)=(VII)+(X) As a % of (A+B+C2) | Number of locked in shares (XII) | | Number of shares pledged or otherwise encumbered (XIII) | | Number of equity shares held in dematerialized form (XIV) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | No. of voting Rights | | | Total as a % of (A+B+C) | | | Number (a) | As a % of total shares held (b) | Number (a) | As a % of total shares held (b) | |
| | | | | | | | | Class-Equity | Class eg : y | Total | Total as a % of (A+B+C) | | | | | | | |
| **(A)** | **Promoter & Promoter Group** | 7 | 85,489,337 | - | - | 85,489,337 | 99.99 | 85,489,337 | | 85,489,337 | 99.99 | - | 99.99 | - | - | - | - | 85,489,337 |
| **(B)** | **Public** | 2 | 10,666 | - | - | 10,666 | 0.01 | 10,666 | | 10,666 | 0.01 | - | 0.01 | - | - | - | | 10,666 |
| **(C)** | **Non promoter-Non Public** | | | | | | | | | - | | | | | | | | |
| **(C1)** | **Shares underlying DRs** | - | - | - | - | - | - | - | | - | - | - | - | - | - | - | | |
| **(C2)** | **Shares held by Employee Trusts** | - | - | - | - | - | - | - | | - | - | - | - | - | - | - | | |
| | **Total** | **9** | **85,500,003** | **-** | **-** | **85,500,003** | **100.00** | **85,500,003** | | **85,500,003** | **100.00** | **-** | **100.00** | **-** | **-** | **-** | **-** | **85,500,003** |

8. **Details of Equity Shareholding of the Major Shareholders of our Company**

The details of Equity Shareholders holding 1% or more of the paid-up Equity Share capital and the number of Equity Shares held by them:

- As on the date of filing of this Draft Red Herring Prospectus and 10 days prior to the date of filing of this Draft Red Herring Prospectus is set forth below:

| Sr. No. | Name of the Shareholder | No. of Equity Shares | Percentage of the pre- Offer Equity Share Capital (%) |
|---|---|---|---|
| 1. | Kanubhai Trust | 85,456,909 | 99.95 |
| | **Total** | **85,456,909** | **99.95** |

- One year prior to the date of filing of this Draft Red Herring Prospectus are as follows:

| Sr. No. | Name of the Shareholder | No. of Equity Shares | Percentage of the pre- Offer Capital (%) |
|---|---|---|---|
| 1. | Kanubhai Trust | 85,456,909 | 99.95 |
| | **Total** | **85,456,909** | **99.95** |

- Two years prior to the date of filing of this Draft Red Herring Prospectus are as follows:

| Sr. No. | Name of the Shareholder | No. of Equity Shares | Percentage of the pre- Offer Capital (%) |
|---|---|---|---|
| 1. | Kanubhai Trust | 64,092,682 | 99.95 |
| | **Total** | **64,092,682** | **99.95** |

9. Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership into a company.

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

11. All the Equity Shares held by the Promoters are held in dematerialised form prior to filing of this Draft Red Herring Prospectus.

12. As on the date of this Draft Red Herring Prospectus, the total number of our Shareholders is nine.

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

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

15. Other than the Pre-IPO Placement and the Fresh Issue, there will be no further issue of Equity Shares whether by way of issue of bonus shares, rights issue, preferential issue or any other manner during the period commencing from the date of filing of this Draft Red Herring Prospectus until the listing of the Equity Shares on the Stock Exchanges pursuant to the Offer or refund of application monies.

# OBJECTS OF THE OFFER

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

***The Offer for Sale***

The Selling Shareholder will be entitled to the proceeds of the Offer for Sale after deducting its portion of the Offer related expenses and applicable taxes thereon. Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholder.

***The Fresh Issue***

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

(i) Working capital requirements of our Company;

(ii) Investment in MHHHPL for part-financing of six-laning and strengthening of Hubli-Haveri section of NH-48 (old NH-4) from 340.00 km to 403.40 km in Karnataka ("**Hubli Haveri HAM Project**"); and

(iii) General corporate purposes.

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

The objects clause of our Memorandum of Association enables us to undertake the activities for which the funds are being raised by us in the Fresh Issue.

***Offer Proceeds***

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

*(in ₹ million)*

| Sr. No. | Particulars | Estimated Amount |
|---|---|---|
| (i) | Gross Proceeds of the Fresh Issue* ("**Gross Proceeds**") | Upto 4,500.00 |
| (ii) | (Less) offer related expenses in relation to the Fresh Issue** | [●] |
| (iii) | Net Proceeds *** | [●] |

* *Includes the proceeds, if any, received by our Company, pursuant to the Pre-IPO Placement. Upon allotment of Equity Shares issued pursuant to the Pre-IPO Placement, we may utilise the proceeds from such Pre-IPO Placement towards the Objects of the Offer prior to completion of the Offer*

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

*** *Other than listing fees which will be borne by our Company, all expenses with respect to the Offer will be borne by our Company and the Selling Shareholder in proportion to the Equity Shares offered by them, respectively, in the Offer.*

***Utilization of Net Proceeds***

The Net Proceeds will be utilized as set forth below:

| S. No. | Particulars | Amount (in ₹ million) |
|---|---|---|
| 1. | Working capital requirements of our Company | 3,000.00 |
| 2. | Investment in MHHHPL for part-financing of the Hubli Haveri HAM Project | 500.00 |
| 3. | General corporate purposes* | [●] |
| **Total*** | | **[●]** |

* *To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for the general corporate purpose shall not exceed 25% of the Gross Proceeds.*

***Proposed Schedule of Implementation and Deployment of Net Proceeds***

Our Company proposes to deploy Net Proceeds for the aforesaid purposes in accordance with the estimated schedule of implementation and deployment of funds set forth in below.

*(in ₹ million)*

| S. No. | Particulars | Amount proposed to be funded from the Net Proceeds | Estimated utilisation in Fiscal 2020 | Estimated utilisation in Fiscal 2021 |
|---|---|---|---|---|
| 1. | Working capital requirements of our Company | 3,000.00 | 1,000.00 | 2,000.00 |
| 2. | Investment in MHHHPL for part-financing of the Hubli Haveri HAM Project | 500.00 | 200.00 | 300.00 |
| 3. | General corporate purposes* | [●] | [●] | [●] |
| **Total** | | **[●]** | **[●]** | **[●]** |

* *To be finalized upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilized for the general corporate purpose shall not exceed 25% of the Gross Proceeds.*

***Funding Plan (Means of Finance)***

As indicated above, our Company proposes to deploy the entire Net Proceeds towards the objects as described above during the Fiscals 2020 and 2021. However, if the Net Proceeds are not completely utilised for the objects stated above by the Fiscals 2020 and 2021 due to factors such as (i) economic and business conditions; (ii) increased competition; (iii) delay in completion of construction of the project; (iv) market conditions outside the control of our Company and its management; and (v) other commercial considerations such as availability of alternate financial resources, the same would be utilised (in part or full) in a subsequent period as may be determined by our Company in accordance with applicable law. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds. For further details, see "*Risk Factors – Any variation in the utilisation of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior Shareholders' approval*", on page 49.

Our fund requirements and deployment of the Net Proceeds with regard to the aforesaid object are based on internal management estimates and on current market conditions, and have not been appraised by any bank or financial institution or other independent agency nor been verified by the BRLMs. They are based on current conditions of our business which are subject to change in the future. Our Company operates in a highly competitive and dynamic industry and may have to revise our estimates from time to time on account of changes in external circumstances or costs, or changes in other financial conditions, business or strategy. In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements may be financed through our internal accruals and/or incremental debt, as required. If the actual utilization 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 general corporate purposes, to the extent that the total amount to be utilized towards the general corporate purposes will not exceed 25% of the Gross Proceeds in compliance with the SEBI Regulations.

We confirm that we are in compliance with the requirement to make firm arrangements of finance under the SEBI Regulations through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Fresh Issue and identifiable internal accruals, for the objects proposed to be funded from offer proceeds

***Details of the Objects of the Offer***

The details in relation to objects of the Offer are set forth herein below.

**1. Funding working capital requirement of our Company**

Our business is working capital intensive and our Company avails a majority of our working capital in the ordinary course of our business from various lenders. As of August 31, 2019, our Company's secured working capital facilities consisted of an aggregate fund based limit of ₹ 2,809.71 million and an aggregate non-fund based limit of ₹ 19,838.68 million, and our Company's unsecured working capital facilities consisted of an aggregate fund based limit of ₹ 950.00 million and an aggregate non-fund based limit of ₹ 1,150.00 million, on a consolidated basis. As of August 31, 2019, the aggregate amounts outstanding under the fund based and non-fund based secured working capital facilities were ₹ 984.50 million and ₹ 17,170.32 million, respectively and the aggregate amounts outstanding under the fund based and non-fund based unsecured working capital facilities were ₹ 908.40 million and ₹ 1,075.16 million, respectively. For further details of the working capital facility currently availed by us, see the section "*Financial Indebtedness*", beginning on page 287.

Our Company requires additional working capital for executing its Order Book and any future orders that may be received, for funding future growth requirements of our Company and for other strategic, business and corporate purposes. For instance, as on June 30, 2019, the Order Book of our Company was ₹ 91,612.99 million. For further details of our Order Book, see the section "*Our Business*", beginning on page 156.

*Basis of estimation of working capital requirement*

The details of our Company's composition of net current assets or working capital as at March 31, 2018 and March 31, 2019 on the basis of audited standalone financial statements for the Fiscals 2018 and 2019, respectively, as certified by M/s Surana Maloo & Co., independent chartered accountant on September 25, 2019 and source of funding of the same are as set out below:

*(In ₹ million)*

| Sr. No. | Particulars | Amount (As at March 31, 2018) | Amount (As at March 31, 2019) |
|---|---|---|---|
| **I.** | ***Current Assets*** | | |
| 1. | Inventories | | |
| (a). | *Construction Materials* | 1,026.82 | 1,389.18 |
| (b). | *Property Development related work-in-progress* | 387.24 | 370.01 |
| (c). | *Finished Goods* | - | - |
| 2. | Unbilled Revenue | 3,763.95 | 6,510.89 |
| 3. | Trade Receivables | 3,247.85 | 4,617.04 |
| 4. | Cash and bank balances | 276.46 | 630.23 |
| 5. | Loans and advances | 630.07 | 1,000.97 |
| 6. | Other current asset (not covered above) | 2,193.59 | 2,819.25 |
| | **Total Current Assets (A)** | **11,525.98** | **17,337.56** |
| | | | |
| **II.** | ***Current Liabilities*** | | |
| 1. | Trade Payable | 3,040.07 | 5,374.25 |
| 2. | Other Current Liabilities and provisions | 2,982.20 | 6,087.26 |
| 3. | Short-term provisions | 30.34 | 38.61 |
| | **Total Current Liabilities (B)** | **6,052.61** | **11,500.12** |
| | | | |
| **III.** | **Total Working Capital Requirements (A - B)** | **5,473.37** | **5,837.44** |
| | | | |
| **IV.** | **Funding Pattern** | | |
| 1. | Working Capital funding from Banks | 2,147.03 | 2,158.99 |
| 2. | Internal Accruals* | 3,326.34 | 3,678.45 |

* *Internal Accruals includes the net cash accruals, retained earnings and promoter's margin, if any.*

For reference in relation to the audited standalone financial statements, see the section "*Other Financial Information*", beginning on page 285.

The details of our Company's projected working capital requirements for the Fiscals 2020 and 2021 on the basis of audited standalone financial statements as of March 31, 2018 and March 31, 2019, and the incremental and proposed working capital requirements, as provided in the Company's business plan approved by the Board in its meeting dated September 14, 2019, are set out below:

*(In ₹ million)*

| Sr. No. | Particulars | Amount | |
|---|---|---|---|
| | | **For Fiscal 2020** | **For Fiscal 2021** |
| **I.** | ***Current Assets*** | | |
| 1. | Inventories | | |
| (a). | *Construction Materials* | 1,935.52 | 2,269.83 |
| (b). | *Finished Goods* | - | - |

| Sr. No. | Particulars | Amount | |
|---|---|---|---|
| | | For Fiscal 2020 | For Fiscal 2021 |
| 2. | Unbilled Revenue | 3,722.16 | 4,365.05 |
| 3. | Trade Receivables | 4,962.88 | 5,820.07 |
| 4. | Cash and bank balances | 647.45 | 666.99 |
| 5. | Loans and advances | 2,347.19 | 2,647.19 |
| 6. | Other Current Asset (not covered above) | 3,749.19 | 4,226.82 |
| | **Total Current Assets (A)** | **17,364.39** | **19,995.95** |
| | | | |
| **II.** | ***Current Liabilities*** | | |
| 1. | Trade Payable | 4,356.57 | 5,039.32 |
| 2. | Other Current Liabilities and provisions | 5,496.61 | 6,084.67 |
| 3. | Short-term provisions | 88.60 | 188.60 |
| | **Total Current Liabilities (B)** | **9,941.78** | **11,312.59** |
| | | | |
| **III.** | **Total Working Capital Requirements (A – B)** | **7,422.61** | **8,683.37** |

Our Company proposes to utilise in aggregate ₹ 3,000 million from the Net Proceeds of the Fresh Issue towards funding the working capital requirements of our Company.

For reference in relation to the audited standalone financial statements, see the section "*Other Financial Information*", on page 285. Our Company expects that the funding pattern for working capital requirements for Fiscal 2020 and Fiscal 2021 will comprise of working capital facilities, internal accruals and Net Proceeds.

*Assumptions for working capital requirements*

Holding levels and justifications for holding period levels on the basis of audited standalone financial statements as of March 31, 2019 and March 31, 2018:

Holding Levels

| S. No. | Particulars | No. of days | | | |
|---|---|---|---|---|---|
| | | For Fiscal 2018 (Actual) | For Fiscal 2019 (Actual) | For Fiscal 2020 (Projected) | For Fiscal 2021 (Projected) |
| 1. | Inventories | | | | |
| (a) | *Construction Materials* (A) | 79 | 72 | 90 | 90 |
| (b) | *Finished Goods* | - | - | - | - |
| 2. | Unbilled Revenue (B) | 71 | 97 | 45 | 45 |
| 3. | Trade Receivables (C) | 61 | 69 | 60 | 60 |
| 4. | Trade Payables (D) | 72 | 99 | 66 | 65 |
| 5. | Working Capital Cycle (A + B + C - D) | 139 | 139 | 129 | 130 |

Justifications for holding period levels

| Particulars | Details |
|---|---|
| Construction Materials (A) | Construction materials days are computed from the historic audited standalone financial statements for the Fiscals 2018 and 2019 (calculated as: closing inventory of construction material / consumption of construction material * 365). Our Company has assumed the holding level for raw materials as 90 days of consumption of material for the Fiscals 2020 and 2021. Our Company estimates an increase in the holding period of raw materials since the contribution from highways and railways vertical is expected to increase in the coming years considering the current order book proposition. Our Company's projects in the highways and railways segments are located in remote locations and away from the main centre, which increase the lead time for the supply of various raw materials. Hence, in order to maintain the progress of the project at desired pace, the holding period of the raw material is expected to be around 90 days for the Fiscals 2020 and 2021 |

| Particulars | Details |
|---|---|
| Un-billed Revenue (B) | Unbilled revenues- days are computed from the historic audited standalone financial statements (calculated as: closing unbilled revenue / revenue from operations * 365) for the Fiscals 2018 and 2019. Our Company has assumed a reduction in the holding level for work in progress as 45 days of revenue from operations for the Fiscals 2020 and 2021, as huge amount of bills were pending for certification as on March 31, 2019 and March 31, 2018, which got certified in the subsequent months. This led to an increase in the holding period of unbilled revenue / work in progress on the respective dates. Generally, the holding period for unbilled revenue / work-in-progress is expected to remain around 45 days |
| Finished Goods | - |
| Trade Receivables (C) | Trade Receivables are computed from the historic audited standalone financial statements (calculated as: closing trade receivables / revenue from operations* 365) for the Fiscals 2018 and 2019. Our Company has assumed the holding level for work in progress as 60 days of revenue from operations for the Fiscals 2020 and 2021, in line with the previous years |
| Trade Payables (D) | Trade payables are expected to grow in line with expected business growth. Trade payables are computed from the historic audited standalone financial statements (calculated as: closing trade payables / construction expense * 365) for the Fiscals 2018 and 2019. Our Company has assumed a reduction in the holding level for creditors as 65 days of construction expense and consumption of material from operations for the Fiscals 2020 and 2021. Generally, the payment terms of various sub-contractors in highway and building & factories verticals are in line with the payment realizations from the project authority. Since, huge amount of bills were pending for certification as on March 31, 2018 and March 31, 2019, payment to the sub-contractors for their respective bills were also pending. This led to an increase in the holding period of the creditors in the last Fiscal. However, the holding period has normalized after the certification from the authority. Additionally, the procurement of raw material in energy segment happens through usance letter of credit of 90 to150 days. Since, our Company has procured various raw materials for the energy segment in the Fiscal 2019, it increased the overall holding period of the creditors of our Company |
| Working Capital Cycle (A+B+C-D) | The working capital cycle of our Company was at 139 days, as computed from the historic audited standalone financial statement, for the Fiscals 2018 and 2019. Our Company expects the working capital cycle to remain around 129 and 130 days in Fiscals 2020 and 2021, respectively. |

Other material assumptions

| Element of Working Capital | Basis for Assumption | For Fiscal 2020 | For Fiscal 2021 |
|---|---|---|---|
| Loans and advances | % of Contract Receipts | 7.77% | 7.48% |
| Other current assets (excluding unbilled revenue) | % of Contract Receipts | 12.42% | 11.94% |
| Other current liabilities | % of Contract Receipts | 18.21% | 17.19% |
| Short term provisions | % of Total Expenses | 0.32% | 0.59% |
| Working capital funding available (in ₹ million) | | 3,400.00 | 3,400.00 |
| Interest rate on working capital loan | | 11% | 11% |

## 2. Investment in MHHHPL for part-financing of the Hubli Haveri HAM Project

Our Company proposes to utilise in aggregate ₹ 500.00 million, from the Net Proceeds, towards part-financing of the Hubli Haveri HAM Project, which is being developed by MHHHPL, one of the step down Subsidiaries of our Company, on HAM basis. Under the MHHHPL Loan Facility (as defined hereinafter) and the sponsor support undertaking dated October 30, 2017 ("**MHHHPL SSU**"), our Company as the sponsor and MPL, a Subsidiary of our Company, as the promoter of MHHHPL, are required to contribute in aggregate ₹ 1,056.50 million, constituting 10.12% of the estimated project cost in MHHHPL, by way of subscription to equity shares, preference shares, non-convertible debentures of MHHHPL and/or by way of sub-ordinate debt.

Our Company proposes to invest ₹ 500.00 million from the Net Proceeds in MHHHPL, either directly or indirectly through MPL, one of the Subsidiaries of our Company. The investment into MHHHPL may be in the form of debt or equity or in any other manner. The actual mode of investment has not been finalised as on the date of this Draft Red Herring Prospectus. Our Company expects to benefit from the operations of the Hubli Haveri HAM Project pursuant to this investment. For further details, see, "*Our Business – Our Business Description – Highways*", on page 162.

The Hubli Haveri HAM Project involves six-laning and strengthening of 340.00 km to 403.40 km of the Hubli-Haveri section of NH-48 (old NH-4) in Karnataka under which an exclusive right/concession to construct, operate and maintain the Hubli Haveri HAM Project is granted by NHAI. The project was awarded to our Company on March 21, 2017 and a concession agreement was entered into between MHHHPL and the NHAI on June 5, 2017.

The concession period of the Hubli Haveri HAM Project is 17 years from the appointed date, involving a construction period of two years and an operation and maintenance period of 15 years from the commercial operation date ("**COD**") of the project. The appointed date for this project was February 22, 2018, and accordingly, the construction period for the project has commenced. For further details, see the section "*Our Business*", beginning on page 156.

*Estimated Project Cost*

In terms of the MHHHPL Loan Facility (as defined hereinafter) and as certified by Surana Maloo & Co., independent chartered accountants, *vide* certificate dated September 25, 2019, the total estimated cost of the Hubli Haveri HAM Project is ₹ 10,440 million. The detailed break-up of such estimated cost of development of the Hubli Haveri HAM Project as per the MHHHPL Loan Facility, and as certified by Surana Maloo & Co., independent chartered accountants *vide* certificate dated September 25, 2019, and the cost incurred towards such development until March 31, 2019 are set forth below:

*(in ₹ million)*

| Particulars | Estimated Expenditure | Application of funds until March 31, 2019 |
|---|---|---|
| EPC cost | 9,200.00 | 3,461.95 |
| Other cost, contingency | 905.00 | 120.10 |
| Financing cost, IDC | 335.00 | 108.99 |
| **Total** | **10,440.00** | **3,691.04** |

*Schedule of Implementation and Current Status*

The schedule of implementation of the development of the Hubli Haveri HAM Project as per the concession agreement dated June 5, 2017, and the status as on the date of this Draft Red Herring Prospectus is set out below.

| Milestones | Activity to be completed prior to milestones | Estimated date of completion[(1)] | Status |
|---|---|---|---|
| Project Milestone – I | Commencement of construction of the project and achievement of 20% physical progress along with expenditure of at | 160$^{th}$ day from the appointed date being February 22, 2018 | Completed |

| Milestones | Activity to be completed prior to milestones | Estimated date of completion(1) | Status |
|---|---|---|---|
| | least 20% of the total capital cost | | |
| Project Milestone – II | Commencement of construction of the project and achievement of 35% physical progress along with expenditure of at least 35% of the total capital cost (with at least 70% of that expenditure being on physical works) | 360th day from the appointed date being February 22, 2018 | Completed |
| Project Milestone – III | Commencement of construction of the project and achievement of 75% physical progress along with expenditure of at least 75% of the total capital cost | 480th day from the appointed date being February 22, 2018 | Pending |
| COD | Completion of project | 730th day from the appointed date being February 22, 2018 | Pending |

(1) *An additional grace period of 90 days is available for completion of the project milestones, as stipulated in the concession agreement dated June 5, 2017, executed between* MHHHPL and the *NHAI. Further, an extension of 85 days had been granted for achieving the Project Milestone-I of Hubli Haveri HAM Project. As per the aforementioned concession agreement, any extension of time granted for achieving any of the project milestones ("**Extended Time**"), will consequently result in an extension of time for the subsequent project milestones by such Extended Time.*

*Means of finance*

In relation to the project cost for the Hubli Haveri HAM Project, MHHHPL has entered into, with Standard Chartered Bank, (i) a sanction letter dated September 26, 2017; and (ii) a facility agreement dated October 30, 2017 (as amended by the amendment agreement dated November 24, 2017), for a rupee facility aggregating to ₹ 4,227.50 million (collectively referred to as the "**MHHHPL Loan Facility**"). As per the MHHHPL Loan Facility, the estimated project cost will be funded as follows:

| Sources of fund | Amount (in ₹ million) | Percentage (%) |
|---|---|---|
| NHAI Grant | 5,156.00 | 49.39 |
| MHHHPL Loan Facility | 4,227.50 | 40.49 |
| Promoters' Contribution (MPL being the promoter of MHHHPL) | 1,056.50 | 10.12 |
| **Estimated Project Cost** | **10,440.00** | **100.00** |

As indicated above, our Company and/or MPL (as applicable), being the sponsor and promoter of MHHHPL, respectively, is required to contribute ₹ 1,056.50 million in MHHHPL by way of equity contribution and sub-ordinate debt. As of March 31, 2019, our Company has invested directly or through MPL (as applicable) an aggregate amount of ₹ 451.21 million in MHHHPL, by way of equity contribution (as certified by Surana Maloo & Co., Chartered Accountants pursuant to certificate dated September 25, 2019). Our Company proposes to invest ₹ 500.00 million from the Net Proceeds in MHHHPL, either directly or through MPL and, the remaining contribution of ₹ 105.29 million will be funded from identifiable internal accruals.

Additionally, in terms of the MHHHPL SSU, certain additional funding obligations of our Company include:

(a) Funding of any cost overrun;

(b) Funding of shortfall in internal cash accruals in meeting major maintenance expense and operation and maintenance expense;

(c) Funding of shortfall in termination payment against outstanding amounts in the event of termination of the concession agreement;

(d) Funding of requisite funds in the event the scope of the project is increased as per the concession agreement; and

(e) Funding of shortfall in cash to meet actual operation and maintenance expenses, in the event the actual expenses of the project are higher than the operation and maintenance expenses as per the business plan.

Any additional funding obligations pursuant to the above will be funded from a combination of debt, equity and/or internal accruals.

**3. General corporate purposes**

The Net Proceeds will first be utilized for the objects as set out above. Subject to this, our Company intends to deploy any balance left out of the Net Proceeds, aggregating to ₹ [●] million, towards general corporate purposes and the business requirements of our Company and the Subsidiaries, as approved by our management, from time to time, subject to such utilization for general corporate purposes not exceeding 25% of the Gross Proceeds, in compliance with Regulation 7(2) of the SEBI Regulations. Such general corporate purposes may include, but are not restricted to, (i) strategic initiatives; (ii) funding growth opportunities; (iii) strengthening marketing capabilities and brand building exercises; (iv) meeting ongoing general corporate contingencies; and (v) any other purpose, as may be approved by the Board or a duly constituted committee thereof, subject to compliance with applicable law, including provisions of the Companies Act.

Our management, in accordance with the policies of the Board, shall have the flexibility in utilising surplus amounts, if any, based on business requirements and other relevant considerations, from time to time.

***Offer related expenses***

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, listing fees, underwriting fees, selling commission, fees payable to the Book Running Lead Managers, fees payable to legal counsels, fees payable to the Registrar to the Offer, Escrow Collection Bank to the Offer, processing fee to the SCSBs for processing ASBA Forms, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges. All expenses in relation to the Offer shall be borne by our Company. Any payments by our Company in relation to the Offer expenses on behalf of the Selling Shareholder shall be reimbursed by the Selling Shareholder to our Company inclusive of taxes. The break up for the estimated Offer expenses is as follows:

| Activity | Estimates expenses(1) (in ₹ million) | As a % of total estimated Offer expenses(1) | As a % of the total Offer size(1) |
|---|---|---|---|
| BRLMs' fees and commissions (including underwriting commission, brokerage, upload fees and selling commission) | [●] | [●] | [●] |
| Commission/processing fee for SCSBs and Bankers to the Offer and and fees payable to the Sponsor Banks for Bids made by RIBs using UPI (2)(3) | [●] | [●] | [●] |
| Brokerage and selling commission and bidding charges for Members of the Syndicate, Registered Brokers, RTAs and CDPs(3)(4) | [●] | [●] | [●] |
| Registrar to the Offer | [●] | [●] | [●] |
| Other advisors to the Offer | [●] | [●] | [●] |
| Others | [●] | [●] | [●] |

| Activity | Estimates expenses(1) (in ₹ million) | As a % of total estimated Offer expenses(1) | As a % of the total Offer size(1) |
|---|---|---|---|
| - listing fees, SEBI filing fees, bookbuilding software fees and other regulatory expenses | [●] | [●] | [●] |
| - printing and stationery | [●] | [●] | [●] |
| - fee payable to legal counsels | [●] | [●] | [●] |
| - advertising and marketing | [●] | [●] | [●] |
| - miscellaneous | [●] | [●] | [●] |
| **Total estimated Offer expenses** | [●] | [●] | [●] |

(1) *Amounts and % (as the case may be) will be finalised on determination of Offer Price.*

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

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

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

*Selling Commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the Bid Book of* BSE or NSE

(3) *Sponsor Banks will be entitled to a commission of ₹ [●] per every valid ASBA Form for Bids made by RIBs using UPI mechanism.*

(4) *No processing fees shall be payable by the Company and the Selling Shareholder to the SCSBs on the applications directly procured by them.*

*Processing fees payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/RTAs/ CDPs and submitted to SCSB for blocking, would be as follows:*

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

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

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

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

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

*The Selling Commission payable to the Syndicate / Sub-Syndicate Members will be determined on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / Sub-Syndicate Member. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / Sub-Syndicate Member, is bid by an SCSB, the Selling Commission will be payable to the SCSB and not the Syndicate / Sub-Syndicate Member.*

*Bidding Charges payable to members of the Syndicate (including their sub-Syndicate Members), RTAs and CDPs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are procured by them and submitted to SCSB for blocking, would be as follows: ₹* [●] *plus GST, per valid application bid by the Syndicate (including their sub-Syndicate Members), RTAs and CDPs.*

*The selling commission and Bidding Charges payable to Registered Brokers the RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE.*

***Interim use of Net Proceeds***

Our Company, in accordance with the policies established by the Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company will temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the Second Schedule of Reserve Bank of India Act, 1934 as may be approved by the Board. In accordance with Section 27 of the Companies Act, 2013, our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in equity shares of any other listed company or for any investment in the equity markets.

*Monitoring of Utilization of Funds*

In terms of Regulation 41(1) of the SEBI Regulations, our Company has appointed [●] as the monitoring agency to monitor the utilization of the Net Proceeds. Our Company undertakes to place the report(s) of the Monitoring Agency on receipt before the Audit Committee without any delay. Our Company will disclose the utilization of the Net Proceeds, including interim use under a separate head in its balance sheet for such fiscal periods as required under the SEBI Regulations, the SEBI Listing Regulations and any other applicable laws or regulations, clearly specifying the purposes for which the Net Proceeds have been utilized. Our Company will also, in its balance sheet for the applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds that have not been utilized, if any, of such currently unutilized Net Proceeds.

Pursuant to Regulation 18(3) of the SEBI Listing Regulations, our Company shall on a quarterly basis, disclose to the Audit Committee the uses and application of the Net Proceeds. The Audit Committee shall make recommendations to the Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before our Audit Committee. Such disclosure shall be made only until such time that all the Net Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditor. Further, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the utilisation of the Net proceeds from the objects of the Offer as stated above; and (ii) details of category wise variations in the utilisation of the Net Proceeds from the objects of the Offer as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results of our Company, after placing such information before our Audit Committee.

*Variation in Objects of the Offer*

In accordance with Sections 13(8) and 27 of the Companies Act, 2013, our Company shall not vary the Objects of the Offer unless our Company is authorized to do so by way of a special resolution of its Shareholders. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Shareholders' Meeting Notice**") shall specify the prescribed details and be published in accordance with the Companies Act, 2013. The Shareholders' Meeting Notice shall specify the prescribed details as required under the Companies Act, 2013. The Shareholders' Meeting Notice shall simultaneously be published in the newspapers, one in English and one in Gujarati, the vernacular language of the jurisdiction where the Registered Office is situated. Pursuant to the Companies Act, 2013, the Promoters or controlling Shareholders will be required to provide an exit opportunity to the Shareholders who do not agree to such proposal to vary the objects, subject to the provisions of the Companies Act, 2013 and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act, 2013 and provisions of Regulation 59 and Schedule XX of the SEBI Regulations.

*Appraising Agency*

None of the Objects of the Offer for which the Net Proceeds will be utilized have been appraised by any agency.

*Other Confirmations*

No part of the Net Proceeds will be utilized by our Company as consideration to the Promoters, members of the Promoter Group, the Directors, the Group Companies or Key Managerial Personnel. Our Company has not entered into or is not planning to enter into any arrangement/ agreements with the Promoters, the Directors, the Key Managerial Personnel or the Group Companies in relation to the utilization of the Net Proceeds of the Offer.

## BASIS FOR THE OFFER PRICE

The Offer Price will be determined by our Company and the Selling Shareholder, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Offer Price is [●] times the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Investors should read the sections "*Our Business*", "*Risk Factors*" and "*Financial Statements*", beginning on pages 156, 24 and 227, respectively, to have an informed view before making an investment decision.

**Qualitative Factors**

We believe that some of the qualitative factors which form the basis for computing the Offer Price are as follows:

- Strong execution and implementation skills with established track record;
- Robust Order Book;
- Diversified infrastructure portfolio with diverse geographical presence;
- Consistent financial performance and credit profile; and
- Experienced and professional management team with end to end execution capabilities.

For further details, see "*Our Business - Our competitive strengths*", on page 157, and the section "*Risk Factors*", beginning on page 24.

**Quantitative Factors**

Certain information presented below, relating to our Company, is based on the Restated Financial Statements. For details, see the section "*Financial Statements*", beginning on page 227.

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

1. **Basic and Diluted EPS, as adjusted for changes in capital:**

As per Restated Financial Statements:

| Financial Period | Basic EPS (in ₹) | Diluted EPS (in ₹) | Weight |
|---|---|---|---|
| Fiscal 2019 | 18.08 | 18.08 | 3 |
| Fiscal 2018 | 17.46 | 17.46 | 2 |
| Fiscal 2017 | 13.06 | 13.06 | 1 |
| **Weighted Average** | **17.04** | **17.04** | |

*Notes:*

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

*(2) The figures disclosed above are based on the restated financial information of our Company.*

*(3) The face value of each Equity Share is ₹ 10.*

*(4) Earnings Per Share (₹)= Profit after tax excluding exceptional items before other comprehensive income attributable to equity shareholders for the year/Weighted Average No. of equity shares* @*

*(5) Basic EPS and Diluted EPS calculations are in accordance with the Ind AS 33 accounting standard and Rule 7, Companies (Accounts) Rules, 2014.*

*The notes below should be read together:*

* *During the financial year ending on March 31, 2018,our Company issued 21,375,001 Equity Shares by way of a bonus issuance to the Shareholders in the ratio of 3:1. As per the requirement IND AS 33 for the purpose of computing Basic and diluted EPS, the weighted average number of Equity Shares outstanding have been adjusted.*

@ *Total number of Equity Shares outstanding at the end of the periods have been adjusted for Equity Shares by way of a bonus issuance issued.*

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

| Particulars | P/E at the lower end of Price band (no. of times) | P/E at the higher end of Price band (no. of times) |
|---|---|---|
| Based on basic EPS for Fiscal 2019 on a consolidated basis | [●] | [●] |
| Based on diluted EPS for Fiscal 2019 on a consolidated basis | [●] | [●] |

**Industry P/E ratio**

| | P/E Ratio | Name of the company | Face value of equity shares (₹) |
|---|---|---|---|
| Highest | 18.66 | Gayatri Projects Limited | 2 |
| Lowest | 8.18 | Simplex Infrastructures Limited | 2 |
| Industry Average | 13.42 | | |

3. **Average Return on Net Worth ("RoNW")**

As per Restated Financial Statements of our Company:

| Particulars | RoNW % | Weight |
|---|---|---|
| Fiscal 2019 | 22.50 | 3 |
| Fiscal 2018 | 28.25 | 2 |
| Fiscal 2017 | 27.81 | 1 |
| **Weighted Average** | 25.30 | |

*Notes:*

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

*(2) Average Return on Net Worth (%) = Profit/Loss after tax (as restated)/ Net worth at the end of the years.*

*(3) "Net worth" means the sum of equity share capital, reserves and surplus (including securities premium, general reserve and retained earnings and excluding DRR).*

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

| Fiscal year ended/ Period ended | Restated Financial Statements (₹) |
|---|---|
| As on March 31, 2019 | 80.39 |
| After Offer | At Floor Price: [●] |
| | At Cap Price: [●] |
| Offer Price | [●] |

*Notes:*

*(1) Offer Price per Equity Share will be determined on conclusion of the Book Building Process.*

*(2) Net Asset Value Per Equity Share = Net worth as per the restated financial information / Number of equity shares outstanding as at the end of the period*

*(3) "Net worth" means the sum of equity share capital, reserves and surplus (including securities premium, general reserve and retained earnings and excluding DRR).*

5. **Comparison of Accounting Ratios with listed industry peers, as of March 31, 2019**

| S. No. | Name of the Company | Face Value (₹) | Standalone / Consolidated | Revenue from operations (1) (in ₹ million) | Basic EPS (2) (₹) | P/E (3) | RONW (4) (%) | NAV (5) (₹) |
|---|---|---|---|---|---|---|---|---|
| | Montecarlo Limited | 10 | Consolidated# | 24,643.17 | 18.08 | [●] | 22.29 | 80.39 |
| | | | Standalone^ | 24,561.96 | 17.05 | [●] | 19.77 | 86.21 |
| | Peer Group## | | | | | | | |
| 1 | NCC Limited | 2 | Consolidated | 128,956.40 | 9.63 | 11.69 | 11.65 | 81.17 |
| | | | Standalone | 120,797.60 | 9.39 | 11.99 | 11.85 | 79.25 |
| 2 | Simplex Infrastructures Limited | 2 | Consolidated | 61,172.20 | 21.97 | 8.18 | 5.97 | 357.35 |
| | | | Standalone | 60,414.60 | 22.01 | 8.17 | 5.98 | 358.64 |
| 3 | Dilip Buildcon Limited | 10 | Consolidated | 94,158.43 | 40.03 | 16.07 | 19.31 | 207.27 |
| | | | Standalone | 91,182.19 | 55.93 | 11.50 | 23.87 | 234.29 |
| 4 | Sadbhav Engineering Limited | 1 | Consolidated | 52,400.50 | 1.23 | NM | NM | 56.44 |
| | | | Standalone | 35,492.30 | 10.89 | 22.88 | 9.19 | 118.53 |
| 5 | | 5 | Consolidated | 49,301.20 | (1.19) | NM | NM | 14.46 |

| S. No. | Name of the Company | Face Value (₹) | Standalone / Consolidated | Revenue from operations (1) (in ₹ million) | Basic EPS (2) (₹) | P/E (3) | RONW (4) (%) | NAV (5) (₹) |
|---|---|---|---|---|---|---|---|---|
| | Ashoka Buildcon Limited | | Standalone | 38,206.44 | 10.19 | 12.65 | 12.94 | 78.80 |
| 6 | PNC Infratech Limited | 2 | Consolidated | 37,743.58 | 13.70 | 11.13 | 17.36 | 78.91 |
| | | | Standalone | 30,968.73 | 12.67 | 12.03 | 15.36 | 82.45 |
| 7 | Gayatri Projects Limited | 2 | Consolidated | 34,631.47 | 8.55 | 18.66 | 13.73 | 62.29 |
| | | | Standalone | 34,631.47 | 11.26 | 14.17 | 15.85 | 71.03 |
| 8 | KNR Constructions Limited | 2 | Consolidated | 22,915.03 | 19.24 | 13.53 | 19.34 | 96.26 |
| | | | Standalone | 21,372.50 | 18.72 | 13.90 | 18.61 | 100.58 |
| 9 | HG Infra Engineering Limited### | 10 | Consolidated | 20,144.95 | 19.54 | 14.49 | 19.21 | 101.73 |
| | | | Standalone | 20,098.32 | 18.96 | 14.93 | 18.74 | 101.15 |

*Not Meaningful: Denoted as NM in table above as a) EPS is negative, resulting in a negative P/E ratio or b) Net loss after tax for Fiscal March 31, 2019 is leading to a negative RONW or c) P/E ratio is more than 100*

*Notes:*

# *Based on the Restated Financial Statements for the year ended March 31, 2019*

^ *Based on the audited standalone financial statements for the year ended March 31, 2019*

## *Based on standalone and consolidated financials from the filings/annual reports made by the respective companies for Fiscal 2019 on BSE/corporate websites*

### *Based on the annual report for the year ended March 31, 2019 as per the red herring prospectus of HG Infra Engineering Limited*

(1) *Based on income from operations (net) as reported in company filings, excluding other income*

(2) *Basic EPS as reported in company filings*

(3) *Price earnings ratio calculated by dividing the closing price of equity shares of the company as on September 25, 2019 on BSE, by the basic EPS of the company for Fiscal 2019*

(4) *RoNW has been computed as Net profit after tax for Fiscal 2019 divided by the net worth as at March 31, 2019*

(5) *Net asset value (NAV) per equity share has been computed as net worth as at March 31, 2019 divided by the total number of equity shares outstanding as at March 31, 2019*

The Offer Price of ₹ [●] has been determined by our Company and the Selling Shareholder, in consultation with the BRLMs, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process, and is justified in view of the above qualitative and quantitative parameters. Bidders should read the above information along with the sections "*Risk Factors*", "*Our Business*", "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" and "*Financial Statements*", beginning on pages 24, 156, 289 and 227, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to factors described in the section "*Risk Factors*", beginning on page 24 and you may lose all or part of your investments.

## STATEMENT OF SPECIAL TAX BENEFITS

**Statement of possible special Income-tax benefits available to Montecarlo Limited and its Shareholders**

September 19, 2019

To,

The Board of Directors
Montecarlo Limited
706, 7th Floor, Shilp Building
CG Road, Ahmedabad 380 009

**Sub: Statement of possible special Income-tax benefits (the "Statement") available to Montecarlo Limited (the "Company") and its Shareholders, prepared in accordance with the requirements under Para 9 (L) of Part A under Schedule VI of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended**

We refer to the proposed offering of the shares of the Company. We enclose herewith the statement showing the current position of special tax benefits available to the Company and to its shareholders as per the provisions of the Income-tax Act, 1961 ("**the Act**") and Income-tax Rules, 1962 (together the "**Tax Laws**") presently in force in India, as applicable to the assessment year 2020-21 relevant to the financial year 2019-20 for inclusion in the Draft Red Herring Prospectus (the "**DRHP**"), the Red Herring Prospectus (the "**RHP**") and the Prospectus (collectively, the "**Offer Documents**") for the proposed issue of shares and offer for sale.

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

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

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

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

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

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

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

**LIMITATIONS**

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

*This statement has been prepared solely in connection with the Proposed Offer by the Company under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended.*

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
ICAI Firm Registration Number: 117366W/W - 100018

**Yogesh G Shah**

*Partner*

Membership No. 40260
Ahmedabad
Date: September 26, 2019

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

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

**A. Special Income-tax benefits to the Company**

**1. Tax holiday under section 80IA of the Act**

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

In accordance with and subject to the conditions specified in Section 80-IA of the Act, the Company may be entitled for a deduction of an amount equal to hundred percent of profits or gains derived from any enterprise carrying on business of (i) developing or (ii) operating and maintaining or (iii) developing, operating and maintaining any infrastructure facility or (iv) generating or distributing or transmission of power, for any ten consecutive assessment years out of fifteen years beginning from the year in which the enterprise has started its operation. For the words "fifteen years", the words "twenty years" has been substituted for the following infrastructure facility -

a. A road including toll road, a bridge or a rail system

b. A highway project including housing or other activities being an integral part of the highway project.

c. A water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system.

d. A port, airport, Inland waterway, inland port or navigational channel in the sea. The deduction shall not available in respect of development or operation and maintenance or development, operation and maintenance of any infrastructure facility under a works contract awarded by any person (including the Central or State Government).

The deduction shall not be available to an enterprise which starts the development or operation and maintenance of the infrastructure facility on or after April 1, 2017.

Further, the additional conditions for claiming deduction under this section for a business of developing or operating and maintaining or developing, operating and maintaining, any infrastructure facility are mentioned below:

a. it is owned by a company registered in India or by a consortium of such companies or by an authority or a board or a corporation or any other body established or constituted under any Central or State Act;

b. it has entered into an agreement with the Central Government or a State Government or a local authority or any other statutory body for (i) developing or (ii) operating and maintaining or (iii) developing, operating and maintaining a new infrastructure facility;

c. it has started or starts operating and maintaining the infrastructure facility on or after the April 1, 1995.

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

**2. Tax benefits under section 35AD of the Act**

Section 35AD of the Act provides for deduction of 100% of the expenditure of capital nature, which is incurred wholly and exclusively for the purpose of any specified business carried on by the Company during the previous year in which such expenditure is incurred subject to specified conditions.

The specified business has been *inter-alia* defined to include developing or maintaining and operating or developing, maintaining and operating a new infrastructure facility.

For the purpose of this section, "Infrastructure facility" means

a. A road including toll road, a bridge or a rail system;

b. A highway project including housing or other activities being an integral part of the highway project;

c. A water supply project, water treatment system, irrigation project, sanitation and sewerage system or solid waste management system;

d. A port, airport, inland waterway, inland port or navigational channel in the sea.

Further, the additional conditions for claiming deduction under this section for a business of developing or operating and maintaining or developing, operating and maintaining, any infrastructure facility are mentioned below:

a. The business is owned by a company registered in India or by a consortium of such companies or by an authority or by a board or a corporation or any other body established or constituted under any Central or State Act;

b. Entity referred to above has entered into an agreement with the Central Government or a State Government or a local authority or any other statutory body for developing or operating and maintaining or developing, operating and maintaining a new infrastructure facility.

c. In case of specified business being in the nature of developing or operating and maintaining or developing, operating and maintaining, any infrastructure facility. The provisions of this section shall apply only if its operation commences on or after April 1, 2017.

Where a deduction under this section is claimed and allowed in respect of the specified business for any assessment year, no deduction shall be allowed under the provisions of section 80IA of the Act or vice versa.

No depreciation shall be allowed in respect of an asset, the capital expenditure whereof has been claimed and allowed as a deduction under this section.

Further, the above said provision is also not applicable while computing tax liability under MAT liability of the Company under Section 115JB of the Act.

**B. Special tax benefits available to Shareholders**

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

**Notes:**

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

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

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

## SECTION IV: ABOUT OUR COMPANY

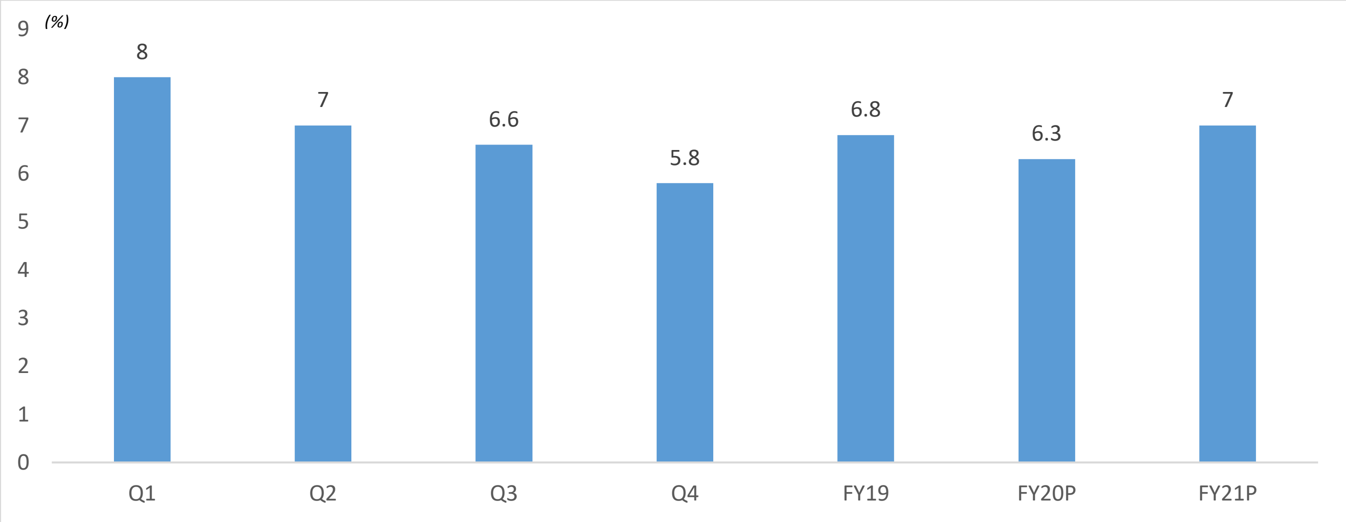
## INDUSTRY OVERVIEW

*The information in this section has been obtained from the CRISIL Report that includes publically available information and third party data sources. We have commissioned the CRISIL Report in connection with the Offer. Neither we, nor any of the Book Running Lead Managers, nor any other person connected with the Offer has verified the information in the CRISIL Report. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.*

### Indian Economy

India adopted Fiscal 2012 as the new base year for calculating GDP. As per this method, the country's GDP shot up from Rs 92 trillion in Fiscal 2013 to Rs 141 trillion in Fiscal 2019 growing a CAGR of 7.1%. As per the Central Statistics Office (CSO), GDP growth was at 6.8% in Fiscal 2019, driven by faster growth in the first half of the Fiscal.

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




*F: Forecast*
*Source: CSO, CRISIL Research*

### Feeble first quarter stunts full-year GDP growth forecast for Fiscal 2020; however, steady recovery expected in Fiscal 2021

In Fiscal 2020, CRISIL expects GDP to grow 6.3%. Fiscal 2020's first quarter gross domestic product (GDP) growth estimate at 5% - the slowest in 25 quarters - corroborates that India's economic slowdown is deeper and more broad-based than suspected. While on-ground indicators did suggest that the quarter would look worse than the previous one (at 5.8%), the extent of fall has caught everyone by surprise. A plunge in domestic private consumption demand, slump in manufacturing, halving of merchandise exports growth, and a high-base effect from last year have gnawed away at first-quarter growth.

Private consumption growth – the bulwark of India's growth story in recent years – registered a scant 3.1% in the first quarter, a four-year low. The last couple of times private consumption fell this sharply was in the first quarter of Fiscal 2013 (-0.9%) and third quarter of Fiscal 2015 (2.1%), as per the new GDP series.

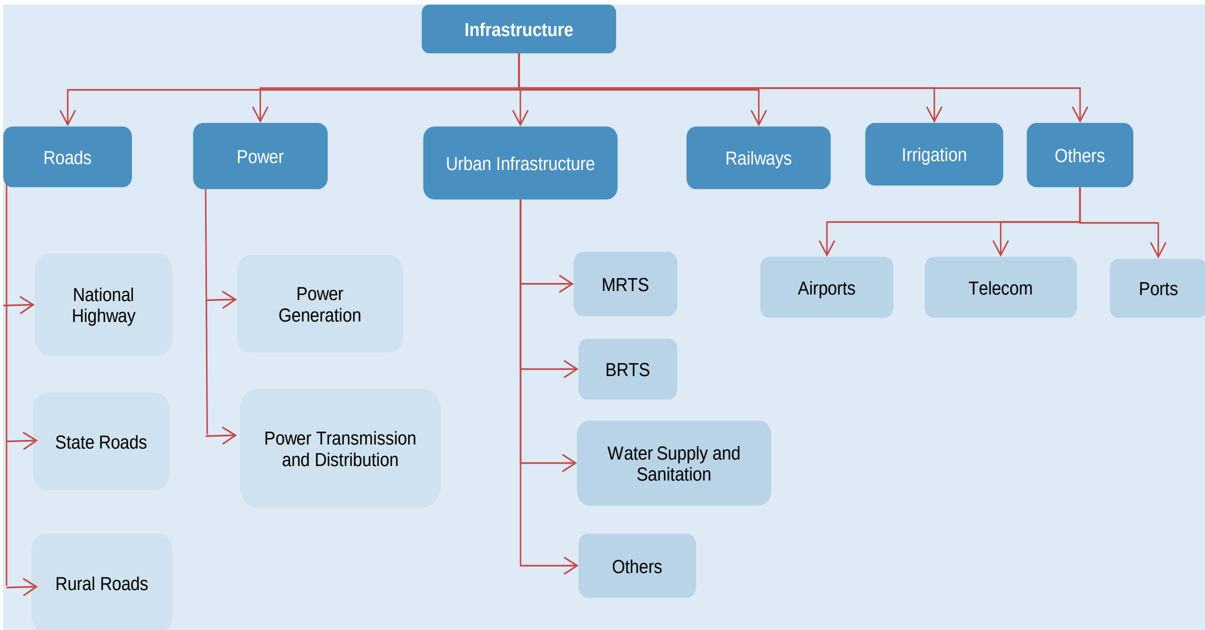
With over 55% weight in GDP and 7.6% annual growth, on average, in the past five years, the importance of bolstering private consumption cannot be over-emphasised. In the past few years, households had dipped into their savings and leveraged themselves to support private consumption. However, first quarter data shows, they have not been able to sustain the momentum.

### Urbanisation to cross 35% by 2021

Urban population has been consistently rising over the years. People from rural areas move to cities for better job opportunities, education, better quality of life, etc. Entire families or only a few people (generally earning member or students) may migrate, while a part of the family continues to hold on to the native house. The urban population as of 2011 was 377 million, marking a compound annual growth of 2.8%; rural population stood at 833 million, clocking a CAGR of 1.16%. Urbanisation levels have risen from 28% in 2001 to ~31% in 2011. A United Nations report, World Urbanization Prospects: The 2011 Revision, expects nearly 36% of the country's population to live in urban areas by 2020.

**Indian construction industry**

The Indian construction industry consists of three broad segments i.e. Infrastructure construction, building construction and industrial construction. CRISIL Research expects the construction opportunity of approximately Rs. 56.4 trillion over the next five year period. Of this opportunity, 57% will be contributed by the infrastructure industry followed by building construction and the industrial segment which are expected to contribute 39% and 4%, respectively.



*Source: CRISIL Research*

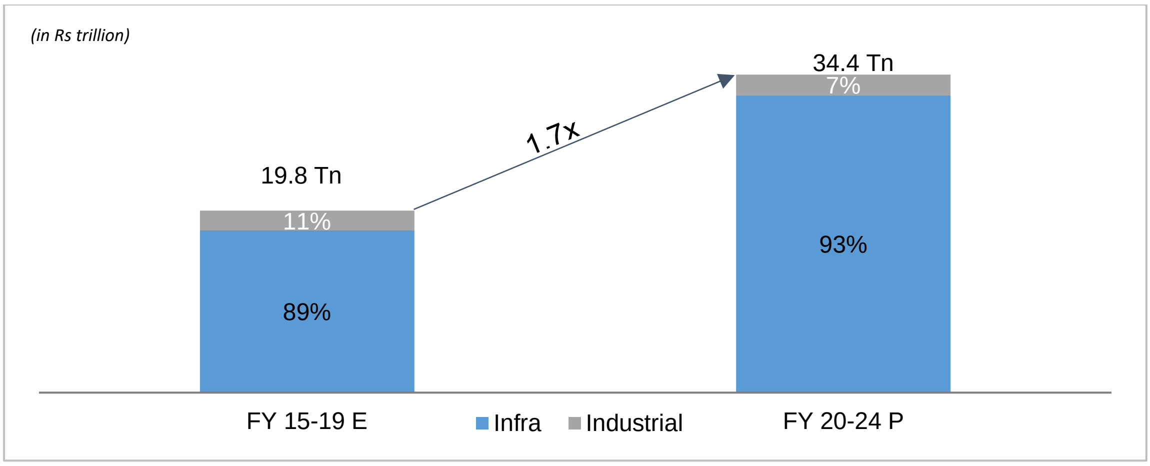
Outlook on construction spends under key infrastructure segments

Infrastructure projects will provide the bulk of construction opportunity over the next five years. The Central government's focus on roads, urban infrastructure and railways will boost infrastructure investment. Conversely, spending on industrial projects is expected to be low as companies in the metals, petrochemicals and cement sectors delay their expansion plans amid low utilisation and muted demand.

Industrial investments are expected to remain muted over the next five years; however, infrastructure spending is expected to pick up.

We expect overall construction opportunity in infrastructure and industrial to grow at an average of 11-12% annually over the next five years from Fiscal 2020 to Fiscal 2024. Total construction spending for infrastructure and industrial segments are expected to increase to Rs. 34.4 trillion in the Fiscal 2020 to Fiscal 2024 period which is 1.7 times the spending in last 5 years.

**Total construction spending on infrastructure and industrial (at current prices)**

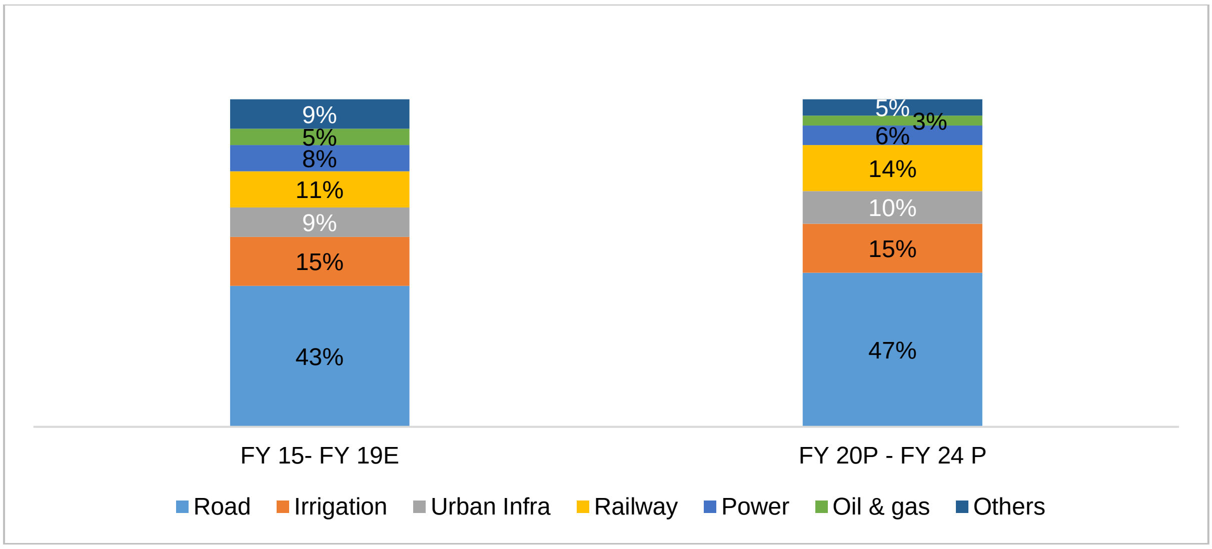



*E: Estimated; P: Projected*
*Note: Real estate not included in the analysis.*
*Source: CRISIL Research*

**Roads to lead way**

Within the infrastructure space, road projects will be a critical investment driver, from Fiscal 2020 to Fiscal 2024. CRISIL Research also expects metro rail, water supply and sanitation, and railway projects to be implemented rapidly, given that a sizable budgetary allocation and government focus will spur investment.

**Share of segments in overall construction spending**




*E: Estimated; P: Projected*
*Source: CRISIL Research*

The below table provides a sanpshot of expected constructiuon opportunities across key sectors:

**Sector-wise construction spends**

| | | FY 15-19E | FY 20-24P | Increase/ decrease | Sector-wise outlook on investments |
|---|---|---|---|---|---|
| | | (Rs trillion) | | (x times) | |
| Infrastructure | Roads | 8.9 | 15.8 | 1.8 | Investments in national highways to pick up, while those on state highways to grow moderately. Strong pipeline of projects under Bharatmala to boost investment in NH |
| | Power (Generation, Transmission and Distribution) | 1.6 | 1.9 | 1.2 | Transmission and distribution to drive investments. |
| | Irrigation | 2.9 | 4.9 | 1.7 | Investments to be moderate in key states like Maharashtra & Karnataka, while high growth |

| | | FY 15-19E | FY 20-24P | Increase/ decrease | Sector-wise outlook on investments |
|---|---|---|---|---|---|
| | | (Rs trillion) | | (x times) | |
| | | | | | is expected in states like Telangana, Orissa and Madhya Pradesh |
| | Urban Infrastructure | 1.8 | 3.3 | 1.8 | Seen as a key focus area for the new government. Budget provides funding for smart cities and water supply & sanitation projects. |
| | Railways | 2.0 | 4.8 | 2.4 | Investments growth at higher pace, compared to past. Network decongestion will be key area. |
| | Others (Airports, Ports and Telecom towers) | 0.6 | 0.6 | 1.1 | Investments likely to be moderate in sectors like ports and telecom towers. |
| | **Total Infrastructure** | **17.8** | **31.2** | 1.8 | |
| **Industrial** | **Oil & Gas** | 1.0 | 1.2 | 1.2 | R&M to drive investments. E&P capacity additions slower, compared to the past. |
| | Metals | 0.3 | 0.4 | 1.1 | Steel and aluminium both to witness a decline in investments due to lower utilisation rates. |
| | Automobiles | 0.3 | 0.3 | 0.9 | Auto components, tyres and cars will be the only segment to see growth in investments. |
| | Others | 0.4 | 0.4 | 1.1 | Investments lower in sectors like petrochemicals due to low capacity utilisation. |
| | **Total Industrial** | **2.0** | **2.3** | 1.1 | |

**Growth drivers for the infrastructure industry**

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

**Economic growth**

Freight traffic growth is a function of economic activity, as it further necessitates road development. Primary freight in billion tonne km (BTKM) is expected to have grown by ~6% in Fiscal 2019 on year. Primary freight had grown by ~3% on-year in Fiscal 2017, continuing from a similar growth seen in Fiscal 2016. Freight demand plunged post demonetisation in Fiscal 2017, but recovered by the start of Fiscal 2018.

CRISIL Research expects primary freight in billion-tonne-kilometre (BTKM) terms to rise 7-9% on-year in Fiscal 2020 compared with an estimated 6% growth in Fiscal 2019. Rise in primary freight will be largely driven by 8% growth in industrial gross domestic product (GDP) despite a tepid 3% growth in agricultural GDP. Primary freight movement to decelerate marginally in Fiscal 2021 to 6-8% with similar growth in agricultural and industrial GDP but with an expected slower growth in imports as compared to Fiscal 2020.

**Policy measures to boost infrastructure investment, driving construction sector**

Delays in project awards and clearances, along with poor financials of players, stifled investments in the construction sector over the past two-three years. The central government has focused on reducing hurdles for new projects and clearing stalled projects, thus reducing delays in construction. For example in roads, a major cause of delays had been non-availability of land for a part of the project, after the construction has begun. This has been managed by the government by ensuring that 80-90% of land has been acquired before awarding.

Construction spending is expected to grow over the next five years with the government's increased focus towards infrastructure spending, such as:

- Introduction of new schemes like Smart cities, Pradhan Mantri Awas Yojana (PMAY), Swaccha Bharat
- Streamlining of existing schemes for example, Atal Mission for Rejuvenation and Urban Transformation (AMRUT), clubbing 4 major irrigation schemes under Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)
- Payment of 75% of arbitration claims in case of case having won by the private player in the lower tribunal
- Awarding national highway projects only after 80-90% of the required land is in possession of the government

- Launching of schemes to help developers improve cash flow and repay debt, such as rescheduling premiums in road projects and permitting developers to offload stake in the build-operate-transfer projects.

In the Fiscal 2020 budget, capital outlay for the infrastructure sector is Rs 4.75 trillion. Of this Rs 1.79 trillion is through budgetary allocation; the rest is through Internal and Extra Budgetary Resources (IEBR). Rural development saw the highest boost, with a rise 79% over Fiscal 2019(RE). Roads saw a increase of 13% over Fiscal 2019(RE).

**Capital outlay for infrastructure segments:**

| Figures in Rs Billion | Revised 2018-19 | | | Budget 2019-20 | | | Growth in outlay |
|---|---|---|---|---|---|---|---|
| | Budget | IEBR | Total | Budget | IEBR | Total | vs FY19 RE |
| Ministry of Railways | 530.60 | 857.98 | 1388.58 | 658.37 | 940.71 | 1599.08 | 15% |
| Ministry of Road Transport and Highways | 685.64 | 620.00 | 1305.64 | 720.59 | 750.00 | 1470.59 | 13% |
| National Highway Authority of India | 373.21 | 0.00 | 0.00 | 366.91 | 0.00 | 0.00 | -2% |
| Ministry of Power | 20.76 | 731.89 | 752.65 | 24.00 | 424.07 | 448.07 | -40% |
| Ministry of Housing and Urban Affairs | 170.10 | 196.90 | 367.00 | 195.44 | 194.13 | 389.57 | 6% |
| Ministry of Rural Development | 0.05 | 146.46 | 146.51 | 1.00 | 261.70 | 262.70 | 79% |
| Pradhan Mantri Gram Sadak Yojana# | 155.00 | 0.00 | 155.00 | 190.00 | 0.00 | 190.00 | 23% |
| Ministry of Civil Aviation | 40.00 | 48.75 | 88.75 | 0.25 | 125.66 | 125.91 | 42% |
| Ministry of New and Renewable Energy | 0.40 | 108.35 | 108.76 | 0.45 | 123.54 | 123.99 | 14% |
| Ministry of Water Resources | 3.43 | 81.02 | 84.45 | 3.91 | 83.13 | 87.04 | 3% |
| Ministry of Shipping | 1.86 | 54.23 | 56.10 | 2.67 | 55.78 | 58.45 | 4% |
| **Total** | **1607.84** | **2845.58** | **4453.44** | **1796.68** | **2958.72** | **4755.40** | **7%** |

*# PMGSY investments have been considered as revenue expenditure in the Ministry of Rural Development allocations; however, the investments include construction of roads*

*Source: Union Budget 2019-20*

**Make in India to boost investments**

Started in September 2014, the Make in India campaign is directed towards encouraging MNCs across 25 sectors in the economy to manufacture in India. This will not just boost the overall economic growth, but also increase the need for transportation of goods, thus increasing freight traffic. In Fiscal 2018 and Fiscal 2019 combined, India received FDI equity inflows of USD 89.2 billion compared to USD 83.5 billion in FY 2016 and FY 2017 combined making a rise of 6%.

**Review of road infrastructure in India**

India has the second-largest road network in the world, at ~5.9 million km. Roads are the most used mode of transportation, accounting for ~86% share of passenger traffic and close to two-thirds share of freight traffic. In India, national highways, with length of close to 132,500 km, constitute a mere 2.2% of the road network, but carry ~40% of the total road traffic.

**Road network in India in Fiscal 2019**

| Road network | Length (km) | Percentage of total | | Connectivity to |
|---|---|---|---|---|
| | | Length | Traffic | |
| National highway | 132,500 | 2.2 | 40 | Union capital, state capitals, major ports, foreign highways |
| State highway | 156,694 | 2.7 | 60 | Major centres within the states, national highways |
| Other roads | 5,608,477 | 95.1 | | Major and other district roads, rural roads - production centres, markets, highways, railway stations |
| **Total** | **5,897,671** | **100.00** | | |

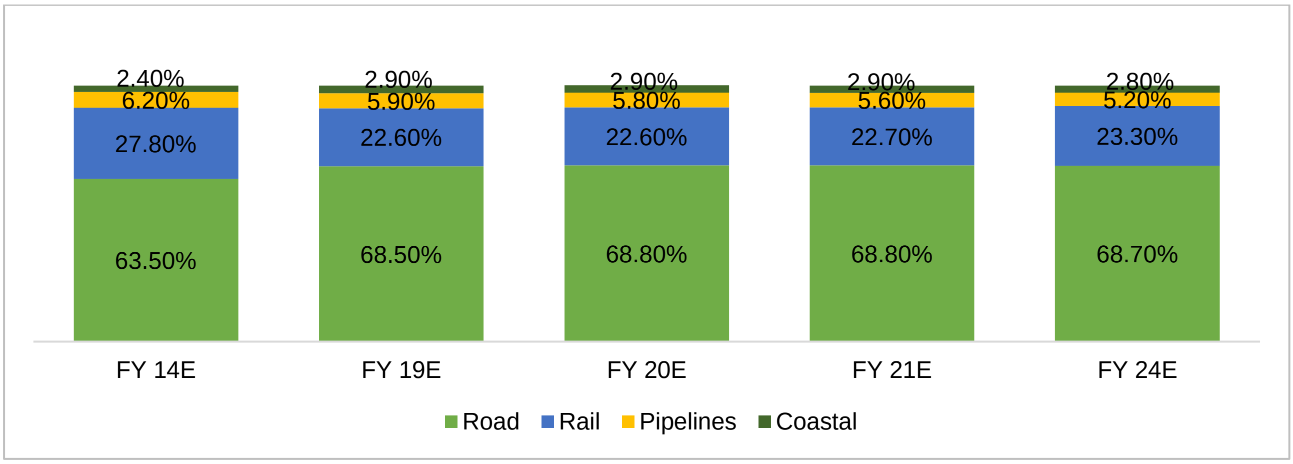
*Source: MoRTH Annual report 2018-19, CRISIL Research*

With the announcement of the Bharat Mala Pariyojana, the Government plans to increase the length of national highways to ~200,000 km.

**Share of roads in freight compared with other transport modes**

Road transport is the most frequently used mode of transport for freight as well as passengers. In Fiscal 2019, it is estimated that 68.5% of total freight was *via* the roadways when compared with railways. In Fiscal 2014, roads accounted for ~63.5% of the total freight traffic.

**Share of roads in total freight movement – in BTKM terms**




*E: Estimated; P: Projected*
*BTKM: Billion tonne km*
*Source: CRISIL Research*

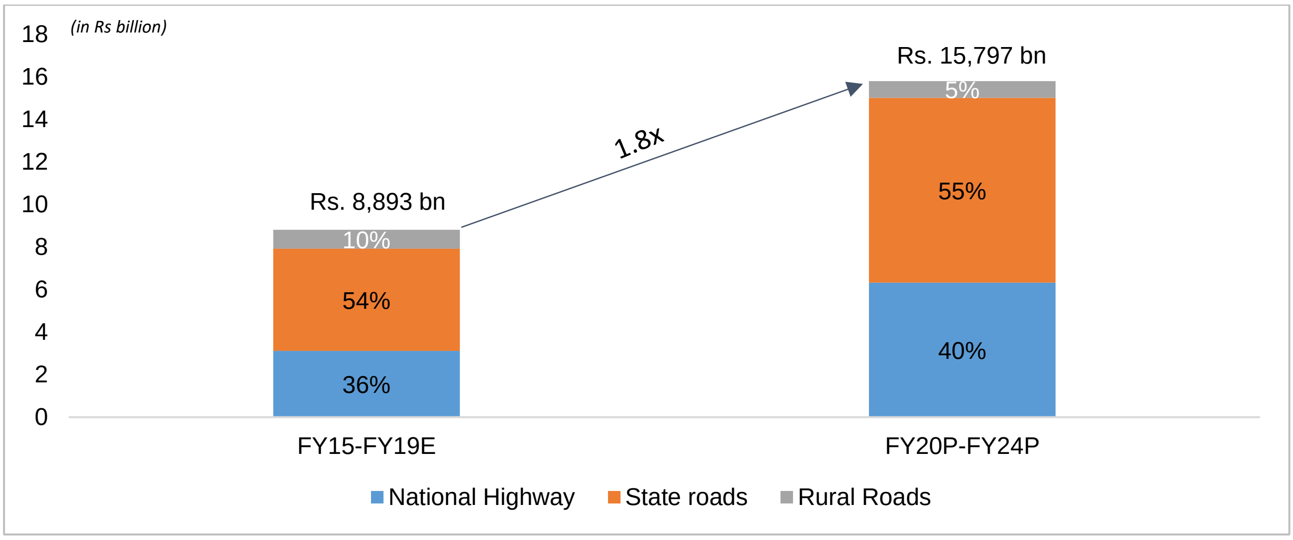
**Investments in roads expected to increase by 1.8 times in next 5 years**

Road sector saw investments of Rs 8.9 trillion during Fiscals 2015 to 2019. CRISIL Research expects the spend to increase by 1.8 times over Fiscals 2020 to 2024, led by the government's focus on roads, and state and national highways. We estimate investment in national highways will double, driven by public funds. Private players are struggling to infuse funds in BOT-Toll projects because of their highly leveraged balance sheets and overhang of stuck projects awarded between Fiscals 2011 and 2013. However, HAM was instrumental in attracting substantial private funds. Introduced by the end of Fiscal 2016, HAM constituted more than 46% of the total length awarded by NHAI in Fiscal 2018. In Fiscal 2019 HAM accounted for 40% of the total projects.

**Key factors driving investment growth in roads**

Investment would largely be driven by expenditure on national highways and rural roads as a result of greater budgetary support. However, the current targets set for the sector may be too optimistic, even with the increase in the budget allocation.

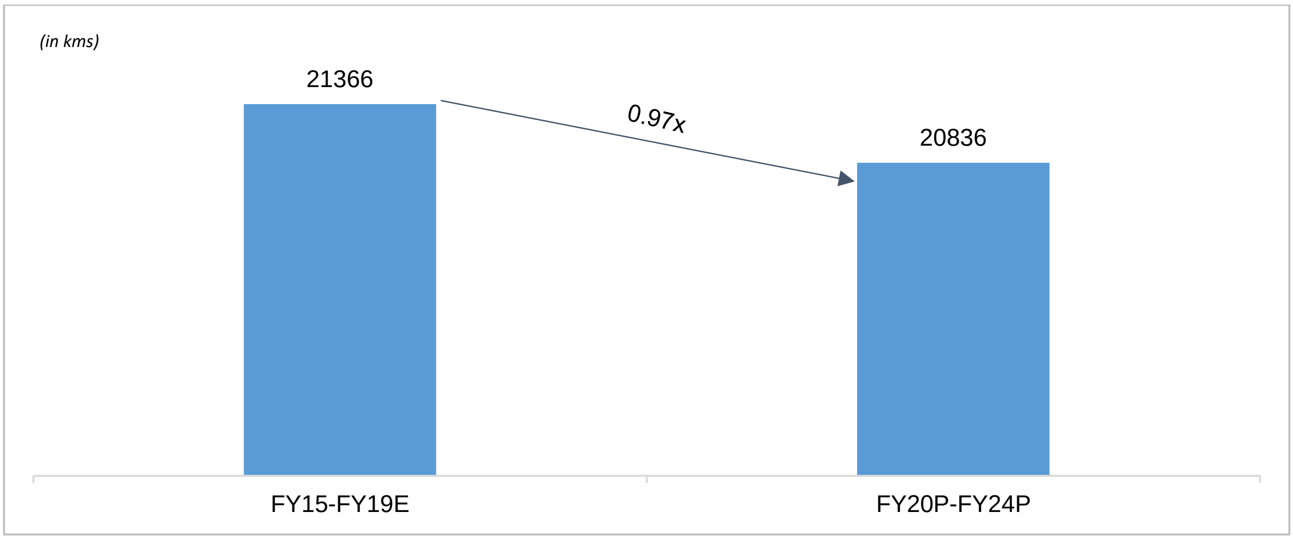
**Share of investment across road categories**




*Source: CRISIL Research*

The number of national highways awarded and executed in India rose considerably in Fiscal 2016 because of various government policies to remove bottlenecks and an increase in road cess to fund these projects. The execution numbers picked up in Fiscal 2017 and continued to improve till Fiscal 2019 where execution improved by 10% on year. Going forward we expected improvement pace to slow down in the next five years. CRISIL Research expects the awarding of national highways by NHAI to decrease to 20,836 kms during Fiscals 2020-24 from 21,366 kms during Fiscals 2015 to 2019.

**Expected road projects to be awarded by NHAI (Length- Km)**




*P: Projected*
*Source: CRISIL Research*

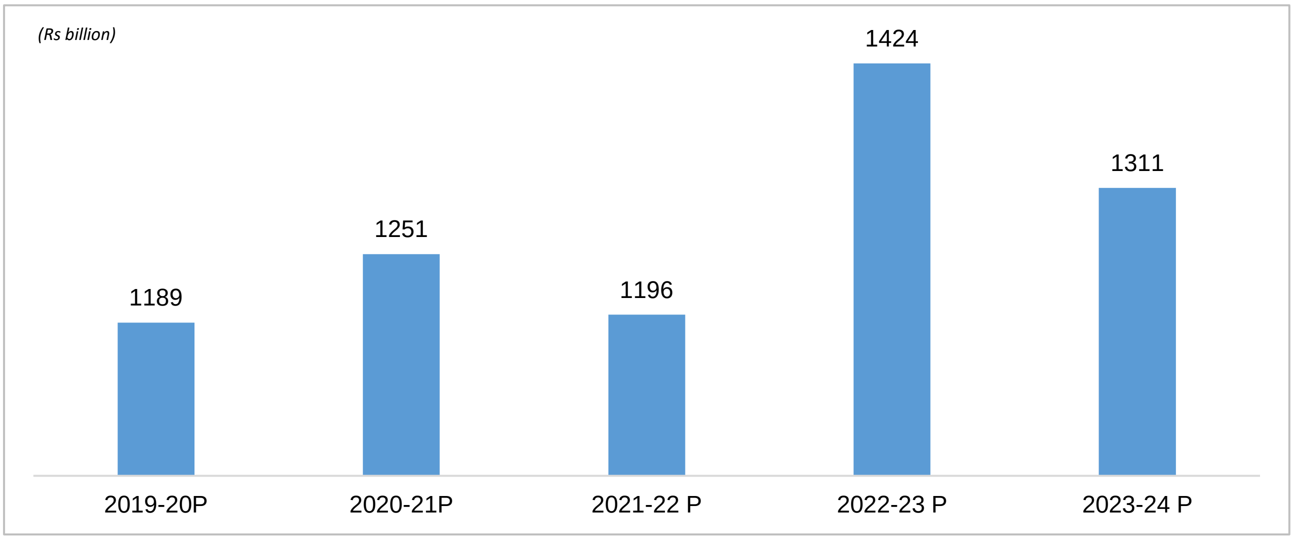
**Key growth drivers for road sector**

***Rise in government investments, reforms and higher budgetary support to drive growth in roads sector***

CRISIL Research expects investment in road projects to almost double to Rs 15.7 trillion over the next five years. Investment in state roads is expected to grow steadily, and rise at a faster pace in the case of rural roads, owing to higher budgetary allocation to PMGSY since Fiscal 2016. Government has come out with a new umbrella scheme of Bharat Mala Pariyojana, which plans to construct more than 65,000 km of road projects, taking the length of national highways to ~200,000 km.

Investments in national higways are expected to touch Rs 6.3 trillion between Fiscals 2020 and 2024. Further, national highway investments are expected to increase by 1.8 times over the next five years

**National highways: Year-wise investments (Rs billion)**




*P: Projected*
*Source: CRISIL Research*

**Implementation of Bharatmala Pariyojana**

Bharatmala Pariyojana (BMP) is the new umbrella scheme, which is expected to supersede the existing NHDP. The programme envisages to construct about 65,000 km of highways, under the following categories: National corridor (North-South, East-West and Golden Quadrilateral), economic corridors, inter corridor roads, feeder roads, international connectivity, border roads, coastal roads, port connectivity roads and expressways. This will include 4,800 km of the existing NHDP programme.

The programme estimates to construct ~24,800 km under various categories of BMP and the balance 10,000 km of NHDP up to Fiscal 2022. The government has pegged overall investments for these projects along with other ongoing schemes such as national highways (original), Special Accelerated Road Development Programme – North East (SARDP-NE), Externally Aided projects (EAP) and Left-Wing Extremism (LWE) projects, at about Rs 6.9 trillion and estimates mobilisation of about Rs 3.8 trillion from its traditional sources such as Central Road Fund, toll collections, budgetary support and the newly introduced Toll-Operate-Transfer (TOT) route. The balance funds will be sourced from market borrowings, including funds from institutional investors such as LIC, EPFO, and private funds.

Under the programme, the approval process for projects has also been fast-tracked, with the NHAI Board possessing the authority to approve most of the projects while PPP projects with civil cost (i.e. not containing land acquisition cost) of more than Rs 20 billion and EPC projects having civil cost more than Rs 10 billion will require approval from Cabinet Committee on Economic Affairs (CCEA).

However, pace of execution over the medium term is linked to NHAI’s ability to raise market borrowings to achieve Bharatmala targets, given awarding will be largely under EPC and HAM, going forward. CRISIL Research projects that the pace of execution of national highways will plateau at 3,800-4,300 km per year over Fiscals 2021 through 2024. That implies NHAI will not be able to achieve Bharatmala target construction of ~24,500 km by Fiscal 2022.

According to CRISIL estimates, Bharatmala awarding was ~5,500-6,000 km over Fiscals 2018 and 2019, respectively. Investments under Bharatmala would be slow to pick up and contribute ~30% of total investments. As projects awarded under Bharatmala are 60% EPC and 40% HAM, NHAI’s ability to raise funds to execute these projects would be a key monitorable. In order to fund Bharatmala, the NHAI may either need to borrow more from the market with a further increase in the IEBR limit or the government may need to provide additional budgetary support along with cess funds. These two sources are together expected to garner about 80% of the total fund requirement.

***Policy changes to drive execution of national highway projects***

The government announced a host of policy changes to reduce delays in project execution. The Union Cabinet allowed NHAI to fund projects stuck because of weak financial health of promoters and where at least 50% of the work has been completed. New amendments to the model concession agreement (MCA) such as back-ending of premium payments and deemed termination on delay of appointed date have been made to reduce delays and improve lender comfort. The Cabinet Committee on Economic Affairs (CCEA) has decided to pay 75% of the total payout in those cases where the arbitration tribunals have passed orders in favour of concessionaires in arbitral proceedings. NHAI terminated projects -- work on ~5,500 km of length was stalled – and re-awarded almost 1,000 km of the terminated projects. To offer some respite to ailing developers, the government came out with a premium rescheduling policy and allowed promoters to fully exit all projects two years after completion. Apart from that, the private party will be rewarded for early completion of project. Hence, the government's focus has clearly shifted towards ensuring on-the-ground implementation, instead of merely awarding more projects.

***Increased private participation to boost road development***

The government has introduced a new model - HAM - which addresses the needs of the private sector and increases their participation.

The government introduced HAM in Fiscal 2016, wherein 40% of the total project cost is to be funded by the government and the remaining by the private developer. The equity requirement in these projects is only about 12-15% of the project cost, which is much lower than a BOT project, and the developer is immune to traffic, inflation and interest rate risk. In Fiscal 2016, this model took off at a rather slower-than-expected pace and only ~350 km were awarded mostly due to the apprehensions of various stakeholders towards a new, untested model. However, the participation of players in these projects improved significantly towards the end of Fiscal 2016. In Fiscal 2018, 46% of the total length awarded was via HAM mode with estimated value of Rs 670 bn.

Private investments are expected to flow into new operation and maintenance (O&M) models like toll-operate-transfer (TOT), which will help existing players shed off debt sitting on their balance sheets. Recently,the NHAI, in a bid to revert to the BOT model, has announceed plans to introduce new norms and guidelines for allocation under the model. In September 2019, the NHAI called for prequalification bids from players for 15 BOT projects (around 800km in length) with an estimated project cost in excess of Rs 220 billion. These projects are spread across six states - Andhra Pradesh, Haryana, Maharashtra, Karnataka, Tamil Nadu and West Bengal.

***New region-specific initiatives to increase road network***

Road Requirement Plan-I (RRP-I) for left wing extremism (LWE)-affected areas and Special Accelerated Road Development Programme for North-Eastern Region (SARDP- NE) are two ongoing projects covering state roads.

***Healthy economic growth to push road development***

With the economy expected to grow at a healthy pace, per capita income is set to improve, which will increase demand for two-wheelers and passenger vehicles in the country. Initiatives like 'Make in India' and implementation of Goods and Services Tax (GST) are also expected to add to the road freight traffic in India.

***E-commerce logistics - A growth driver for road freight***

CRISIL Research expects the e-commerce industry to grow at an estimated 23-37% CAGR between Fiscal 2016 and Fiscal 2019, to ~Rs 2.5 trillion. Growth is expected to be driven by segments such as the online marketplace, where players will continue to offer huge discounts, deals, and innovations to attract customers. Further, rising penetration of the internet, increasing use of smart phones (with mobile apps), and increasing consumer awareness should support the growth story. As the industry grows, players are looking to develop local ecosystems to serve demand across India. As these local ecosystems evolve, lead distances would reduce, and freight traffic could gradually shift from air freight to roads.

***Vehicle sales improves, long-term projection looks optimistic***

Passenger vehicle sales increased by 3% in Fiscal 2019, and are expected to post a growth of 2-4% in Fiscal 2020 on-year, over a high base. GST implementation is likely to positively impact growth by 1.5-2%. Over the long term, domestic passenger sales will be driven by rising disposable income and relatively stable cost of ownership, as crude oil prices stabilise at lower levels. Increased urbanisation, expanding working population and easy availability of finance will support sales. As more households come under the addressable market, sales of small cars are likely to increase, while evolving consumer preferences and introduction of new compact utility vehicles will drive demand within passenger vehicles.

Commercial vehicle (CV) sales usually move in cycles; sales bottomed-out in Fiscal 2015, and picked up thereafter. From a peak of over 809,500 vehicles in Fiscal 2012, sales declined owing to weak demand and deteriorating economic output. However, it picked up from Fiscal 2015 with economic recovery, growing by 3.7% in Fiscal 2016 and 1.4% in Fiscal 2017. In the first quarter of Fiscal 2018, demand was low because of advance purchases made in Q4 Fiscal 2017 to avoid higher prices of BS-IV vehicles. The scenario improved in the second quarter of Fiscal 2018 because of multiple reasons. The pent-up demand from Q1 Fiscal 2018 because of uncertainties in GST implementation, supply constraints because of shift to BS-IV along with low base of Q2 Fiscal 2017, in which the industrial output had weakened. Over the long term, CV sales are expected to be buoyant, with the economy picking up, and demand for CVs being robust. Demand for medium and heavy commercial vehicles (MHCV) is expected to grow at a CAGR of 6-8% from Fiscal 2018 to Fiscal 2023 whereas, for light commercial vehicles (LCV) it is expected to grow at CAGR of 5-7% in the same period.

**New trends in roads sector**

The execution speed of roads constructed/upgraded shot up from 1,576 km in Fiscal 2015 to 2,196 km in Fiscal 2016, and further rose to 2,625 km in Fiscal 2017. The execution speed improved further in Fiscal 2018 as 3,071 km of roads has been constructed. The government has tried to improve the rate of awarding over the years. Also, a significant share of awarding has recently been under HAM, which is expected to increase going forward.Private equity investment could pick up further, following recent announcements of exit policy for debt-stressed operators of toll roads. The share of EPC/ cash contract projects is expected to widen, especially in low-traffic-volume projects under NHDP-Phase IV, over the next five years. Dedicated ETC lanes will help reduce congestion at toll plazas and enable seamless movement of vehicles on national highways. The ministry has decided to roll out the ETC programme in the country under the brand name 'FASTag'.

**Challenges for the road sector**

***Limited financial flexibility of PPP road developers***

Funding constraints and financial stress thwarted the pace of development in the roads sector. During the intial phase of PPP in the road sector, road developers bid aggressively to bag more BOT-toll projects. Issues pertaining to subdued financing, lower traffic and delayed execution stressed the balance sheets of the developers Delays in project execution and resultant cost overruns

Delay in project execution due to issues like land acquisition, environmental clearances, forest clearances railway clearances and co-ordiantion with different state agencies has been a major hurdle in development of the road sector. Delays lead to significant cost overruns which lower returns for developers as well as adversely affect their debt servicing ability.

***Hurdles in bank funding for road projects***

Banks are reluctant to fund road projects as they are approaching the sector exposure limits. Given the dependence of infrastructure projects on banks for funding, the projects are not able to take off due to such funding constraints. Moreover, elongated working capital cycle in core construction businesses of many entities has also strained their liquidity position and further increased their dependence on borrowed funds.

***Reluctance to accept toll***

The Indian population has not yet completely accepted the importance of tolls for road construction and improvement of service delivery. The policy of appeasement of people through provision of subsidies has been a major tool for reaping political gains in the country. Such instances have not only deteriorated the sentiment of road developers, but have also affected service delivery within the sector.

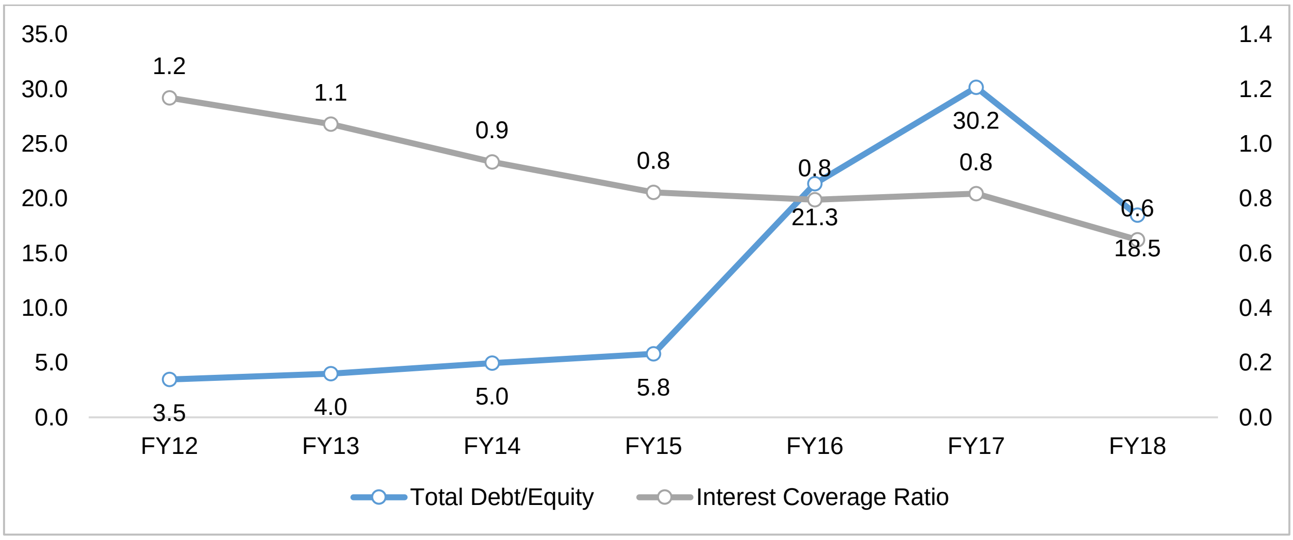
**Past experience and likely scenario for BOT (toll) in India, including key challenges for the model**

Awarding of projects is done via two modes: EPC & PPP. Until a few years back, BOT (Toll) was the most preferred mode of PPP projects, in which entire risk of the project was on the contractor. Most of the projects awarded in the period Fiscal 2008 to Fiscal 2013 were on BOT- toll. However, the players participating in the projects faced multiple issues, many of whom are currently under financial distress. As more and more players were entering the space, the competitiveness of the bids increased, leading to aggressive bidding by the players. Thus, the players were executing projects on low margins. Additionally, on account of delays in procuring the land required for the projects and receiving necessary regulatory clearances, the projects were stalled, leading to time and cost overruns. Apart from that, traffic projections for many projects turned out to be higher than the actual traffic plying on the road, as many announced industrial projects failed to come up. This led to piling of debt on the balance sheets of the construction companies, as they raised more debt to execute new projects. As credit availability fell on account of banking sector reforms, the companies faced financial distress.

Post that situation, the central government developed BOT-HAM model, which appropriated majority of the risks on the government and only execution risk was entrusted to the player. The model was introduced in Fiscal 2016, and since then it has been the preferred mode of PPP projects. We expect BOT-toll to remain less preferable for awarding for next 4-5 years, depending upon the speed of recovery for the past players.

The BOT-toll model involves investment by the private players, who then earn a return based on the traffic on the road. The private players source majority of their funds by leveraging their balance sheet. Following trend in ratios indicates past performance of the players majorly involved in BOT-toll space.

**Debt/Equity ratio and interest coverage ratio for major BOT players (times):**



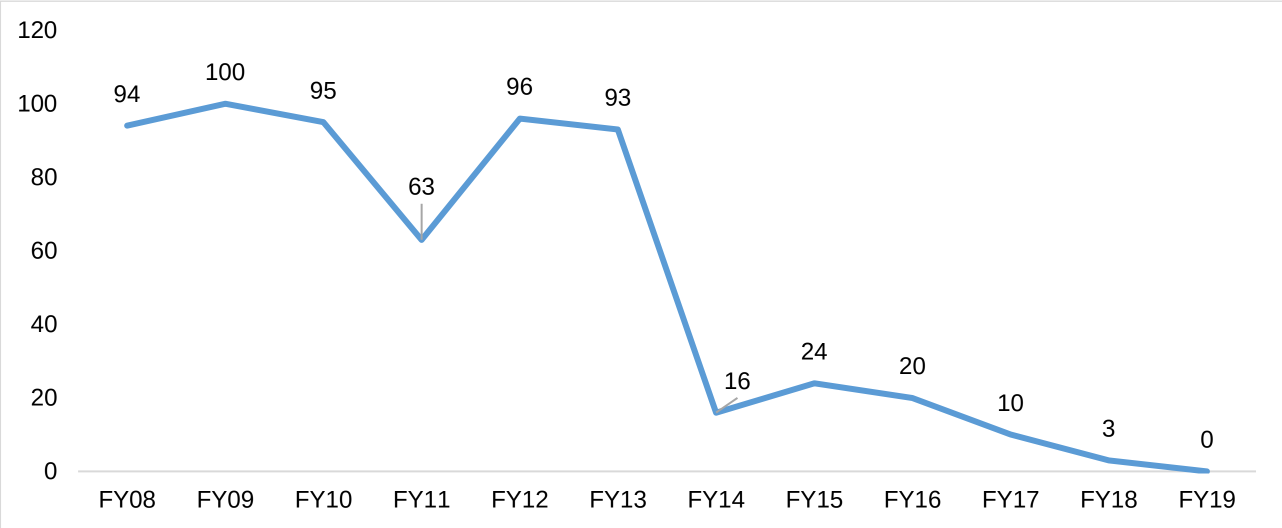

*Note: Aggregate consolidated financials for IL&FS Transportation Networks India Limited (ITNL}, IVRCL, IRB Infra and Hindustan Construction Company have been used*
*Source: CRISIL Research*

The companies operated at a high leverage ratio, increasing their interest cost and burdening the cash flow. This negatively affected the execution capability of the companies, which further impacted their revenue growth and margins.

This led to a fall in the share of BOT-toll projects awarded by NHAI. It started awarding most of the projects on EPC mode and, Fiscal 2016 onwards, HAM mode.

Following is the trend in the share of BOT-toll projects in the total length awarded by NHAI:

**Share of BOT-toll in total NHAI awarding (%)**




*Source: NHAI, CRISIL Research*

The falling share of BOT-toll indicates few takers for the model in the past three-four years on account of multiple issues, including stagnant credit growth to the sector along with distressed financials of the players.

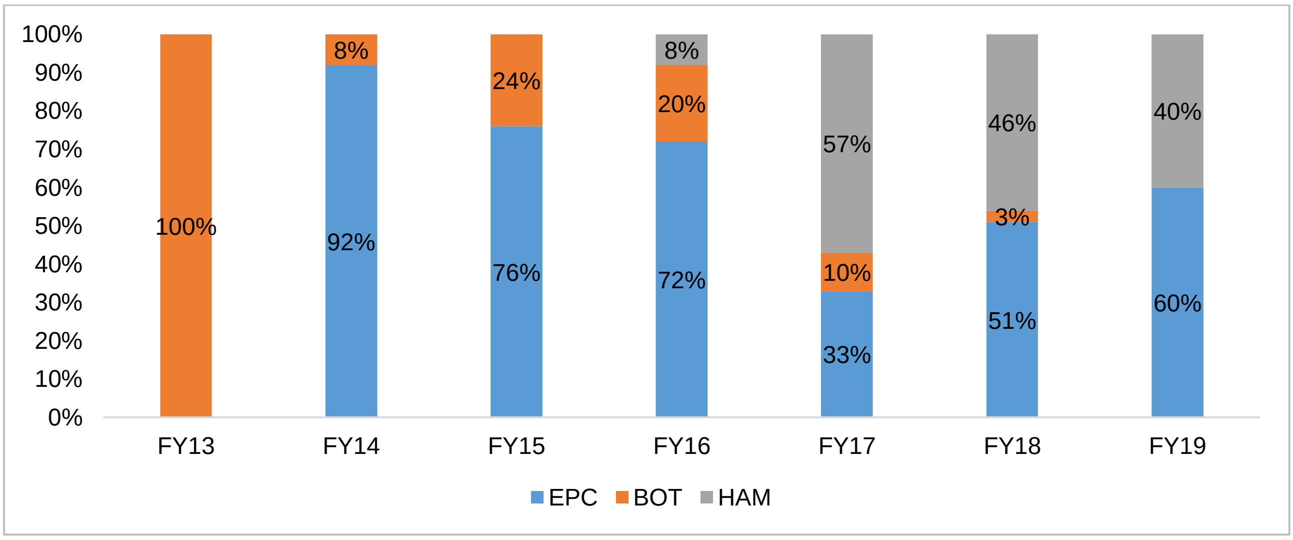
**Review of investment in NHAI projects**

The National Highways Authority of India (NHAI) awards projects under different modes – engineering, procurement and construction (EPC), build-operate-transfer (BOT), and the recently introduced hybrid annuity model (HAM). In the past two years, BOT projects have lost out to EPC projects as the latter requires limited upfront capital and involves lower risk.

Since Fiscal 2014, cash contracts have dominated NHAI's awarding as a result of the low appetite of road players for BOT projects.

To boost private participation further, the government introduced HAM in Fiscal 2016, wherein 40% of the total project cost is funded by the government and the remaining by the private developer. The equity requirement in these projects is only 12-15% of the project cost, which is much lower than a BOT project. Moreover, the developer is immune to traffic, inflation and interest rate risk. This model took off at a slower-than-expected pace in Fiscal 2016 and only about 350 km were awarded, mostly due to the apprehensions of various stakeholders towards a new, untested model. However, the participation of players in these projects improved significantly towards the end of Fiscal 2016. Almost half of the total length awarded in Fiscal 2017 was via HAM.

**NHAI awarding trend: Significant change in past few years**




*Source: NHAI, CRISIL Research*

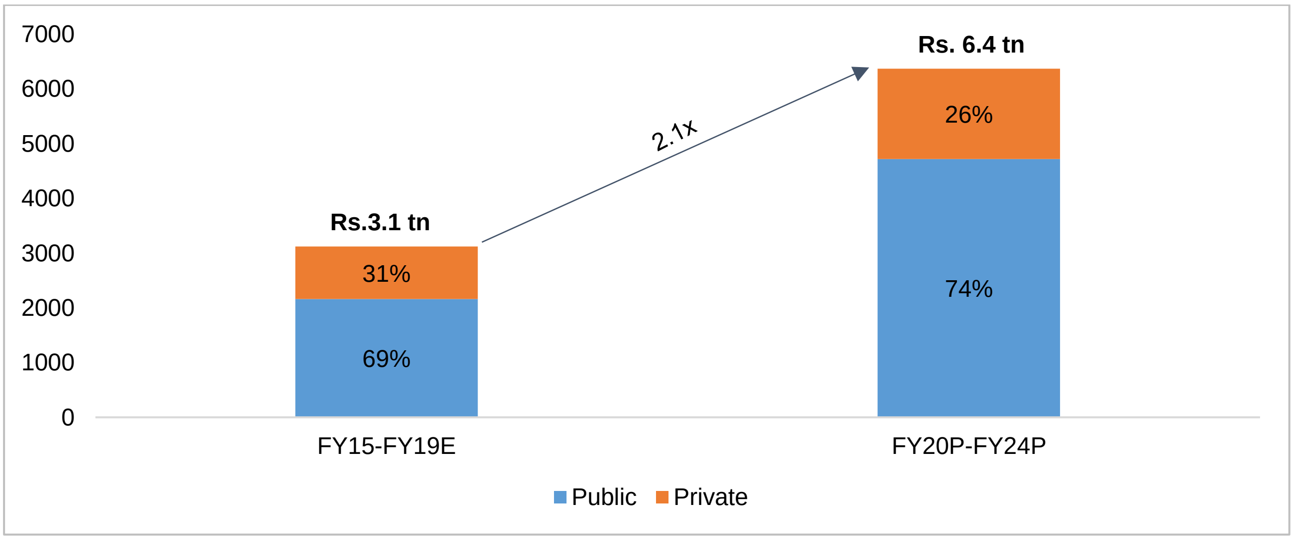
CRISIL Research expects an investment of Rs 6.3 trillion in national highways between Fiscals 2020 and 2024, up 2 times compared with the past five years. Notably, the government's contribution will increase to about 74%, and hence, the NHAI's ability to fund this proportion by raising debt externally is a key monitorable. With EPC and HAM execution dominating in the medium term, we believe the funding needs for agencies such as the NHAI will rise substantially. Considering the success of the first bundle of TOT bids, NHAI is expected to dole out more TOT bundles in the coming Fiscals. This will reduce the need to raise funds under NIIF.

**NHAI awarding reached record high in FY18**

In Fiscal 2018, total projects awarded by NHAI amounted to 7,397 km, higher than projects awarded in the previous Fiscal. In Fiscal 2019, the pace in awarding slowed down on account of excess awarding in Fiscal 2018 for which land acquisition and financing had to be arranged the total awarding in Fiscal 2019 stood at 2,222 km. Of the total length of highway projects awarded, around 60% were engineering, procurement and construction (EPC) projects and 40% were hybrid annuity model (HAM) projects. A majority of the HAM projects were awarded in March 2018. The revival, which began with NHAI awarding 3,091 km of highway projects in Fiscal 2015, almost double the 1,522 km awarded in the preceding year, was carried through Fiscals 2016 and 2017. Non-NHAI projects awarded by various other departments of the MoRTH ays also rose substantially in Fiscal 2017. Between Fiscals 2019 and 2024, CRISIL Research expects the length of roads upgraded/constructed to increase at a 4% CAGR.

Awarding of national highways projects has been severely hampered over the past few years by several issues: delay in land acquisition and environmental clearances, offer of more stretches with low traffic density, and players' weak financials. To clear the logjam, the NHAI terminated ~43 stalled projects (awarded in Fiscals 2011 and 2013). To put execution back on track, the agency has also re-awarded ~1,000 km of the terminated projects.

**Financing of national highways**




*Source: NHAI, CRISIL Research*

**Review and outlook of funding for national highways**

Road projects in India have largely been financed through public funds. State and rural roads are mainly funded by the government, while there is significant private sector participation in national highway projects.

NHDP is funded by the NHAI through:

- Government budgetary support
- Dedicated accruals under the Central Road Fund
- Multilateral agency borrowings or lending by international institutions: World Bank, Asian Development Bank (ADB), Japanese Bank of International Cooperation (JBIC)
- Private financing under PPP
- Market borrowings in the form of NHAI bonds
- National Investment and Infrastructure Fund

- Others: Toll revenue and premium

***TOT to account for considerable share of NHAI funding***

The toll-operate-transfer (TOT) is a new PPP model introduced by the Ministry of Road Transport and Highways (MoRTH) for the maintenance of roads. The model involves leasing out of operational national highways for periods as long as 30 years to collect toll revenue in return for one-time upfront payment to the government. The successful implementation of this model is essential to the sector given:

- Weak financial position of road developers resulting in most projects now being executed using public funds thereby putting stress on NHAI's funding position

- Increased awarding on EPC contracts will translate into more projects to be maintained by NHAI thereby utilizing NHAI's bandwidth and funds. Around 6500 kms are being maintained by NHAI today and this number is expected to more than double over the next 5 years.

- Weak participation of O&M players in existing PPP models for maintenance (OMT) due to problems experienced in the past. Only about 6-7 O&M players in the country continue to participate in OMT projects today.

Under this model, NHAI had shortlisted a list of 75 stretches to be bid out in the initial stages. They aggregate a length of 4500 km. CRISIL Research estimates they can fetch the NHAI Rs 380 billion to Rs 420 billion. Considering the average cost of constructing a four-lane highway to be Rs 140 million (excluding land costs), these funds can aid the construction of approximately 2,800 km of national highways.

In June 2019, the NHAI invited bids for TOT bundle-3 to monetise nine national highway stretches totalling 566 kms in Uttar Pradesh, Bihar, Jharkhand, and Tamil Nadu. The authority is looking to raise a minimum of ~Rs 50 bn through this bundle which closes bids in September 2019. TOT bundle-2 was scraped by the NHAI as the lowest bid was ~14% below the initial estimated concession value (IECV). Under the TOT bundle-1, it successfully raised Rs 96.8 billion, which was 1.5x the IECV.

The concession value for the bundle-3 is Rs 83 million/ km. This is lower than Rs. 91-92 million/km set for the first two bundles, which give room for higher bids. Asset recycling under the TOT model will help unlock funds critical to achieve Bharatmala targets.TOT is a cyclical source of funds. Existing assets can be monetized to invest in construction of new assets which can then be monetized further. This will partially ease the funding requirements for NHAI, required for execution of EPC and HAM projects. Given the success of the first bundle, NHAI is expected to dole out more bundles under TOT in coming Fiscals.

**Key policy measures for private participation**

To encourage and facilitate private sector investment and participation in the roads sector, the central government has undertaken certain policy measures and provided various incentives to the sector:

- 100% foreign direct investment (FDI) has been allowed in road sector projects

- The private party is to be rewarded for early completion of project. In the case of EPC, the contractor is to receive 0.03% of total project cost for each day by which the project completion date precedes the scheduled completion date, capped at total 5%. In the case of HAM, if the concessionaire achieves COD more than 30 days prior to the scheduled date, it will receive 0.5% of the 60% of BPC for every 30 days saved in achieving COD

- Dispute resolution will be in line with Arbitration and Conciliation Act 1996, based on the United Nations Commission on International Trade Law provisions

- Higher concession period (up to 30 years) has been granted

- Provision has been made for capital subsidy of up to 40% of the project cost to make projects commercially viable

- Provision has been made for unencumbered site for work, i.e., the government will meet all expenses relating to land and other pre-construction activities

- As per a recent Reserve Bank of India directive, loans for PPP projects can be considered 'secured' subject to certain conditions

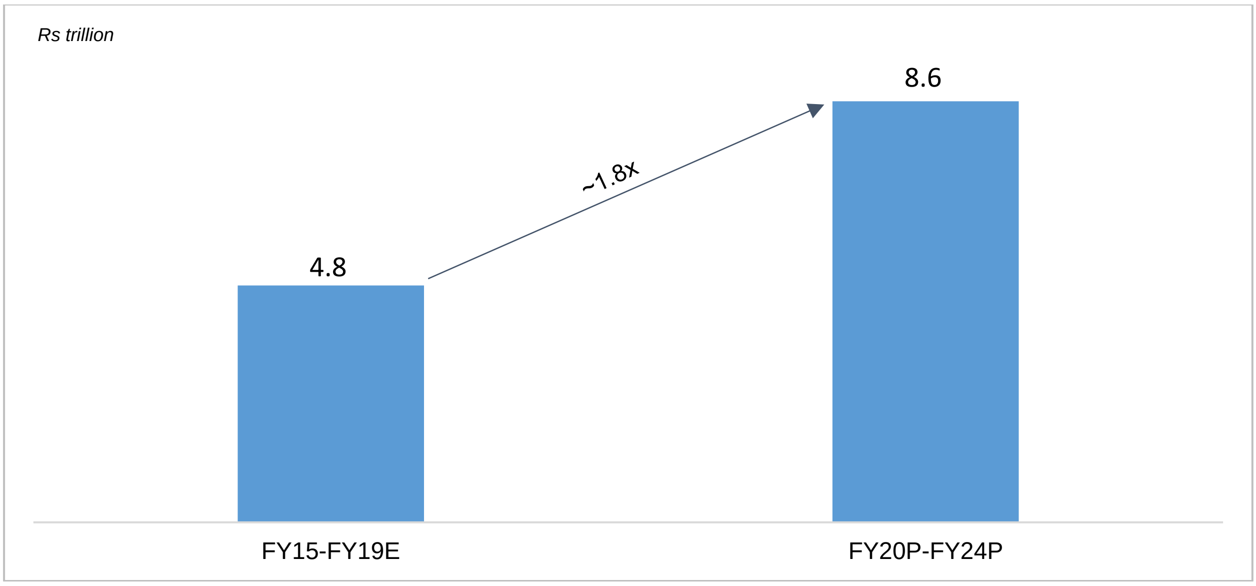
- The CCEA approved the proposal to facilitate harmonious substitution of the concessionaire in ongoing and completed national highway projects. This will expedite implementation of road infrastructure in the country, and insulate NHAI from heavy financial claims and unnecessary disputes

**State roads: Review and outlook**

State roads (which include highways, major district roads and rural roads that do not enter the purview of the Pradhan Mantri Gram Sadak Yojana, or PMGSY) comprise ~18% of the country's total road network and handle ~40% of road traffic. Through this period, the central government's contribution to state roads through the Central Road Fund (CRF) has been on an increaseing trend. Currently, 12-15% of the total investment in state road projects is channelled through the public-private partnership (PPP) route. A total investment of Rs 4.8 trillion was made in state roads between Fiscals 2015 and 2019.

The total investment in state roads between Fiscals 2020 and 2024 is expected to be Rs 8.6 trillion. We expect private participation in state road projects to remain steady in future, too. Gujarat, Madhya Pradesh, Maharashtra, and Rajasthan are expected to lead the way in implementing state highway projects through the PPP route.

**State roads: Outlook on investments (Rs trillion)**

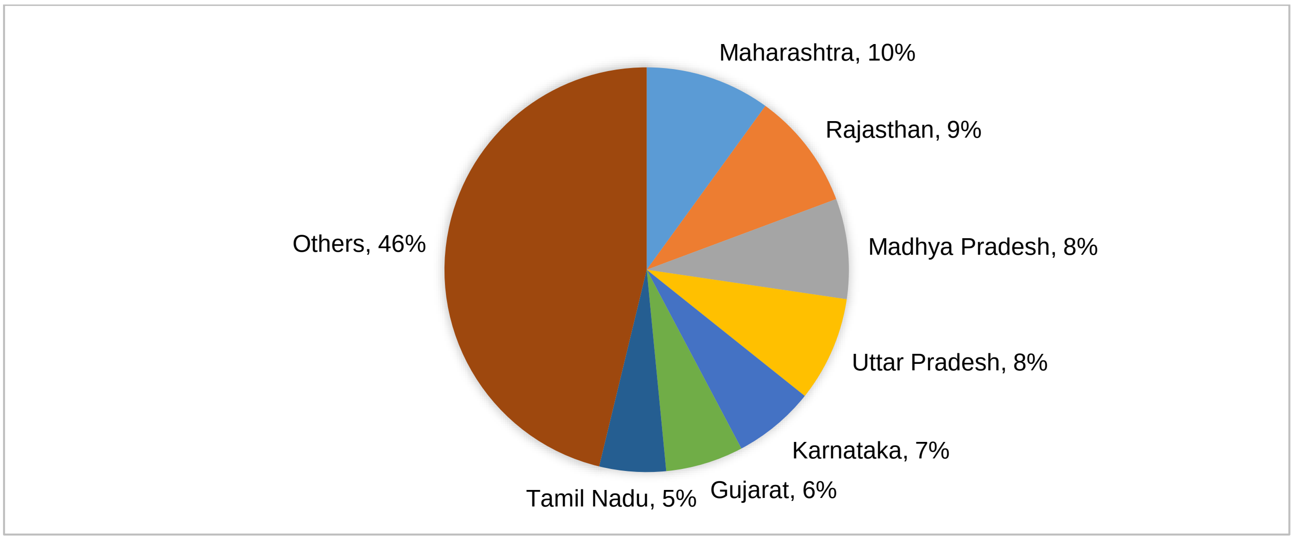



*P: Projected*
*Source: CRISIL Research*

**Central assistance for state roads**

State roads fall under the jurisdiction of the respective state governments. However, the central government also provides financial assistance to states through various schemes for road network development. The estimated amount released under Central Road Fund to states in Fiscal 2017 was Rs 70.7 billion. In the Fiscal 2018, an alloaction of Rs 66.4 bn has been made under the scheme. In Fiscal 2019 Rs. 68 bn CRF was allocated.

**State-wise released under CRF in Fiscal 2018**




*Source: MORTH, CRISIL Research*

About 10% of the amount collected under CRF for state roads is reserved for road development under the following schemes:

**World Bank and other external assistance to state roads**

The World Bank is providing continued assistance for the construction of state highways and improvement in the efficiency of road management agencies of respective states. Assistance from the World Bank has been provided so far in Andhra Pradesh, Gujarat, Assam, Himachal Pradesh, Karnataka, Kerala, Mizoram, Odisha, Punjab, Tamil Nadu and Uttar Pradesh.

In a number of states, the World Bank is helping upgrade state highways and raising the operational efficiency of the states' main road management agencies. It is helping identify the core network of roads, building better information and asset management systems, piloting new contracting approaches, introducing innovative ways of involving the private sector, and improving road safety. Projects have been supported in Andhra Pradesh, Assam, Gujarat, Himachal Pradesh, Karnataka, Kerala, Mizoram, Orissa, Punjab, Tamil Nadu, and Uttar Pradesh.

A road improvement project in Andhra Pradesh and Telangana, aimed at the widening and improvement of state highways, provision of long-term maintenance for a broader network of roads, and road safety improvement is undertaken. This project is co-financed by IBRD (World Bank) and the Government of India (GOI). IBRD initially committed to a loan of 239 million USD over the course of the project odf which 168.01 been disbursed, and 70.9 remains to be disbursed as on June, 2017.

India signed an agreement with World Bank for IBRD assistance of USD $ 175 Million loan for Second Gujarat State Highways Project in february 2014. The project was aimed at improving the condition, capacity and safety of about 625 km of the 6,444 km core state road network. The project has three components which are (i) Highway Improvement Component (Total Cost: US$ 290 million); (ii) Sector Policy and Institutional Development Component (Total Cost: US$ 12 million); and (iii) Road Safety Management Component (Total Cost: US$ 22 million). As per the Gujarat State highway project -II reports, two stretches of the highway - (Dabhoi-Bodeli- 33.88 km) and (Atkot-Gondal- 36km) have been completed till Dec-17. The World Bank has disbursed USD $ 53.07 million till December 2017.

The Asian Development Bank (ADB) and the Government of India signed a $250 million loan on January 2018 to finance the construction of 6,254 km of all-weather rural roads in the states of Assam, Chhattisgarh, Madhya Pradesh, Odisha, and West Bengal under the prime minister's rural roads program (PMGSY). The loan's first tranche is part of the $500 million Second Rural Connectivity Investment Program for India approved by ADB in December 2017. The program is aimed at improving rural connectivity, facilitating safer and more efficient access to livelihood, and socio-economic opportunities for rural communities through improvements to about 12,000 km of rural roads across the 5 states.

The Asian Development Bank (ADB) and the Government of India signed a $350 million loan in March 2017 for improving about 1,500 kilometers of major district roads in Madhya Pradesh in line with the State's Road Development Plan. The Project will involve upgrading roads with concrete pavements, strengthening culverts and bridges, and maintaining the improved road assets for a period of five years after construction, on a performance based payment format.Recent initiatives in the development of state roads.

Road Requirement Plan-I (RRP-I) was unveiled by the Ministry of Road Transport and Highways (MORTH) for the improvement of road connectivity in 34 LWE affected districts of eight states, namely, Andhra Pradesh, Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh, Maharashtra, Odisha and Uttar Pradesh. Under the scheme, construction of 5422 km road lengths and 8 critical bridges was envisaged of which 4523 km of roads and 2 bridges have been completed by December 2017.

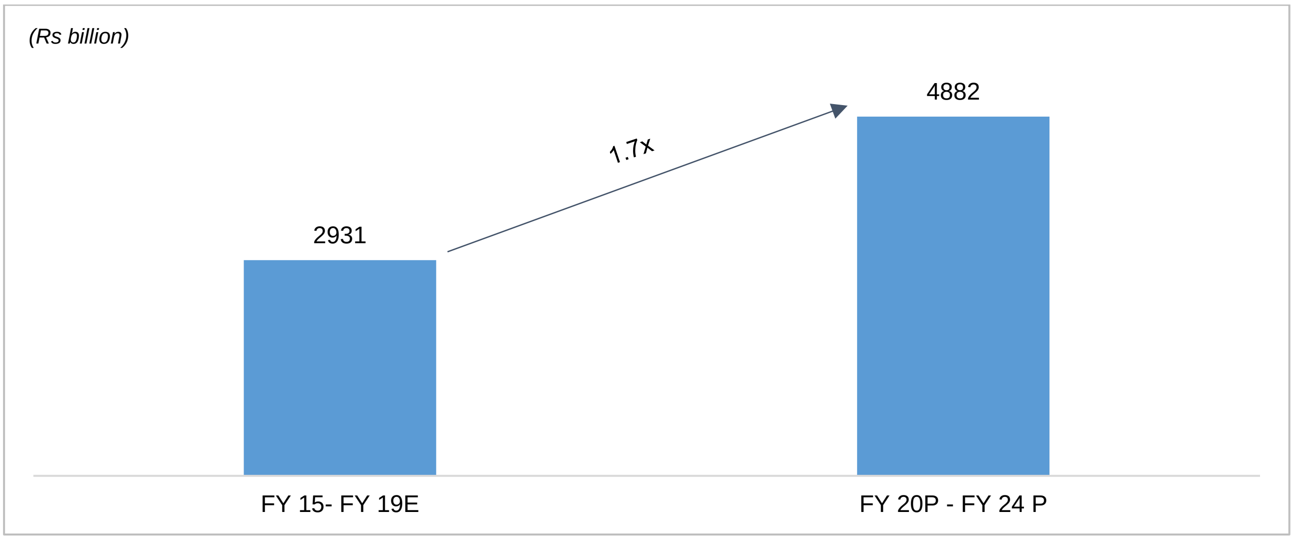
**Irrigation**

***Irrigation spend to rise on increased government support***

CRISIL Research projects investments in irrigation to increase by 1.7 times between Fiscals 2020 and 2024 as compared to previous five years. With irrigation being a state subject, most of the investments will flow from state governments which will account for 85-90% of the total investment. Majority of the investments are expected to focus on completing existing major and medium-sized irrigation projects.

CRISIL Research believes construction spend in irrigation will rise to Rs 4,882 billion till Fiscal 2024 compared with Rs 2,931 billion over the past five years (Fiscals 2015 to 2019). As much as Rs 72.8 billion was released in Fiscal 2016 and Rs 77.7 billion in Fiscal 2017 under the Pradhan Mantri Krishi Sinchayee Yojana (PMKSY) scheme. In Union Budget 2018, the allocation to PMKSY was increased 28% to Rs 73.77 billion, compared with the previous estimate.

**Estimated construction investments in irrigation (Rs billion)**



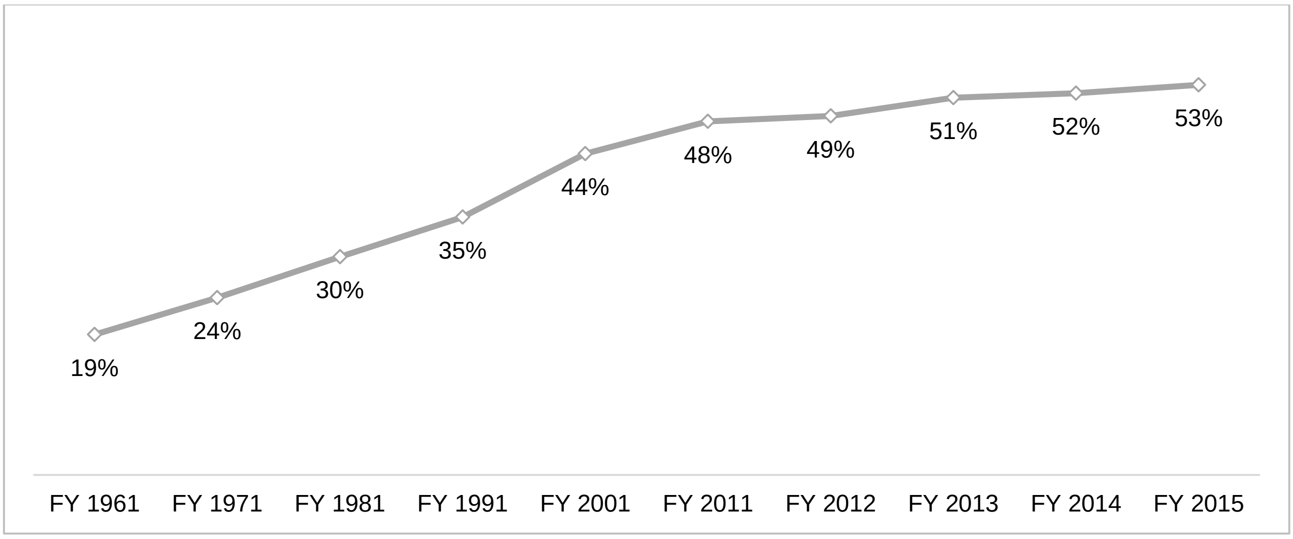

*Source: CRISIL Research*

**Key growth drivers for irrigation sector**

***Low irrigation penetration levels***

In India, ~124 million hectares was cultivated, as of Fiscal 2015, of which 53% was irrigated. Indian farmers are forced to keep an eye on the sky for a good crop, despite investments totalling Rs 5,390 billion in the past 10 years and multiple schemes for irrigation.

**Irrigation penetration levels in India**

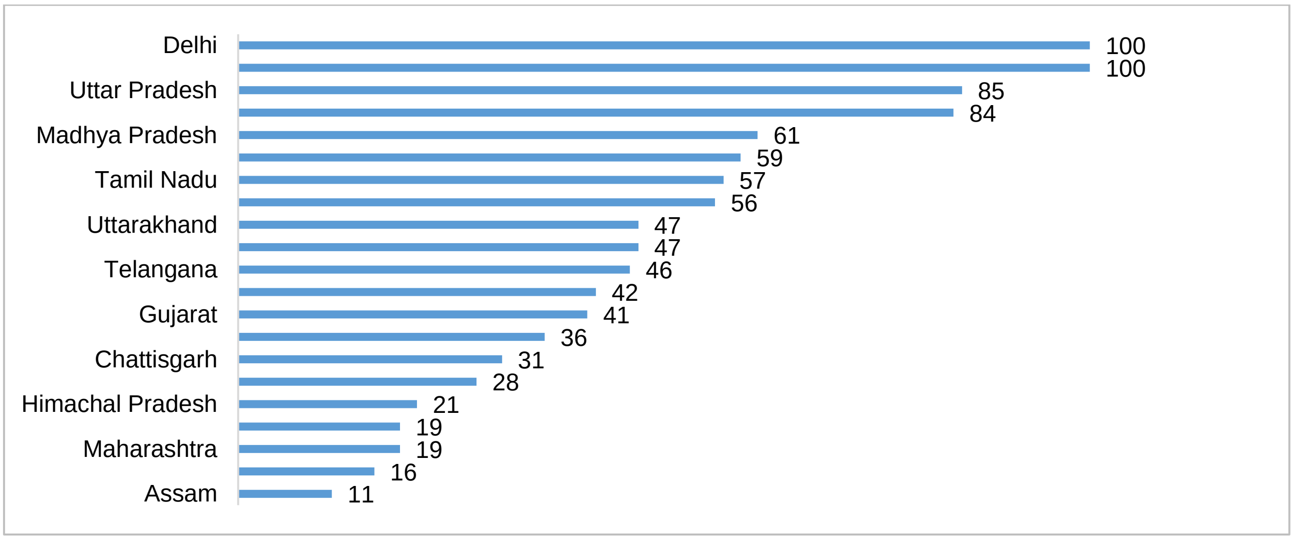



*Note: Irrigation is measured in terms of net area irrigated (per cent) as a percentage of net sown area.*
*Source: Ministry of Agriculture, CRISIL Research*

However, with almost 50% of the land irrigated, the country has huge unharnessed potential for further investments in the space.

Besides high-yielding crop varieties and increased use of fertilisers, the Green Revolution also put the spotlight on irrigation. The initial beneficiaries were the Gangetic plain states of Punjab, Uttar Pradesh, and Haryana. As a result, irrigation penetration is substantially higher in these states, with penetration levels at 100% in Punjab, 84% in Haryana, and 85% in Uttar Pradesh. In contrast, the penetration levels in Jharkhand, Maharashtra, Odisha, Chhattisgarh, Karnataka, Gujarat, Andhra Pradesh, Telangana, and Rajasthan are lower than the national average.

**Irrigation penetration by state, as of Fisca 2014 (%)**

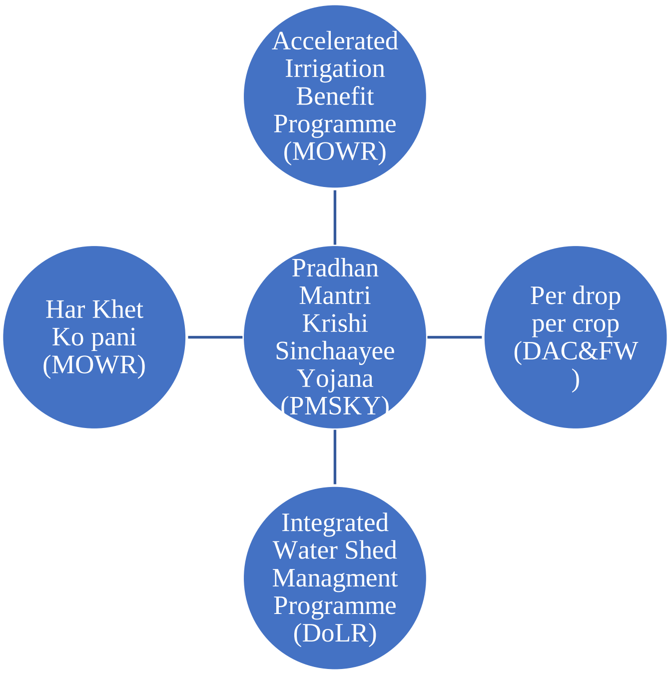



*Note: This is the latest data available.*
*Source: Ministry of Agriculture, CRISIL Research*

***Clubbing of all centrally sponsored schemes under one umbrella***

The PMKSY has four major components: Accelerated Irrigation Benefit Programme (AIBP), Integrated Watershed Management Programme (IWSMP), On Farm Water Management (OFWM or Har Khet ko Pani) and Per Drop More Crop. This scheme plans to increase area under cultivation by 8 million ha from Fiscals 2017 to 2022.

**Convergence of various schemes under one umbrella**




*Source: CRISIL Research*

***Improved monitoring from central government***

The government has started to take a bottom-up approach, with each district asked to prepare a district irrigation plan. All states have to prepare a state irrigation plan based on their district irrigation plans. The National Executive Committee, chaired by the vice-chairman of NITI Aayog, will oversee programme implementation, thus bringing in swiftness in execution.

***Secure access to land and water, driven by policy reforms***

Land is a critical input for irrigation projects. Projects have been delayed due to issues in land acquisition and clearances. The sector also faces delays due to water disputes with neighbouring states. For example, major projects in the states of AP and Telangana (Pranahita Chevella and Indirasagar Polavaram Project) have been delayed for more than a decade due to disputes with Maharashtra. Providing a framework for fast-tracking dispute resolution, in effect reducing delays, will make the industry more attractive for private players.

***Increasing penetration of micro-irrigation***

The potential for micro-irrigation in India is very high, given that only 8.8-9.0 million ha out of a potential ~69.5 million ha has been covered under such systems (as of March 2017), even as water scarcity issues loom large. The Government of India task force 2004 report estimates a potential of 27 million ha for drip irrigation and 42.5 million ha for sprinkler irrigation. Rajasthan, Punjab, Haryana, Gujarat, Maharashtra, Madhya Pradesh, and Uttar Pradesh account for over 80% of the potential.

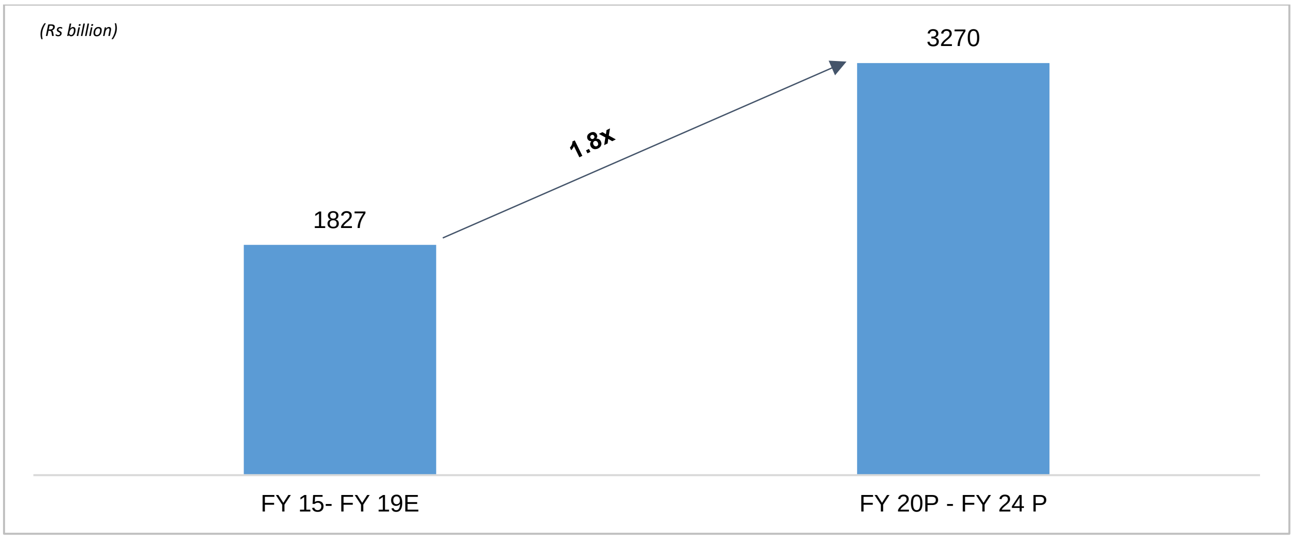
**Region wise share of irrigation investments**

The share of southern states is estimated to have grown to 41% over the Twelfth Five-Year Plan from 36% during the Eleventh Five-Year Plan. Larger states such as Andhra Pradesh, Telangana and Karnataka have significantly increased their budget outlays over Fiscals 2013 to 2017.

**Urban infrastructure in India**

The government's thrust on urban infrastructure development will be the predominant force driving investment in the sector over the next 5 years. CRISIL Research expects construction spend in urban infrastructure to touch ~Rs 3.3 trillion between Fiscals 2020 and 2024, 1.8 times the spend in the previous 5 years.

**Construction spends in urban infrastructure (Rs billion, current prices)**




*E: Estimated; P: Projected*
*Source: CRISIL Research*

**Key growth drivers for urban infrastructure**

Urban infrastructure includes construction-intensive mass rapid transit system (MRTS), bus rapid transit system (BRTS), water supply and sanitation (WSS) projects, smart cities, and related infrastructure development.

CRISIL Research expects investment in India's urban infrastructure to grow at a robust pace, driven by government schemes such as AMRUT, Swachh Bharat, and Clean Ganga. Water supply and sanitation (WSS) projects and metro construction in major Indian cities are expected to boost urban infrastructure investment in the next five years. The progress of work on 90 smart cities announced so far will also be a key monitorable.

***Swachh Bharat Mission (SBM) to boost WSS projects***

Government schemes such as the SBM and the National Mission for Clean Ganga (NMCG) are likely to boost WSS investments.

On October 2, 2014, the Prime Minister of India launched the Swachh Bharat Mission to focus on sanitation and accelerate efforts to achieve universal sanitation coverage. It comprises two sub-missions - Swachh Bharat Mission (Gramin) and Swachh

Bharat Mission (Urban) - aiming to achieve Swachh Bharat by 2019. Components of the mission are: construction of household toilets, community toilets, public toilets, including conversion of insanitary latrines into pour-flush latrines; solid waste management; and public awareness.

Under the National Mission for Clean Ganga (NMCG) the aims and objective is to ensure effective abatement of pollution and rejuvenation of the river Ganga by adopting a river basin approach to promote inter-sectoral coordination for comprehensive planning and management. It also aims to maintain minimum ecological flows in the river Ganga with the aim of ensuring water quality and environmentally sustainable development. The government has released Rs 36.3bn between 2014-15 and 2016-17 for cleaning the Ganga and beautifying ghats along with it.

***AMRUT will also drive WSS spend***

Atal Mission for Rejuvenation and Urban Transformation (AMRUT) focuses on basic infrastructure services such as water supply, sewerage, storm water drains, transport, and development of green spaces and parks. The government allocated Rs 500 billion for five years (2015-16 to 2019-20) under this scheme, as against Rs 360 billion spent under JNNURM over the past five years. However, only 8.7% of Rs 500 billion was released till March 2017. Out of the total allocated central government share to the SAAPs for the years FY16 and FY17, only 20% had been released, indicating sluggishness in the on-ground implementation of the project.

***Metro construction: Second-largest urban infra investment contributor***

In order to provide safe and sustainable transport in urban areas, up to 326 km of metro lines have been made operational in different cities, and over 500 km of metro lines are at different stages of construction in 12 cities. In addition, over 550 km of metro rail projects and 381 km of regional rapid transport systems are under planning and consideration.

CRISIL Research estimates that construction spends on metros in India will increase 1.5 times to ~Rs 985 billion over the next 5 years, making it the second-largest contributor to urban infrastructure investments. CRISIL Research estimates majority of the total investment in the MRTS between Fiscals 2020 and 2024 will be in these key projects: Delhi Metro Rail Project - Phase III and IV, Colaba-Bandra-Seepz Project, Dahisar-Charkop-Bandra- Mankhund Metro , Chennai Metro phase-II, Nagpur Metro and Pune Metro projects.

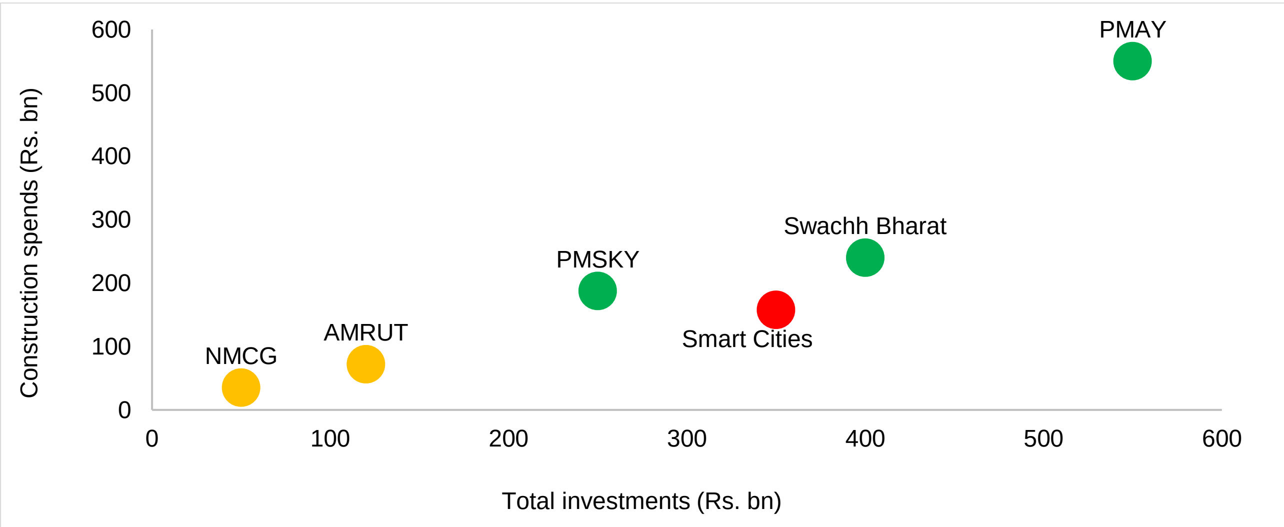
***Smart cities to boost urban infra spends***

The government approved a budget of Rs 480 billion for the development of 100 smart cities over 5 years beginning Fiscal 2017, with a focus on adequate and clean water supply, sanitation, solid waste management, efficient transportation, affordable housing for the poor, power supply, robust IT connectivity, e-governance, safety and security of citizens, health, and education. 99 smart cities announced; only 29 cities showing reasonable activity in terms of tendering and execution

Out of the 60 smart cities declared in the rounds 1, 2 and the fast rack round, only about 29 cities are experiencing reasonable amount of activity. Of the first 20 cities announced, only 10 cities have progressed in terms of execution. About 8 cities have no or marginal progress in terms of execution as against initially planned.

For the balance 39 cities selected in rounds 3 and 4, tendering is in a very nascent stage for the newly formed SPVs, and for some cities, the SPV is yet to be formed.

**Swachh Bharat and Smart City missions to show good progress**



*Note: The colour of the bubble indicates pace of execution: red - below average, green - above average, and yellow - average.*
*Source: CRISIL Research*

**Other government policies and schemes for the sector**

**Interlinking of rivers (ILR)**

Under the National Perspective Plan (NPP), the National Water Development Agency (NWDA) has identified 30 links (16 under peninsular component and 14 under the Himalayan component) for preparation of feasibility reports. Four priority links under the peninsular rivers component have been identified for preparation of detailed project reports (DPR), viz, the Ken-Betwa link, Phase – I & II, Damanganga-Pinjal link, Par-Tapi-Narmada link, and Mahanadi-Godavari link.

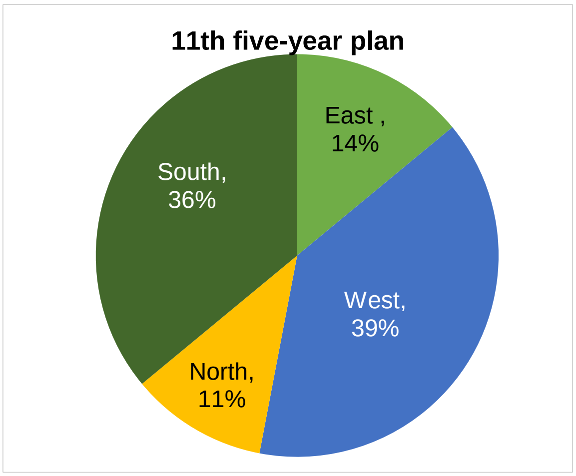
***Inland waterways***

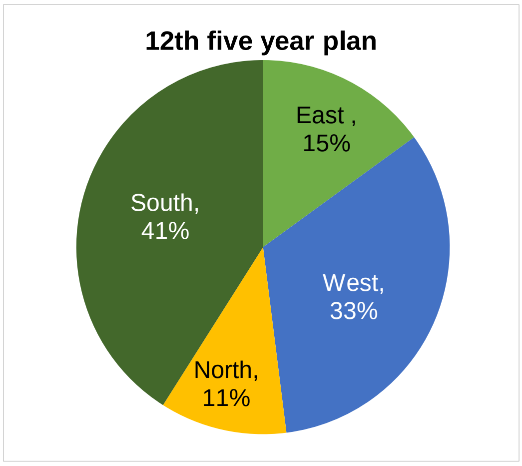
India has about 14,500 km of navigable waterways which comprise rivers, canals, backwaters, creeks, etc. About 55 million tonne of cargo is being moved annually by inland water transport, a fuel-efficient and environment-friendly mode. As per feasibility reports of the new National Waterways (NWs) completed so far, 36 NWs have been found technically viable for development.

***Riverfronts***

Often, in larger cities that border a river, the riverfront is lined with marinas, docks, parks, trees, or minor attractions. Today, many riverfronts are a staple of modernism and city beautification. Sabarmati Riverfront in Ahmedabad, Gomti Waterfront in Uttar Pradesh,Yamuna Riverfront Development, Hindon River, Godavari and Pune Riverfront are in variou stages of development.

**Region-wise proportion of investments - Eleventh Five-Year Plan vis-a-vis Twelfth Five-Year Plan**

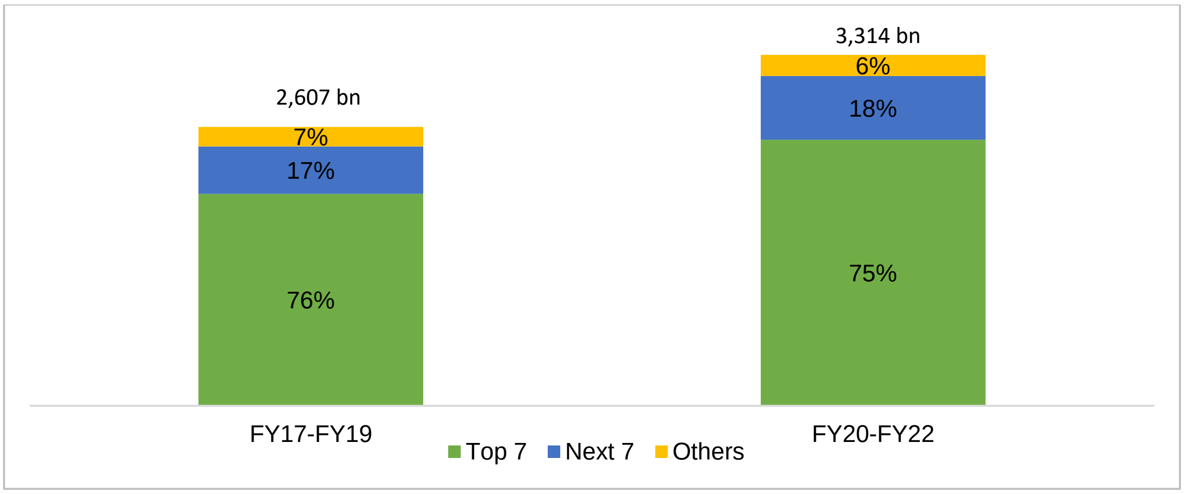



*Source: CRISIL Research*

Irrigation investments are heavily skewed, with the top 7 states - Andhra Pradesh, Telangana, Maharashtra, Karnataka, Gujarat, Madhya Pradesh and Odisha- accounting for nearly 75% of the total investments from 2017 to 2019. The share of Uttar Pradesh, Bihar, Rajasthan, Jharkhand, Chhattisgarh, Tamil Nadu, and West Bengal together was ~17%.

**Share of states in irrigation investments (Rs billion)**

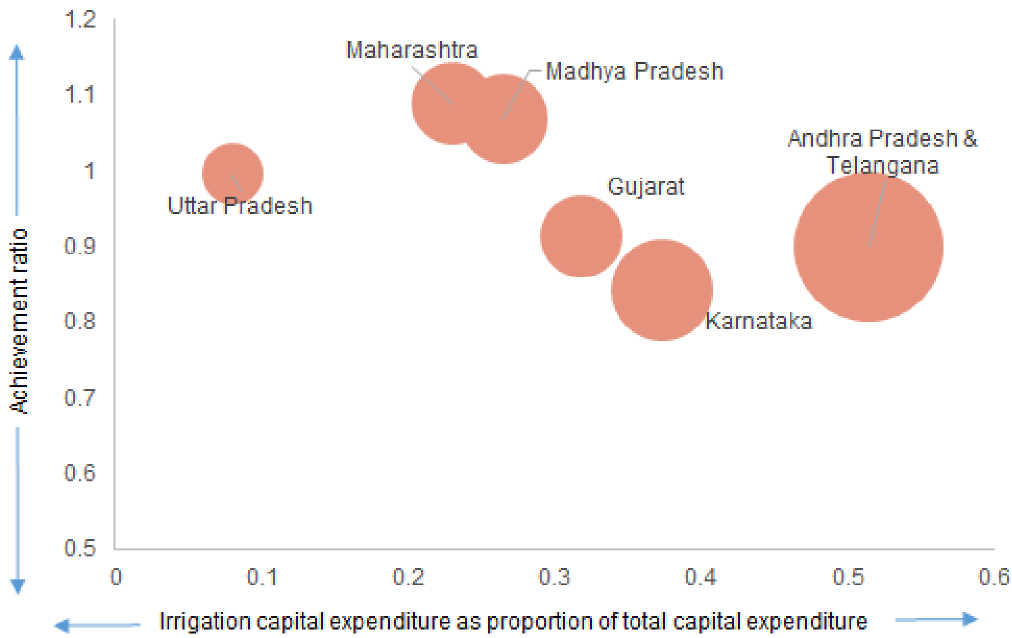



*Note: Top 6 states include AP, Telangana, Maharashtra, Karnataka, Gujarat, MP and UP.*
*Source: CRISIL Research*

**Overview of irrigation projects in the states**

In India, irrigation is a state subject. Hence, most projects are awarded, implemented and invested by the state government. Cash contracts are awarded (for which the state government has a standard concession policy) and the government follows a competitive bidding process. The top seven states are expected to continue to account for the lion's share in investments.

**Top seven states account for 75% of the overall irrigation investment**




*Note: Size of the bubble indicates investments in 2017-18.*
*Source: State budgets, CRISIL Research*

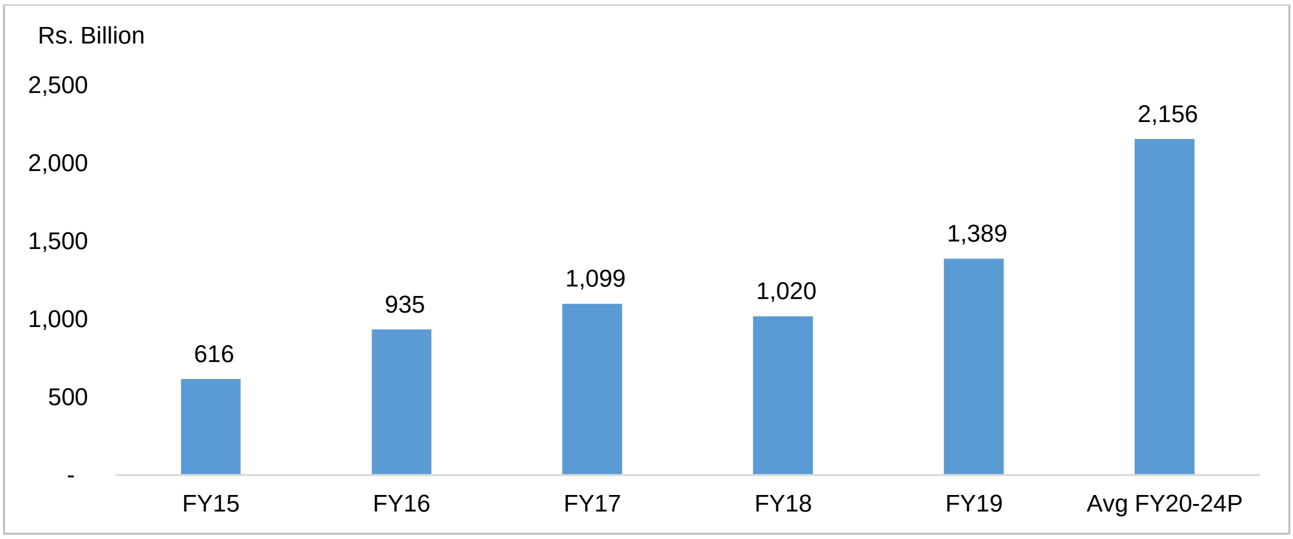
The achievement ratio for these top seven states is expected high at ~89% in the Fiscal 2019. Most states are expected to focus on completing existing major and medium irrigation projects. Also, Chhattisgarh and Rajasthan have significantly increased their allocations towards irrigation.

**EPC opportunities in railways**

***Railway investments to touch Rs 10.8 tn over Fiscals 2020-2024***

CRISIL Research expects the investments in railway sector to increase from Rs 5.1 trillion during Fiscals 2015 to 2019 to Rs 10.8 trillion in Fiscals 2020 to 2024., led by an increased thrust on raising funds through new channels such as LIC and multilateral agencies.

**Railway investments post steep growth from Fiscal 2015**

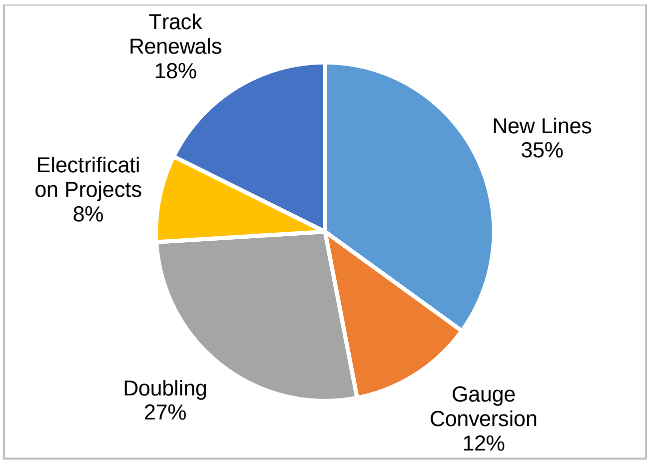



*Note: During FY19, budgetary allocation for Railways stood at Rs 1465 billion*
*Source: Budget Documents, CRISIL Research.*

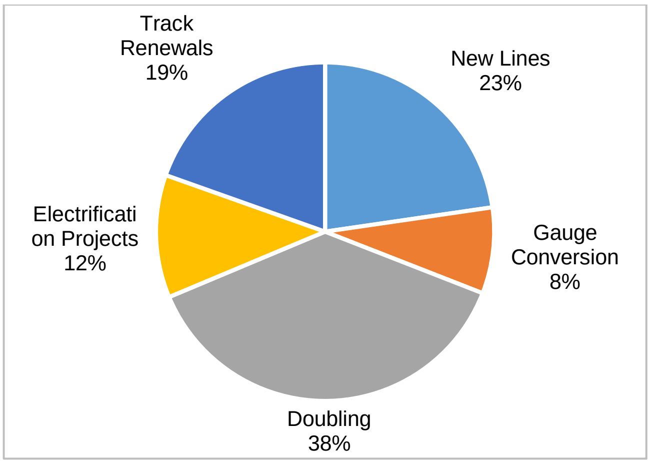
The growth in investments are driven by

- Availability of funding from Life Insurance Corporation (LIC) and Multilateral agencies
- Improvement in the pace of approvals
- Provision of additional resources such as Rashtriya Rail Sanraksha Kosh (RRSK)
- Increase in private sector participation (especially in rolling stock, station redevelopment, connectivity projects, etc.)
- The revised estimates for 2017-18 stood at Rs 1.2 trillion whereas for 2018-19 the budget estimates stood at Rs 1.46 trillion. This shows a continued upward bias in infrastructure investments in railways.

**Split of Investments among railway segments**




**FY14 – FY18**




**FY19 – 23P**

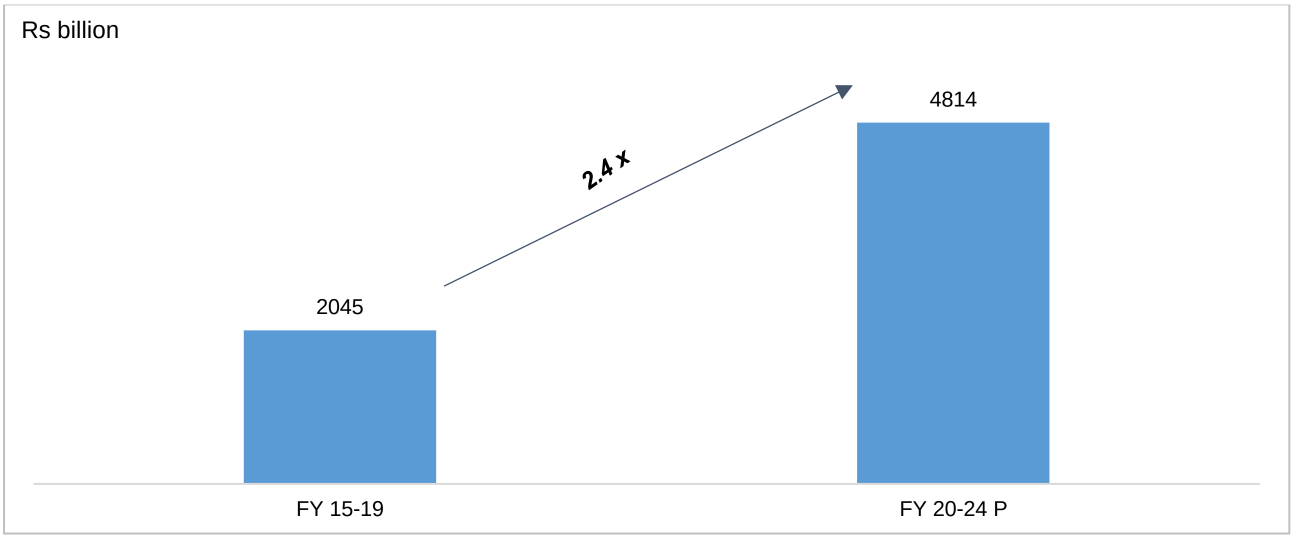
*Note: Others include DFC, HSR*
*Source: Indian Railways, CRISIL Research*

**Investment in railways on the rise**

During Fiscals 2015 to 2019, the investments in Indian Railways have almost doubled from Rs 616 billion to Rs 1,389 billion. Especially, in Fiscal 2016, the investments have jumped by about 52% from Rs 616 billion to Rs 935 billion. This was led by an increased thrust on raising funds through new channels such as LIC, Multilateral agencies etc. The revised estimates for 2017-18 stood at Rs 1.2 trillion whereas for Fiscal 2019 the revised estimates stood at Rs 1.3 trillion. This shows a continued upward bias in infrastructure investments in railways.

During Fiscals 2020 to 2024, the construction opportunity in Railways is expected to grow by 2.4 times to 4,814 billion driven by huge investments in the sector.

**Construction spend in railways (Rs billion at current prices)**




*Source: CRISIL Research*

**Outlook on investments**

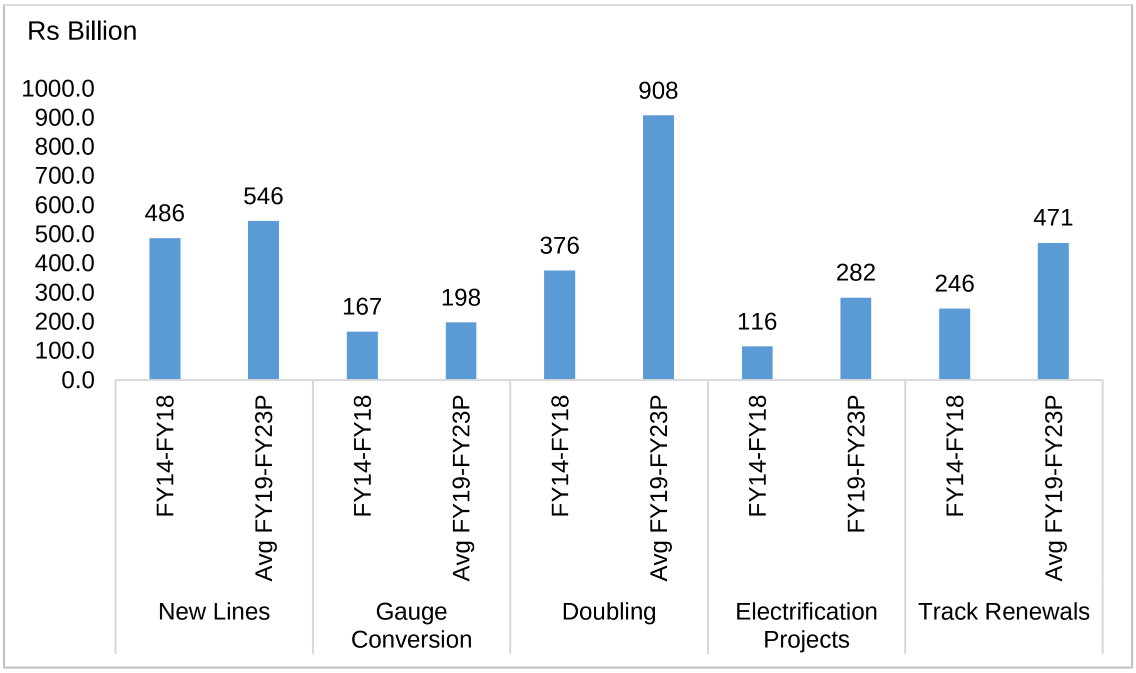
The government announced a planned outlay of Rs 1.6 trillion for the railways in the Interim Union Budget for Fiscal 2020, 14% higher than the preceding year's revised estimate of Rs 1.39 trillion, thus driving investment in the sector. About 41% of the planned outlay is expected to be financed through budgetary support, and the remaining through internal sources and market borrowings/institutional finance.

Among the segments, we expect planned capex in network decongestion and rolling stock to largely materialise within the five-year period, and the bulk of the planned spend on station redevelopment and high-speed rail to be incurred beyond Fiscal 2020. Compared with Fiscals 2014 to 2018, we expect investments in network decongestion and expansion to grow 1.5-2x, during Fiscals 2019-23.

***Network decongestion and expansion is Rs 1.9 trillion opportunity***

Network decongestion incorporates investments in, Gauge Conversion, Doubling and Electrification. CRISIL Research estimates an outlay of Rs 1.9 trillion (20-25% of the actual capex) for this segment between Fiscal 2019 to 2023P – about 1.5-2 times increase in allocation compared to the previous five years.

**20-25% of investments towards new lines and decongestion**

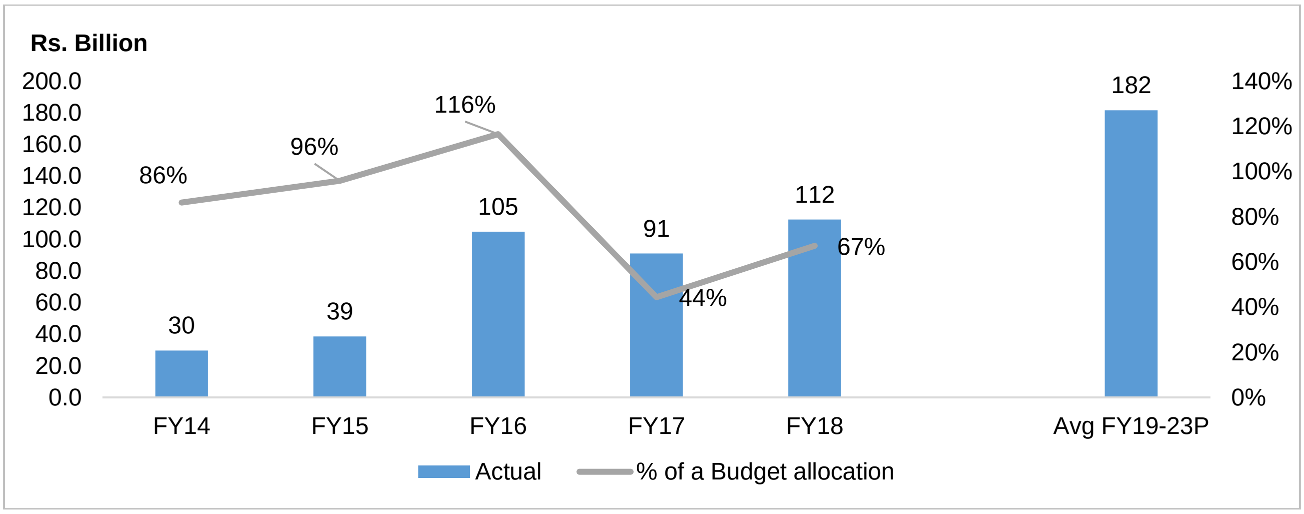



*Source: Indian Railways, CRISIL Research*

***Investments in doubling to double over the next four years***

Doubling projects, which involve laying additional line/s along an existing line to ease traffic constraints and increase chartered capacity, are seeing sharper focus on commissioning. The buoyancy comes from a sharp increase in the pace of new sanctions, emphasis on project prioritisation, an assurance of funds from LIC being utilised in addition to Gross Budgetary Support (GBS).

**Spend on doubling to increase significantly**



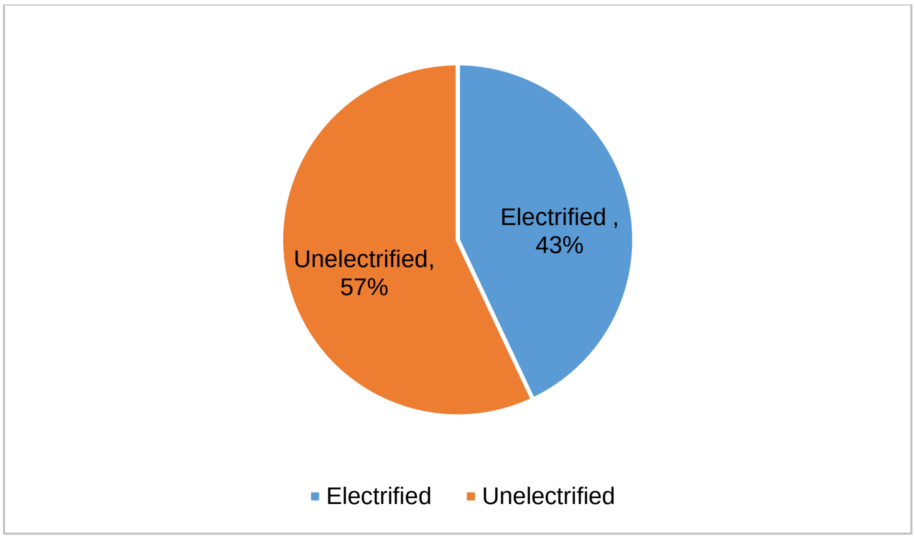

*Source: Railways performance and outcome budget report, CRISIL Research*

The pace of completion of doubling projects is likely to increase to an average of 1,442 km by FY19-23P from 999 km in Fiscal 2018.

***Share of electrification on broad gauge to rise; offers potential for EPC players***

As against the target of 6,000 km in Fiscal 2019, 3900 km of track has been electrified during Fiscal 2019, taking the total electrified track length to 32,276 rkm. Till FY18, electrification has been extended to 29,376 rkm constituting 43% of the total rail network.

**Over half of total network pending for electrification**




*As on FY18*
*Source: Indian Railways*

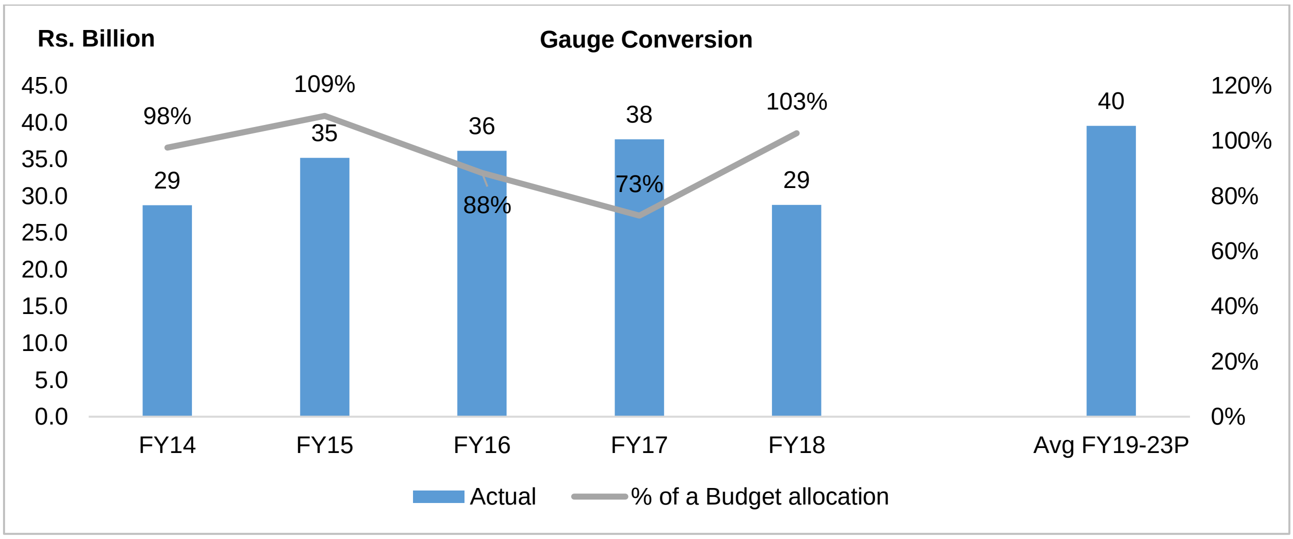
Completion for electrification increased from 1,375 km in Fiscal 2015 to 4,087 km in Fiscal 2018 aided by Life Insurance Corporation of India infusion. In line with the master plan prepared by Indian Railways, the proposed physical target planned to electrify balance BG rail routes by 2021-22 to achieve 100% electrification of BG rail routes. The government's plan till FY 2020-21 is to touch electrification pace of 10,500 km every year. The push has been supported by a significant rise in allocations – with the latest Union Budget revising the targeted spend for Fiscal 2018 to Rs 50 billion and proposing an even higher outlay for Fiscal 2019. For scale, the revised outlay for Fiscal 2018 is 72% higher than spend in Fiscal 2017.

**93% of lines are under broad gauge, with rest targeted for conversion in 3-4 years**

Conversion from metre gauge to broad gauge is undertaken to ensure seamless movement of traffic on Indian Railways network. Broad gauge is used for regular trains, while metre gauge and narrow gauge are used for smaller and unconventional engines and coaches.

As of Fiscal 2018, 63,491 rkm are under broad gauge, while the rest are under metre gauge or Narrow gauge. Considering the network expansion and gauge conversion carried out during Fiscal 2019, CRISIL Research estimates about ~93% of the railway network is under broad gauge.

**Gauge conversion investment trajectory to be stable**




*Source: Ministry of Railways performance and outcome budget report, CRISIL Research*

Project completions in gauge conversion are driven by a focus on increasing the pace of commissioning, effective Fiscal 2016, with funds from Life Insurance Corporation of India being utilised in addition to the gross budgetary support.

Over Fiscal 2019 to 2023, CRISIL Research expects gauge conversion of about 2793 rkm, indicating that about ~98% of the network will be on broad gauge by Fiscal 2023.

This would translate into investments for gauge conversion to the tune of Rs 190-210 billion during Fiscal 2019 to 2023, a 20% rise over FY14-18.

**Key growth drivers for the railway industry**

***DFC execution to be a major opportunity for construction players***

The DFC project is estimated to cost Rs 814 billion for the eastern (1,856 km) and western (1,504 km) sectors, which includes cost of land acquisition (Rs 81 billion) and construction (Rs 734 billion). The project cost is higher, as it excludes 538 km stretch of EDFC, which the government proposes to implement through PPP. The length of the project is 3,360 km.

***Status of DFC***

DFC will offer significant scope for construction as around 98.5% of the 10,589 hectares required (except for the PPP stretch) has been acquired across both corridors as of December 2018. For EDFC (except PPP stretch) 97.3% of the land, for WDFC 99.4% of land, and for the PPP stretch, 67.8% of land has been acquired.

Also, 92% of civil, 82% of electrical, and 82% of signal contracts have been awarded. Physical progress of the civil contracts awarded is about 68%. Expenditure up to March 2019 (including land) for both DFCs was Rs 523.8 billion (97.8% of total estimated cost).

DFC is well-funded. EDFC (estimated cost of Rs 266.7 billion, excluding the PPP stretch) is being funded by the World Bank through a loan of $2.725 billion (approximately Rs 163.5 billion). WDFC (estimated cost of Rs 467.2 billion) is being funded by JICA through Rs 387.2 billion loan.

As per Fiscal 2019 Budget, about 12,000 wagons, 5,160 coaches and approximately 700 locomotives will be procured during the year for the Eastern and Western Dedicated Freight Corridors.

***National Transport Master Plan (NTMP)***

The central government is working on National Transport Master Plan (NTMP) that will provide seamless movement of freight and passengers across multiple modes of transport. This will be jointly developed by the ministries of road transport and highways, shipping, aviation and railways. NTMP will provide a strategic framework and investment plan for sustainable development of transport infrastructure.

The roads ministry plans to develop 10 multi-modal hubs across the country in partnership with railways and shipping ministries. Construction work for these hubs could be given to the National Highways Authority of India (NHAI). The plan will include construction of multi-modal transport hubs that will home railway stations, light railway stations (metro) and bus terminals under one roof.

**Overview of EPC in Power segment**

Investments in the transmission segment are expected to grow strongly over the next five years, led by robust investments in inter-regional transmission by Power Grid Corporation of India Ltd, coupled with steady investments from various states to augment their intrastate networks. This is on account of sub-par investments in T&D as compared to the investments in generation in past 5 years. Rising private sector participation will also support the transmission segment's investments. The distribution segment's investments are expected to be driven by an increased outlay from the Central government on various distribution-related schemes such as Deen Dayal Upadhyaya Gram Jyoti Yojana, Integrated Power Development Scheme, and state investments to reduce AT&C losses.

The transmission segment plays a key role in transmitting power continuously to various distribution entities across the country. The transmission sector needs concomitant capacity addition, in line with generation capacity addition, in order to enable seamless flow of power. The total length of domestic transmission lines rose from 274,588 circuit kilometers (ckm) in Fiscal 2013 to 390,970 ckm in Fiscal 2018.

Distribution is the last and critical leg in the supply of electricity, reaching end consumers such as residential, commercial, agricultural and industrial segments. Distribution business is largely dominated by state government promoted distribution companies, with private participation being marginal (~5- 7 per cent of the total).

**Review of past trends and outlook on the sectoral investments**

Investments in the transmission sector grew at a CAGR of ~9.5% over the last five years to Rs.3.1 trillion. While installed transformation capacity increased to 900 GVA as of March 2019 from 602 GVA in March 2015, the total installed capacity of transmission lines at 220kV and above increased to 413,307 ckm from 313,437 ckm over the same period. This was led by robust line additions by PGCIL, with few state transcos, particularly in Maharashtra, Haryana, Andhra Pradesh and Rajasthan, witnessing healthy additions to transmission lines.

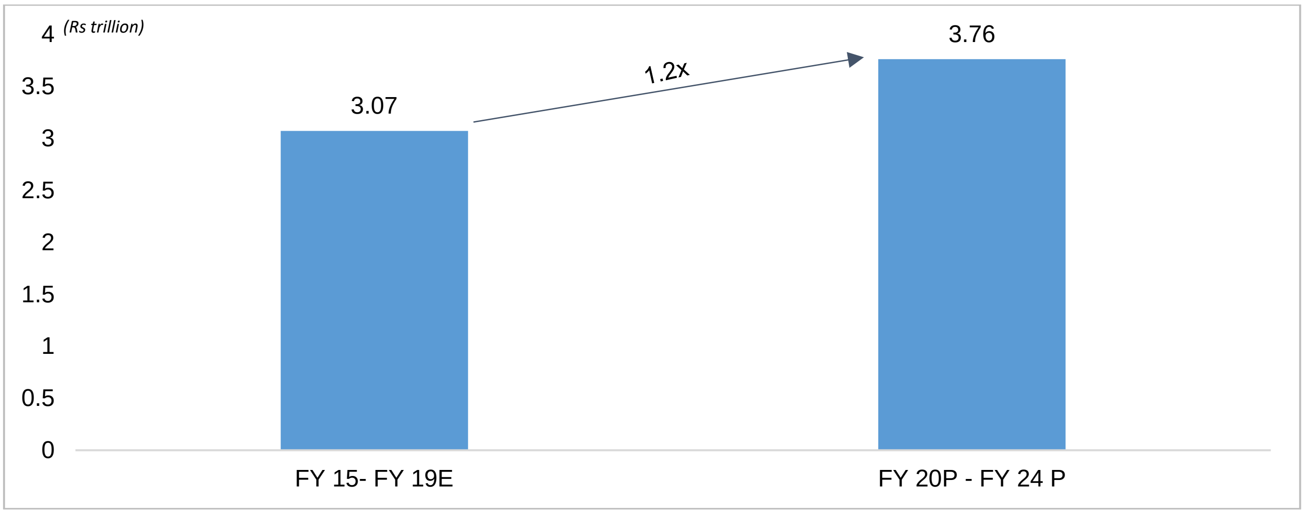
The distribution segment witnessed approximately investments worth Rs 2.18 trillion over the past five years. Over 2017-19, state discoms invested in the distribution set up to bring down aggregate technical & commercial (AT&C) losses. Also, investments from central government schemes such as Integrated Power Development Scheme (IPDS), Deen Dayal Upadhyay Gram Jyoti Yojana (DDUGJY) and Sahaj Bijlee Har Ghar Yojana (SAUBHAGYA) led to an increase in investments in the distribution space.

**Transmission segment investments to rise to Rs 3.8 trillion over next five years**

The estimated investment in the transmission sector is expected to be ~Rs 3.8 trillion over the next five years, largely to be driven by the need for robust and reliable transmission system, support continued generation additions, strong push for renewable energy sector, and rural electrification. Also, strong execution capability coupled with healthy financials of PGCIL will drive investments. Moreover, rising private sector participation with favorable risk-return profile of transmission projects will also aid investments.

With the introduction of TBCB and viability gap funding (VGF) schemes for intra-state projects, share of private sector players in the power transmission sector is expected to increase gradually over the next five years.

**Estimated investments in transmission sector (**Fiscal 20**20 2024)**

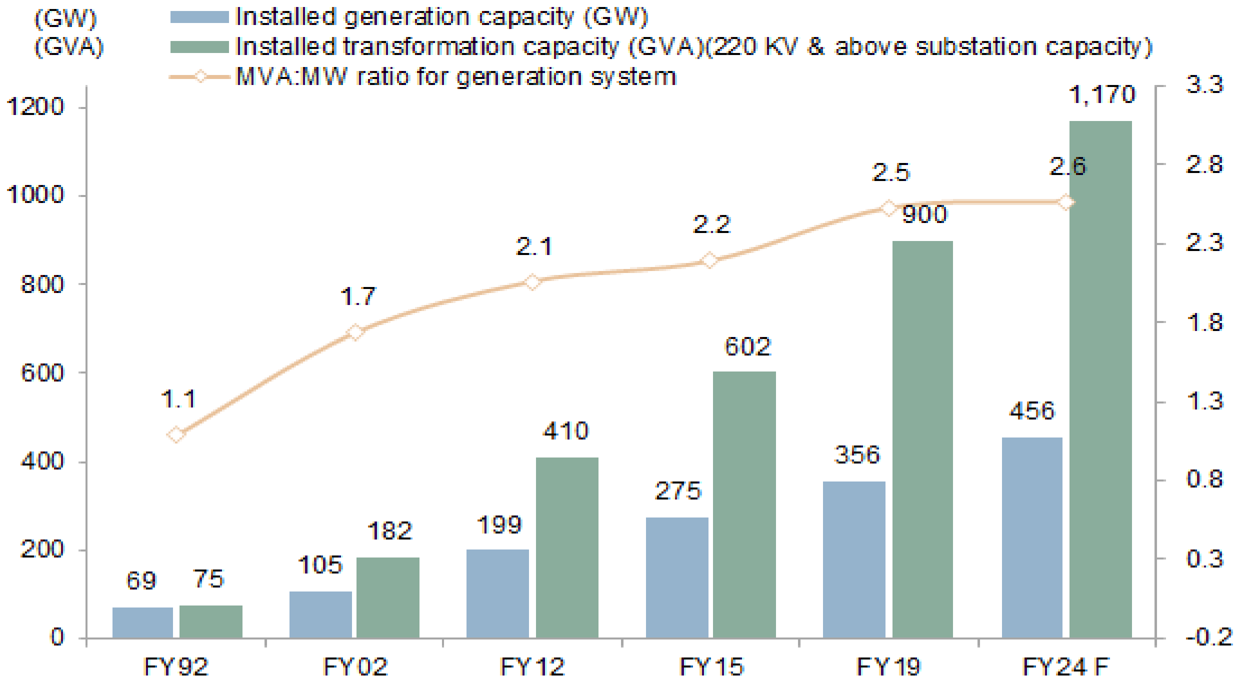



*Source: CEA, Planning Commission, CRISIL Research*

***Healthy line additions in transmission segment to drive investments***

To ensure free and uninterrupted power supply, every MW of new generation capacity needs a certain transformation capacity added to the system. In the Indian context, 220 kV and above level transformation to generation addition ratio (MVA: MW) has remained low over the years. At the end of March 1985, this ratio was 1.1 times and has only improved to 2.5 times by March 2019. Lower transformation capacity results in line congestion, which has been visible particularly in inter-state transmission of power. With government's focus on alleviating congestion, transmission capacities are expected to witness robust growth in transformation capacity additions during the Thirteenth Five-Year Plan.

**Outlook on transformation capacity additions**




*Source: CEA, PFC, CRISIL Research*

Around 260-380 GVA transformation capacity is expected to be commissioned in the next five years, i.e., till March 2024. In transmission line segment, we expect moderate growth in high voltage (HV) 400kV and 765kV lines due to its importance in inter-state transmission lines. Higher voltage level enhances power density, reduces losses and efficiently delivers bulk power. Moreover, it reduces requirement of right-of-way, a key challenge facing the transmission sector. Thus, CRISIL Research believes the MVA:MW ratio would further improve to around 2.6 by March 2024.

**Distribution investments to pick up on higher budgetary support from Centre**

Distribution investments are expected to improve to Rs. 3.3 trillion over Fiscals 2020 to 2024 as compared with Rs 2.2 trillion over the previous five years led by the new government's thrust on improving access to electricity and providing 24x7 power to all. Besides, central government schemes such as Integrated Power Development Scheme (IPDS) and Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) will support development of T&D segment.

The IPDS was launched with the objective of strengthening sub-transmission and distribution network in urban areas, metering of distribution transformers/ feeders / consumers and IT enablement of distribution sector. The component of IT enablement of distribution sector and strengthening of distribution network approved by CCEA in June 2013 in the form of R-APDRP for Twelfth and Thirteenth Five-Year Plans is subsumed in this scheme. The total cost of the projects envisaged under this scheme is approximately Rs 700 billion.

**Approved cost and grant under IPDS (in Rs billion)**

| Total 12th and 13th Plan (in Rs. Bn) | Approved /estimated cost | Approved Grant/Budgetary support |
|---|---|---|
| IPDS | 253 | 157 |
| R-APDRP | 440 | 227 |

*Source: Ministry of Power, CRISIL Research*

DDUGJY, which was launched in December 2014, cover works related to strengthening of rural power infrastructure and encompasses the erstwhile RGGVY program. Key objectives of DDUGJY include feeder separation of agricultural and non-agricultural feeders, strengthening and augmentation of T&D infrastructure in rural areas, including metering of transformers/feeders/consumers and boost rural electrification (RE) along with decentralised distributed generation (DDG).

**Sanctioned funds and release under DDUGJY (in Rs billion)**

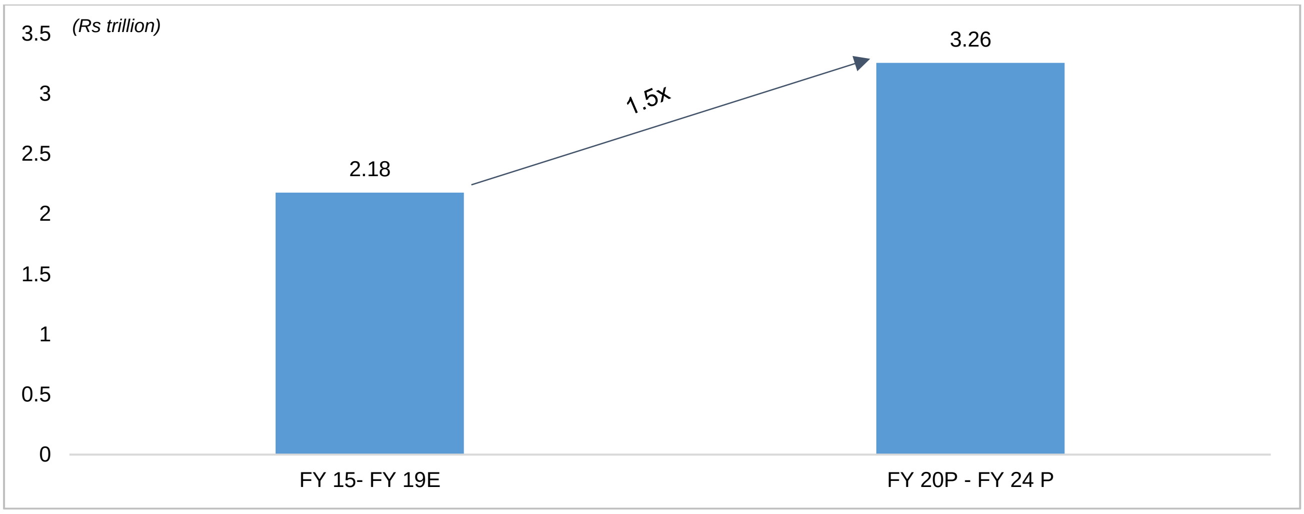
| Investments under DDUGJY | Total 12th Plan (in Rs. Bn) |
|---|---|
| Sanctioned | 663 |
| Released | 79 |

*Source: Ministry of Power, CRISIL Research*

As seen in the above table, out of total sanctioned funds under DDUGJY, only 12% has been released during the Twelfth Five-Year Plan and a substantial portion of target rural electrification is yet to be achieved. Given the government's thrust on strengthening the T&D infrastructure, disbursements/ investments through DDUGJY are expected to sharply increase during the next five years.

With almost all major states (except West Bengal) joining UDAY scheme and Rs 2.3 trillion worth of bonds being issued (86.5% of target) as of March 2017, debt and interest burden on discoms has been reduced, resulting in higher liquidity. Improved liquidity with discoms would enable them to invest in strengthening of distributions networks. Increasing grants from the centrally funded schemes as part of UDAY scheme, which envisages reduction in AT&C losses to 15% by Fiscal 2019 from 24.6% in Fiscal 2015, will also support investment.

**Expected investments in distribution sector (**Fiscal 20**20 to 2024)**




*Source: CEA, Planning Commission, CRISIL Research*

**Key growth drivers for the power transmission and distribution industry**

***Development in T&D network to assist demand growth***

With government's focus on alleviating congestion, transmission capacities are expected to witness robust growth. About 260-280 Giga Volt Amp (GVA) transformation capacity (above 220 kV level) is expected to be added between Fiscals 2020-2024 to reach cumulative transformation capacity of 1,160-1,180 GVA by Fiscal 2024. In particular, we expect robust growth in High Voltage (HV) lines of 400 kV and 765 kV due to its importance in inter-state transmission lines on account of following government targets:

***'Saubhagya' scheme to improve household electrification***

The government is aiming to boost residential power demand through the Saubhagya scheme. Assuming monthly consumption of such households at 100 kwh/ month, the scheme, if implemented successfully, has the potential to increase power demand by 45-50 BUs (~4% of the power demand in Fiscal 2017). Nevertheless, such increase would be gradual and subject to discoms' ability to provide reliable and uninterrupted supply to such households, which are subsidised consumers. Thus, even after achieving the last mile connectivity under Saubhagya scheme, discoms would still be reluctant to provide continuous supply to these households in order to restrict AT&C losses.

***Electric vehicles to support demand growth, albeit over longer term***

India is aiming to have an all-electric car fleet by 2030. While PSUs such as NTPC, BHEL are planning to set up charging stations for electric vehicles (EVs), state-owned Energy Efficiency Services Ltd (EESL) has come out with a tender to manufacture and supply 10,000 EVs. Although evolution of EVs would boost power demand , CRISIL Research believes that the larger impact would be seen over the long term (i.e., post Fiscal 2020), when off-take of EVs rises with strong government support and robust battery charging infrastructure is in place.

***Domestic segment to lead the growth drive***

Electricity consumption in the domestic segment is estimated to increase at around 7-8% during 2020-24 and its share in total electricity consumption is expected to increase to 26% in Fiscal 2024 from 25% in Fiscal 2019. This growth will be led by high latent demand, rapid urbanisation and government initiatives such as rural electrification and 24x7 power for all.

***Measures under DDUGJY to boost demand from rural households***

Rural electrification, segregation of agricultural and non-agricultural feeders, strengthening and augmentation of T&D infrastructure in rural areas, and metering of transformers/feeders/consumers are expected to boost power demand in the agriculture sector in next five years.

While 78% intensive electrification has been achieved as of December 2018, 22% villages are yet to be intensively electrified. Thus, there exists strong potential for growth in electricity consumption in rural areas, which would be achieved under DDUGJY during Fiscals 2020 to 2024.

**Industrial segment will continue to hold largest share in overall power consumption**

The largest contributor to power demand, the industrial segment, is also expected to grow steadily on account of a gradual pick-up in manufacturing and mining activities led by government's thrust on increasing domestic manufacturing and increase in captive mining. Moreover, demand is also expected to improve on account of shift to grid power from diesel-based generation. Existing power holidays to industries in different states would be reduced by a great extent, owing to improving power availability. Thus, industrial segment will continue to account for a majority share in total power consumption. However, as pace of urbanisation, rural electrification and growth of services sector is expected to be higher than industrial growth, we expect the share of the industrial segment to reduce to 39% in 2024 as compared with 40-41% in 2019.

**Key initiatives by the government**

***Integrated Power Development Scheme (IPDS)***

The aim of implementing IPDS is to attain reliable and verifiable baseline data of revenue and energy over an IT platform in its project areas and AT&C loss reduction on a sustained basis, thus making it more financially attractive and performance oriented.

***Restructured Accelerated Power Development and Reforms Programme (R-APDRP)***

The government launched R-APDRP in July 2008 as a successor to the earlier scheme of APDRP. The R-APDRP program focuses on establishment of base line data, increasing accountability in the system, reduction of AT&C losses up to 15% level through strengthening and up-gradation of sub-transmission and distribution network and adoption of information technology.

***Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY) scheme***

Under RGGVY, subsidy towards capital expenditure to the tune of 90% of the project cost is provided by REC, which serves as the nodal agency for implementation of the scheme. The remaining 10% is provided by REC as soft loan. Moreover, 100% capital subsidy is provided at a rate of Rs 2,200 per connection for projects undertaken for electrification of BPL households.

***Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY)***

The main objectives of DDUGJY scheme are to provide access to power to all rural households and reduction of AT&C losses as per the trajectory finalised in consultation with states by the Ministry of Power, so as to achieve 24X7 power supply for non-agricultural consumers and adequate power supply for agricultural consumers through defined project components. The scheme will encompass the erstwhile RGGVY programme.

**Current status of UDAY scheme**

UDAY scheme was launched in November 2015. Thus, the process of states taking over the targeted debts and issuing them as SDL bonds has now been completed. As of now, the participating discoms have to issue bonds worth approximately Rs 370 billion, which would be done in due course. Rest of the debt with discoms is mostly in the nature of capex debt, which pays for itself, or scheme-based debt, which converts into grants fully or partially. Thus, they are not required to be taken over by the states.

**Coal/lignite mining in India**

India is the third largest energy consumer in the world after China and US. Like many developing countries, coal is the dominant source of energy in Indian consumption basket, on account of its abundant domestic availability and affordability. In Fiscal 2019, it accounted for 46% of total energy consumption of the country.

India is the third-largest coal producer in the world. India's total coal production rose to ~730 million tonne (MT) in Fiscal 2019 from ~676 MT in Fiscal 2018, with Coal India Ltd (CIL) accounting for bulk of the increase.

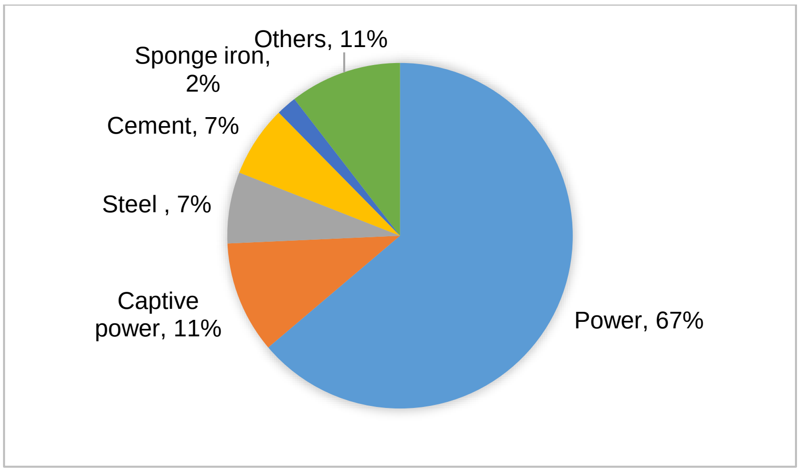
**Coal production, Fiscal 2019 (730 MT)**

| (in million tonnes) | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|---|---|---|---|---|---|
| **Company-wise coal production** | **Actual** | **Actual** | **Actual** | **Actual** | **Actual** | **Provisional** |
| Total CIL | 462.4 | 494.2 | 536.5 | 554.1 | 567.4 | 606.9 |
| SCCL | 50.5 | 52.5 | 60.4 | 60.4 | 62.0 | 64.0 |
| Captive /others | 52.9 | 65.7 | 42.5 | 47.4 | 47.1 | 59.5 |
| **Grand total** | **565.8** | **612.4** | **639.4** | **661.9** | **676.5** | **730.4** |

*Source: Ministry of Coal, CRISIL Research*

Coal meets almost 46% of country's total energy requirement. It is used for power generation (by utilities and captive plants), and by the steel sector as a reducing agent to be mixed with the raw material. The power sector (including captive plants) accounts for a major proportion of the total coal demand (78%% in Fiscal 2019) due to its easy and cheap availability. Other major end-user sectors of coal include cement, sponge iron, textiles, chemicals and paper.

**Sector-wise demand of coal in Fiscal 2019 (965 MT, estimated)**




*Source: CRISIL Research*

Despite abundant reserves of coal, domestic coal production in India had consistently lagged due to various issues such as delays in getting environment and forest approvals and hurdles in land acquisition. Consequently, India had to increasingly rely on coal imports to meet domestic coal demand.

**Coal imports in India**

| | 2013-14 | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 |
|---|---|---|---|---|---|---|
| Coking | 36.9 | 43.7 | 44.6 | 41.6 | 47 | 52 |
| Non-coking | 123.8 | 149 | 131.5 | 134.5 | 162 | 183 |
| **Total** | **164.9** | **196** | **179.1** | **180.5** | **209** | **235** |

*Source: Department of Commerce, CRISIL Research*

**Policy and regulatory framework of the industry**

Recognising the importance of coal to the national economy and the large investments needed to cater to its increasing demand, the industry was nationalised in two phases in 1971 and 1973. Since then, the industry has been under the government's control and operates under a strictly controlled regime. However, after 1993, there have been certain legislative changes that enabled limited private-sector participation in coal mining.

The major legislations and policies concerning the coal industry are:

Mines and Minerals (Development and Regulation) Act, 1957

Coal Mines (Nationalisation) Act, 1973

Coal Mines (Special Provisions) Act, 2015

Colliery Control Order, 1945

Colliery Control Order, 2000

**Past trends in mining investments**

Coal mines in India were nationalised in 1972-1973, with an objective to reorganise and restructure coal mines. . Nationalisation was done in two phases, the first with the nationalisation of coking coal mines in 1971-1972 and then with the nationalisation of non-coking coal mines in 1973. The policy of allotment of captive coal blocks was adopted by the Central government in 1993. As per this policy, by the end of Fiscal 2014, of the allocated 218 coal blocks, 87 were de-allocated due to non-performance and seven have been reallocated, resulting in an unallocated 138 coal blocks and 28 lignite blocks under the category of captive coal block by the end of Fiscal 2014.

During Fiscal 2015, by virtue of the judgment dated August 25, 2014, read with the order dated September 24, 2014, of the Hon'ble Supreme Court of India, of the 218 captive coal blocks, allocations of 204 coal blocks were cancelled, except the allocations of 12 coal blocks for UMPPs and one coal block each allocated to NTPC and SAIL (i.e., a total of 14 blocks).

**Technology**

EPC players are adopting new technologies like Enterprise Resource Planning (ERP) to improve efficiency by better resource planning and utilisation. ERP systems integrates the financial side of the business with every other segment making it possible to track each cost throughout the whole project lifecycle to take timely action and improve effciency.There are various ERP software packages in use like SAP, ORACLE, Infor, Netsuite, Microsoft, Epicor, RAMCO etc.

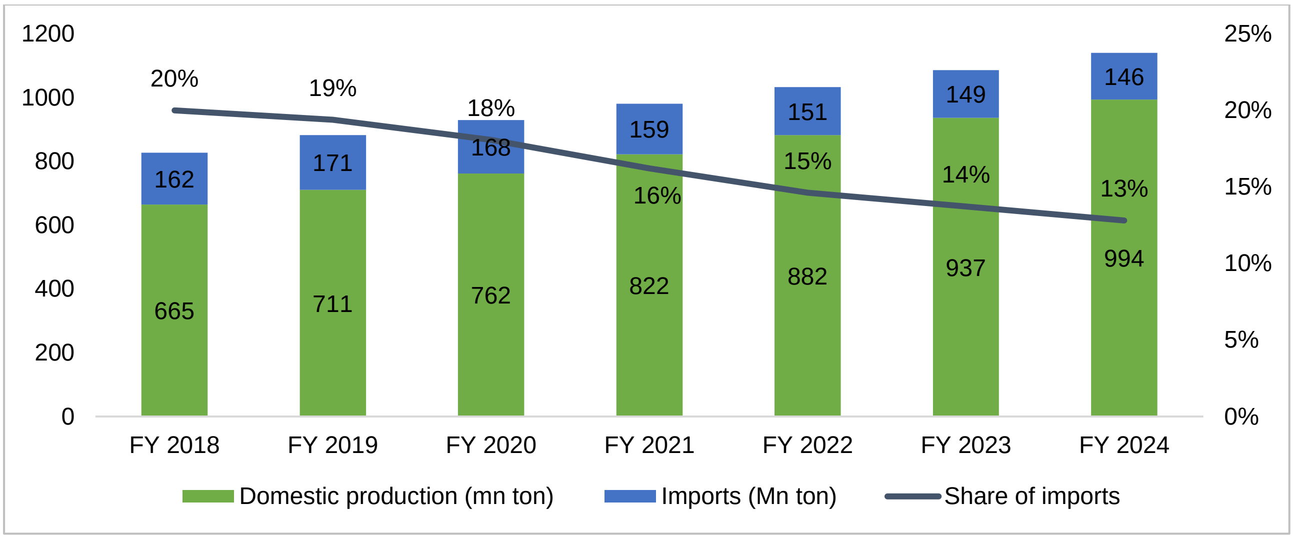
Open cast coal mining accounts for largest share of mining methods in India and efforts are being made to improve mine productivity by reducing costs and enhance safety while reducing the impact on environment. Mining companies are using advanced software packages for mine planning and design. However,technology used for production planning and operational scheduling is still in nascent stages in India. With the cost of fuel continuing to rise and being one of the single biggest expenditures for mine development cum operator companies, efficient and productive use of fleet is most important.Few players providing solutions for fleet management and fuel refuelling systems are MineStar Health, JHealth, Ctrack, Wenco, Hectronics etc.

**Outlook of total demand-supply scenario of non-coking coal**

CRISIL Research expects non-coking coal consumption to grow at ~5.5% CAGR to reach 1,140 million tonnes in Fiscal 2024 from ~882 million tonnes in Fiscal 2019. Our end-user-wise analysis suggests that coal-based power capacities would continue to drive consumption of the fuel.

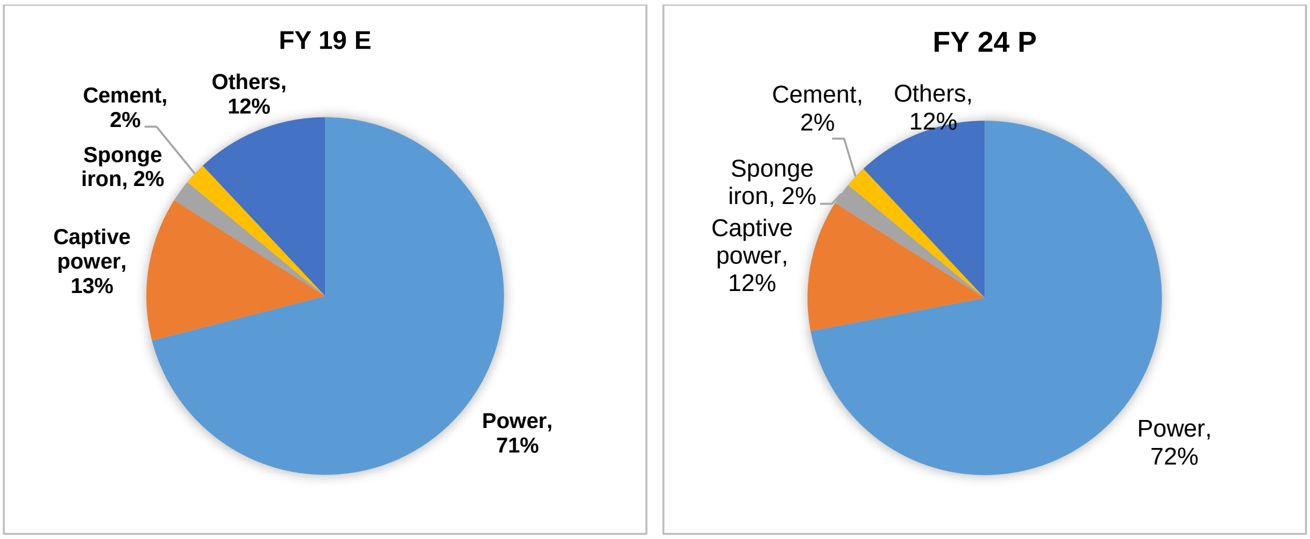
Domestic non-coking coal production is estimated to increase at a faster pace (compared with the previous five years) of ~6.5-7% CAGR, rising to about 994 million tonnes in Fiscal 2024 (711 million tonnes in Fiscal 2019). We expect Coal India Ltd (CIL) to account for the majority (~79%) of the incremental supply, whereas SCCL and captive mines to account for the balance. With a sharp improvement in domestic coal supply, non-coking coal imports are expected to decline to ~146 million tonnes in Fiscal 2024 (~171 million tonnes in Fiscal 2019). Consequently, the share of imports in the total consumption is expected to fall to 12.6% in Fiscal 2024 (from 19.4% in Fiscal 2019).

**Outlook of total demand-supply scenario of non-coking coal**




*Source: CRISIL Research*

**Sectoral break-up of non-coking coal demand**




*Source: CRISIL Research*

**Power capacity addition of ~29 GW to drive coal demand**

Coal is the dominant fuel for power generation in India due to its low cost and abundance. Coal-based capacities accounted for 54.6% or 194.4 GW of the total installed base of 356 GW at the end of Fiscal 2019. CRISIL Research expects ~29 GW of coal-based capacity additions (excluding captive power plants) until Fiscal 2024. Coal-based power generation is expected to grow at ~6% CAGR over the period.

The rising domestic coal production is also expected to support consumption. We believe higher fuel availability will be more beneficial for plants commissioned after 2009 as the incremental domestic supply will be utilised to improve supply under post 2009 fuel supply agreements (FSAs).

Consumption of non-coking coal by the power sector is forecast to grow at ~5.5% CAGR to ~835 million tonnes by Fiscal 2023 (642 million tonnes in Fiscal 2019). However, the share of imports is expected to remain at 8.5% over the period, as the supplies from CIL and captive mines are expected to improve and meet the incremental demand. The SHAKTI policy announced by the government to provide long-term domestic coal linkage to the power sector is expected to support coal consumption over the coming years. Overall, in absolute terms, imports of non-coking coal by the power sector are estimated be around 71 million tonnes in Fiscal 2024. A large proportion of the incremental imports is expected to come from the power plants based on imported coal due to operational constraints. There are some plants designed to operate on imported coal. For certain other plants, importing offers favourable cost economics. Plants that are far from mines, particularly coastal power plants in states such as Tamil Nadu, come under this category.

**Key growth drivers for coal industry**

*Power sector to drive non-coking coal consumption*

CRISIL Research expects non-coking coal consumption to grow at ~5.5% CAGR to reach 1,140 million tonnes in Fiscal 2024 from ~882 million tonnes in Fiscal 2019. Our end-user-wise analysis suggests that coal-based power capacities would continue to drive consumption of the fuel.

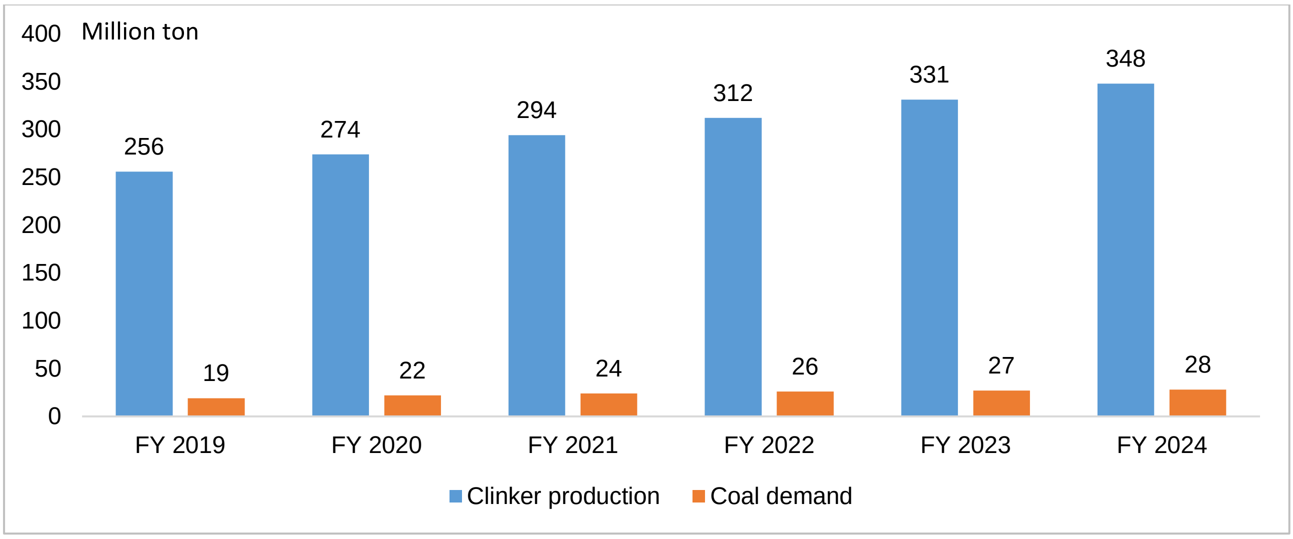
*Domestic metallurgical coking coal production to decline*

Domestic production of metallurgical coking coal declined at CAGR of 3.7% over last five years, given limited availability of good quality reserves and mining disruptions caused by local unrest as well as fire incidents in last couple of years. As a result, imports of metallurgical coking coal increased at CAGR of 6.5% to ~50 million tonnes in Fiscal 2019 from 37 million tonnes in Fiscal 2014.

*Robust cement demand growth to fuel non-coking coal consumption*

In Fiscal 2019, cement demand increased ~13% across the country as revival in infrastructure activities along with increased government spending on affordable housing schemes led to surge in its consumption. Over the next five years, CRISIL Research expects the consumption of cement to grow at a CAGR of 7-7.5% owing to the government's thrust on affordable housing, materialisation of pent-up demand, particularly in rural housing, the low base and higher spending by the government on infrastructure projects in the roads and railways sector in the wake of elections next year.

**Demand for non-coking coal from the cement sector**

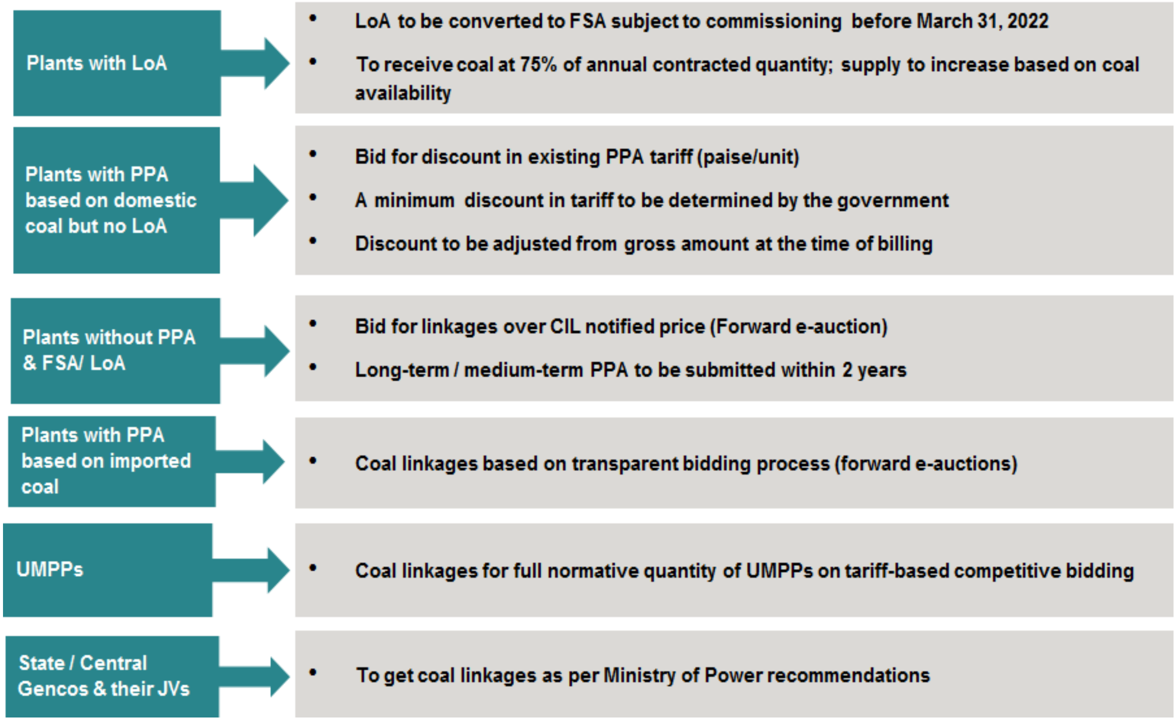



*Source: CRISIL Research*

**Key initiatives by the government**

*SHAKTI (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India)*

The new coal allocation policy for the power sector, 2017 - SHAKTI (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India), proposes to replace the old linkage allocation policy with more transparent bidding-based linkages. It segregates coal-based power plants in India in the following six categories and stipulates different mechanisms to provide fuel supply to plants, which don’t have FSAs/coal linkages.



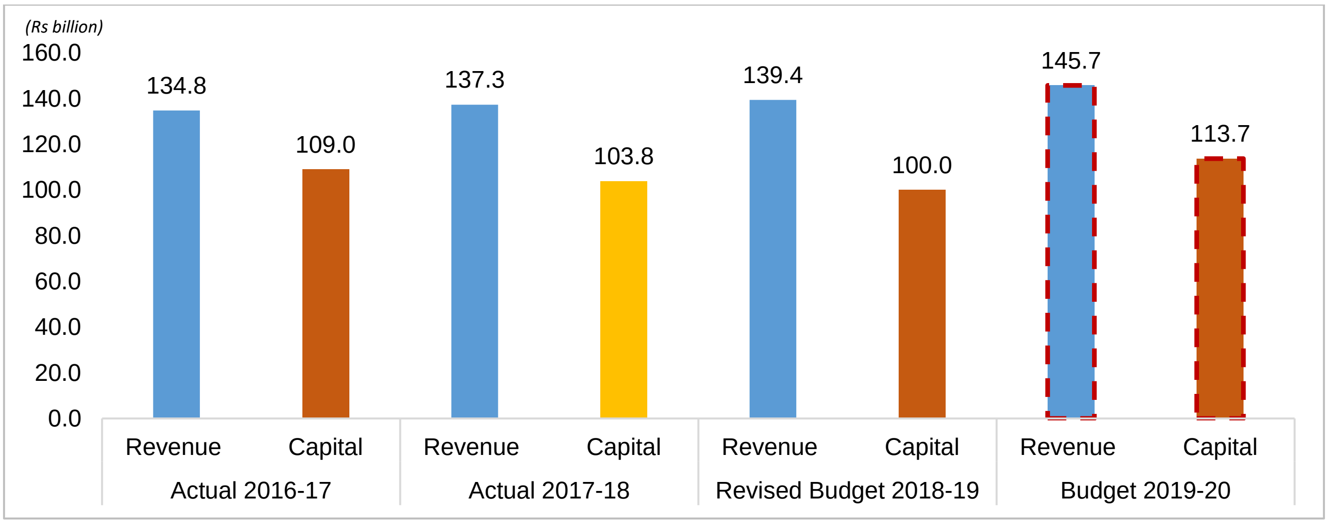

**Defence sector**

For 2019-20, India's defence budget has been hiked by 6.96% to Rs 3,052.96 bn. from Rs 2,854.2 bn. of revised estimates of 2018-19, which accounts for 11.6% of the total Central Government expenditure.

Of the total allocation for the Fiscal year 2019-20, Rs 90.2 billion is the capital expenditure for the construction works undertaken by the Indian Army, the Navy and the Air Force. Similarly, ~Rs 137.8 billion of revenue expenditure has been allocated for works (including expenditure on maintenance of buildings, water and electricity etc.) undertaken by the Army, the Navy, the Air Force, ordnance factories, and R&D. Also, miscellaneous expenditure (capital + revenue) on central sector schemes/ projects such as works executed by Border Roads Development Board, Housing, Public Works, amount to ~Rs 23.5 billion.

As per the 13th five-year defence plan (2017-22), an allocation of Rs 27,000 billion has been envisaged for the period. Taking the past trend of allocations for construction works, works and central sector schemes/ projects, CRISIL Research expects construction works to be allocated ~3% of the total allocation during this period, while works and central sector schemes/projects are to be allocated ~5% and 1%, respectively, of the total allocation. Therefore, together, a total allocation (revenue + capital) of Rs 2,370 – Rs 2,375 billion is expected for construction-related works in the during Fiscal 2017to 2022.

**Actual Expenditure in last two years for the construction works (billion)**




*Source: Ministry of Defence, Union Budget 2018-19 and 2019-20*

**EPC (Construction) Potential in building construction Industry**

The building construction segment in India consists of urban housing, commercial real estate, healthcare construction, logistics parks and education institutes construction. Urban housing forms about 84% of the total building construction potential.

**Sector-wise EPC potential**

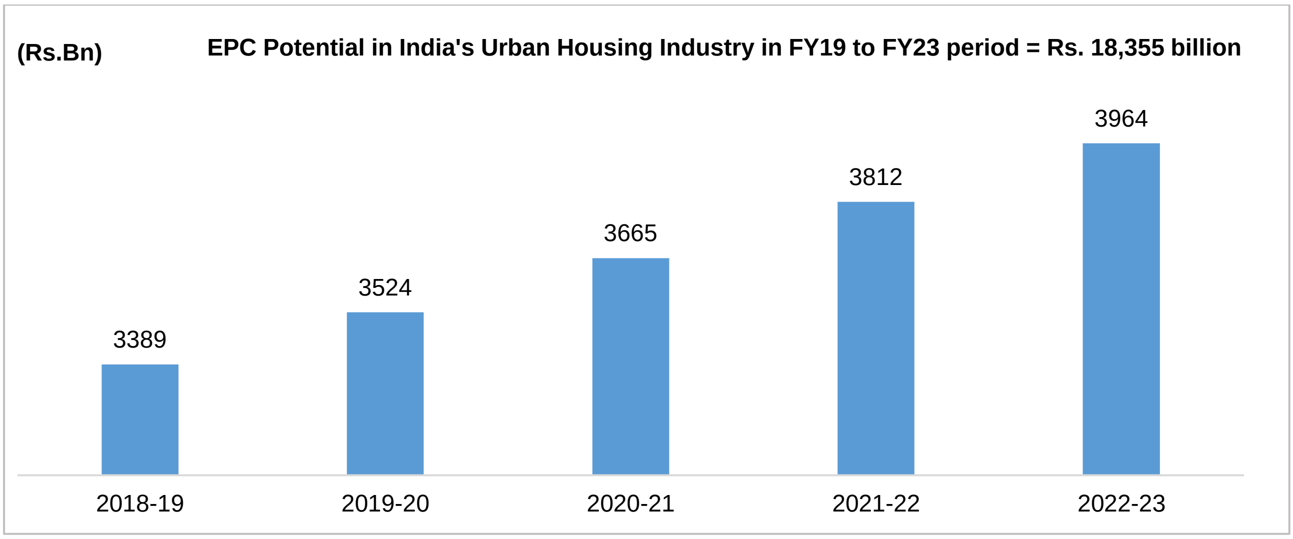
| Sector | Timeline | EPC Potential (Rs. Billion) |
|---|---|---|
| Urban Housing | FY19 to FY23 | 18,355 |
| Commercial real estate | FY19 to FY23 | 730 |
| Healthcare | FY19 to FY23 | 473 |
| Logistics Parks (primarily include ambient industrial warehousing) | FY19 to FY23 | 843 |
| Education | FY19 to FY23 | 1,232 |

*Source: CRISIL Research*

**Housing industry in India**

The Indian real estate industry is currently sized at Rs. 7.0 to 7.5 trillion in 2018.Over the past two years, real estate demand in major cities was subdued and average capital value across major micromarkets was flat or declined. While capital value is expected to rise marginally, a large part of the industry's growth will be supported by increase in housing stock in metro and non-metro cities. While the top 10 cities (National Capital region or NCR, Mumbai Metropolitan Region or MMR, Pune, Hyderabad, Bengaluru, Chennai, Ahmedabad, Kolkata, Chandigarh, and Kochi) will continue to dominate the housing sector in terms of value, the share of other metro and non-metro cities is expected to increase in the long term on account of implementation of government schemes such as Pradhan Mantri Awas Yojana-Urban (PMAY-U) as well as the smart city mission.

**EPC Potential in India's urban housing industry**




*Source: CRISIL Research*

**The government's thrust on affordable housing[1] is the biggest game changer**

Developers' focus on mid- / luxury/ premium housing projects over the past few years led to huge unsold inventory of unaffordable units in several micromarkets. Upshot – slowdown in the Indian real estate sector.

The situation has changed since owing to regulatory developments such as setting up of the Real Estate Regulatory Authority (RERA), the demonetisation move, focus on affordable housing, budgetary announcements, and implementation of the Good and Services Tax (GST).

Also, banks, which previously lent to developers of mid- and premium housing projects, have shifted focus to affordable housing. Developers, too, are focusing on project completion to comply with RERA guidelines, and are in many cases altering their product configuration to smaller units to take advantage of the 'infrastructure' status benefits for small ticket size units.

1 For the purpose of this report we have used the following definition for housing projects under the category of affordable housing (as per the Ministry of Finance, Department of Economic Affairs-Infrastructure definition to affordable housing) - a housing project using at least 50% of the floor area ratio or floor space index (FSI) for dwelling units with carpet area of not more than 60 square meters

To boost sales, several developers have resorted to offering upfront discounts, whereas some have bundled financing and reduced interest. Additionally, home buyers are being offered indirect benefits such as reduced floor charges or premium location charges, etc. Home buyers are also able to avail of various government benefits.

Hence, CRISIL Research believes that end-users, which till now were fence-sitters and preferred buying ready-to-move-in properties because of risks associated with the delivery of under-construction projects, are encouraged with the implementation of RERA. In addition, home loan interest rates were at a seven-year low in Fiscal 2017.

Another knock-on effect on account of RERA implementation is that the share of organised players will increase in the medium term. Developers are required to ensure greater transparency and adopt fair business practices. Fund diversion and construction delays, which were key concerns for end-users, are addressed under the Real Estate (Regulation and Development) Act, 2016. Government regulations and buyers' emphasis will force developers to realign their business models. During the transition to effective RERA and GST implementation, many smaller developers may find it challenging to operate on account of higher compliance involved. This is likely to increase joint development projects in the medium term, where brand and business processes of larger developers will be leveraged.

In fact, under the new structure of GST, the tax burden on home buyers will largely depend on the benefit transmitted by developers in terms of input tax credit, which will mainly be driven by a higher share of organised players in the supply chain and improved compliance processes.

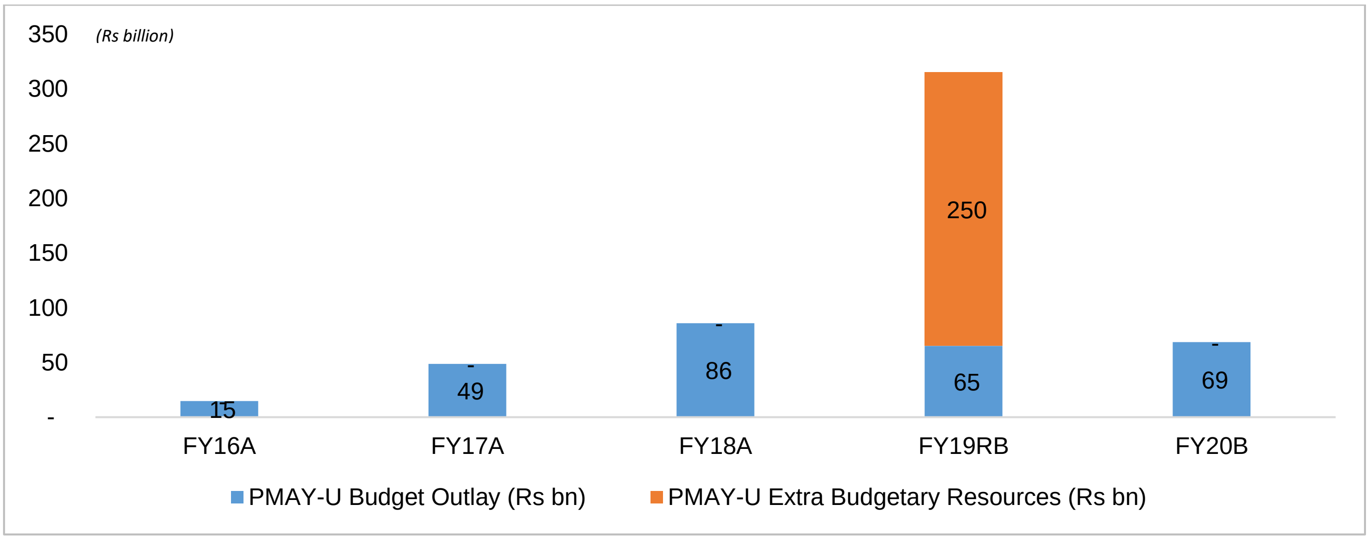
**PMAY-Urban**

Affordable housing, as a generic term, refers to the segment that can cater to majority of the population. Parameters for categorising a real estate development as an affordable housing project may vary based on the size of apartments, the apartment's per square feet capital value or the total ticket size of the unit.

PMAY-U mission, under the intervention of affordable housing in partnership with private developers, defines affordable housing project as a housing project where 35% of the houses are constructed for the EWS (economically weaker section) category.

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

**Year wise budget allocation to Pradhan Manti Awas Yojana- Urban**




*Source: Budget documents*

**Outlook**

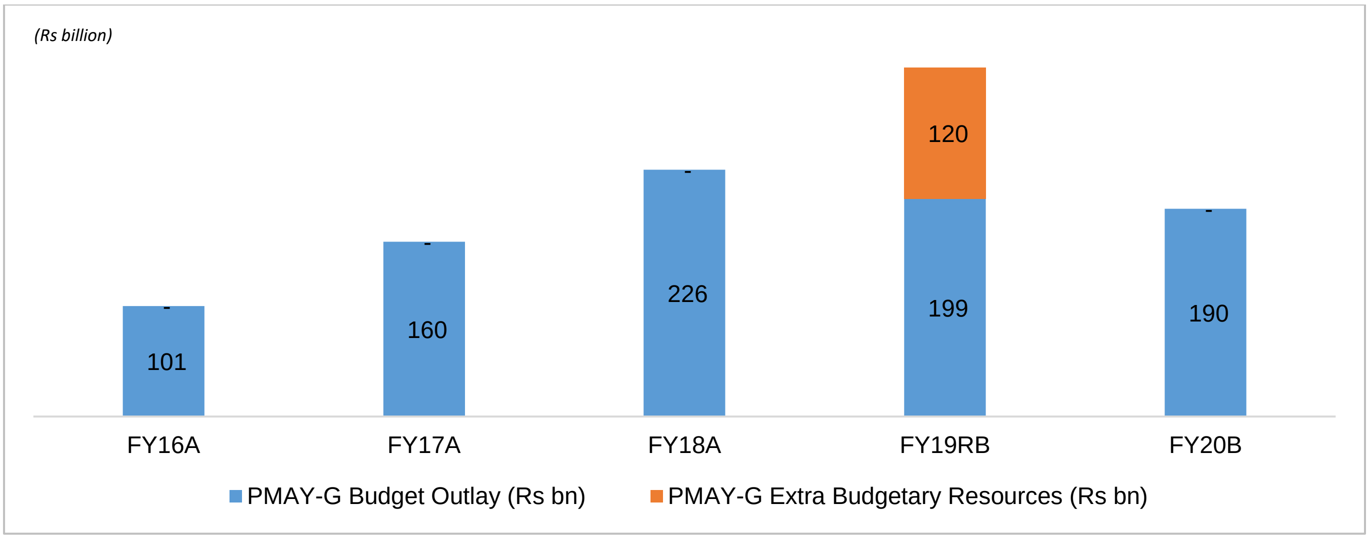
Going forward, assuming the pace to continue on account of robust budget allocation and continued policy focus, an additional investment of around Rs. 733 billion is expected to get added from the Centre.

**PMAY-Gramin**

Under Pradhan Mantri Awaas Yojana-Gramin (PMAY-G), financial assistance of Rs. 0.12 million in plain areas and Rs. 0.130 million in hilly & difficult areas including IAP districts is provided to the beneficiaries for construction of houses. Under PMAY-G, 10 million houses are proposed to be constructed over a period of three years from 2016-17 to 2018-19.

Of the total reivsed budgetary support and external budgetary resources of Rs 320 bn in the last Fiscal for PMAY –Gramin. Continuing the emphasis on Housing for All, this year's budget has allocated Rs 190 bn to the mission

**Year wise budget allocation to Pradhan Manti Awas Yojana- Gramin**




*Note: A-Actuals, B- Budget and RB-Revised Budget*
*Source: Budget documents*

**Outlook**

By March 2022, under PMAY – Gramin, the Government aims to construct 19.5 million houses in rural areas.

**Future outlook on the market of top 8 cities**

*Residential*

Post demonetisation and RERA implementation, overall launches in the market dropped sharply, with developers focusing on completing on-going projects. But with the government taking several initiatives to push affordable housing, it has given developers a new area to explore. Going ahead, a noticeable amount of supply is expected to come up in the affordable segment.

In the 8 cities we have taken into consideration, 1,160 million sq ft of supply is expected to come up in the CY19-21.

*Commercial*

Demand for commercial real estate is expected to grow at a moderate pace. While the BFSI sector continues to witness few office transactions, slowdown in the IT/ITeS sector is likely to restrict overall absorption of commercial real estate.

Commercial lease rentals across cities are also expected to remain flat. However, in prime micromarkets, where the supply is limited and vacancy level is low, an increase in lease rentals is expected.

In the 8 cities we have taken into consideration, 81 million sq ft of commercial space is expected to come up in the CY19-21.

*Retail*

Due to already available supply and vacancy levels, very limited retail supply is likely to get added in the short term. Lease rentals have also been impacted owing to prevailing market conditions.

In the 8 cities we have taken into consideration, 16.5-17 million sq ft of retail space is expected to come up in the CY19-21.

**Upcoming supply in top 8 cities**

| City | Residential (Supply in mn sq ft coming up in CY19-21) | Commercial (Supply in mn sq ft coming up in CY19-21) | Retail (Supply in mn sq ft coming up in CY19-21) |
|---|---|---|---|
| Ahmedabad | 75 | 4 | 0.75 |
| Bengaluru | 133 | 16 | 4.75 |
| Chennai | 60 | 11 | 1.75 |
| Hyderabad | 131 | 14 | 0.75 |
| Kolkata | 70 | 3 | 0.75 |
| Mumbai Metropolitan Region (MMR) | 351 | 9 | 3.75 |
| National Capital Region (NCR) | 175 | 16 | 2.5 |
| Pune | 165 | 8 | 1.75 |
| **Total** | **1,160** | **81** | **16.75** |

*Note:*
1. *Planned supply for residential, commercial and retail are given in the table*
2. *For retail segment, CRISIL research has considered key upcoming malls in the respective cities to calculate the planned supply*

*Source: CRISIL Research*

**Key growth drivers for the housing industry**

Rising population and migration are the primary reasons for increasing housing needs. The secondary drivers are increasing nuclearisation, income growth, and easy access to finance in major cities. Not to forget tax benefits provided by the government to promote the housing sector.

***Urbanisation to cross 35% by 2021***

As per Census 2011, India's total population was about 1.2 billion and comprised nearly 246 million households. Population increased at a CAGR of 1.6% during 2001-11. According to the results of 'The 2018 Revision of the World Population Prospects' by the United Nations population estimates and projections, India (2$^{nd}$ to China) and China are the two most populous countries of the world. The report projects India's population to grow at a CAGR of 1.2% by 2030 (1.5 billion by 2030) to become the world's most populous country surpassing China (1.4 billion in 2030).

***Nuclearisation***

Nuclearisation refers to the formation of multiple single families out of one large joint family. Each family lives in separate houses, while the ancestral house may be retained or partitioned to buy new houses. Nuclearisation in urban areas is primarily driven by changing lifestyle, rising individualism, changing social/cultural attitudes and increased mobility of labour in search of better employment opportunities. These trends are expected to continue.

***Changing floor space requirement***

Floor space requirement is dependent on the family size as well as affordability determined by income levels. With increasing nuclearisation, the per capita floor space area required reduces as the family size shrinks. As income rises, people shift to bigger houses, thus increasing demand. For lower income groups, floor space required is marginally higher in rural areas than in urban areas. This may be attributed to lower prices in rural areas.

***Higher affordability led by increasing disposable income***

India's per capita income grew at a healthy rate in the past three years to Rs 100,151 in 2017-18 (base year 2011-12). In real terms, per capita income is estimated to have grown 5.8% in 2017-18 compared with 5.9% in the preceding Fiscal. The buoyant trend in per capita income is expected to continue. In the short to medium term, disposable income will rise as a result of implementation of the Seventh Pay Commission's recommendations and the One Rank One Pension scheme, and sustained low inflation. This will be an enabler for domestic consumption. Increasing disposable income typically has a positive correlation with demand for housing units as it increases affordability.

***Tax incentives by the government***

The government has traditionally used tax regulations to promote the housing sector. Some of the tax benefits are as follows:

*Tax sops given to housing loan borrowers*

Tax sops for the housing sector have been instrumental in driving growth in the housing and housing finance sectors. Tax deduction is available for home loans under two sections of the Income Tax Act of India (excluding home loans from private sources such as friends, family, etc.).

*Interest paid on home loan*

As per Section 24 (b) of the Income Tax Act, 1961, annual interest payments of up to Rs 200,000 (Rs 300,000 for senior citizens) on housing loans can be claimed as deduction from taxable income.

***Principal repayment of home loan***

As per Section 80 C (read with Section 80 CCE) of the Income Tax Act, principal repayments of up to Rs 150,000 on home loans are allowed as a deduction from the gross total income. As per Section 80 EE, an additional deduction in respect of interest of Rs 50,000 p.a. has been provided exclusively for first-time home buyers.

***Interest subvention scheme***

The Cabinet Committee on Economic Affairs approved a proposal to increase the interest subsidy to 6.5% for loans of up to Rs 0.6 million for EWS and LIG beneficiaries under affordable housing through the CLSS component of the Housing for All by 2020 mission. In February 2017, benefits of CLSS were extended to include MIG households as well.

***Exemption from capital gains***

Capital gains from the transfer of residential property, if invested in acquiring a residential building (within a defined time frame), are exempt from income tax.

***Availability and penetration of housing finance***

Growth of the housing sector in India also depends on availability of finance and the cost of obtaining it. Availability of finance can broadly be gauged through finance penetration.

***Availability of large number of financiers across categories***

The housing finance sector in India comprises a large number of institutions: financial institutions, scheduled commercial banks, scheduled cooperative banks, regional rural banks, agriculture and rural development banks, housing finance companies, state-level apex co-operative housing finance societies, non-banking financial companies, microfinance institutions, and self-help groups. These institutions cater to housing finance requirements across income groups and financing needs.

Financiers offer two types of interest rate loans to customers: fixed and floating interest rate loans. In the former, the interest rate remains constant over the tenure of the loan. In the latter, the borrower has to pay at a rate that is linked to the benchmark lending rates of financiers. Fixed rate loans are typically priced higher compared with floating rate loans owing to higher interest rate risk associated with them. Given the long-term nature of housing loans and medium-term nature of financiers' liabilities, financiers prefer to lend at floating rate, as it allows them to reset interest rates as and when their cost of funds increases.

**Smart cities to boost urban infra spends**

To push infrastructure spending further, the government approved a budget of Rs 480 billion for the development of 100 smart cities over five years beginning 2016-17, with a focus on adequate and clean water supply, sanitation, solid waste management, efficient transportation, affordable housing for the poor, power supply, robust IT connectivity, e-governance, safety and security of citizens, health, and education.

Selected cities would get central assistance of Rs 2 billion in the first year and Rs 1 billion in each of the next four years, and a matching contribution by the respective state.

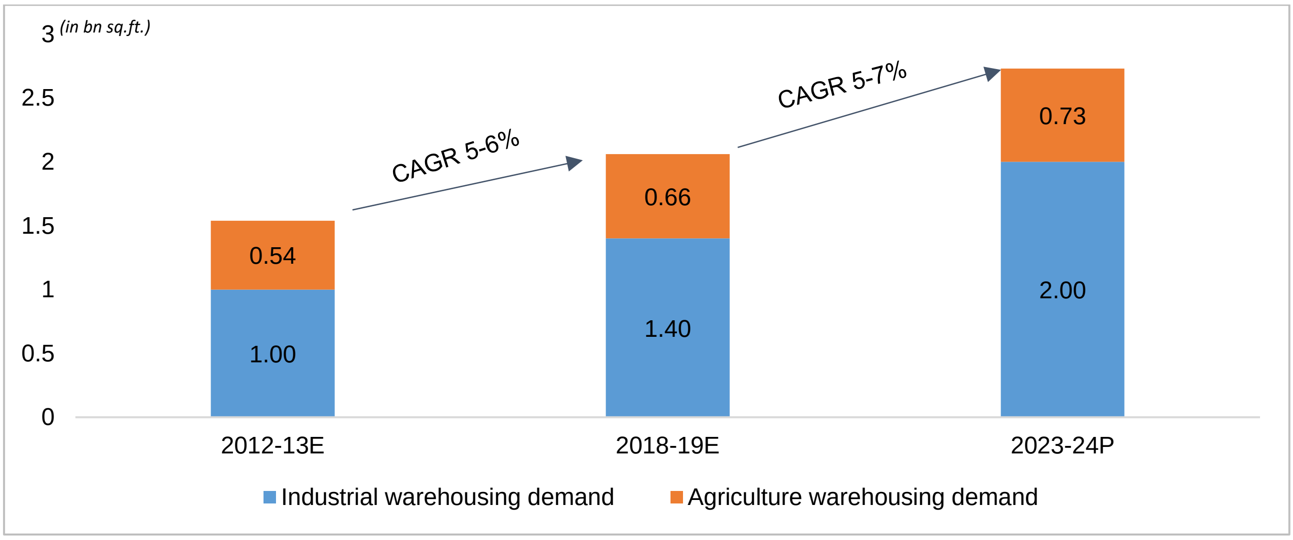
Construction opportunity in other building construction segments

***Logistics Parks[2]***

CRISIL Research estimates the warehousing industry as a whole (both agricultural and industrial[3]) to clock 5-7% compound annual growth rate (CAGR), from 2.05 billion sq ft in Fiscal 2019 to 2.73 billion sq ft in Fiscal 2024. The industrial segment, which accounts for nearly two-thirds of the industry (agricultural warehousing comprising the remainder), will drive the industry growth.

2 Logistic Parks primarily include ambient industrial warehousing
3 Industrial warehouses are PEB/ RCC structures designed to serve industries such as Consumer durables, FMCG, pharmaceuticals, E-commerce, organised retail etc.

**Industrial warehousing demand to lead growth in overall warehousing industry**

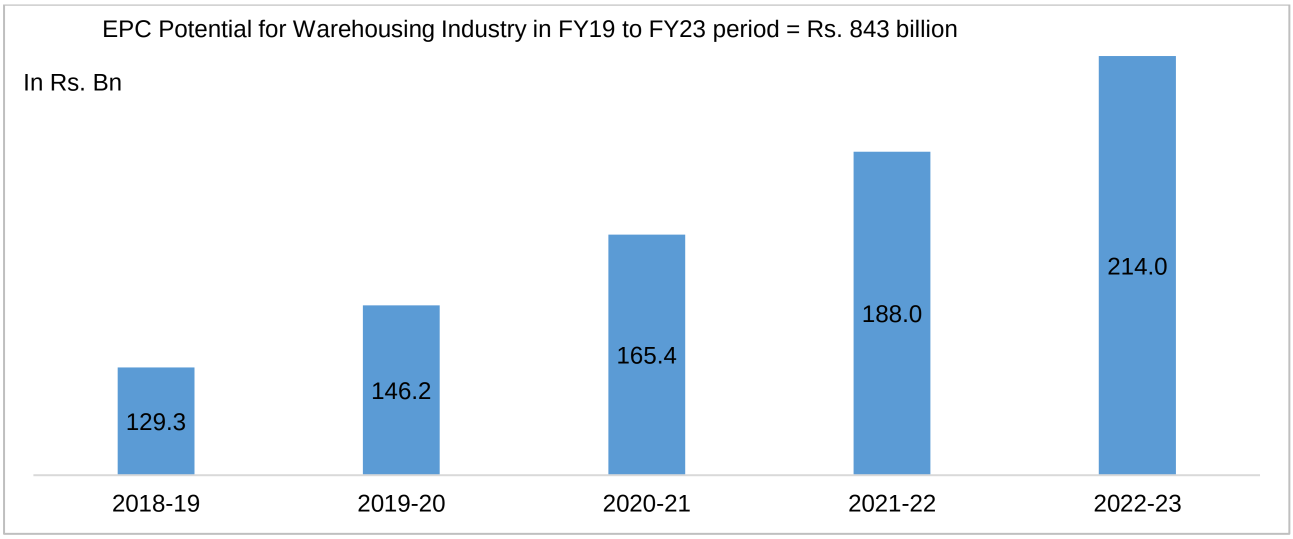



*Note: In bn. sq. ft.*
*Source: CRISIL Research*

***EPC Potential in Warehousing***

CRISIL Research projects a total of Rs. 843 billion as the EPC potential in India's warehousing industry for 2018-19 to 2022-23 period, out of which the share of industrial warehousing is around 68% and the remaining is from agricultural warehousing in Fiscal 2019.

**EPC opportunity in Warehousing**



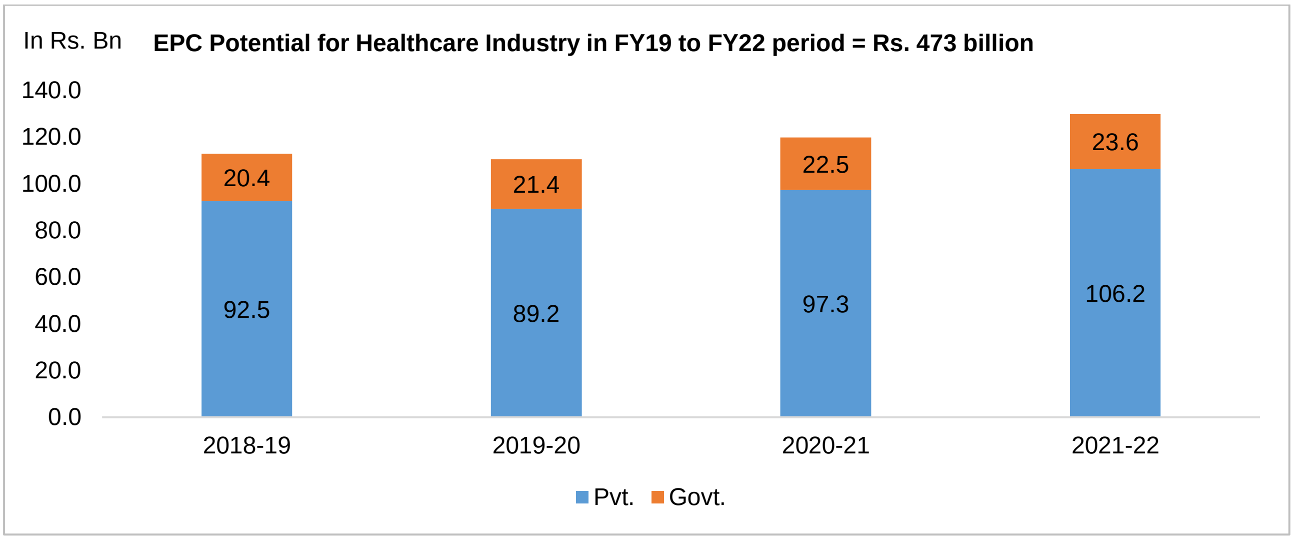

*Source: CRISIL Research*

***Healthcare***

**EPC potential in Healthcare**

CRISIL Research projects a total of Rs. 473 billion as the EPC potential in India's healthcare industry in Fiscal 2019 to Fiscal 2022 period, out of which the share of private sector is 81-82% and the remaining is from government sector.

**EPC Potential in Healthcare**



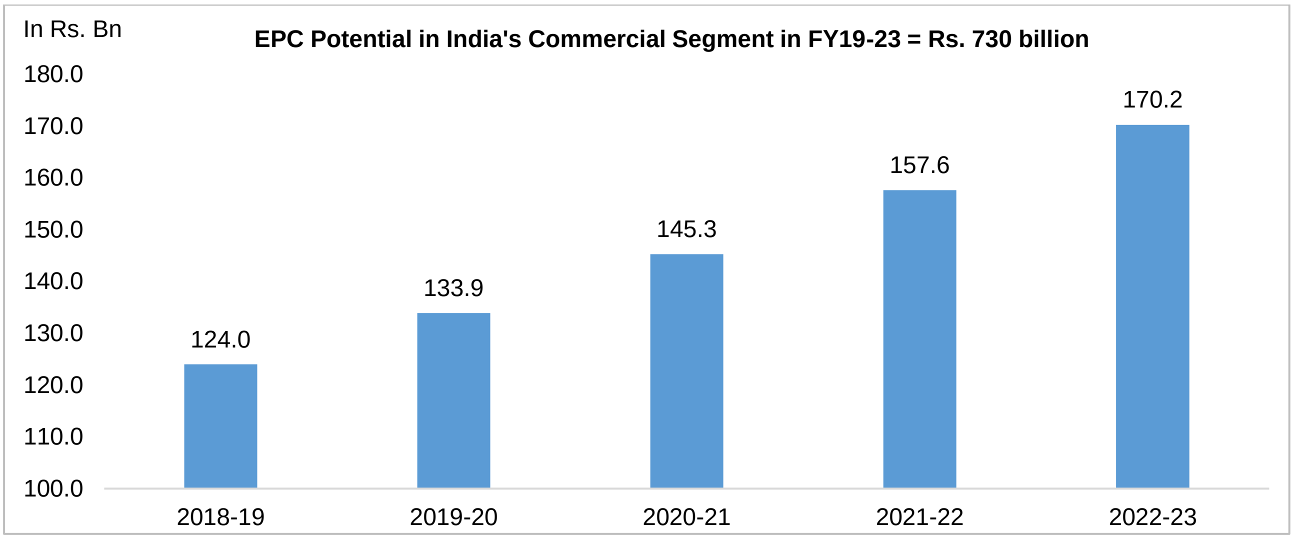

*Source: CRISIL Research*

***Commercial Real Estate***

Commercial real estate consists of both office space and retail, with share of 85% and 15% respectively.

CRISIL Research projects a total of Rs. 730 billion as the EPC potential in India's commercial real estate segment for Fiscal 2019 to Fiscal 2023 period.

**EPC opportunity in Commercial real estate**




*Source: CRISIL Research*

***Education Sector***

**Construction opportunity of 1.54 billion sq ft in the next five years; primarily in the K-12 space**

This sector — comprising K-12 to higher education — is expected to add 1.54 billion sq ft between Fiscals 2020 and 2024, of which K-12 entities will occupy 50-55%. This reflects the huge additions in terms of numbers of students and institutions in the segment, owing to government initiatives like the Right to Education (RTE), as well as a rise in urbanisation and disposable incomes.

Traditional courses like Bachelor of Arts (BA), Bachelor of Science (BSc), and Bachelor of Commerce (BCom) will occupy the bulk of the upcoming space in the higher education segment as enrolments rise. Low demand for technical courses will curb space additions for these courses.

**EPC (construction) potential in Education Industry**

CRISIL Research projects a total of Rs. 1,232 billion as the EPC potential in India's education industry which will also account for a majority of expected investments in education in the next five years

**Impact of GST on infrastructure**

Under the Goods and Services Tax (GST), emphasis on value addition; amalgamation of a large number of central and state taxes into a single tax; and set-off allowance of prior-stage taxes will mitigate the ill effects of cascading. This will also allow free flow of tax credit in intra and inter-state transactions, leading to a more efficient and leaner tax structure.

Infrastructure companies undertake works contracts for various segments like Roads, Railways, Power, irrigation and urban infrastructure. In the pre-GST era central excise at 12.5 %, VAT rate of 5% and CST of 2% was levied. The services rendered under works contract has been revised to 12% under the GST. Though the overall impact of tax has been reduced, the pass on of the benefit to State and central governments who are major customers will lead to neutral impact.

**Following is the impact of GST on the industry:**

***Impact of GST on housing sector- No major impact***

***Input material (impact on developers)***

- From the taxation point, GST will have a marginal impact on players in construction material industry as the finalized GST rates are mostly in line with the pre-GST effective tax incidences. For cement and steel, the finalized GST rates are 28% and 18% respectively. Pre-GST, while both the segments attracted the excise rate of 12.5%, VAT on cement (around 13.5%) was higher than the VAT on steel (around 5%). However, players whose supply chains involved interstate sale of either cement or steel will benefit by 2% as levy of CST will not be applicable under GST.

***Service Tax and VAT (impact on buyers): Depends on input tax credit benefit transmitted by developer***

- For under construction residential properties, home buyers (pre-GST) were liable to pay appx. 5.5% of total consideration as tax (4.5% of service tax and 1% VAT in Maharashtra; this excludes registration and stamp duty). Under the new regime, home buyers will be required to pay 12% of total consideration as GST. Though the overall tax burden goes up, the benefit transmitted by developer in terms of input tax credit will determine the actual tax implication on home buyers.

***Stamp duty and registration (impact on buyers): No change***

- The sector is likely to witness increase in share of organized players on account of GST implementation. As supply from registered taxpayers only will be allowed for input tax credit, businesses and stakeholders will insist on registration of their suppliers and traders.

***Impact of GST on Road sector - no major impact***

- GST rates for key inputs (cement, steel, bitumen) have remained at pre-GST levels. Hence there will be no major impact on the players. In case of interstate supply of cement and steel, players will get the benefit of 2% as levy of CST will not be applicable under GST.

- Composite works contract for project where earth work (that is, constituting more than 75% of the value of the works contract) will attract 5% which is positive for EPC players.

- Services rendered by sub-contractor to Contractor who undertakes earth projects constituting more than 75% of the value of the works contract will also be levied GST of 5%

- It gives comfort to Contractor as input credit on sales tax was not available previously. GST has given clarity on operations and bidding.

***GST rollout to make domestic coal cheaper; however minimal impact expected on coal import trend***

- The 5% reduction in delivered prices expected to reduce the input costs of domestic coal based power plants. The electricity generation cost for domestic coal based power plant expected to fall by ~Rs. 0.06-0.07/unit. However, this event (in isolation) not expected to have any material impact on the trend of coal imports. CRISIL Research believes that rising domestic coal supply is expected to reduce quantum of imported coal used for blending purpose.

***Impact of GST on Power sector – no major impact***

- Transmission and Distribution has been exempt from GST and was exempt from taxes in pre-GST period.

- Power players will have to bear higher tax liability due to elimination of tax concessions post GST.

***Impact of GST on Irrigation- neutral impact***

- Works contracts for Canal, dam or other irrigation works, will attract 12% GST

***Impact of GST on Urban Infrastructure -no major impact***

- Pipeline work for water supply, water treatment and sewerage treatment or disposal works undertaken will attract 12% GST

- Pollution control or effluent treatment plant, except located as a part of a factory will also attract GST rate of 12%

- The overall impact of GST on the urban infrastructure will be neutral after accounting for input credits

**KEY INDUSTRY PLAYERS**

Low entry and technology barriers make the construction industry highly fragmented. While low fixed costs narrow the entry barriers, uncertainties on payments drives up working capital requirements.

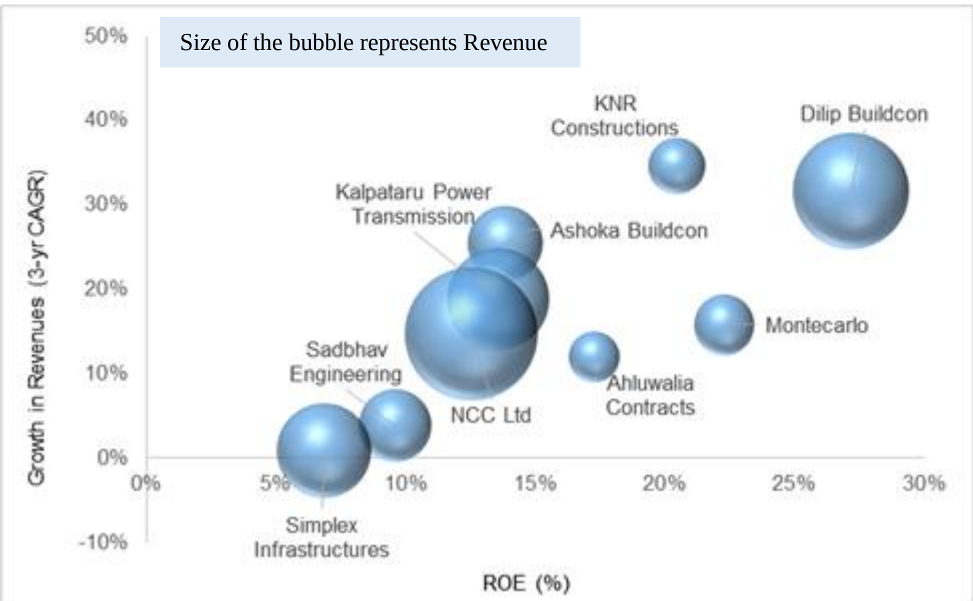
The large and mid sized EPC players have been operating since decades and have been concentrated in few segments. Some players like L&T, NCC limited,Hindustan Construction company and Montecarlo have presence across the segments while some players are focused towards one or two segments like Ashoka Buildcon Limited and KNR Constructions Limited.

**Segmental mix and geographical presence of some key players**

| Company | Key segments | Geographical presence |
|---|---|---|
| Larsen & Toubro Ltd | Diversified | Pan India |
| NCC Ltd | Diversified | Pan India |
| Simplex Infrastructures Ltd | Diversified | NA |
| Dilip Buildcon Limited | Roads and mining | Pan India |
| Kalpataru Power Transmission Ltd | Power and railways | NA |
| IRB Infrastructure Developers Limited | Roads | North, West and South |
| Sadbhav Engineering Ltd | Roads, irrigation and mining | Pan India |
| Ashoka Buildcon Limited | Roads and Power | Pan India |
| Montecarlo Limited | Diversified | Pan India |
| KNR Constructions Limited | Roads and irrigation | South |
| Ahluwalia Contracts India Limited | Building | North, West and East |

*NA: Not Available*
*Source: Company reports, CRISIL Research*

**Revenue growth and ROE of some key players (FY19)**



Note: L&T not included in the chart above as its size is far larger than the other players

The financials for all players have been considered on a standalone basis.

Source: Company reports, CRISIL Research

- Larsen & Toubro Ltd, NCC Ltd. and Simplex Infra are some of the large EPC players in India having a diversified porfolio

- In terms of revenue growth, players like Montecarlo Limited, Kalpataru Power Transmission Limited, Ashoka Buildcon Limited, Dilip Buildcon Limited and KNR Constructions Limited have witnessed high growth rates (more than 15% CAGR) in last 3 years (Fiscal 2016-Fiscal 2019)

- Players like Montecarlo Limited, Dilip Buildcon Limited, Ahluwalia Contracts India Limited and KNR Constructions Limited have seen ROE above 15% in Fiscal 2019

## OUR BUSINESS

*Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 17 for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key factors Affecting Our Results of Operations and Financial Condition" beginning on pages 24 and 290 for a discussion of certain factors that may affect our business, financial condition or results of operations. Our fiscal year ends on March 31 of each year, and references to a particular fiscal year are to the twelve months ended March 31 of that year.*

*We have, in this Draft Red Herring Prospectus, included various operational and financial performance indicators, some of which may not be derived from our Restated Financial Statements and may not have not been subjected to an audit or review by our Statutory Auditor. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculation, may vary from that used by other infrastructure construction and development companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision. Investors should consult their own advisors and evaluate such information in the context of the Restated Financial Statements and other information relating to our business and operations included in this Draft Red Herring Prospectus.*

*Unless otherwise indicated, industry and market data used in this section has been derived from industry publications and other publicly available information, including, in particular, the CRISIL Report prepared and issued by CRISIL Research on our request. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report (extracts of which have been appropriately incorporated as part of the section "Industry Overview", beginning on page 111) and included herein with respect to any particular year refers to such information for the relevant Fiscal.*

### Overview

We are an infrastructure construction and development company, with our operations diversified across highways, railways, buildings and factories, mining, energy infrastructure and water and irrigation verticals of the infrastructure sector. Our business comprises: (i) infrastructure construction business, under which we undertake EPC projects primarily from various government authorities; and (ii) infrastructure development business, under which we are currently undertake building, operation and development of highways primarily on a HAM basis and developing and operating mines on a MDO basis. As of June 30, 2019, we had a portfolio of 39 ongoing EPC projects and three highways projects on HAM basis and one mining project on MDO basis.

We have more than two decades of experience in execution of infrastructure projects having completed 79 EPC projects. We have an Order Book as of June 30, 2019, aggregating to ₹ 91,612.99 million, with 39 ongoing EPC projects, spanning across 14 states in India, including the states of Maharashtra, Odisha, West Bengal, Karnataka, Andhra Pradesh, Chhattisgarh, Bihar and Uttar Pradesh.

Over the past two decades, we have established a track record in executing majority of our projects in a timely manner and have been able to develop and establish competencies in the infrastructure verticals in which we operate. The infrastructure verticals in which we currently operate include:

- *Highways*: We undertake design, construction, widening, strengthening, operation and maintenance of highways, roads, carriageways, major bridges, culverts and road over bridges. As per our Restated Financial Statements, revenue from highways vertical accounted for 60.89%, 50.54% and 36.72% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our highways infrastructure projects accounted for 65.27% of our Order Book;

- *Railways:* We undertake construction of railway stations and bridges, track laying, gauge conversion, electrical signalling and communication works. As per our Restated Financial Statements, revenue from railways vertical accounted for 14.97%, 10.69% and 12.75% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our railways projects accounted for 8.62% of our Order Book;

- *Building and Factories:* We undertake construction of commercial complex, district court, housing projects, townships, information technology parks, hotels, shopping malls, hospitals and ancillary construction works for industrial buildings. As per our Restated Financial Statements, revenue from our building and factories vertical accounted for 11.26%, 17.02% and 22.06% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our building and factories projects accounted for 10.90% of our Order Book;

- *Mining:* We undertake blast-hole drilling, removal of overburden, removal of inter-burden and excavation of coal and lignite, as part of infrastructure construction and development activities under the mining vertical. As per our Restated

Financial Statements, revenue from our mining vertical accounted for 7.05%, 14.70% and 14.62% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our mining projects accounted for 9.46% of our Order Book;

- *Energy infrastructure:* We undertake design, installing, laying testing and commissioning of electricity transmission lines, electricity distribution lines and electricity sub-stations, respectively. As per our Restated Financial Statements, revenue from our energy infrastructure vertical accounted for 4.01%, 3.20% and 9.49% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our energy projects accounted for 4.51% of our Order Book; and

- *Water and irrigation:* We undertake construction of, canals, water supply projects, aqueducts and sewage drainage pipelines. As per our Restated Financial Statements, revenue from our water and irrigation vertical accounted for 1.73%, 2.88% and 4.36% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our water and irrigation projects accounted for 1.24% of our Order Book.

For further details in relation to our business activities, see "- *Our Business Description*" on page 161.

As of June 30, 2019, our Order Book for our ongoing infrastructure projects aggregated to ₹ 91,612.99 million. The following table sets forth a vertical wise summary of our Order Book as of June 30, 2019:

| Verticals | No. of Contracts | Outstanding order value*# | % of total outstanding order value# |
|---|---|---|---|
| Highways | 16 | 59,794.12 | 65.27 |
| Railways | 3 | 7,898.56 | 8.62 |
| Buildings and factories | 11 | 9,983.42 | 10.90 |
| Mining | 2 | 8,668.45 | 9.46 |
| Energy infrastructure | 5 | 4,129.59 | 4.51 |
| Water and Irrigation | 2 | 1,138.86 | 1.24 |
| **Total** | **39** | **91,612.99** | **100.00** |

* *in ₹ million.*

\# *calculated after deducting the provisional GST payable by our Company*.

Our major clients in the past include NHAI, RVNL, BCCL, MPMKVVCL, UADD and WBPDCL. As of June 30, 2019, approximately 98.66% of our Order Book comprised of projects being undertaken by the Government, relevant State Governments or other Government Undertakings.

Additionally, we own and maintain a large fleet of modern construction equipment which allows us to undertake multiple projects simultaneously. As of June 30, 2019, we maintained a fleet of 1,674 modern construction equipment which we believe will meet majority of the requirements for our ongoing projects. Furthermore, we have implemented advanced technology systems like SAP and Hectronic diesel consumption system at our project sites to enable us to undertake our operations efficiently.

We received the awards in 2019 for Best Achiever in the AA Class Contractor, Excellence in Construction Sector- Mining Project and Excellence in Construction Sector- Building Project by the Gujarat Contractors Association. Further, we received the award for National Best Employer Brand, 2018 by Employer Branding Institute, India. Additionally, we received the award for third fastest growing construction company in medium category at the Construction World Annual Awards, 2017. We also received the "*Excellence in Best Achiever of the Year 2016*" award by Gujarat Contractors Association at Gujarat Vibrant Summit, 2016.

Our revenue from operation, as per the Restated Financial Statements, was ₹ 24,643.17 million, ₹ 19,355.12 million and ₹ 19,794.90 million for the Fiscals 2019, 2018 and 2017, respectively. Our PAT, as per the Restated Financial Statements, was ₹ 1,546.24 million, ₹ 1,492.75 million and ₹ 1,116.65 million for the Fiscals 2019, 2018 and 2017, respectively.

**Our competitive strengths**

***Strong execution and implementation skills with established track record***

We have more than two decades of experience in execution of infrastructure projects having cumulatively completed 79 EPC projects as of June 30, 2019, of which we completed: (a) 19 projects, covering approximately 3,300 lane km of highways and roads as part of the highways vertical, (b) 2 projects, covering approximately 60 km of track length, as part of the railways vertical, (c) 11 projects as part of the buildings and factories vertical, (d) 6 mining projects with a cumulative excavation of approximately 4.03 million tonnes of coal and 14.8 million MT of lignite as part of the mining vertical, (e) 13 projects as part of the energy vertical, and (f) 28 projects as part of the water and irrigation vertical. We believe that due to our strong management skills, manpower management and advanced technology, the total number of EPC projects completed by us grew from approximately 25 projects in Fiscal 2013 to 75 projects in Fiscal 2019.

*Project Management*: We endeavour to ensure that our each project is executed in conformity with the work description provided in the contracts and adheres to the quality and standard of construction associated with our Company. We have an established track record of executing a majority of our projects in a timely manner and we believe that we have established a track record of completing projects with high quality. We have also received ISO 9001:2015 (QMS) certification for our quality management system.

*Modern Construction Equipment:* We believe ownership of modern construction equipment provides us with a competitive advantage, as with multiple projects in progress at any given time, ready access to such modern construction equipment enables us to complete existing projects on time and bid for additional projects. As of June 30, 2019, we owned and maintained a modern fleet of 1,674 construction equipment which we believe is sufficient to meet majority of the requirements for our ongoing projects. We invested ₹ 1,094.42 million, ₹ 270.78 million and ₹ 629.05 million in the Fiscals 2019, 2018 and 2017, respectively, for purchase of plant, machinery and vehicles.

*Manpower management*: We have in-house capabilities for design, engineering, bid surveys, tendering for projects, preparing financial models, construction and maintenance of our projects. We undertake selective and need-based recruitment every year to maintain the size of our workforce. We also hire manpower on a contractual basis from various agencies from time to time. As of June 30, 2019, our Company had 3,790 employees on our rolls, of which we had a total of 282 in-house engineers as part of our workforce.

*Advanced technology*: We have a robust inventory management system which enables us to efficiently manage our inventory and monitor the supply of modern construction equipment and mobilisation of resources in a cost effective and timely manner. We have developed integrated processes/SOPs across all functions of our Company for effective monitoring of our operations. We have implemented a SAP based enterprise resource planning system since September, 2008, to maintain greater control over our operations and to improve efficiency by better resource planning and utilisation. Our head office and all of our project site offices are SAP configured and raw material which is procured at our sites is accounted for at our site offices and then verified at our Registered Office. Our SAP based enterprise resource planning system enables us to maximise our productivity and efficiency by improving financial visibility of our projects and optimal collaboration among stakeholders involved. Ready access to historical data through our SAP based system, enables us to effectively estimate and bid for new projects and to procure materials for them. Additionally, we had implemented Wenco mining system, for our Mata no Madh mining project which facilitated real time monitoring of our mining trucks and shovelling equipment for such mining project by providing real time updates enabling us to produce accurate schedules for our mining trucks and shovelling equipment. Furthermore, our Hectronic diesel consumption system implemented at some of our project sites ensures that pilferage of fuel is minimized by effective monitoring of fuelling and refuelling processes.

*Robust Order Book provides visibility for growth*

An order book in our industry is considered as an indicator of future performance as it represents a portion of anticipated future revenue of an organisation. As of June 30, 2019, our Order Book for our ongoing EPC projects aggregated to ₹ 91,612.99million. We believe that by diversifying our skillset and Order Book across different business verticals and geographical regions, we have been able to pursue a broader range of project tenders and therefore, maximize our business volume.

The following table sets out vertical wise summary of our Order Book as of June 30, 2019:

| Verticals | No. of Contracts | Outstanding order value*# | % of total outstanding order value |
|---|---|---|---|
| Highways | 16 | 59,794.12 | 65.27 |
| Railways | 3 | 7,898.56 | 8.62 |
| Buildings and factories | 11 | 9,983.42 | 10.90 |
| Mining | 2 | 8,668.45 | 9.46 |
| Energy infrastructure | 5 | 4,129.59 | 4.51 |
| Water and Irrigation | 2 | 1,138.86 | 1.24 |
| **Total** | **39** | **91,612.99** | **100.00** |

* *in ₹ million.*

\# *calculated after deducting the provisional GST payable by our Company.*

In the past, we have been able to qualify to bid for projects of reputed Government Undertakings such as MoRTH, NHAI, RVNL, Northern Coal, DGMAP, NVDA and SSNNL. Our Order Book, as of June 30, 2019, includes contracts from various Government Undertakings amongst others, MoRTH, NHAI, RVNL, BCCL, WBPDCL, GMDCL and municipal corporations of Sagar and Seoni under PMAY. As of June 30, 2019, our Order Book had a high concentration of Government Undertakings with approximately 98.66% of the Order Book, accounting for contracts with various government entities. Since government contracts forms a major part of our Order Book, we believe that our payments under the contracts are relatively more secure since the risk with respect to default in payment for completed work is reduced. For further details in relation to our ongoing projects forming part of our Order Book, see "*- Our Business Description –Order Book description*" on page 172.

***Diversified infrastructure portfolio with diverse geographical presence***

We believe that our growth is largely attributable to our diversified business model based on our careful selection of projects. Our strategy of selective expansion has assisted us in mitigating concentration related risks. Our business operations are currently diversified across highways, railways, building and factories, mining, energy infrastructure and water and irrigation verticals of the infrastructure sector. We believe that by maintaining a diversified portfolio for our ongoing projects, we benefit from the consistent liquidity and cash flow for our operations and the risk of volatility of market conditions and price conditions, which we may face as a result of concentrating our operations in a particular vertical of infrastructure, stands reduced. Through our diversified business model, we have developed our competencies and established a track record of executing majority of our infrastructure projects in a timely manner, and accordingly, we believe that we currently meet the requirements of the central, state and local governmental authorities for the majority of their infrastructure construction and development projects pertaining to highways, railways and buildings and factories in terms of having the requisite experience, expertise and a strong balance sheet. Further, we believe that our established track record for majority of projects across mining, energy infrastructure and water and irrigation verticals of the infrastructure sector will allow us to undertake projects more opportunistically. By diversifying our Order Book across different infrastructure verticals such as highways, railways, buildings and factories, mining, energy and water and irrigation, we believe we are able to pursue a broad range of project tenders and therefore, maximise our business volume and buffer ourselves against slowdown in awarding of contracts in a particular vertical.

In addition to diversified infrastructure portfolio, we have a diverse geographical presence. Set forth is the state wise break up of our geographical footprint in terms of our ongoing projects forming part of our Order Book as of June 30, 2019:

| State | Number of Projects | % of total outstanding order value |
|---|---|---|
| Andhra Pradesh | 2 | 6.45 |
| Arunachal Pradesh | 1 | 1.52 |
| Bihar | 3 | 3.30 |
| Chhattisgarh | 3 | 3.55 |
| Gujarat | 3 | 2.82 |
| Jharkhand | 1 | 0.24 |
| Karnataka | 2 | 7.50 |
| Kerala | 1 | 1.23 |
| Madhya Pradesh | 5* | 3.48 |
| Maharashtra | 4 | 32.40 |
| Odisha | 3 | 18.13 |
| Rajasthan | 3 | 1.81 |
| Uttar Pradesh | 4 | 2.88 |
| West Bengal | 4 | 14.68 |
| **Total** | **39** | **100.00** |

* *includes a cross-state project spanning across Madhya Pradesh and Rajasthan*

Our Company, as of June 30, 2019, was undertaking projects across six verticals of infrastructure across 14 states, including Maharashtra, Odisha, West Bengal, Karnataka, Andhra Pradesh, Chhattisgarh, Bihar and Uttar Pradesh. Geographical diversification of our projects, as a result of our growth strategy, has allowed us to capitalize on different growth trends in the different states and broaden our revenue base and reduced risks of volatility of market conditions and price fluctuations which may result from concentrating our resources in any geographical region in India.

***Consistent financial performance and credit profile***

Our business growth and strong order book has contributed significantly to our financial strength. Driven by our business growth and execution track record, we have exhibited consistent financial performance and stable credit profile over the last few Fiscals. We have never defaulted in the repayment of our borrowings, which, together with our consistent financial performance helps us to present a strong credit profile to our lenders and keeps alternate sources of financing available to us. We have maintained consistent financial performance, despite of slowdown in the infrastructure sector in the interim, by focusing on profitable projects and achieving their timely completion. For Fiscal 2017 to Fiscal 2019, we achieved a CAGR of Revenue of 11.58% and CAGR of PAT of 15.67%, as per the Restated Financial Statements. Additionally, we achieved a ROE of 22.87%, 29.96% and 29.26% on the basis of our Restated Financial Statements as of Fiscal 2019, Fiscal 2018 and Fiscal 2017, respectively.

The Debt to Equity Ratio of our Company as of March 31, 2019 was 0.82 as per the Restated Financial Statements. Our strong balance sheet coupled with low level of Debt to Equity Ratio enable us to fund our strategic initiatives and pursue opportunities for growth of our business. Furthermore, we have consistently maintained our credit ratings for long term cash credit facilities in the past three Fiscals. According to India Ratings & Research, our Company was rated IND A + with outlook stable for a period of one year from May 21, 2019.

We believe that we have nurtured strong relationships with financial institutions which coupled with our financial strength, in terms of steady cash flows and consistent revenue growth, has enabled us to explore options of issuing bonds or other infrastructure sector specific debt instrument which helps us to achieve timely financial closure for our projects. For instance, we issued Non-Convertible Debentures to various institutions on a private placement basis in 2017, which are listed on BSE Limited.

***Experienced and Professional Management team with end to end execution capabilities***

Our Company has qualified, experienced, and dedicated management team and a skilled workforce with significant experience in the industry and execution capabilities. The management is responsible for the growth in our business operations. In particular, our Promoter and Chairman and Managing Director, Kanubhai Mafatlal Patel, has over 43 years of experience in the areas of infrastructure including construction, development and operation. He was awarded the Patidar Udyog Ratna at Sardardham Global Patidar Business Summit 2018 in 2018 and Bharat Udyog Ratan by All India Business Development Association in 2015. Additionally, we benefit from the expertise of our Whole Time Directors, Suhas Vasant Joshi and Nareshkumar Pranshankar Suthar, who have over 33 years of experience in the areas of construction, operation, management and procurement of building and factories, bridge, build-operate-transfer, urban infrastructure, power plants and over 29 years of experience in the areas of infrastructure projects, respectively. Furthermore, diversification of our Company's business has been facilitated by the expertise of the Promoters and Joint Managing Directors, Brijesh Kanubhai Patel and Mrunal Kanubhai Patel, who have played significant role in our growth. For further details of the roles and experience of the Board and the Key Managerial Personnel, see the section "*Management*", beginning from page 198.

**Our Strategies**

*Continued focus on further enhancing execution efficiency and capability in our infrastructure construction and development business*

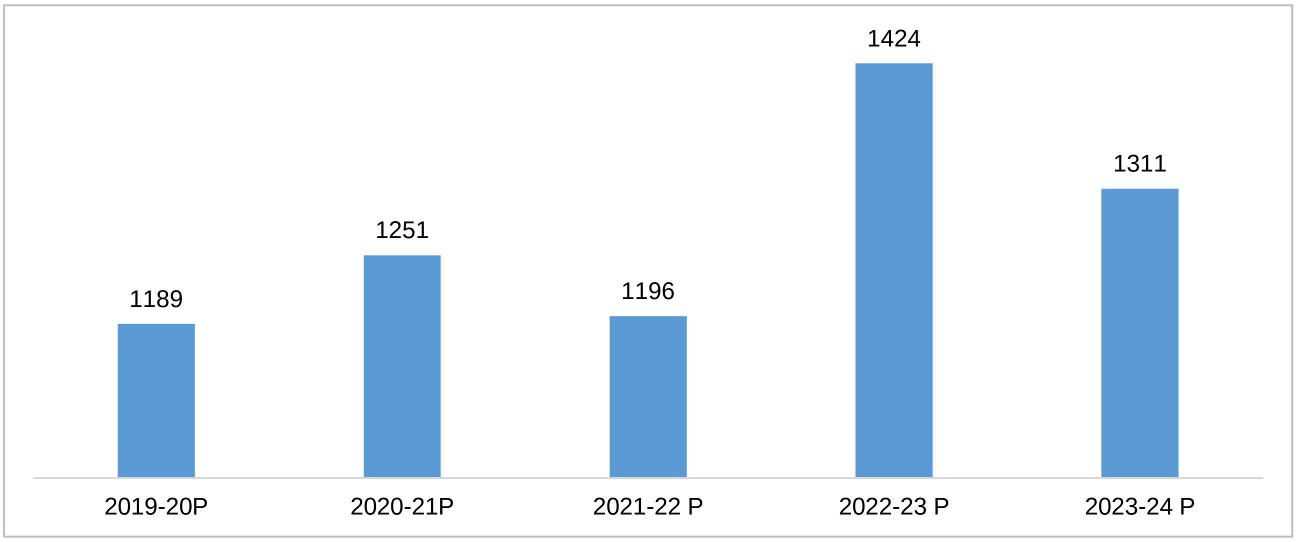
We strive to be leaders in the industry whilst cultivating strong client relationships, dedicated workforce and strong reputation as a top-quality infrastructure construction and development company with the capability to execute projects without project delays or significant cost overruns. As a part of our strategy, we intend to continue to focus on enhancing efficient project execution capabilities by adopting best practices prevalent in the industry and advanced technologies to deliver high quality projects to the satisfaction of our clients. We believe that this continued focus will help us improve our operating margins and simultaneously enhance our reputation amongst our existing as well as new customers. Further, we intend to leverage our existing infrastructure and human capital by utilizing advanced project management tools/software so as to increase productivity and maximize asset utilization on capital intensive projects. Additionally, we will continue to invest in and upgrade our modern construction equipment, manpower resources and information and communication technology infrastructure for our operations in order to improve our ability to execute projects with quality and efficiency. Our growing dependence on the IT infrastructure, applications, and data and other internal processes has caused us to have a vested interest in its reliability and functionality. We intend to strengthen our IT systems and other internal processes to reduce manual intervention and improve reliability and efficiency of our business and operation, for instance our SAP based enterprise resource planning system and SOPs have assisted us in maximizing our productivity by improving financial visibility of our projects and optimal collaboration among stakeholders involved. Ready access to historical data through our SAP system, enables us to effectively estimate and bid for new projects and to procure materials for them. Additionally, we intend to implement the Wenco Mining System for our other mining process. Furthermore, we intend to continue to optimize our internal management systems to optimize operating margins and reduce overhead costs. We believe that our experience and track record in the infrastructure construction and development business will provide us with significant advantage in our pursuit of opportunities in the industry in which we operate.

*Focus on existing verticals and selective expansion into opportunistic areas*

While we have developed our qualification for undertaking infrastructure construction projects of a large size in highways, railways and building and factories verticals, we will also strive to develop our capabilities and enhance our qualification for infrastructure construction projects in energy infrastructure, mining vertical and water and irrigation vertical. We strive to enhance our skillset in each of the verticals we operate in and to opportunistically execute large projects with higher profit margins. For instance, increasing government focus and investment in highways and railways has enabled us to further develop our business and achieve higher profitability under these verticals. Additionally, we may undertake infrastructure development projects with low risk of revenue across the verticals, in which we operate, as and when the opportunity arises. For instance, as of June 30, 2019, we had a portfolio of three highways infrastructure development projects on HAM basis and one mining project on MDO basis. We may also consider sale of our interests in certain of our infrastructure development projects, including our HAM projects, subject to requisite approvals and market conditions. For instance, our Company has entered into a memorandum of understanding dated October 20, 2018 with the other shareholders of BHTPL and BHTPL, in relation to sell our respective stake in the equity share capital of BHTPL which is currently undertaking Bijapur Hungud Toll Project on DBFOT (toll) basis. For details in this regard and certain other related aspects, see "*History and Certain Corporate Matters- Shareholders' Agreements*" and "*Financial Statements- Note 49A*", on pages 192 and 277, respectively.

According to the CRISIL Report, investment in road projects will be almost double over the next five years and investments in national highways are expected to reach ₹ 6.3 trillion between the Fiscals 2020 and 2024. According to the CRISIL Report, the Central Government under its Bharat Mala Pariyojana, plans to construct more than 65,000 km of road projects, taking the length of national highways to approximately 2,00,000 km.

**National highways: Year-wise investments (Rs billion)**




*P: Projected*
*Source: CRISIL Report*

We believe that projects on HAM basis are more favourable due to reasons such as low financial burden and project risk on the concessionaire during project-implementation phase and accordingly, we intend to take up more projects on HAM basis in the highways vertical that corresponds to our corporate profile, project experience and execution capabilities. As part of our business, we will continue bidding for potentially profitable infrastructure construction and development projects across all verticals including highways, railways, building and factories, mining, and energy infrastructure in an opportunistic manner that will ensure maximisation of our returns. Consequently, we may also expand our geographical footprint. However, we are selective when we expand to a new location and typically look to geographies where we may face less competition, get higher profit margins and deliver high-quality services without experiencing significant delays and interruptions on account of adverse climatic conditions or regulatory delays. We believe that our strategy of selective expansion helps us in mitigating concentration related risks.

*Attract, train and retain skilled personnel*

We benefit from our skilled workforce which is responsible for different aspects of the projects being undertaken, including, identification of prospective projects to its execution and completion. As of June 30, 2019, our Company had 3,790 employees on our rolls, of which we had a total of 282 in-house engineers as part of our workforce. We intend to further strengthen our workforce through undertaking comprehensive training in advanced and basic engineering and develop skilled manpower for execution of our projects. In particular, we intend to have additional on-site training for our employees. We intend to strive to further reduce the employee attrition rate and retain more of our skilled workers for our future expansion by providing them with better pay packages and a safe and healthier working environment. With our strong human resource system and processes, we intend to continue to focus on improving health, safety and environment for our employees and provide various programs and benefits for the personal well-being and career development of our employees.

*Maintain financial discipline*

Maintaining financial discipline has contributed to our financial performance. We intend to continue our practices of strict cost control through (i) ownership and maintenance of modern construction equipment and centralizing procurement of major construction equipment and raw materials; (ii) careful selection of projects; and (iii) cautious expansion into new businesses and new geographical areas. While aiming for higher profitability, we intend to avoid over-leveraging our balance sheet.

**Our Business Description**

Our business comprises: (i) our construction business, under which we undertake EPC projects primarily from various government authorities; and (ii) our infrastructure development business, under which we are currently undertake building, operation and development of highways primarily on a HAM basis and developing and operating mines on a MDO basis. In our projects, we are required to prepare project specific architectural and/or structural designs that adhere to regulatory requirements, procure raw materials and modern construction equipment for the relevant project and effect the actual construction of the project.

As of June 30, 2019, our Order Book comprises 39 EPC projects, aggregating to ₹ 91,612.99 million, across the verticals in which we operate. As part of our EPC projects we undertake the following:

*Engineering*: Our engineering work normally includes work related to project layout, construction process, control systems and instrumentation, equipment usage planning, civil works, mine planning, designing cost control measures and scheduling.

*Procurement:* Following the engineering stage, we arrange our modern construction equipment and place orders for the raw materials required for the project through our centralized procurement system. Due to the large size of our orders, we are often able to negotiate bulk discounts on our purchases.

*Construction:* We commence construction after the engineering and design aspects are finalized and the required equipment and raw materials are purchased or arranged. We mobilize our workforce and construction machinery to the worksite according to the schedule in the contract. Our work also involves construction of different ancillary structures depending on the projects we undertake, for instance we may be required to undertake works relating to embankment, cross drainage, bridge works over rivers railway tracks and canals in the construction of highways.

As part of our business, we are also undertaking projects on HAM basis, where we build, operate and transfer highways and roads pursuant to concession agreements with our counterparties. As of June 30, 2019, through our Subsidiaries, we were undertaking three HAM road projects, with bid project cost aggregating to ₹ 36,460 million. HAM projects are partly financed by the concessionaire who recovers its investment and costs through payments made by the authority in accordance with the terms and conditions of the concession agreement. For road projects on HAM basis, the authority typically funds 40% of the bid project cost which is payable in five equal instalments linked to physical progress or completion of the project. The concessionaire under HAM projects is required to fund, through debt and equity, the remaining 60% of the bid project cost, which is paid by the authority after the commercial operational date of the projects in the form of bi-annual annuity payments, including interest, as per the concession agreement. While toll collection will be the responsibility of the client, the concessionaire will be responsible for the maintenance of the project for the entire concession period, the concessionaire is responsible for the maintenance of the project for the entire concession period. In addition to the annuity and interest payments, the authority is also required to make O&M payments to the concessionaire in accordance with the terms of the concession agreement. Further, the concessionaire are typically entitled to receive bonus payments upon early completion of HAM projects.

**Our Business operation**

As part of our business, we undertake infrastructure construction and development activities across the following verticals:

- Highways;
- Railways;
- Building and Factories;
- Mining;
- Energy infrastructure; and
- Water and Irrigation.

**Highways**

As part of the highways vertical, we are primarily engaged in the execution of highways and road construction projects and undertake design, widening, strengthening, operation and maintenance of highways, roads, carriageways, culverts, major bridges and road over bridges. We also undertake widening and strengthening of existing carriageways, rehabilitation and upgrading of existing highways and roads, construction of bridges and bypasses As of June 30, 2019, we had completed 19 road projects, covering approximately 3,300 lane km of highways and roads, across six states in a timely manner.

Our revenue, as per our Restated Financial Statements, from our highways vertical aggregated to ₹ 14,882.89 million, ₹ 9,740.77 million and ₹ 7,259.69 million for the Fiscals 2019, 2018 and 2017, respectively.

While we have traditionally focused on providing EPC services in the highways vertical, we have also started undertaking road projects on HAM basis in an opportunistic manner. As of June 30, 2019, our Company had a portfolio of sixteen ongoing road EPC projects, including EPC work of three ongoing HAM road projects awarded to our Subsidiaries and one operational DBFOT (toll) project.

Our completed and ongoing EPC projects in the highways vertical are spread across various states in India, including Madhya Pradesh, Gujarat, Chhattisgarh, Bihar, Rajasthan, Maharashtra, Uttar Pradesh, Karnataka and Odisha. Our Order Book for EPC projects in the highways vertical aggregated to ₹ 59,794.12 million with sixteen road projects across 10 states, accounting for 65.27% of our total Order Book.

The following table sets forth the details of our major EPC highway projects completed as of June 30, 2019

| Project details | Total Contract Value* | Start date | Completion date | Total length in single lane (in km) | Total length of the road (in km) | State |
|---|---|---|---|---|---|---|
| Four-laning of Pune to Nasik section of national highway (NH-50) from Pune to Nasik for ITNL | 7,307.73 | February 7, 2014 | September 30, 2017 | 66.88 | 266.72 | Maharashtra |
| Construction of roads from Ranchi to Patratu Dam to Ramgarh for JRPICL | 5,685.22 | December 18, 2009 | April 30, 2014 | 62.39 | 249.55 | Jharkhand |
| Construction of intermediate state highway no. 22 from Jabalpur to Amarkantak for MPRDCL | 2,095.36 | April 9, 2006 | December 15, 2008 | 222.00 | 444.00 | Madhya Pradesh |
| Construction of road with major and minor bridge, cross drainage work between Lakhnadon to Mandla and Mandla to Dindori for MPRDCL | 1,592.33 | October 24, 2007 | December 21, 2009 | 151.65 | 303.30 | Madhya Pradesh |
| Construction of road with major and minor bridge, cross drainage work between Agar and Jawra (state highway no. 41) for MPRDCL | 1,571.20 | July 4, 2011 | May 25, 2013 | 108.70 | 217.40 | Madhya Pradesh |

* *in ₹ million.*

The following table sets forth the details of our ongoing EPC highway projects as of June 30, 2019:

| Project name | Customer | Total Contract Value*# | Outstanding order value*# | Scheduled completion date | Total length in single lane (in km) | Total length of the road (in km) | State |
|---|---|---|---|---|---|---|---|
| Nagpur-Mumbai Super Communication Expressway project | MSRDC | 13,121.62 | 11,318.95 | June 30, 2021 | 42.72 | 256.32 | Maharashtra |
| Singhara-Binjhabahal project | NHAI | 10,756.22^ | 8,243.88 | March 25, 2021 | 104.18 | 416.70 | Odisha |
| Sinnar-Shirdi Project | NHAI | 7,150.00^ | 7,150.00 | Appointed date yet to be received | 50.94 | 203.76 | Maharashtra |
| Medshi-Washim project | NHAI | 6,099.11 | 6,099.11 | Appointed date yet to be received | 44.50 | 178.00 | Maharashtra |
| Haveri-Hubli project | NHAI | 10,122.02^ | 5,968.83 | February 21, 2020 | 63.40 | 380.40 | Karnataka |

| Project name | Customer | Total Contract Value*# | Outstanding order value*# | Scheduled completion date | Total length in single lane (in km) | Total length of the road (in km) | State |
|---|---|---|---|---|---|---|---|
| Washim-Pangare project | NHAI | 5,118.75 | 5,118.75 | May 14, 2021 | 42.30 | 169.20 | Maharashtra |
| Talchar-Kamakhyanagar project | NHAI | 4,493.75 | 4,493.75 | August 20, 2021 | 40.95 | 163.80 | Odisha |
| Rimuli-Koida project | NHAI | 4,827.28 | 3,868.63 | May 11, 2020 | 43.20 | 172.80 | Odisha |
| Budeni- Nayapara Road project | Chhattisgarh PWD | 1,800.24 | 1,800.24 | August 29, 2021 | 66.72 | 133.44 | Chhattisgarh |
| Gorakhpur Bypass project | NHAI | 5,626.92 | 1,449.66 | November 15, 2019 | 18.25 | 73.00 | Uttar Pradesh |
| Kanubari–Longding project | NHIDCL | 3,860.05 | 1,396.42 | March 14, 2020 | 47.21 | 94.42 | Arunachal Pradesh |
| Fatuah–Harnaut–Barh porject | MoRTH | 6,022.37 | 1,080.84 | August 5, 2019^^ | 69.60 | 139.20 | Bihar |
| Kurud-Megha Road project | Chhattisgarh PWD | 830.75 | 830.75 | May 1, 2021 | 31.88 | 63.76 | Chhattisgarh |
| Pachore-Shujalpur project*** | MoRTH | 661.90 | 528.29 | November 23, 2019 | 39.91 | 79.82 | Madhya Pradesh |
| Kota-Darah project | MoRTH | 4,060.97 | 421.10 | June 15, 2019** | 32.95 | 131.80 | Rajasthan |
| Timmapuram–Gurjanapalli project | MoRTH | 885.75 | 24.90 | September 01, 2019^^ | 15.01 | 30.02 | Andhra Pradesh |
| **Total** | | **85,437.69** | **59,794.12** | **-** | **753.72** | **2,686.44** | **-** |

* *in ₹ million.*
\# *calculated after deducting the provisional GST payable by our Company.*
** *Our Company has applied for extension of time in terms of the EPC agreement.*
*** *Our Company has sub-contracted its entire share of work to its JV partner.*
^ *This reflects the EPC contract value for agreements executed between our Company and our Subsidiaries for the HAM projects being undertaken by our respective Subsidiaries.*
^^ *Our Company has not applied for extension of time.*

*HAM projects*

As part of our business under the highways vertical, we also undertake projects on HAM basis, where we build, operate and transfer highways and roads pursuant to concession agreements with our counterparties. Under HAM projects, the risk of toll revenue is on the relevant concessioning authority and the developers get assured cash flows in the form of fixed annuities on a predetermined schedule. Therefore, the risk of income fluctuations, which is inherent in DBFOT projects with a toll component, is eliminated in HAM projects. As of June 30, 2019, through our Subsidiaries, we were undertaking three HAM road projects, with bid project cost aggregating to ₹ 36,460 million.

Following are the details of our current road projects on HAM basis:

*Singhara to Binjhabahal road project*: This project involves rehabilitation and upgradation by four-laning of Singhara to Binjhabahal Section of NH-6 (new NH-49) from 311.00 km to 414.00 km in Odisha for which an exclusive right to construct, operate and maintain the project is granted by NHAI. The project was awarded to us on March 29, 2017 and the concession agreement was entered into between our Subsidiary, MSBHPL, and NHAI on July 10, 2017. The bid project cost for the project is ₹ 14,200 million, which is subject to revision from time to time under the concession agreement. The project tenure is for

17.5 years from the appointed date, involving a construction period of 910 days and a subsequent operation and maintenance period of 15 years. The project is being undertaken by our Subsidiary, MSBHPL. The scheduled date for completion is 910th day from the appointed date being September 28, 2018.

*Hubli to Haveri road project*: This project involves six-laning and strengthening of km 340.00 to km 403.40 of Hubli-Haveri section of NH-48 (old NH-4) in Karnataka under which an exclusive right to construct, operate and maintain the project is granted by NHAI. The project was awarded to us on March 21, 2017 and the concession agreement was entered into between our Subsidiary, MHHHPL, and NHAI on June 5, 2017. The bid project cost for the project is ₹ 12,000 million, which is subject to revision from time to time under the concession agreement. The project tenure is for 17 years from the appointed date, involving a construction period of two years and a subsequent operation and maintenance period of 15 years. The appointed date for this project was February 22, 2018, and accordingly the construction period for the project has commenced. The scheduled date for completion is 730th day from the appointed date being February 22, 2018.

*Sinnar to Shirdi road project:* This project involves four-laning of 50.943 km of Sinnar-Shirdi section of NH-160 (including Sinnar bypass) in Maharashtra under which an exclusive right to construct, operate and maintain the project is granted by NHAI. The project was awarded to us on March 09, 2019 and the concession agreement was entered into between our Subsidiary, MSSHPL, and NHAI on August 21, 2019. The bid project cost for the project is ₹ 10,260 million, which is subject to revision from time to time under the concession agreement. The project tenure is for 17 years from the appointed date, involving a construction period of 730 days and a subsequent operation and maintenance period of 15 years. The project is being undertaken by our Subsidiary, MSSHPL. We have not received the appointed date for the project.

<u>*DBFOT (toll) project*</u>

In addition to our three ongoing HAM projects, we also hold 23% of the equity share capital in an Associate company undertaking Bijapur Hungud Toll Project on DBFOT (toll) basis. The project involved augmentation of the existing road from km 102.00 to km 202.00 (approximately 97.22 km) by four-laning of Bijapur-Hungud section on NH-13 in Karnataka on DBFOT toll basis. The project was awarded by NHAI for a concession period of 20 years, involving 2.5 years of construction period and 17.5 period for toll collections, and operation and management of the toll project. The total project cost was ₹ 12,571 million. The project became operational in April 9, 2012 and our Associate company BHTPL, in which we hold 23% of the equity share capital, is entitled to collect tolls over the concession period of 17.5 years. Our Company has entered into a memorandum of understanding dated October 20, 2018 with the other shareholders of BHTPL and BHTPL pursuant to which the BHTPL Shareholders have agreed to make endeavours to sell their respective stake in the equity share capital of BHTPL within a period of two years from the date of the such memorandum of understanding i.e. by October 20, 2020. For further details in this regard and certain other related aspects, see “*History and Certain Corporate Matters- Shareholders’ Agreements*”, on page 192 and “*Financial Statements- Note 49A*” on page 277.

The project became operational in April 9, 2012 and our Associate company BHTPL, in which we hold 23% of the equity share capital, is entitled to collect tolls over the concession period of 17.5 years. Our Company has entered into a memorandum of understanding dated October 20, 2018 with the other shareholders of BHTPL and BHTPL, in relation to sell our respective stake in the equity share capital of BHTPL which is currently undertaking Bijapur Hungud Toll Project on DBFOT (toll) basis. For details in this regard and certain other related aspects, see “*History and Certain Corporate Matters- Shareholders’ Agreements*”, on page 192 and section “*Financial Statements*”, beginning on page 227 of the Draft Red Herring Prospectus.

**Railways**

We entered the railway vertical in Fiscal 2015. As part of our business under this vertical, we undertake activities such as track laying, gauge conversion, electrical signalling and communication works and construction of railway stations and bridges. Our revenue, as per our Restated Financial Statements, from our railways vertical aggregated to ₹ 3,659.04 million, ₹ 2,060.09 million and ₹ 2,520.67 million for Fiscals 2019, 2018 and 2017, respectively.

As of June 30, 2019, we had completed two railways projects, covering approximately 60 km of track length. Our Order Book, as of June 30, 2019, consists of three railways projects across Gujarat and Andhra Pradesh, aggregated to ₹ 7,898.56 million and accounted for 8.62% of our total Order Book.

The following table sets forth the details of our railways projects completed as of June 30, 2019:

| Project details | Total Contract Value* | Start date | Completion date | Total length (in km) | State |
|---|---|---|---|---|---|
| Construction of new Broad Gauge line between Obulavaripalle and Venkatachalam and execution of earthwork in formation, bridges, station buildings, staff quarters, | 2,796.53 | August 27, 2014 | January 31, 2019 | 30.00 | Andhra Pradesh |

| Project details | Total Contract Value* | Start date | Completion date | Total length (in km) | State |
|---|---|---|---|---|---|
| general electrical works including power line crossings between Vallikallu and Brahmanapalli for RVNL. | | | | | |
| Construction of new BG line between Obulavaripalle and Venkatachalam and execution of earthwork in formation, bridges, station buildings, staff quarters, general electrical works including power line crossings between Vallikallu and Brahmanapalli for RVNL. | 2,199.02 | August 27, 2014 | November 20, 2018 | 30.00 | Andhra Pradesh |

* *in ₹ million.*

The following table sets forth the details of our ongoing railways infrastructure and development projects as of June 30, 2019:

| Project name | Customer | Total Contract Value*# | Outstanding order value*# | Scheduled completion date | State |
|---|---|---|---|---|---|
| Bitragunta to Karavadi Vijayawada, Package-2 | RVNL | 7,531.33 | 5,886.11 | May 03, 2022 | Andhra Pradesh |
| Kidiyanagar and Chhansara, Package-3 | RVNL | 2,465.56 | 1,144.85 | June 6, 2020 | Gujarat |
| Kothgangad to Botad Gauge Conversion, Package -2 | RVNL | 3,863.45 | 867.60 | September 30, 2020 | Gujarat |
| **Total** | | **13,860.34** | **7,898.56** | - | - |

* *in ₹ million.*
\# *calculated after deducting the provisional GST payable by our Company.*

***Building and Factories***

We entered the building and factories vertical in Fiscal 2014. As part of our business under this vertical, we undertake construction of commercial complex, district court, housing projects, townships, IT parks, hotels, shopping malls, hospitals and infrastructure and ancillary construction works for industrial buildings. We believe that the business in this vertical has been promising and our clients include government and private entities. The recent trend in the building and factories vertical has provided us with an opportunity to further develop our presence in this vertical.

Our revenue, as per our Restated Financial Statements, from buildings and factories vertical aggregated to ₹ 2,753.32 million, ₹ 3,280.35 million and ₹ 4,361.82 million for Fiscals 2019, 2018 and 2017, respectively.

As of June 30, 2019, we had completed 11 buildings and factories projects and our Order Book for buildings and factories projects aggregated to ₹ 9,983.42 million with 11 projects across seven states, accounting for 10.90% of our Order Book. Our Order Book for the building and factories vertical contains contract with private sector clients and government entities. The following table sets forth the details of our major buildings and factories projects completed as of June 30, 2019:

| Project details | Total Contract Value* | Start date | Completion date | State/ union territories |
|---|---|---|---|---|
| Construction of Dwelling Units at Port Blair of MOD (Army) | 4,820.26 | December 01, 2014 | May 15, 2018 | Andaman and Nicobar Islands |
| Construction of district court, Jabalpur (phase -1), including complex and ancillary | 1,717.12 | August 1, 2014 | May 15, 2018 | Madhya Pradesh |

| Project details | Total Contract Value* | Start date | Completion date | State/ union territories |
|---|---|---|---|---|
| structures and installing drainage system | | | | |
| Construction of power plant and undertaking other ancillary civil works for Sasan Power Limited | 442.03 | March 1, 2015 | March 25, 2017 | Madhya Pradesh |
| Civil structural works of club house, EWS, blocks 5 and 6 and finishing works for certain other blocks at Kasauli for Princeton Infrastructure Private Limited | 260.35 | September 1, 2014 | September 5, 2017 | Himachal Pradesh |
| Infrastructure developments work for industrial park at Vidisha for Madhya Pradesh Audyogik Kendra Vikas Nigam Limited | 211.63 | February 16, 2014 | March 27, 2016 | Madhya Pradesh |
| Civil structural works at Badwai IT park at Bhopal for Madhya Pradesh Housing and Infrastructure Development Board | 199.01 | March 3, 2014 | December 31, 2016 | Madhya Pradesh |

* *in ₹ million.*

The following table sets forth the details of our ongoing building and factories infrastructure and development projects as of June 30, 2019:

| Project name | Customer | Total Contract Value*# | Outstanding order value*# | Scheduled completion date | State/union territory |
|---|---|---|---|---|---|
| Construction of Flats with amenities, Dakshinkhanda Mouza | West Bengal Housing Board | 3,327.58 | 3,187.08 | December 19, 2019 | West Bengal |
| Construction of Flats with amenities, Daskeary Mouza | WBHB | 1,173.05 | 1,173.05 | September 20, 2019 ^ | West Bengal |
| Construction of Amenities at Kannur International Airport | Kannur International Airport Limited | 1,135.72 | 1,124.25 | July 13, 2019^ | Kerala |
| Construction of residential project, Arvind Oasis, Bangalore | Arvind Infracon LLP | 991.14 | 904.88 | October 19, 2020 | Karnataka |

| Project name | Customer | Total Contract Value*# | Outstanding order value*# | Scheduled completion date | State/union territory |
|---|---|---|---|---|---|
| Construction of EWS, LIG and MIG Houses PMAY, Sagar | UADD | 1,043.79 | 799.42 | July 22, 2018^^ | Madhya Pradesh |
| Construction of EWS, LIG and MIG Houses (PMAY), Seoni | UADD | 766.39 | 766.39 | October 25, 2018^^ | Madhya Pradesh |
| Construction of auxillary and administrative buildings for NTPC Limited Lara Super Thermal Power Project | NTPC Limited | 922.98 | 619.06 | October 2, 2019 | Chhattisgarh |
| NTPC Barh Super Thermal Power Project Township Stage I | NTPC Limited | 642.00 | 599.61 | March 03, 2020 | Uttar Pradesh |
| Regal Emporia, Noida | Regal Emporia Infratech Private Limited | 975.55 | 324.61 | April 5, 2020 | Uttar Pradesh |
| NTPC Barh Super Thermal Power Project Township Stage II | NTPC Limited | 415.15 | 265.27 | March 15, 2020 | Uttar Pradesh |
| BCCL Township | BCCL | 3,700.07 | 219.80 | August 24. 2019^ | Jharkhand |
| **Total** | | **15,093.42** | **9,983.42** | **-** | **-** |

* *in ₹ million.*
\# *calculated after deducting the provisional GST payable by our Company.*
^ *Our Company had applied for an extension of time in terms of the EPC agreements.*
^^ *Our Company has not applied for an extension of time.*

**Mining**

We actively entered the mining vertical in Fiscal 2011. As part of our business in this vertical, we specialize in blast-hole drilling, removal of overburden, removal of inter-burden and excavation of coal and lignite.

Our revenue, as per our Restated Financial Statements, from mining vertical aggregated to ₹ 1,722.29 million, ₹ 2,833.72 million and ₹ 2,889.95 million for Fiscals 2019, 2018 and 2017, respectively. While we have been traditionally focused on providing EPC services in the mining vertical, opportunistically we may also undertake mining projects on MDO basis.

As of June 30, 2019, our Order Book for mining projects on EPC basis aggregated to ₹ 8,668.45 million, with two projects in hand across two states, accounting for 9.46% of our Order Book. As of June 30, 2019, we completed 6 mining projects with a cumulative excavation of approximately 4.03 million tonnes of coal and 14.8 million MT of lignite. The following table sets forth the details of our major mining projects on EPC basis completed as of June 30, 2019:

| Project details | Total Contract Value* | Appointed date | Completion date | State |
|---|---|---|---|---|
| Removal of overburden and excavation of lignite and other ancilliary activities at our Mata no Madh mine for Gujarat Mineral Development Corporation, | 6,451.81 | January 28, 2014 | April 10, 2019 | Gujarat |
| Removal of approximately 66.78 million BCM overburden at Khadia OCP of Northern Coal | 4,734.26 | June 3, 2013 | January 26, 2019** | Uttar Pradesh |
| Removal of approximately 55.04 million BCM overburden at Krishnashila OCP of Northern Coal | 3,313.75 | January 21, 2013 | April 30, 2018 | Uttar Pradesh |

| Project details | Total Contract Value* | Appointed date | Completion date | State |
|---|---|---|---|---|
| Removal of approximately 46.29 million BCM overburden at Bina extension OCP of Northern Coal | 2,983.80 | January 14, 2011 | September 25, 2014 | Madhya Pradesh |

* *in ₹ million.*
** *Our Company has applied to the authority for issuance of the completion certificate.*

The following table sets forth the details of our ongoing mining EPC projects as of June 30, 2019:

| Project Name | Customer | Total Contract Value*# | Outstanding order value*# | Scheduled completion date | State |
|---|---|---|---|---|---|
| Barjora mining project | WBPDCL | 8,577.50** | 8,535.47 | June 30, 2025 | West Bengal |
| Barmer mining project | Rajasthan State Mines and Minerals Limited | 1,371.93 | 132.98 | October 15, 2019 | Rajasthan |
| **Total** | | **9.949.43** | **8,668.45** | **-** | **-** |

* *in ₹ million.*
** *This reflects the contract value for agreement executed with between our Company and MBMPL which has the concession for 19 years for undertaking mining at the Barjora (North) coal.*
\# *calculated after deducting the provisional GST payable by our Company.*

*MDO project*

While we have been traditionally focussed on undertaking mining infrastructure projects on EPC basis, we also undertake MDO activities for mining project. Our Barjora (North) Coal Mine Project involves development, operation and maintenance on MDO basis of a three MT per annum open cast coal mine situated in Bankura district of West Bengal. The project will be undertaken by MBMPL, which is required to excavate and deliver approximately 56 MT of coal, over a period of 19 years in accordance with the annual production programme, to WBPDCL at the base mining rate of ₹ 742 per tonne which is subject to revision every quarter in the manner stipulated under the agreement. The coal mining agreement was executed on October 17, 2016. Additionally, subsequent to the MDO Agreement, our Company has received a letter of award from MBMPL to undertake the EPC work of this mining project undertaken on MDO basis in West Bengal, pursuant to revised mine plan for seven years, amounting to ₹ 8,577.50 million. The appointed date for the project was declared as July 1, 2018.

**Energy infrastructure**

We entered the energy infrastructure vertical in Fiscal 2011. As part of our business in this vertical, we undertake design, installing, laying, testing and commissioning of electricity transmission lines, electricity distribution lines and electricity sub-stations, respectively. As of June 30, 2019, we had completed 13 energy projects on an EPC basis in a timely manner.

Our revenue, as per our Restated Financial Statements, from energy vertical aggregated to ₹ 980.95 million, ₹ 617.14 million and ₹ 1,877.07 million for Fiscals 2019, 2018, and 2017, respectively.

As of June 30, 2019, our Order Book for energy projects aggregated to ₹ 4,129.59 million with five projects in hand, accounting for 4.51% of our Order Book. The following table sets forth the details of our major energy projects completed as of June 30, 2019:

| Project details | Total Contract Value* | Appointed date | Completion date | State |
|---|---|---|---|---|
| Supply of materials, undertaking survey, installation, test, commissioning and maintenance for five years of 33/11KV power distribution sub stations, feeders and lines in Bhopal for MPMKVVCL | 2,162.47 | March 14, 2011 | March 31, 2015 | Madhya Pradesh |
| Supply of materials, undertaking survey, installation, test, commissioning and maintenance for five years power distribution sub stations, feeders and lines in Gwalior for MPMKVVCL | 1,882.34 | March 14, 2011 | December 31, 2014 | Madhya Pradesh |

| Project details | Total Contract Value* | Appointed date | Completion date | State |
|---|---|---|---|---|
| Construction of 220/132 KV DC/SC lines between Allahabad and Azamgadh | 1,016.39 | September 8, 2015 | October 16, 2018 | Uttar Pradesh |
| Construction of two 220/132/33KV pooling stations on turnkey basis, covering design, engineering, supply of material, equipment and successful erection, testing and commissioning of such pooling stations and associated civil works in Bikaner and handholding of each pooling station for 12 months for Rajasthan Solarpark Development Company Limited | 943.53 | September 15, 2015 | March 1, 2017 | Rajasthan |
| Supply of materials, undertaking survey, installation, test, commissioning and maintenance for five years of 33/11KV power distribution sub stations, feeders and lines in towns of Satna and Maihar for MPPKVVCL | 470.13 | April 6, 2011 | August 12, 2015 | Madhya Pradesh |
| Supply, installation, test and commission of 11 KV ring mains unit, package sub-stations, 11 KV high tension cables and low tension cables for underground power distribution network in the area of Bol, Gujarat Industrial Development Corporation park at Bavla for Uttar Gujarat Vij Company Limited | 454.89 | September 27, 2013 | August 31, 2015 | Gujarat |

* *in ₹ million.*

The following table sets forth the details of our ongoing energy projects as of June 30, 2019:

| Project details | Customer | Total Contract Value*# | Outstanding order value*# | Scheduled completion Date | State |
|---|---|---|---|---|---|
| Bina - kota Doubling Electrification | RVNL | 1,117.49 | 1,058.71 | December 27, 2020 | Rajasthan and Madhya Pradesh |
| Purnia Circle Trunkey Contract | NBPDCL | 2,138.93 | 1,050.46 | March 22, 2021 | Bihar |
| Sasaram Circle Trunkey | SBPDCL | 1,589.50 | 894.23 | March 22, 2021 | Bihar |
| 400KV D/C Varsana-Halvad line Package – 2 | Gujarat Energy Transmission Corporation Limited | 572.20 | 572.20 | July 20, 2020 | Gujarat |
| Rural Electriciy Infrastructure Development Purulia Districts | WBSEDCL | 649.85 | 553.99 | December 06, 2020 | West Bengal |
| **Total** | | **6,067.97** | **4,129.59** | **-** | **-** |

* *in ₹ million.*
\# *calculated after deducting the provisional GST payable by our Company.*

**Water and Irrigation**

Our Company has more than two decades of experience in construction and development of water and irrigation projects. We undertook our first water and irrigation project in Fiscal 1996. Under the water and irrigation vertical, we undertake construction of, canals, water supply projects and sewage drainage pipelines. Since inception, our Company has successfully completed various main and branch canal projects under this vertical for SSNNL and Madhya Pradesh NVDA.

Our revenue, as per our Restated Financial Statements, from the water and irrigation vertical aggregated to ₹ 422.30 million, ₹ 554.30 million and ₹ 862.39 million for Fiscals 2019, 2018 and 2017, respectively. As of June 30, 2019, our Order Book for water and irrigation construction projects aggregated to ₹ 1,138.86 million, accounting for 1.24% of our total Order Book.

As of June 30, 2019, we completed 28 water and irrigation projects of which majority have been completed in a timely manner. As of June 30, 2019, we had two water and irrigation projects under construction across two states. The following table sets out details of our major projects completed as of June 30, 2019, in the water and irrigation vertical:

| Project details | Total Contract Value* | Appointed date | Completion date | State |
|---|---|---|---|---|
| Construction of Nagod (Satna) branch canal and distribution system for NVDA | 2,215.70 | February 27, 2009 | July 30, 2015 | Madhya Pradesh |
| Construction of Satna (Rewa) main canal for NVDA | 1,866.40 | February 27, 2009 | July 30, 2015 | Madhya Pradesh |
| Construction of hydraulic structure of canal near Barna for NVDA | 823.67 | August 8, 2013 | December 7, 2016 | Madhya Pradesh |
| Construction of Kachch branch canal project (package IR-9) for SSNNL | 463.85 | August 26, 2014 | August 31, 2016 | Gujarat |

* *in ₹ million.*

The following table sets out details of our ongoing water and irrigation as of June 30, 2019:

| Project name | Customer | Total Contract Value*# | Outstanding order value*# | Scheduled completion date | State |
|---|---|---|---|---|---|
| Sewer System, Package - 2, Bhadra and Suratgarh | RUIFDCO | 2,080.72 | 1,107.18 | June 30, 2019** | Rajasthan |
| Pawai Canal Project | Water resource Department, Government of Madhya Pradesh | 724.52 | 31.68 | April 30, 2019*** | Madhya Pradesh |
| **Total** | | **2,805.24** | **1,138.86** | **-** | **-** |

* *in ₹ million.*
\# *calculated after deducting the provisional GST payable by our Company.*
*** *Our Company had applied for an extension of time in terms of the EPC agreements.*
*** *The project is completed as on the date. Our Company has not received the completion certificate.*

**Subsidiaries, Associates and Joint Ventures**

*Subsidiaries*

On August 18, 2016, we incorporated a wholly owned Subsidiary namely, MPL and MEPL. Further, MBMPL, MHHHPL and MSBHPL and MSSHPL became our step down subsidiaries through MPL on August 10, 2016, April 5, 2017, April 7, 2017 and April 1, 2019, respectively.

*Associates*

We have one Associate company namely, BHTPL, in which we currently hold 23% of the equity share capital. BHTPL was incorporated on February 22, 2010 to undertake design, develop, construction, commission, operation and maintenance the four lane road on Bijapur-Hungund section of NH-13 from km 102.00 to km 202.00 in Karnataka under NHDP Phase-III on DBFOT (toll) basis. Our Associate is currently the operator of the road project and therefore, is entitled to levy, demand and collect toll fee from vehicles and persons using the said road or any part thereof till September 2030. Our Company has entered into a memorandum of understanding dated October 20, 2018 with the other shareholders of BHTPL and BHTPL, in relation to sell our respective stake in the equity share capital of BHTPL which is currently undertaking Bijapur Hungud Toll Project on DBFOT (toll) basis. For details in this regard and certain other related aspects, see "*History and Certain Corporate Matters-Shareholders' Agreements*", on page 192 and section "*Financial Statements*", beginning on page 227 of the Draft Red Herring Prospectus.

*Joint Ventures*

Our net worth and track record qualify us to bid for a large number of the projects in India. To bid for certain higher value contracts, at times we seek to form Joint Ventures, mainly as AoPs, with other experienced and qualified companies. We enter into a memorandum of understanding with other companies to meet technical requirements that may be required as part of the qualification for bidding or execution of the contract. As on this Draft Red Herring Prospectus, we have 15 Joint Ventures which are constituted as AoPs.

Though we had completed four EPC projects through Joint Ventures in the past, we were undertaking eleven projects through our Joint Ventures, as of June 30, 2019, which also forms part of our Order Book. The following table sets forth details of ongoing projects undertaken by our Company through Joint Ventures as of June 30, 2019:

| Sr. No. | Project name | Name of Joint Venture | Our interest in Joint Venture (%) | Total Contract Value*# | Outstanding order value*# (our share^) |
|---|---|---|---|---|---|
| | ***Highways*** | | | | |
| 1. | Fatuah - Harnaut – Barh | MCL-BEL Bihar (JV) | 90 | 6,022.37 | 1,080.84 |
| 2. | Gorakhpur Bypass | MCL-BEL Gorakhpur (JV) | 90 | 5,626.92 | 1,449.66 |
| 3. | Timmapuram – Gurajanapalli | MCL-KSIPL Gurajanapalli (JV) | 51 | 885.75 | 24.90 |
| 4. | Talchar - Kamakhyanagar | MCL-ITL Odisha (JV) | 95 | 4,493.75 | 4,493.75 |
| 5. | Pachore – Shujalpur ** | MCL-BECPL MP (JV) | 60 | 661.90 | 528.29 |
| 6. | Nagpur - Mumbai Super Communication Expressway | MCL-ITL MH (JV) | 60 | 13,121.62 | 11,318.95 |
| | ***Railways*** | | | | |
| 7. | Kothgangad to Botad Gauge Conversion, Package – 2 | MCL-Laxyo-VNR (JV) | 78 | 3,863.45 | 867.60 |
| 8. | Kidiyanagar and Chhansara, Package - 3 | Montecarlo-Laxyo-Technocom (JV) | 84 | 2,465.56 | 1,144.85 |
| 9. | Bitragunta To Karavadi_Vijayawada_PKG 2 | MCL-Premco-Alcon AP (JV) | 72 | 7,531.33 | 5,886.11 |
| | ***Building and factories*** | | | | |
| 10. | BCCL Township | MCL-KSIPL Dhanbad (JV) | 90 | 3,700.07 | 219.80 |
| | ***Water and irrigation*** | | | | |
| 11. | Sewer System, Package - 2, Bhadra and Suratgarh (Rajasthan) | MCL-JBPL Rajasthan (JV) | 60 | 2,080.72 | 1,107.18 |
| **Total** | | | | **50,453.42** | **28,121.93** |

* *in ₹ million.*

** *Our Company has sub-contracted its entire share of work to its JV partner.*

# *calculated after deducting the provisional GST payable by our Company.*

^ *Our Order Book as on June 30, 2019, includes our Company's original share of work under the relevant contract or includes the entire value for projects awarded to our Joint Ventures where our Joint Venture partners have sub-contracted their entire share of work to us, as the case may be.*

***Order Book description***

"Order Book" as of any particular date represents the Total Contract Value of all Existing Contracts of our Company as reduced by revenue billed by our Company for works certified with respect to such Existing Contracts. "Total Contract Value" as of any particular date means the entire value of a project being undertaken by our Company which is the contractually agreed value as adjusted by price escalation, and other claims/or variations, in the contract works which have been accepted by the client and for projects undertaken by way of Joint Venture, value of work undertaken by our Company for such project. "Existing Contracts" as of any particular date means EPC work orders, letter of awards or contracts for ongoing and new projects awarded to/entered into by our Company or its Joint Ventures.

In relation to projects awarded to our Joint Ventures, our Order Book includes our Company's original share of work under the relevant contract or includes the entire value for projects, where our Joint Venture partners have sub-contracted their entire share of work to us, as the case may be.

Our total Order Book was ₹ 91,612.99 million as of June 30, 2019, and only indicates the outstanding value of work under the relevant contracts existing as of that particular date and should not be misconstrued to include value of works awarded to our Company subsequent to June 30, 2019. Furthermore, our Order Book as of June 30, 2019, includes a portion which has already been realized as revenue by our Company subsequent to June 30, 2019 but remains unquantified as on date of this Draft Red Herring Prospectus. Our order book is not audited and does not necessarily indicate our future earnings. We may not be able to achieve our expected margins or may even suffer losses on one or more of these contracts. For further information, see "*Risk Factors – Our Order Book may not be representative of our possible future results as projects included in our Order Book and our future projects may be cancelled, modified or delayed for reasons which may be considered to be beyond our control and such cancellation, modification or delay may materially and adversely affect our business, future prospects, reputation, financial condition and results of operation*." on page 24.

The following table sets forth the breakdown of our Order Book as of June 30, 2019 by kind of clients:

| Client types | Number of contracts | Total Contract Value*# | Outstanding order value*# | % of total outstanding order value |
|---|---|---|---|---|
| ***Government*** | | | | |
| NHAI | 8 | 54,194.04 | 42,392.61 | 46.27 |
| MoRTH | 4 | 11,630.98 | 2,055.13 | 2.24 |
| RVNL | 4 | 14,977.83 | 8,957.26 | 9.78 |
| UADD | 2 | 1,810.18 | 1,565.81 | 1.71 |
| Others | 19 | 48,634.37 | 35412.68 | 38.65 |
| **Subtotal (A)** | **37** | **1,31,247.40** | **90,383.50** | **98.66** |
| ***Private*** | | | | |
| Arvind Infra | 1 | 991.14 | 904.88 | 0.99 |
| Regal Emporia Infratech Private Limited | 1 | 975.55 | 324.61 | 0.35 |
| **Subtotal (B)** | **2** | **1,966.69** | **1,229.49** | **1.34** |
| **Total (A + B)** | **39** | **1,33,214.08** | **91,612.99** | **100.00** |

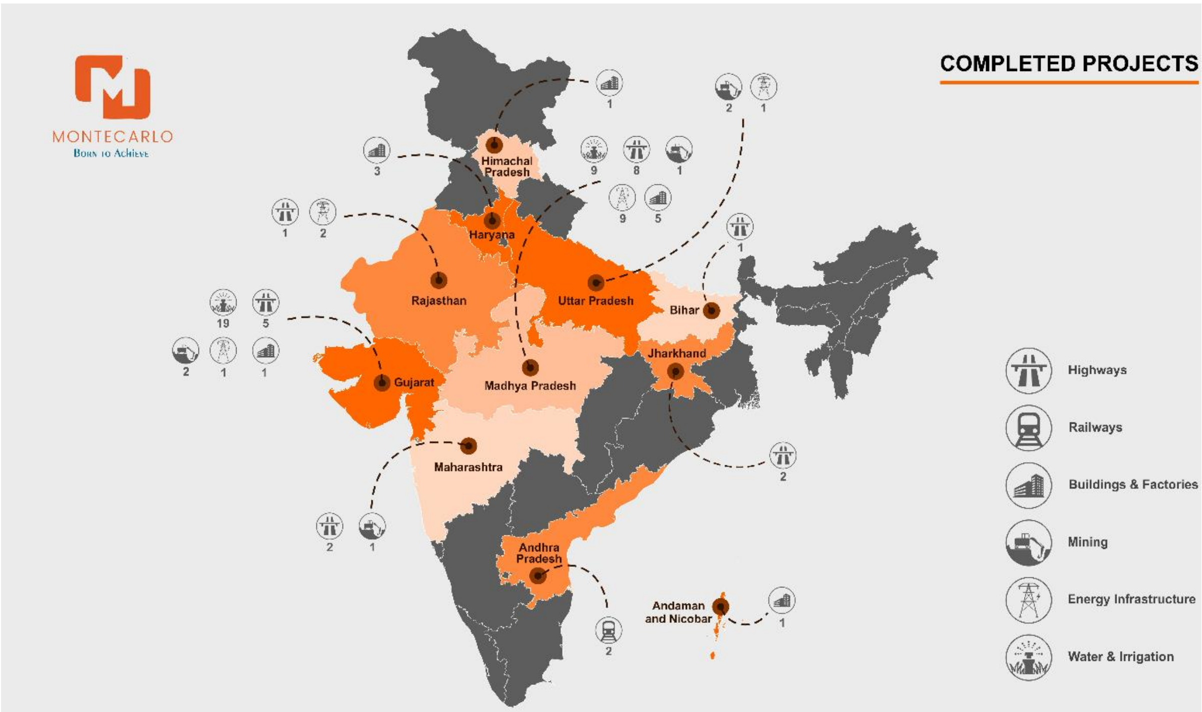
* *in ₹ million.*

\# *calculated after deducting the provisional GST payable by our Company.*

The share of Government Undertakings in our client base has increased over the years on account of our growing capability to undertake more complex projects and strengthened relationships with government entities. As of June 30, 2019, contracts awarded by various government entities accounted for 98.66% of our Order Book. We derived 99.08%, 96.39% and 86.18% of our contract revenue, as per our Restated Financial Statements, from transactions with Government, relevant State Governments or other Government Undertakings during the Fiscals 2019, 2018 and 2017, respectively.

***Our Geographical Footprint***

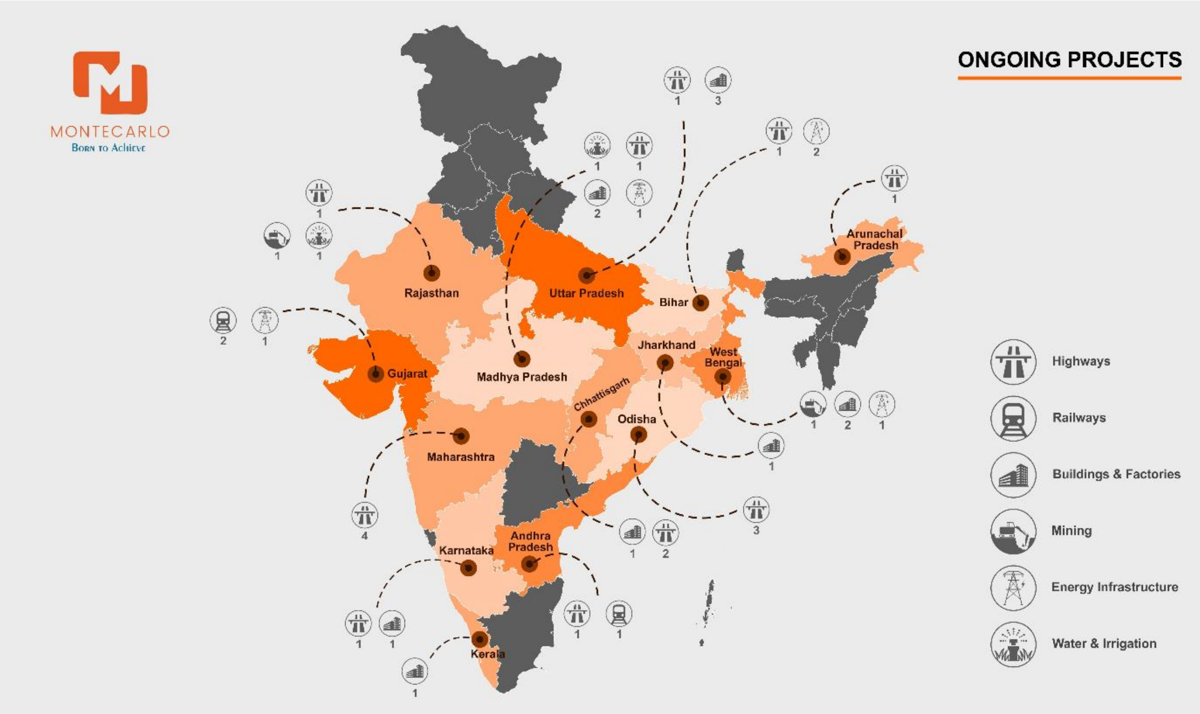
We started our operations in Gujarat and have gradually expanded in other states including Rajasthan, Uttar Pradesh, Bihar, Madhya Pradesh, Jharkhand, Odisha, Maharashtra, Karnataka and West Bengal. Of the 79 EPC projects completed by us 32 projects were situated in Madhya Pradesh and 28 projects were situated in Gujarat. Set forth is the illustration of our geographical footprint of our completed projects as of June 30, 2019:




Our business had actively diversified in Fiscals 2014, 2015 and 2016 as a result of growth of our road construction business, increasing government support in the infrastructure sector and rising opportunities in the railways, mining and building and factories vertical. We further expanded our business by undertaking infrastructure development projects and currently, we are undertaking three HAM road projects and one mining project on MDO basis. Geographical diversification of our projects has allowed us to capitalize on different growth trends in the different states and broaden our revenue base and reduced risks of volatility of market conditions and price fluctuations which may result from concentrating our operations in any geographical region in India.

As of June 30, 2019, we were undertaking 39 EPC projects spread across 14 states. Our Order Book consists of orders from outside Gujarat and Madhya Pradesh, represent approximately 94.86% of our Order Book as of June 30, 2019. We believe our geographically diversified portfolio gives us significant leverage to hedge against risks in specific areas or projects and protects us from fluctuations resulting from business concentration in limited geographical areas. We expect to continue to diversify across various states and union territories as part of our growth strategy.

Set forth is the illustration of our geographical footprint of projects forming part of our Order Book as of June 30, 2019:




***Business Development***

We enter into contracts primarily through a competitive bidding process, which often requires qualification in terms of technical capacity and financial strength. Detailed project planning is undertaken to estimate resources, cost of completion and profitability. Once all of these items are determined and after final negotiations, an infrastructure construction and development contract is signed with the client.

We have a business development process that helps us focus on selecting the right projects. Qualification is the maximum contract value for which our company is qualified, should it choose to bid which is determined based on its technical capacity and financial strength. The qualifications are adjusted every year in tandem with our business growth, profile and reputation. In case we do not possess the qualification to take up certain projects independently and the project allows association of more than one company to participate and bid for the project, then we can form Joint Ventures and bid for the project by polling in their resources. Significant increases in our technical qualifications have helped us increase our target market size and will help us maintain growth momentum of our Order Book growth.

We submitted more new bids during each of Fiscals 2017, 2018 and 2019 than in Fiscal 2016. We are striving to improve our bid-win ratio as we may undertake bidding for larger EPC projects and infrastructure development projects, including HAM projects, MDO projects or projects of similar nature, awarded by government agencies, which usually attract more national competition than for smaller projects with private sector clients.

Tendering and awarding of contract: If we qualify independently or through Joint Ventures we bid for the contract by submitting a technical bid and financial bid. The bidder is also required to furnish a bid security along with the bid application. On being selected as a successful bidder, the bid security is replaced with the performance guarantee.

*Project Life Cycle*:

The various stages involved in project management are detailed below: -

Phase I - Awarding the contract:

- Expression of interest - called for by the project owner;

- Request for qualification;
- Invitation to tender / request for proposal;
- Obtain document- purchase of tender document;
- Site visit and pre-bid queries;
- Post -qualification / technical documentation and financial bid;
- Submission of the tender along with earnest money deposit;
- Award of the contract to the suitable bidder and issue of letter of intent; and
- Signing of the contract along with submission of performance securities and refund of earnest money deposit.

Phase II - Execution of the project:

- Prepare the project cost and analysis for execution, detailed execution plan, detailed resource plan and expenditure plan;
- Kick-off meetings;
- Mobilization of resources;
- Purchase of materials required in the project;
- Execution of the project as per execution plan; and
- Raising monthly (as per tender condition) interim payment certificates

Phase III - Project Closure:

- Implement all project completion activities to the satisfaction of the client;
- Raising of final bill;
- Taking substantial completion certificate;
- Taking handing over certificate;
- Implementing defect liability / operation and management period, if there is any; and
- Receive the final retention money after defect liability period.

***Quality Management***

We are a ISO 9001:2015 (QMS), ISO 14001:2015 (EMS), OHSAS 18001:2007 (OHSAS) certified company for design, construction and project management of civil engineering, mining infrastructure, power transmission and distribution and other infrastructure development work. We motivate our employees to constantly improve quality standards, undertake innovative engineering and quality execution of projects in order to develop strong relationship with our clients and community. Our quality management system is developed with the focus on the following objectives:

- cost efficient and timely delivery of quality services and products;
- development of healthy and safe work atmosphere;
- effective utilization of resource; and
- constant training of the employees.

***Competition***

We operate in a competitive atmosphere. We compete against various domestic engineering, construction and infrastructure companies. Our competition depends on various factors, such as the type of project, total contract value, potential margins, the complexity, location of the project and risks relating to revenue generation. For details, see "*Industry Overview- Key Industry Players*" on page 154.

While service quality, technical ability, performance record, experience, health and safety records and the availability of skilled personnel are key factors in client decisions among competitors, price often is the deciding factor in most tender awards. Certain of our competitors may have larger financial resources or access to lower cost funds, or may have stronger engineering or technical capabilities in executing complex projects, or projects with certain specifications or in certain geographies. They may also benefit from greater economies of scale and operating efficiencies. Further, the premium placed on having experience may cause some of the new entrants to accept lower margins in order to be awarded a contract. The nature of the bidding process may cause us to accept lower margins in order to be awarded the contract. In certain instances, certain competitors may choose to under-bid, which may adversely impact our market share, margins, revenues and financial condition.

***Major Events***

For major events and milestones achieved by our Company, see "*History and Certain Corporate Matters - Major Events and Milestones of our Company*" on page 187.

***Infrastructure Facilities***

We have invested in a large fleet of modern construction equipment including crushers, hot mix plant, pavers, excavators, dumpers, dozers and cranes consisting of 1,674 modern construction equipment, we are able to dispatch our modern construction equipment to worksites where they can be utilized at an efficient level without delay. With high control and availability of our modern construction equipment, we can take measures to use and maintain our fleet of modern construction equipment to improve our efficiency and profitability and decide the usage of our modern construction equipment pursuant to the needs of our projects.

We undertake procurement of major raw materials and engineering items including cement, steel, construction chemicals, bitumen, highway and runway lighting, steel girders through a centralized system. We procure materials in bulk which has brought in economies in production as well as developed our relationship with vendors. Our project sites have procurement managers who understand and oversee the local material requirement and report the same to specific project managers, thereby ensuring a personalized understanding of material requirement from a project to project basis. We have also entered into memorandum of understanding with certain of our suppliers for major materials like oil and bitumen which we believe has been commercially viable for us while also ensuring timely availability of materials due to long term relationships with our suppliers.

IT at our project sites allow accessibility and communication among on-site project managers and each site office. Management information systems help us plan and monitor progress of project execution in terms of time, cost, quality parameters, efficiency, utilization and deployment of modern construction equipment and manpower resources across locations. We have developed the SOP to integrate our all functions and all business verticals. Further, integrated processes developed and maintained by KPMG Advisory Service Private Limited, across all the functions of the Company are used for constant monitoring of our progress and operations and eliminating systematic lapses and maintenance of work flow systems. We also have installed and implemented a SAP system at pan India level to integrate all functions of our Company which enables us to enhance our budgeting and estimation process for our projects, effectively monitor our operations at our project sites and track raw materials and components supplied to us. Our SAP system ensures real-time information delivery, reduces risk of leakage and enhances transparency. Furthermore, our Wenco mining system had enabled us to maximize our efficiency for our Mata no Madh mine project and Hectronic diesel consumption system ensures optimum utilization of fuel used at various project sites.

***Health, Safety, Environment and Social Responsibility***

We strive to create and maintain a healthy and safe working environment for our employees. We are an ISO 14001:2015 (EMS) and OHSAS 18001:2007 (OHSAS) certified company.

*Safety and health*: Through strict enforcement of our code of conduct for safety and security, we promote our employee's safety awareness. We provide special programs and training to our project related staff workers and make fire safety demonstrations at our work sites to show how to properly handle fire extinguishers. We provide our employees with safety precautions such as safety jacket, belt, and helmet when they work in construction zones.

*Community:* We strive to develop a healthy relationship with the communities where we have set up our operations. For instance, we provide financial assistance to certain charitable institutions providing education and educational facilities for the girl child in the state of Gujarat.

*Environment management:* We conduct our construction business through an environment management system and take a number of measures to protect the environment for our employees. We strictly prohibit employment of child labour.

***Intellectual Property***

We hold 21 registered trademarks and four registered copyrights in India, for further details see the section "*Government and Other Approvals*", beginning on page 320. We believe that we are not dependent on any of our intellectual property rights individually, although collectively, they are material to our business.

***Customers***

Our Company has nurtured a strong relationship with our customers by ensuring timely completion of majority of our projects. Our major clients in the past across the various infrastructure verticals in which we operate include Government Undertakings such as NHAI, RVNL, BCCL, MPMKVVCL and WBPDCL and private sector clients such as ITNL and Regal Emporia. As of June 30, 2019, our Order Book had a high concentration of contracts with government entities.

***Insurance***

We maintain a range of insurance policies to cover our assets, projects and associated risks and liabilities thereto. Substantially all of our insurance policies relate to the coverage of our buildings, plant and machinery, stocks, goods-in-transit, risks related to our projects and liabilities towards our employees. The policies provide appropriate coverage for our projects in relation to special perils, loss of profit, public liability and consequential loss due to fire, explosions, floods, inundations, windstorms, earthquakes, landslides, theft and burglary. Our assets are insured for their estimated replacement value. We also maintain directors' and officers' liability policy to insure against loss arising from any claims made against the directors' or officers' of our Company. We also have group personal accident insurance policy for our employees and workmen. For our projects, we maintain insurance cover with the appropriate endorsements and clauses. We constantly evaluate the risks in an effort to be sufficiently covered for all known risks. We believe that the amount of insurance coverage presently maintained by us represents an appropriate level of coverage required to insure our business and operations and is in accordance with the industry standard in India. For details, see "*Risk Factor - Our insurance may not be adequate to protect us against all potential losses to which we may be subject*" on page 41.

***Human Resources***

Our human resource department plays a key function in our Company. It is operated by professionally qualified and experienced personnel and receives attention from senior management. We believe an effective human resource system results in greater employee satisfaction and higher retention. Our major human resource practices are:

*Recruitment and manpower planning*: In this system, resource requirement and manpower planning are planned for every stage of the project or as required. After the resource plan is finalized, the talent acquisition team starts the recruitment process. Candidate profiles are then matched with job descriptions. Personal records, such as previous employment records, pay slips, bank statements and certificates are examined. After the candidate joins our Company, they are briefed about our Company and various human resources and employee benefit policies.

*Employee management*: Company policies are implemented for expense re-imbursements and travel allowances. Payrolls are set up. Centralized biometric attendance system is introduced across majority of our locations to effectively track our work-force. We track monthly manpower expenses against the project expenses, analyse the data and submit reports to the senior management of our Company. We have implemented performance reviews for our employees (excluding few categories of employees such as drivers and machine operators). We strive to retain capable employees.

*Employee benefits*: We administer retirement benefit such as provident fund and gratuity and welfare scheme such as group personal accident insurance policy and staff welfare fund scheme for our employees. We also have in place insurance policy for workmen and certain other employee benefits.

As of June 30, 2019, our Company had 3,790 employees on our rolls. In addition to our workforce, we also engage manpower on a contractual basis.

***Property***

Our Company has its Registered Office at 706, 7th Floor, Shilp Building, Near Municipal Market, C.G. Road, Navrangpura, Ahmedabad – 380 009, which is our own property. Additionally, our Company also enters into short term leases and leave and license agreements for land and building for establishing site offices, staff quarters, storage of inventory and modern construction equipment, as required at the construction sites from time to time.

***Corporate Social Responsibility***

We demonstrate our commitment towards our communities by committing our resources and energies to social development and other causes. For Fiscal 2019, our Company approximately incurred an expense of ₹ 31.10 million as part of our corporate social responsibility activities. Through the Sarvodaya Arogya Mandal, we have assisted in establishing an ophthalmology centre in the state of Gujarat rendering eye care facilities. We have also been involved with hospitals and healthcare institutions for providing medical and healthcare facilities for the benefit of underprivileged members of society. We have consistently extended our support to charitable institutions, including Shree Saibaba Sansthan Trust, Ashirwad Education Trust and Sarvodaya Arogya Mandal undertaking charitable activities for providing socio-economic, educational and health facilities. Additionally, we have been involved with certain charitable institutions for providing education and educational facilities for the girl child.

## REGULATIONS AND POLICIES

*The following description is a summary of certain sector specific laws and regulations in India, which 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 only 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, see the section "Government and Other Approvals", beginning on page* 320.

***Laws in relation to our Business***

***Regulation of the Road Sector***

The primary central legislations governing the roads sector are the National Highways Act, 1956 ("**NH Act**") and the National Highways Authority of India Act, 1988 ("**NHAI Act**").

**NH Act**

Under the NH Act, the GoI is vested with the power to declare a highway as a national highway and also to acquire land for this purpose. The GoI may, by notification, declare its intention to acquire any land when it is satisfied that for a public purpose such land is required to be acquired for the building, maintenance, management or operation of a national highway or part thereof. The NH Act prescribes the procedure for such land acquisition which inter alia includes entering and inspecting such land, hearing of objections and declaration of such acquisition and the mode of taking possession. The NH Act also provides for payment of compensation to owners and any other person whose right of enjoyment in that land has been affected.

The GoI is responsible for the development and maintenance of national highways. However, it may, by notification in the official gazette, direct that such functions may also be exercised by governments of the states in which the highway is located, or by any officer or authority sub-ordinate to the GoI or to the state government. Notwithstanding the aforesaid provision, the GoI has the power to enter into an agreement with any person for the development and maintenance of a part or whole of a national highway. Such person would have the right to collect and retain fees at such rates as may be notified by the GoI having regard to the expenditure involved in building, maintenance, management and operation of the whole or part of such national highway, interest on the capital invested, reasonable return, the volume of traffic and the period of the agreement. The National Highways Rules, 1957 ("**NH Rules**") further provide procedure for technical approval and financial sanction by the GoI or executive agency and related reporting for execution of works in relation to the operation and maintenance of national highways.

**National Highways Fee (Determination of Rates and Collection) Rules, 2008 ("NH Fee Rules")**

The NH Fee Rules regulate the collection of fee for the use of national highways. The NH Fee Rules supersede (a) the National Highways (Temporary Bridges) Rules, 1964; (b) the National Highways (Collection of Fees by any Person for the Use of Section of National Highways/ Permanent Bridge/ Temporary Bridge on National Highways) Rules, 1997 ("**1997 Fee Rules**"); (c) the National Highways (Fees for the use of National Highways Section and Permanent Bridges – Public Funded Project) Rules, 1997; and (d) the National Highways (Rate of Fees) Rules, 1997, other than in respect of things done or omitted to be done under such rules prior to supersession. The NH Fee Rules do not apply to the concession agreements executed or bids invited prior to the publication of such rules i.e. prior to December 5, 2008.

Pursuant to the NH Fee Rules, the GoI may, by a notification, levy fee for use of any section of a national highway, 'permanent bridge', bypass or tunnel forming part of a national highway, as the case may be. However, GoI may, by notification, exempt any section of a national highway, 'permanent bridge', bypass or tunnel constructed through a public funded project from levy of fees.

The collection of fee shall commence within 45 days from the date of completion of the section of a national highway, 'permanent bridge', bypass or tunnel constructed through a public funded project. The NH Fee Rules further provides for the base rate of fees applicable for the use of a section of the national highway and applicable to different categories of vehicles. The base rate shall be increased, without compounding, by 3% each year with effect from April 1, 2008 and such increased rate will be deemed to be the base rate for the extension of fees in the subsequent years. The NH Fee Rules also provide for, *inter alia,* an annual revision of the base rate of fees with effect from April 1st each year to reflect the increase in the WPI between the week ending on January 6, 2007 and WPI for the month of December of the year in which such revision is undertaken but such revision shall be restricted to a 40% of the increase in WPI. The various modalities for collection of fee are also outlined in the NH Fee Rules. Under the 1997 Fee Rules (which are applicable to concession agreements executed prior to December 5, 2008), the GoI may enter into an agreement with any person for the development and maintenance of the whole or any part of a national highway, 'permanent bridge' or temporary bridge on a national highway and such person is entitled to collect at such rate and for such period as may be notified by GoI.

**Indian Tolls Act, 1851 ("Tolls Act")**

Pursuant to the Tolls Act, the state governments have been vested with the power to levy tolls at such rates as they deem fit, to be levied upon any road or bridge, made or repaired at the expense of the Central or any State Government. The tolls levied under the Tolls Act, 1851, are deemed to be 'public revenue'. The collection of tolls can be placed under any person as the State Governments deem fit under the said act and they are enjoined with the same responsibilities as if they were employed in the collection of land revenue. Further, all police officers are bound to assist the toll collectors in the implementation of the Tolls Act. The Tolls Act further gives power for recovery of toll and exempts certain category of people from payment of toll.

**Provisions under the Constitution of India and other legislations in relation to collection of toll**

Entry 59, List II of Schedule VII read with Article 246 of the Constitution of India vests the states with the power to levy tolls. Pursuant to the Tolls Act, the State Governments have been vested with the power to levy tolls at such rates as they deem fit.

**Financing of the National Highways Development Programme ("NHDP")**

The GoI, under the Central Road Fund Act, 2000 ("**Fund**") created a dedicated fund for NHDP. Certain sources for financing of NHDP are through securitization of cess as well as involving the private sector and encouraging public private partnership (PPP). The NHDP is also being financed through long-term external loans from the World Bank, the ADB and the JBIC as well as through tolling of roads.

**Private Participation in NHDP**

In an effort to attract private sector participation in the NHDP, the NHAI has formulated model concession agreements where a private entity ("**Concessionaire**") is awarded a concession to build, operate and collect toll on a road for a specified period of time, which is usually up to 30 years.

The bidding for the projects takes place in two stages as per the process provided below:

- in the pre-qualification stage, the NHAI selects certain bidders on the basis of technical and financial expertise, prior experience in implementing similar projects and previous track record; and
- in the second stage, the NHAI invites commercial bids from the pre-qualified bidders on the basis of which the right to develop the project is awarded.

In a 'Build Operate Transfer' project, the private entity meets the upfront cost and expenditure on annual maintenance and recovers the entire cost along with the interest from toll collections during the concession period. To increase the viability of the projects, a capital grant is provided by the NHAI/GoI on a case to case basis. The concessionaire at the end of the concession period transfers the road back to the GoI. The concessionaire's investment in the road is recovered directly through user fees by way of tolls.

In annuity projects, the private entity is required to meet the entire upfront cost (no grant is paid by the NHAI/GoI) and the expenditure on annual maintenance. The concessionaire recovers the entire investment and predetermined return on investments through annuity payments by NHAI/GoI.

Tax incentives which are being provided to the private entity are 100% tax exemption for any consecutive 10 years out of the first 20 years, after completion of a project. The GoI has also allowed duty free import of specified modern high capacity equipment for highway construction.

**Control of National Highways (Land and Traffic) Act, 2002 ("Control of NH Act")**

The Control of NH Act provides for control of land within national highways, right of way and traffic moving on national highways and also for removal of unauthorised occupation thereon.

In accordance with the provisions of the Control of NH Act, the GoI has established Highway Administrations. Under the Control of NH Act, all land that forms part of a highway which vests in the Central Government, or that which does not already vest in the Central Government but has been acquired for the purpose of highways shall be deemed to be the property of the Central Government. The Control of NH Act prohibits any person from occupying any highway land or discharging any material through on such land without the permission of the Highway Administration. The Control of NH Act permits the grant of lease and license for use of highway land for temporary use.

***Regulation of the Building and Factories Sector***

**Urban Land (Ceiling & Regulation) Act, 1976 ("ULCA")**

It prescribes the maximum limit up to which an individual can hold land in an urban area. The ULCA also provides for the imposition of a ceiling on vacant land in urban areas, acquisition of excess land by the government and the regulation of construction of buildings on such land to prevent the concentration of land in the hands of a few individuals and regulates construction of buildings to bring about equitable distribution of urban land. Even though the aforesaid legislation has been repealed by the Urban Land (Ceiling & Regulation) Repeal Act, 1999, ULCA remains in force in certain states.

**National Building Code of India, 2016 ("NBC")**

It is a comprehensive code for regulating the building construction activities across the country. NBC serves as a 'Model Code' for adoption by all agencies involved in building construction works such as Public Works Departments, other government construction departments, local bodies and private construction agencies. NBC contains directions with respect to administrative regulations, development control rules and general building requirements; fire safety requirements; stipulations regarding materials, structural design and construction (including safety) and building and plumbing services.

**Transfer of Property Act, 1882 ("TPA")**

The TPA establishes the general principles relating to transfer of property in India. It forms a basis for identifying the categories of property that are capable of being transferred, the persons competent to transfer property, the validity of restrictions and conditions imposed on the transfer and the creation of contingent and vested interest in the property. It also provides for the rights and liabilities of the vendor and purchaser in a transaction for sale of land.

**Registration Act, 1908 ("Registration Act")**

The Registration Act has been enacted with the objective of providing public notice of the execution of documents affecting, inter alia, the transfer of interest in immovable property. The purpose of the Registration Act is the conservation of evidence, assurances, title and publication of documents and prevention of fraud. It details the formalities for registering an instrument. Section 17 of the Registration Act identifies documents for which registration is compulsory and includes, among other things, any non-testamentary instrument which purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, in any immovable property of the value of one hundred rupees or more, and a lease of immovable property for any term exceeding one year or reserving a yearly rent. A document will not affect the property comprised in it, nor be treated as evidence of any transaction affecting such property (except as evidence of a contract in a suit for specific performance or as evidence of part performance under the TPA or as collateral), unless it has been registered. Evidence of registration is normally available through an inspection of the relevant land records, which usually contains details of the registered property. Further, registration of a document does not guarantee title of land.

**Stamp Act**

Under the Stamp Act, stamp duty is payable on instruments evidencing a transfer or creation or extinguishment of any right, title or interest in immovable property. Stamp duty must be paid on all instruments specified under the Stamp Act at the rates specified in the schedules to the Stamp Act. The applicable rates for stamp duty on instruments chargeable with duty vary from state to state. Instruments chargeable to duty under the Stamp Act, which are not duly stamped, are incapable of being admitted in court as evidence of the transaction contained therein. It also provides for impounding of instruments that are not sufficiently stamped or not stamped at all. However, the instruments which have not been properly stamped can, in certain cases, be validated by paying a penalty of up to 10 times of the proper duty or deficient portion thereof payable on such instruments.

**Indian Easements Act, 1882 ("Easements Act")**

An easement is a right which the owner or occupier of land possesses for the beneficial enjoyment of that land and which permits him to do or to prevent something from being done, in or upon, other land not his own. Under the Easements Act, a license is defined as a right to use property without any interest in favour of the licensee. The period and incident may be revoked and grounds for the same may be provided in the license agreement entered in between the licensee and the licensor.

**Land Acquisition Act, 1894 ("Land Acquisition Act")**

As per the Act, land holdings are subject to the Land Acquisition Act which provides for the compulsory acquisition of land by the Central Government or appropriate State Government for public purposes, including planned development and town and rural planning. A person having an interest in such land has the right to object to such compulsory acquisition and has the right to compensation. Some states have their own land acquisition statutes and the Company has to abide by state legislations in those states in which it conducts its business.

**The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 ("2013 Land Acquisition Act")**

The 2013 Land Acquisition Act has replaced the Land Acquisition Act, 1894 and aims at establishing a participative, informed and transparent process for land acquisition for industrialization, development of essential infrastructural facilities and urbanization. While aiming to cause least disturbance to land owners and other affected families, it contains provisions aimed at ensuring just and fair compensation to the affected families whose land has been acquired or is proposed to be acquired. It provides for rehabilitation and resettlement of such affected persons. The 2013 Land Acquisition Act has been amended by the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Amendment) Ordinance, 2014 ("**2014 Ordinance**"). Under the 2014 Ordinance, land acquired for certain projects is exempted from the applicability of certain sections of the 2013 Land Acquisition Act relating to determination of social impact and public purpose and safeguarding of food security. The exempted projects are those in the area of (i) national security or defence of India; (ii) rural infrastructure including electrification; (iii) industrial corridors and building social infrastructure including public private partnership where ownership of land continues to be vested with the government; (iv) affordable housing and housing for poor people and (v) industrial corridors. The 2013 Land Acquisition Act has been further amended by the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement (Amendment) Ordinance, 2015 ("**2015 Ordinance**"). Under the 2015 Ordinance, some of the key changes introduced are, compensation in accordance with the First Schedule and rehabilitation and resettlement specified in the Second and Third Schedules of the 2013 Land Acquisition Act are extended to the thirteen Acts mentioned in the Fourth Schedule of the 2013 Land Acquisition Act and appropriate governments have been empowered to take steps for exemption from "Social Impact Assessment" and "Special Provisions for Safeguarding Food Security" in order to expedite the process of land acquisition for strategic and development activities such as, national security or defence of India including, preparation for defence and defence production, rural infrastructure including electrification, affordable housing and housing for poor.

Further, in case of acquisition of land under the 1894 Act where an award has been made five years or more prior to the commencement of the 2013 Land Acquisition Act and physical possession of the land has not been taken or compensation has not been made, the proceedings will be deemed to have lapsed and the government may start fresh proceedings under the 2013 Land Acquisition Act.

In addition to the applicability of the above-mentioned legislations, we would additionally be subject to the applicable laws of the states where we intend to develop projects in the future and we would have to ensure compliance with the same.

***Regulation of the Energy Sector***

Electricity, being an entry in the Concurrent List (Entry 38, List III) of the Seventh Schedule to the Constitution of India, is governed by the laws of both the Government of India and the State Governments. The central legislation governing the sector is the Electricity Act, 2003, ("**Electricity Act**"), a comprehensive legislation governing various aspects of the power sector including transmission, supply and use of electricity and central and state electricity regulatory commissions.

**Electricity Act**

The Electricity Act regulates and governs the generation, transmission and distribution of electricity in India, including by specification of safety standards in relation to electrical supply. The Electricity Act further controls the transmission and use of electricity, including through specifying action to be taken in relation to any electric line or appliance under the control of a consumer for the purpose of eliminating or reducing the risk of personal injury or damage to property or interference with its use. Accordingly, it requires every licensee including transmission and distribution companies under the Electricity Act to supply electricity only through the installation of a correct meter in accordance with regulations made by the Central Electricity Authority ("**CEA**") in this regard.

The Central or state Electricity Regulatory Commission is empowered to adjudicate in respect of any non-compliance with such requirement. Additionally, the Electricity Act levies penalties, including imprisonment, for tampering with and unauthorized use of meters.

**Electricity Rules, 2005**

The Electricity Rules, 2005, as amended, were framed under the Electricity Act and provide the requirements in respect of captive generating plants and generating stations. The authorities constituted under these rules may give appropriate directions for maintaining the availability of the transmission system of a transmission licensee.

**National Electrical Code 2011 ("NEC")**

The NEC is an advisory framework prepared by the BIS in 1985 and subsequently revised in 2011, which contains various established codes of practice to provide assistance on the economic selection, installation and maintenance of electric equipment. The provisions of the NEC are presently not mandatory but are expected to serve as a model for adoption, promoting safety and economy, intending to keep Indian electrical installation practices on par with international best practices. The NEC provides guidelines on the general characteristics of electrical installations, supply characteristics and parameters, including those for switchgears and protection devices, service lines and meters. The NEC is applicable to electrical installations in, amongst others, domestic dwellings, commercial centres and industrial premises, and is applicable to circuits other than internal wiring of electrical apparatus. However, the NEC excludes the requirements falling under the purview of power utilities and tariff related guidance.

**National Electricity Policy ("NEP")**

The GoI notified the NEP on February 12, 2005, under Section 3 of the Electricity Act. The key objectives of the NEP are amongst other things stipulating guidelines for accelerated development of the power sector, providing supply of electricity to all areas and protecting interests of consumers. The NEP vests the CTU and the STUs with the responsibility for transmission system planning and development on the national and regional and the intrastate levels, respectively, and requires the CTU to coordinate with the STUs for eliminating transmission constraints in a cost-effective manner. The NEP provides that the network expansion be planned and implemented keeping in view anticipated transmission needs that would be incident on the system in the open access regime. The NEP encourages private investment in the transmission sector, and states that prior agreement with beneficiaries would not be a pre-condition for network expansion and the CTU and STUs should undertake network expansion after identifying requirements in consultation with stakeholders and obtaining due regulatory approvals.

**Tariff based Competitive-bidding Guidelines for Transmission Service, 2006**

The Ministry of Power issued the Guidelines for Encouraging Competition in Development of Transmission Projects on April 13, 2006 and the Tariff based Competitive-bidding Guidelines for Transmission Service, 2006 (collectively the "**TBCB Guidelines**") on April 17, 2006, framed under the provisions of Section 63 of the Electricity Act. The TBCB Guidelines apply to procurement of transmission services for transmission of electricity through tariff based competitive bidding. The TBCB Guidelines aim at promoting, among other things, competitive procurement of transmission services, transparency and fairness in procurement processes and to encourage private investment in transmission lines.

The TPCB Guidelines provide that a bid process coordinator, ("**BPC**"), would be responsible for coordinating the bid process for procurement of required transmission services. For procurement of transmission services, required for any inter-state transmission projects, the Central Government shall notify any Central Government Organization/ Central Public Sector Undertaking or its wholly owned subsidiary (special purpose vehicle) to be the BPC and for intra-state transmission, the appropriate State Government may notify any organization/state public sector undertaking especially engaged for this purpose by the appropriate State Government or BPC notified by the Central Government to be the BPC for the state. For procurement of transmission services, the BPC may, at its option, either adopt a two-stage process featuring separate request for qualification and request for proposal or adopt a single stage two envelope tender process combining both.

The successful bidder shall seek transmission license from the appropriate regulatory commission, if it is not a deemed licensee. Upon obtaining such license the bidder shall be designated as the transmission service provider and shall take up execution of the transmission scheme.

***Regulation of the Mining Sector***

The Mines Act, 1952, the Mines and Minerals (Development and Regulations) Act, 1957, ("**MMDR Act**") and the Mineral Concession Rules, 1960 ("**MC Rules**"), primarily regulate the mining rights and the operations of mines in India. The GoI announced the National Mineral Policy, 1993, ("**Mineral Policy**"), and has also made subsequent amendments to the Mineral Policy to reflect principles of sustainable development. The MMDR Act and the MC Rules have been amended from time to time to reflect the Mineral Policy. Mining leases are granted under the MMDR Act, which was expressly enacted to provide for the development and regulation of mines and minerals under the control of the Union of India.

Brief descriptions on certain legislations in respect of the mining industry are as follows:

**The Mines Act, 1952 ("Mines Act")**

The Mines Act was enacted with an object to amend and consolidate the law relating to the regulation of labour and safety in mines. Under this Act, every person who is the immediate proprietor or lessee or occupier of a mine is responsible for giving notice to inspectors and to ensure that all the provisions of this Act and allied acts and rules, regulations and bye-laws are complied with.

**The Mines and Minerals (Development and Regulation) Act, 1957**

It was enacted with a view to bring the regulation of mines and the development of minerals, under the control of the Union to a certain extent. The Act primarily regulates (a) the conditions, procedure and manner of granting licenses for prospecting and reconnaissance operations in the mining sector and matters incidental thereto; and (b) the conditions, procedure and manner of granting and renewal of mining licenses.

The Act also regulates the extent of the activities of the license holders and constitutes and empowers authorities to ensure that the license holders are carrying out their activities within the scope of the provisions of the Act and their respective licenses.

**The Mining Leases (Modification of Terms) Rules, 1956**

These were enacted under the Mines and Minerals (Development and Regulation) Act, 1957, in order to bring into conformity with the Act, the leases that were entered into before the enactment of the Act.

**The Mineral Concession Rules, 1960**

These were enacted under the Mines and Minerals (Development and Regulation) Act, 1957. The Rules regulate the process of application for licenses under the Act and also the subsequent activities of the lease/license holders.

**National Mineral Policy, 2019 ("NMP")**

In 2008, the GoI approved a National Mineral Policy, which was subsequently replaced by the NMP in 2019, with a view to further simplify India's mining regulations to make the same conducive to ease of doing business. The NMP enunciates measures, such as providing end-to-end accounting of mineral/ore in the supply chain and automating the entire concession life-cycle with the use of technology enabled system. Further, the NMP also provides for the clearances to be streamlined with simpler, transparent, accountable and time bound procedures to facilitate exploration. The NMP discusses the need to make the regulatory environment conducive to private investment as well as state of the art technology, within the ambit of auction regime, such as through grant of a right of first refusal at the time of auction or through a seamless transition from Reconnaissance Permits to Prospecting Licenses to Mining Leases or any other appropriate incentive based on international practices. The NMP emphasizes on the development and installation of innovative, eco-friendly and modes of evacuation along with creation of institutional framework to promote zero-waste mining.

***Regulation of the Water & Irrigation Sector***

**The Dam Safety Bill, 2019 ("Dam Safety Bill")**

The Dam Safety Bill extends to the whole of India and seeks to provide for the surveillance, inspection, operation and maintenance of all dams of certain parameters. It also provides creation of a separate institution to ensure their safe functioning. Every dam owned by a public sector undertaking or any institution owned by the government is within the scope of this law. As per the Bill, the construction of new dams or alterations are to be undertaken only with the approval of a competent authority as may be specified by the central or state government. All new specified dams to be investigated, designed and constructed by the organizations empowered to do so. The Bill lays down the regulatory procedure to be followed before initial filing of reservoirs. Every owner is required to get his dams inspected periodically and have a minimum number of instrumentations installed. Dam owners of non-specified dams have to undertake measures to ensure safety of the dams and comply with measures as may be specified in the regulations made in this regard by the state goverments or the Government of India, as the case may be. The Dam Safety Bill also lays down measures of dam safety if they lie outside the territory of India to mitigate any possible threat which may endanger the life and property of people located in India.

**Hydro Projects**

Under the Electricity Act, specific provisions have been made for hydro projects. The generating company intending to set up a hydro project station is required to submit any scheme which is estimated to involve a capital expenditure exceeding such sum as may be fixed by the Central Government before the CEA for approval. The CEA is required to look into whether the proposed river-works will prejudice the best development of the river or its tributaries for power generation. Further factors such as drinking water, irrigation, navigation, flood-control or other public purposes are also required to be considered. The CEA is also required to consider whether the proposed scheme meets the norms regarding dam design and safety.

Regulatory approval of CERC for development and execution of certain identified transmission systems for evacuation of power from various generation projects planned to be promoted by independent power producers (IPPs).

***Other Laws***

The laws above are specific to the regulations specifically applicable to an operating business. The generic regulations that are applicable to our Company include environmental laws, labour laws and other applicable laws.

**Environment Regulation**

The major statutes in India which seek to regulate and protect the environment against pollution related activities in India include the Water (Prevention and Control of Pollution) Act, 1974 ("**Water Pollution Act**"), the Air (Prevention and Control of Pollution) Act, 1981 ("**Air Pollution Act**") and the Environment Protection Act, 1986 ("**Environment Act**"). The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards ("**PCBs**"), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation if the authorities are aware of or suspect pollution that is not in accordance with such regulations. All industries and factories are required to obtain consent orders from the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be renewed annually.

With respect to forest conservation, the Forest (Conservation) Act, 1980 prevents state governments from making any order directing that any forest land be used for a non-forest purpose or that any forest land is assigned through lease or otherwise to any private person or corporation not owned or controlled by the Government without the approval of the GoI. The Ministry of Environment and Forests ("**MoEF**") mandates that Environment Impact Assessment ("**EIA**") must be conducted for projects. In the process, the Ministry receives proposals for the setting up of projects and assesses their impact on the environment before granting clearances to the projects.

The EIA Notification S.O. 1533, issued on September 14, 2006 ("**EIA Notification**") under the provisions of the Environment Act, prescribes that new construction projects require prior environmental clearance from the MoEF. The environmental clearance must be obtained from the MoEF according to the procedure specified in the EIA Notification. No construction work, preliminary or other, relating to the setting up of a project can be undertaken until such clearance is obtained. Under the EIA 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 is required to make appropriate changes in the draft 'EIA Report' and the 'Environment Management Plan.' The final EIA Report has to be submitted to the concerned regulatory authority for appraisal. The regulatory authority is required to given its decision within 105 days of the receipt of the final EIA Report.

**Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 ("Hazardous Rules 2016")**

The Hazardous Rules 2016 impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly and also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating, processing, treating, packaging, storing, using, collecting, offering for sale, converting or transferring hazardous waste is required to obtain an approval from the relevant state pollution control board for collecting, storing and treating the hazardous waste. The Hazardous Rules 2016 supersede the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, except as respects things done or omitted to be done before such supersession.

**Public Liability Insurance Act, 1991**

The Public Liability Insurance Act, 1991 ("**Public Liability 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 Public Liability Act mandate that the employer has to contribute towards the Environment Relief Fund, a sum equal to the premium paid on the insurance policies. This amount is payable to the insurer.

**Laws relating to Employment**

The following is an indicative list of labour laws applicable to the business and operations of Indian EPC companies:

- Factories Act, 1948
- Building and other Construction Workers Act, 1996;
- Contract Labour (Regulation and Abolition) Act, 1970;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Employees' State Insurance Act, 1948;
- Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979;

- Minimum Wages Act, 1948*;
- Payment of Bonus Act, 1965*;
- Payment of Gratuity Act, 1972;
- Payment of Wages Act, 1936*;
- Maternity Benefit Act, 1961;
- Motor Transport Workers Act, 1961;
- Industrial Disputes Act, 1947;
- Employees' Compensation Act, 1923;
- Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013;
- Child and Adolescent Labour (Prohibition and Regulation) Act, 1986;
- Shops and Commercial Establishments Acts, where applicable; and
- Equal Remuneration Act, 1976*.

* *The Code on Wages Bill, 2019 ("**Wages Code**") has received Presidential assent on August 8, 2019. Section 69(1) of the Wages Code provides for the repeal of the following legislations- (i) the Payment of Wages Act, 1936 (ii) the Minimum Wages Act, 1948 (iii) the Payment of Bonus Act, 1965 and (iv) the Equal Remuneration Act, 1976. However, the provisions of the Wages Code have not yet come into force and shall come into force on such date as the Central Government may, by notification in the Official Gazette appoint. On such notification of Section 69 of the Wages Code, the abovementioned laws will be repealed.*

## HISTORY AND CERTAIN CORPORATE MATTERS

**Brief History of our Company**

Our Company was incorporated as Montecarlo Construction Private Limited on March 20, 1995, as a private limited company under the Companies Act, 1956, at Ahmedabad, Gujarat. Subsequently, the name of our Company was changed to Montecarlo Construction Limited, pursuant to its conversion into a public limited company, and a fresh certificate of incorporation, dated April 21, 2006, consequent to the change of name was issued by the RoC. Further, in order to reflect the expanding areas of activities and business scope of our Company, the name of our Company was further changed to Montecarlo Limited and a fresh certificate of incorporation dated March 21, 2012, consequent to the change of name, was issued by the RoC.

As on the date of this Draft Red Herring Prospectus, our Company has nine Shareholders. For further details, see the section "*Capital Structure*", beginning on page 71.

**Changes in the Registered Office of our Company**

Our Company's registered office was originally situated at 11, Shantiniketan Park Soc., Sardar Patel Colony, Opp. Meghalay Flats, Naranpura, Ahmedabad - 380 014. For better business operations, pursuant to the resolution dated August 1, 1995, passed by the Board, the registered office of our Company was changed to 602, 6th Floor, Shilp Building, Near Municipal Market, C.G. Road, Navrangpura, Ahmedabad - 380 009. Further, to carry out business operations more effectively, pursuant to the Board resolution dated April 11, 2005, the registered office of our Company was again changed from 602, 6th Floor, Shilp Building, Near Municipal Market, C.G. Road, Navrangpura, Ahmedabad - 380 009 to 706, 7th Floor, Ship Building, Near Municipal Market, C.G. Road, Navrangpura, Ahmedabad - 380 009.

**Major Events and Milestones of our Company**

The key events in the history of our Company are provided below:

| Calendar Year | Particulars |
|---|---|
| 1995 | Incorporation of the Company as Montecarlo Construction Private Limited |
| | Awarded first project under the water and irrigation vertical |
| 1999 | Awarded first project under the highway vertical |
| 2008 | Income crossed ₹ 1,000 million |
| 2010 | Actively entered into mining vertical |
| 2011 | Awarded first project under the energy infrastructure vertical |
| 2013 | Awarded first project under the building and factories vertical |
| 2014 | Awarded first project under the railways vertical |
| 2015 | Revenue crossed ₹ 10,000 million |
| 2016 | Approval of the Composite Scheme of Arrangement by the High Court of Gujarat |
| 2017 | Listing of Non Convertible Debentures of nominal value of ₹ 1,000,000 each aggregating up to ₹ 900,000,000, issued by our Company on a private placement basis, in various tranches, pursuant to the information memorandum dated July 29, 2017, on BSE |
| | Awarded the Hubli to Haveri road project for six-laning and strengthening of the Hubli-Haveri section of NH-48 in Karnataka on HAM basis under NHDP Phase-V, for the bid project cost of ₹ 12,000 million |
| | Awarded the Singhara to Binjhabahal project for rehabilitation and upgradation by four-laning of Singhara to Binjhabahal Section of NH-6 in Odisha on HAM basis under NHDP-IV, for the bid project cost of ₹ 14,200 million |
| 2019 | Revenue crossed ₹ 20,000 million |
| | Awarded the Sinnar-Shirdi road project for four-laning of 50.943 km of Sinnar to Shirdi section of NH 160 (including Sinnar bypass) in the state of Maharashtra on HAM basis, for the bid project cost of ₹ 10,260 million |

**Key Awards, Accreditations and Recognitions received by our Company**

The key awards, accreditations and recognitions received by our Company are provided below:

| Year | Particulars |
|---|---|
| 2016 | Award for 'Excellence in Best Achiever of the Year-2016' at the Gujarat Vibrant Summit and Awards, 2016 by the Gujarat Contractors Association |
| 2017 | Award for the fastest growing construction company in medium category at the Construction World Annual Awards, 2017 |
| 2019 | Award for 'National Best Employer Brand 2018' at the 13th Employer Branding Awards; and |

| Year | Particulars |
|---|---|
| | Award for 'Best Achiever of the Year-AA Class Contractors', 'Excellence in Construction Sector-Infrastructure' and 'Excellence in Construction Sector-Building' at the Gujarat Vibrant Summit and Awards, 2019 by the Gujarat Contractors Association |

**Main Objects of our Company**

The main objects contained in the Memorandum of Association are set forth below:

1. *To carry on the business as civil, electrical and mechanical contractors, designers and engineers, structural, contractors, earthwork contractors, consulting engineers, architects, developers, builders, general construction contractors, contractors for repairs, reconstructions, renovation, demolitions and construction of canals, irrigation projects, roads, dams, bridges, culverts, ropeways, residential, industrial, commercial buildings, factories, shops and offices, theatres, cinema houses, indoor and outdoor auditoria, stadium, hotels, motels, clubs, restaurants, cafes, bars, wood houses, holiday inns, tourist resort centres, guest houses, water sheds, drains and reservoirs and other conveniences.*

2. *To build, establish, maintain, operate, lease or transfer canals, irrigation, projects, dams, bridges, roads, state and national highways, by pass, railway platforms, air ports, sea ports, theaters, culverts, ropeways, residential, industrial, commercial buildings, factories, shops and offices, hotels, motels, drains, reservoirs, tourist resort centres, guest houses, rest houses, water sheds, anywhere in India and/or outside India under various schemes, such as Build, Operate and Transfer (BOT), Build, Operate, Lease and Transfer (BOLT), Built, Operate, Own and Transfer (BOOT).*

3. *To carry on the business of and act as promoters, organisers and developers of lands, estates, properties, co-operative housing societies, associations, housing schemes, shopping-office complexes, townships.*

4. *To purchase, take on lease or otherwise acquire any land to be used as quarry, to acquire quarry rights and to undertake and to take on carry on business of quarry masters, explorers, prospectors and to manufacture, process, design, import, purchase, sell and generally to deal in and to act as brokers, agents, transporters, stockists, job workers and suppliers of gravel, rubble, grit, kapachi, stones of all types and size, sand.*

5. *To prospect, explore, open and work claims or mines, drill and sink, shafts or wells or drill heads and raise, pump dig and quarry for gold, silver, minerals, ores, diamonds and precious stones, oil petroleum, coal earth and other substances.*

6. *To carry on in India or any part of the world the Business of mechanical, electrical, structural, civil and consulting engineers and to design, survey, foundation erecting, stringing commissioning of power transmission line, railway electrification, substation, as well as manufacture, produce, buy, sell, or deal in all power transmission line materials and railway electrification materials including fabricating, galvanising and supply of transmission like towers for power transmission and distribution, substation structures and equipment, railway electrification structures and equipments, conductors, earth wires, hardware fittings and other components, parts fittings and accessories for transmission line, substation railway electrification works.*

7. *To carry on business of consultancy of power transmission, railway electrification and other electrical, mechanical, civil and structural works including erecting, fabricating, manufacturing of allied materials related to power transmission and distribution, railway electrification and other electrical, mechanical, civil and structural engineering works.*

8. *To generate, distribute, supply, transmit, purchase, sell and deal in conventional and non-conventional energy resources in any or all form(s) including but not limited to renewable energy and to manufacture, develop, construct, fabricate, own, put to use, lease, hire and deal in every kind of energy saving devices, power plants, power generating systems, including solar energy systems, wind energy systems, wind mills, Hydro/Hydel, thermal power and any specifically designated systems/devices which run on such systems including electric generators and pumps, bio-gas plants and bio-gas engines, agricultural and municipal waste, energy conversion devices, equipment for utilising ocean water, waste and thermal energy and/or machinery and plant used in the manufacture of any of the above systems and any applications thereof and to organize, construct, lay down, operate, establish, maintain, undertake, acquire, purchase, sell, export, import, lease, participate, carry on, supply, deal in, enter into the business, as distributors, dealers, authorised representatives, service providers, installers, designers, developers and market at all stages, directly or indirectly on a commercial basis or otherwise power/energy generating stations, including buildings, structures, works, machineries, equipments, cables and to undertake and to carry on the business of managing, owning, controlling, erecting, commissioning, operating, running, leasing or transferring to third person(s), whether in India or Abroad and to broadly undertake all activities encompassing the above object as may be permitted by law and otherwise deal in all apparatuses and things required for or capable of being used in connection with the generation, application, distribution, supply, accumulation and employment of electricity/power/energy.*

9. *To manufacture, buy, sell, exchange, alter, improve, manipulate, prepare for market, import or export and otherwise deal in all kinds of:*

i. *Aluminium/Alloy Conductors (AAC) Aluminium Conductors Galvanised Steel Reinforced (ACSR), Aluminium Alloy Conductors Steel Reinforced/ Corded (AACSR), All Aluminium Alloy Stranded Conductors (AAAC), Properzi (Aluminium/Alloys Road Rolling) for overhead transmission and distribution lines, bare copper and cadium copper wire round or grooved for tramway, trolley buses, etc. (also suitable for crane operation) bare copper and aluminium bus bars, binders and rotor bars suitable for dynamo, transformer and swirchgear manufacturers, copper and aluminium alloy wire and tapes for lightening conductors, aerials of copper, bronze, phosphor-bronze, aluminium/alloy, Semi-conductors devices and all kinds of cables, wires, conductors and accessories.*

ii. *Insulated Cables and Wires, Rubber or Plastic insulated Wires and Cables, Cab Tryre Sheathed Wires, Cables and Flexibles, Flexible Cords, Cotton or Silk braided Conduit Wires and Cables with aluminium or brass plated Steel sheath, conduit wires and cables, Low and High Tension Power Cables, Telegraph & Telephone Cables, Paper, Rubber or Bitumen Insulated, Lead Covered Power Cables, Armoured or nonarmoured, Extra High Tension, Shielded and Belted Power Cables, Type, H., H.S.L.etc. Mining Shaft, Submarine and Marine Power Cables, Telephone and Telegraph Cables according to B.S.S. long distance cables, Signalling Cables, lead covered cables for house installations and accessories for power cables, alplast-cable, Cable with seamless aluminium/alloy sheath covered with a second seamless skin of thermoplastic material, overhead materials, bare copper, bronze, aluminium/alloys wires and cables, solid or stranded for telephone, telegraph and signalling purpose.*

10. *To carry on the business by way of entering into an agreement with the State Electricity Boards, Vidyut Boards, Power Utilities, Generating Companies, Transmission Companies, Distribution Companies, Licensees, central Government or a state Government or a local authority or any other statutory body or other captive or independent power producers and distributors on Build-Own-Operate (BOO) or Build-Operate-Transfer (BOT) or on Build-Own-Operate-Transfer (BOOT), Built-own-Lease-Transfer (BOLT) basis wherein the company will provide the necessary and crucial components of infrastructure system and also to provide Engineering, Procurement and Construction (EPC) services as consultancy and advisory services in relation to the promotion, establishment, planning, design, research, development, maintenance, running, operation and management of power and electricity of whatsoever kind and description including relating to captive generating plant, co-generation, conservation of electricity, dedicated transmission line including ultra high voltage (UHV), extra-high voltage (EHV), high voltage (HV), high voltage direct current (HVDC), medium voltage (MV) and low voltage (LV) lines, distributing main, distribution system, electric line, electrical plant, electricity system, generating station or stations, inter-state transmission system, line, main, open access, overhead line, power system, real time operation, service lines, stand alone system, transmission lines, distribution system including a franchisee thereof, transmission system, supply of electricity to any consumer, electric line, meter used for ascertaining the quantity of electricity supplied to any premises, electrical equipment, apparatus or appliances under the control of the consumer, and energy projects and facilities including power stations, substations, transmission and distribution centers, systems and networks and to lay cables, wires, accumulators, plants, motors, meters, apparatus, computers, telecommunication and telemetering equipments and other materials connected with generation, transmission, distribution, supply and other ancillary activities relating to the electrical power and to undertake for and on behalf of others, all these activities in any manner, kind and description."*

**Amendments to our Memorandum of Association**

The Memorandum of Association of our Company has been amended on August 1, 1995, April 06, 1996, September 20, 1996, April 08, 1997, December 04, 2000, March 31, 2006, February 12, 2007, February 27, 2008, March 15, 2012, March 10, 2015, March 29, 2016, December 2, 2016 and February 22, 2018. The details of amendments to our Memorandum of Association of our Company in the 10 years preceding the date of this Draft Red Herring Prospectus are set out below:

| Date of shareholders' resolution | Particulars |
|---|---|
| March 15, 2012 | (i) Clause I of the Memorandum of Association was amended to reflect the change in name from Montecarlo Construction Limited to Montecarlo Limited.<br><br>(ii) Sub-Clause 10 of Clause IIIA (the 'Main Objects Clause') of the Memorandum of Association was substituted as follows:<br><br>"*To carry on the business by way of entering into an agreement with the State Electricity Boards, Vidyut Boards, Power Utilities, Generating Companies, Transmission Companies, Distribution Companies, Licensees, central Government or a state Government or a local authority or any other statutory body or other captive or independent power producers and distributors on Build-Own-Operate (BOO) or Build-Operate-Transfer (BOT) or on Build-Own-Operate-Transfer (BOOT), Built-own-Lease-Transfer (BOLT) basis wherein the company will provide the necessary and crucial components of infrastructure system and* |

| Date of shareholders' resolution | Particulars |
|---|---|
| | *also to provide Engineering, Procurement and Construction (EPC) services as consultancy and advisory services in relation to the promotion, establishment, planning, design, research, development, maintenance, running, operation and management of power and electricity of whatsoever kind and description including relating to captive generating plant, co-generation, conservation of electricity, dedicated transmission line including ultra high voltage (UHV), extra-high voltage (EHV), high voltage (HV), high voltage direct current (HVDC), medium voltage (MV) and low voltage (LV) lines, distributing main, distribution system, electric line, electrical plant, electricity system, generating station or stations, inter-state transmission system, line, main, open access, overhead line, power system, real time operation, service lines, stand alone system, transmission lines, distribution system including a franchisee thereof, transmission system, supply of electricity to any consumer, electric line, meter used for ascertaining the quantity of electricity supplied to any premises, electrical equipment, apparatus or appliances under the control of the consumer, and energy projects and facilities including power stations, substations, transmission and distribution centers, systems and networks and to lay cables, wires, accumulators, plants, motors, meters, apparatus, computers, telecommunication and telemetering equipments and other materials connected with generation, transmission, distribution, supply and other ancillary activities relating to the electrical power and to undertake for and on behalf of others, all these activities in any manner, kind and description."*<br><br>(iii) Sub-clause 11 of Clause IIIC (the 'Other Objects Clause') of the Memorandum of Association was substituted as follows:<br><br>"*To carry on the business of taking/giving on hire and rent all classes and kinds of plants and machineries, lands and buildings and other properties.*"<br><br>(iv) Sub-clause 38 of Clause IIIC (the 'Other Objects Clause') of the Memorandum of Association was substituted as follows:<br><br>"*To buy, sell, import and export, manufacture, fabricate, repair, convert, alter, let on hire and deal in plant, machinery, equipments, implements, tools, instruments, accessories or whatsoever description and material and rolling stock, locomotives, wagons, carriage boilers, turbines, engines, industrial engineering bearings, dynamos, motors, meters, batteries, pumps, accumulators, transformers, compressors, cylinders, laboratory equipments and other apparatus ad metal goods and generally as machinists, refiners, spinners, forgers, turners, polishers, metal workers, dye casters and sinkers, oxidizers, bronzers, lacquers, enamellers, galvanizers, japnners, annealers, planters and painters*." |
| March 10, 2015 | Clause V of the Memorandum of Association was amended to reflect the increase in the authorised Equity Share capital of our Company from 5,000,000 Equity Shares amounting to ₹ 50,000,000 to 20,000,000 Equity Shares amounting to ₹ 200,000,000. |
| March 29, 2016 | Clause V of the Memorandum of Association was amended to reflect the increase in the authorised Equity Share capital of our Company from 20,000,000 Equity Shares amounting to ₹ 200,000,000 to 80,000,000 Equity Shares amounting to ₹ 800,000,000. |
| December 2, 2016* | Clause V of the Memorandum of Association was amended to reflect the increase in the authorised Equity Share capital of our Company from 80,000,000 Equity Shares amounting to ₹ 800,000,000 to 82,550,000 Equity Shares amounting to ₹ 825,500,000. |
| February 22, 2018 | Clause V of the Memorandum of Association was amended to reflect the increase in the authorised Equity Share capital of our Company from 82,550,000 Equity Shares amounting to ₹ 825,500,000 to 125,000,000 Equity Shares amounting to ₹ 1,250,000,000. |

* *Date of the order of Hon'ble High Court of Gujarat passed in the matter of Composite Scheme of Arrangement involving inter alia amalgamation of Montecarlo Projects, Montecarlo Infrastructure, Montecarlo Engineering and Montecarlo Energy with our Company and demerger of the 'Consolidated Business Support Undertaking' (as defined in the said scheme) of our Company and its transfer to Montecarlo Realty and demerger of the 'Real Estate Undertaking' (as defined in the said scheme) of our Company and transfer of the same to Montecarlo Construction. The Hon'ble High Court of Gujarat, pursuant to its order dated September 30, 2016, dispensed with the required to convene a meeting of the shareholders of our Company.*

**Subsidiaries, Associates and Joint Ventures**

As on the date of this Draft Red Herring Prospectus, our Company has six Subsidiaries, 15 Joint Ventures and one Associate Company. For details regarding the Subsidiaries, see the section *"Subsidiaries"*, beginning on page 193. For details regarding the Joint Ventures, see "*Our Business-Subsidiaries, Associates and Joint Ventures*", on page 171.

**Time and Cost Over-runs**

Our Company may have experienced time and cost overruns in relation to certain projects executed by us. For details of related risks in this respect, see the section "*Risk Factors*", beginning on page 24.

**Details regarding Acquisition of Business/Undertakings/Mergers and Amalgamation/Revaluation of Assets**

Except as detailed below, our Company has not acquired any business or undertaking, or undertaken any mergers or amalgamations or revaluation of assets in the last 10 years.

***Composite Scheme of Arrangement amongst our Company, Montecarlo Projects, Montecarlo Infrastructure, Montecarlo Engineering, Montecarlo Energy, Montecarlo Realty, Montecarlo Construction***

On March 30, 2016, the Board approved a composite scheme of arrangement under Sections 391 to 394 read with Sections 100 to 103 and other relevant provisions of the Companies Act, 1956, and Sections 13, 52 and other relevant provisions of the Companies Act, 2013, amongst our Company, Montecarlo Projects, Montecarlo Infrastructure, Montecarlo Engineering, Montecarlo Energy, Montecarlo Realty, Montecarlo Construction and their respective shareholders and creditors ("**Composite Scheme of Arrangement**") with the appointed date as April 1, 2016 for *inter alia*, simplification of the corporate structure within our Company, enabling elimination of duplication in administrative costs, enabling segregation of businesses which will result in a distinct, greater and enhanced focus on the operations of these businesses and accordingly an enhanced value for the shareholders. The Composite Scheme of Arrangement, *inter alia*, involved amalgamation of Montecarlo Projects, Montecarlo Infrastructure, Montecarlo Engineering and Montecarlo Energy (collectively, the "**Transferor Companies**"), respectively with our Company ("**Amalgamation**") and demerger of (i) 'consolidated business support undertaking' of Montecarlo Infrastructure (which entailed provision of residential properties to our Company on a leave and license basis for providing support to our Company's business activities) and our Company (which *inter alia* entailed provision of office spaces to its group companies on a leave and license basis for the support of its business activities), into Montecarlo Realty; and (ii) the 'real estate undertaking' from our Company into Montecarlo Construction ("**Demerger**"), with effect from the appointed date, being April 1, 2016.

A brief description of the business undertaken by the Transferor Companies, prior to the Amalgamation, is as follows:

Montecarlo Projects was engaged in the business of *inter alia*, construction activities and execution of contracts pertaining to civil engineering. Montecarlo Infrastructure was engaged in the business of *inter alia*, construction activities, execution of contracts pertaining to civil engineering and to purchase, take on lease or otherwise acquire, sell and generally deal in any land to be used as quarry. Montecarlo Engineering was engaged in the business of *inter alia*, construction activities, execution of contracts pertaining to civil engineering and manufacturing of all types of plants, machineries, equipment etc. Montecarlo Energy, was engaged in the business of *inter alia*, undertaking works as mechanical, electrical, structural, civil and consulting engineers and to carry on business of consultancy of power transmission, railway electrification and other electrical, mechanical and civil works.

The Hon'ble High Court of Gujarat had, *vide* its order dated December 2, 2016, sanctioned the Composite Scheme of Arrangement and as of the effective date of the Composite Scheme of Arrangement, the entire business and undertakings of the Transferor Companies including all its properties, assets, liabilities, rights, duties and obligations were transferred to our Company, and the entire 'Consolidated Business Support Undertaking' of our Company including all its properties, assets, liabilities, rights, contracts, duties and obligations were transferred to Montecarlo Realty and the 'real estate undertaking' of our Company was transferred to Montecarlo Construction. In accordance with the Composite Scheme of Arrangement, for the purposes of Amalgamation, (i) equity shares issued by our Company to Montecarlo Projects, Montecarlo Infrastructure and Montecarlo Engineering stood cancelled and no further equity shares were issued as these companies were amalgamated into our Company; and (ii) our Company issued (a) 12,000,000 Equity Shares to the shareholders of Montecarlo Projects in proportion of the number of shares held by them in Montecarlo Projects; (b) 10,625,000 Equity Shares to the shareholders of Montecarlo Infrastructure; (c) 12,000,000 Equity Shares to the shareholders of Montecarlo Engineering; and (d) 1 Equity Share to each of the two shareholders of Montecarlo Energy. Further, for the purposes of the Demerger, (i) Montecarlo Realty issued its equity shares to the equity shareholders of our Company, whose names appear in the Register of Members of our Company, as on February 10, 2017, in the ratio of 1 equity share in Motecarlo Realty of ₹ 10 each, for every 64 Equity Shares; and (ii) Montecarlo Construction issued 100,000 equity shares of ₹ 10 each to the shareholders of our Company, whose names appear in the Register of Members of our Company, as on February 10, 2017.

**Shareholders' Agreements**

Except as provided below, as on the date of this Draft Red Herring Prospectus, our Company has not entered into any shareholders' agreements that are subsisting:

1. **Shareholders Agreement dated July 9, 2010 entered into between SEL, SIPL, the Company (collectively, the "BHTPL Shareholders") and BHTPL**

   Our Company, SEL, SIPL and BHTPL have entered into a shareholders agreement dated July 9, 2010 ("**BHTPL SHA**") to regulate the relationship and the respective rights and obligations of the BHTPL Shareholders in BHTPL. The BHTPL SHA confers certain rights and obligations upon the BHTPL Shareholders, including *inter alia* the following:

   (i) our Company and its associates ("**MCL Shareholders Group**") have the right to appoint one out of four directors on the board of directors of BHTPL ("**BHTPL Board**") till the MCL Shareholders Group hold 20% of equity share capital of BHTPL. Further, SEL, SIPL and their associates ("**Sadbhav Shareholders Group**") have the right to appoint three directors on the BHTPL Board so long as the Sadbhav Shareholders Group holds 51% of equity share capital of BHTPL;

   (ii) Sadbhav Shareholders Group has the right to appoint the first chairman of the BHTPL Board. Further, in the absence of the then chairman at any meeting, any of the directors appointed by the Sadbhav Shareholders Group shall appoint the chairman at the meeting;

   (iii) BHTPL Board may issue further shares to the BHTPL Shareholders and existing shareholders (or any of their associates), in proportion to their existing shareholding, subject to the terms and conditions of the BHTPL SHA or as may be determined by the BHTPL Board after taking into account the relevant accounting year requirements of BHTPL; and

   (iv) during the lock-in period as specified in the BHTPL SHA, our Company shall not transfer any of the shares held by it to a third party (except the transfer of shares by our Company to its associates), without the prior written approval of SIPL and SEL. Further, neither our Company nor any of its associates shall transfer shares held by them to any person engaged in a competing business.

The provisions of the BHTPL SHA terminate upon all the shares of BHTPL becoming owned by any one shareholder and its associates, or either of the shareholders ceasing to hold any shares, or if mutually agreed in writing by all the parties to the BHTPL SHA, that the same be terminated or if BHTPL is wound up by an order of a court.

In this regard, the BHTPL Shareholders and BHTPL have entered into a memorandum of understanding dated October 20, 2018 ("**MoU**"), pursuant to which the BHTPL Shareholders have agreed to make endeavours to sell their respective stake in the equity share capital of BHTPL within a period of two years from the date of the MoU i.e. by October 20, 2020, together, to an identified investor, at a price to be mutually agreed to amongst the parties to the MoU. In terms of the MoU, in the event the BHTPL Shareholders are unable to sell their respective stake in BHTPL, within the aforestated timelines, or such extended period as is mutually agreed to amongst the parties to the MoU, the rights and obligations of the BHTPL Shareholders in BHTPL, including the management thereof, shall continue to be governed by the BHTPL SHA.

Further, SIPL (which holds 77% equity shares of BHTPL) has entered into a definitive share purchase agreement dated July 1, 2019, *inter alia* with IndInfravit Trust for sale of the entire 100% of the equity shares of BHTPL, subject to necessary regulatory approvals, lenders' consent, other customary approvals upon satisfaction of certain conditions precedent. It has been commercially agreed amongst the BHTPL Shareholders that SIPL shall acquire our Company's entire shareholding in BHTPL, and then transfer the entire 100% of the equity shares of BHTPL to Indinfravit Trust. The BHTPL Shareholders accordingly propose to execute a share purchase agreement for transfer of the holding of our Company in BHTPL to SIPL. Upon such transfer, our Company will cease to hold any shareholding in BHTPL. In this respect, the Board has, pursuant to its resolution dated May 17, 2019, *inter alia* approved such sale of shared held by our Company in BHTPL to SIPL. For details, see "*Financial Statements-Note 49A*" on page 277

**Guarantees, if any, issued by the Promoters offering their Equity Shares in terms of the Offer for Sale**

Kanubhai Trust, along with Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel and Mrunal Kanubhai Patel, has given guarantee in respect of working capital facilities availed by our Company from a consortium of lenders, pursuant to working capital facility agreement, dated April 7, 2018, to the extent of ₹ 19,900 million. For details regarding loans guaranteed, see *"Financial Indebtedness"* on page 287. In terms of the loan documents, the period of guarantee subsists during the tenure of the relevant facility. Any default or failure by us to repay these loans in a timely manner, or at all, could trigger repayment obligations on the part of our Promoters. For details, see the section *"Financial Indebtedness",* beginning on page 287 and *"Financial Statements- Note 18 and Note 22"* on pages 258 and 260, respectively.

# SUBSIDIARIES

As on the date of this Draft Red Herring Prospectus, our Company has six Subsidiaries.

**Details of the Subsidiaries**

**1. Montecarlo Projects Limited**

***Corporate Information:***

MPL was incorporated as a public company under the Companies Act, 2013 as Montecarlo Projects India Limited, at Ahmedabad, Gujarat, on August 18, 2016, and has its registered office at 706, Shilp Building, C.G.Road, Navrangpura, Ahmedabad – 380 009. Subsequently, the name of Montecarlo Projects India Limited was changed to Montecarlo Projects Limited and a fresh certificate of incorporation, dated January 18, 2019, consequent to the change of name, was issued by the Deputy Registrar of Companies, Ahmedabad.

***Nature of Business***:

MPL is involved, either directly or through its subsidiaries, in the business of, *inter alia*, civil, electrical and mechanical contracting, consultancy of mechanical, electrical, structural, civil and consulting engineers; designing, surveying, foundation erecting, stringing commissioning of power transmission line, railway electrification and substation; and prospect, explore, open and work claims or mines; to build, establish or maintain conveniences anywhere in India and/or outside India under various schemes.

***Capital Structure:***

| Particulars | Number of equity shares of face value of ₹ 10 each |
|---|---|
| Authorised equity share capital | 50,000 |
| Issued, subscribed and paid-up equity share capital | 10,000 |

***Shareholding:***

The following table sets forth details of the shareholding of MPL:

| Sr. No. | Name of the shareholder | Number of equity shares of face value of ₹ 10 each | Percentage of total equity holding (%) |
|---|---|---|---|
| 1. | Montecarlo Limited | 9,994 | 99.94 |
| 2. | Kanubhai Mafatlal Patel* | 1 | 0.01 |
| 3. | Brijesh Kanubhai Patel* | 1 | 0.01 |
| 4. | Mrunal Kanubhai Patel* | 1 | 0.01 |
| 5. | Dinaben Kanubhai Patel* | 1 | 0.01 |
| 6. | Alpa Brijesh Patel* | 1 | 0.01 |
| 7. | Janki Mrunal Patel* | 1 | 0.01 |
| | **Total** | **10,000** | **100.00** |

* *Shares held as nominees of our Company*

**2. Montecarlo Enterprises Private Limited**

***Corporate Information:***

MEPL was incorporated as a private company under the Companies Act, 2013 as Montecarlo Enterprises Private Limited, at Ahmedabad, Gujarat, on September 16, 2019, and has its registered office at 706, Shilp Building, C.G.Road, Navrangpura, Ahmedabad – 380 009.

***Nature of Business***:

MEPL is involved in the business of, *inter alia*, purchasing, selling, renting, leasing and dealing in all types of movable or immovable properties for development or for resale and in the business of civil, electrical and mechanical contracting, consultancy of mechanical, electrical, structural, civil and consulting engineers; designing, surveying, foundation erecting, stringing commissioning of power transmission line, railway electrification and substation; and building, establishing and maintaining conveniences anywhere in India and/or outside India under various schemes.

***Capital Structure:***

| Particulars | Number of equity shares of face value of ₹ 10 each |
|---|---|
| Authorised equity share capital | 10,000 |
| Issued, subscribed and paid-up equity share capital | 1,000 |

***Shareholding:***

The following table sets forth details of the shareholding of MEPL:

| Sr. No. | Name of the shareholder | Number of equity shares of face value of ₹ 10 each | Percentage of total equity holding (%) |
|---|---|---|---|
| 1. | Montecarlo Limited | 994 | 99.94 |
| 2. | Kanubhai Mafatlal Patel* | 1 | 0.01 |
| 3. | Brijesh Kanubhai Patel* | 1 | 0.01 |
| 4. | Mrunal Kanubhai Patel* | 1 | 0.01 |
| 5. | Dinaben Kanubhai Patel* | 1 | 0.01 |
| 6. | Alpa Brijesh Patel* | 1 | 0.01 |
| 7. | Janki Mrunal Patel* | 1 | 0.01 |
| | **Total** | **1,000** | **100.00** |

* *Shares held as nominees of our Company*

### 3. Montecarlo Barjora Mining Private Limited

***Corporate Information:***

MBMPL was incorporated as a private company under the Companies Act, 2013, as Montecarlo Barjora Mining Private Limited, at Ahmedabad, Gujarat, on August 10, 2016, and has its registered office located at 706, Shilp Building, C.G.Road, Navrangpura, Ahmedabad – 380 009. MBMPL is a step-down subsidiary of our Company.

***Nature of Business***:

MBMPL is incorporated to conduct the business of a coal mine developer and operator which involves, *inter alia*, developing, operating, maintaining and excavation of coal from of Barjora (north) coal mine of the West Bengal Power Development Corporation Limited located in the Bankura district of West Bengal. For more details on Barjora (North) Coal Mine Project, see "*Our Business-Mining-MDO Project*" on page 169.

***Capital Structure:***

| Particulars | Number of equity shares of face value of ₹ 10 each |
|---|---|
| Authorised equity share capital | 50,000 |
| Issued, subscribed and paid-up equity share capital | 10,000 |

***Shareholding:***

The following table sets forth details of the shareholding of MBMPL:

| Sr. No. | Name of the shareholder | Number of equity shares of face value of ₹ 10 each | Percentage of total equity holding (%) |
|---|---|---|---|
| 1. | MPL | 9,994 | 99.94 |
| 2. | Kanubhai Mafatlal Patel* | 1 | 0.01 |
| 3. | Brijesh Kanubhai Patel* | 1 | 0.01 |
| 4. | Mrunal Kanubhai Patel* | 1 | 0.01 |
| 5. | Dinaben Kanubhai Patel* | 1 | 0.01 |
| 6. | Alpa Brijesh Patel* | 1 | 0.01 |
| 7. | Janki Mrunal Patel* | 1 | 0.01 |
| | **Total** | **10,000** | **100.00** |

* *Shares held as nominees of MPL*

**4. Montecarlo Hubli Haveri Highway Private Limited**

***Corporate Information:***

MHHHPL was incorporated as a private company under the Companies Act, 2013, as Montecarlo Hubli Haveri Highway Private Limited at Ahmedabad, Gujarat, on April 5, 2017, and has its registered office located at 706, Shilp Building, C.G.Road, Navrangpura, Ahmedabad – 380 009. MHHHPL is a step-down subsidiary of our Company.

***Nature of Business***:

MHHHPL is incorporated for undertaking Hubli to Haveri road project on HAM basis which involves, *inter alia*, designing, developing, procuring, financing, constructing, operating and maintaining the project of six lanning and strenghthening of Km 340.00 to Km 403.40 of the Hubli-Haveri section of NH-48 (old NH-4) in the state of Karnataka under NHDP Phase-V and performing all necessary and incidental activities in this regard, in accordance with the terms and conditions set forth in the concession agreement for the project. For more details on the Hubli to Haveri road project, see "*Our Business-HAM projects*" on page 163.

***Capital Structure:***

| Particulars | Number of equity shares of face value of ₹ 10 each |
|---|---|
| Authorised equity share capital | 35,000,000 |
| Issued, subscribed and paid-up equity share capital | 12,690,000 |

***Shareholding:***

The following table sets forth details of the shareholding of MHHHPL:

| Sr. No. | Name of the shareholder | Number of equity shares of face value of ₹ 10 each | Percentage of total equity holding (%) |
|---|---|---|---|
| 1. | MPL | 12,689,994 | 100 |
| 2. | Kanubhai Mafatlal Patel* | 1 | Negligible |
| 3. | Brijesh Kanubhai Patel* | 1 | Negligible |
| 4. | Mrunal Kanubhai Patel* | 1 | Negligible |
| 5. | Dinaben Kanubhai Patel* | 1 | Negligible |
| 6. | Alpa Brijesh Patel* | 1 | Negligible |
| 7. | Janki Mrunal Patel * | 1 | Negligible |
| | **Total** | 12,690000 | **100.00** |

* *Shares held as nominees of MPL*

**5. Montecarlo Singhara Binjhabahal Highway Private Limited**

***Corporate Information:***

MSBHPL was incorporated as a private company under the Companies Act, 2013, as Montecarlo Singhara Binjhabahal Highway Private Limited, at Ahmedabad, Gujarat, on April 7, 2017, and has its registered office located at 706, Shilp Building, C.G. Road, Navrangpura, Ahmedabad – 380 009. MSBHPL is a step-down Subsidiary of our Company.

***Nature of Business***:

MSBHPL is involved in the business of, undertaking the Singhara to Binjhabahal road project which involves the rehabilitation and upgradation by four laning of Singhara to Binjhabahal section from Km. 311.000 to Km. 414.000 of NH-6 (New NH-49) in the state of Odisha under NHDP-IV on HAM basis. For more details on our Singhara to Binjhabahal road project, see "*Our Business-HAM projects*", on page 163.

***Capital Structure:***

| Particulars | Number of equity shares of face value of ₹ 10 each |
|---|---|
| Authorised equity capital | 40,000,000 |
| Issued, subscribed and paid-up equity share capital | 17,000,000 |

***Shareholding:***

The following table sets forth details of the shareholding of MSBHPL:

| Sr. No. | Name of the shareholder | Number of equity shares of face value of ₹ 10 each | Percentage of total equity holding (%) |
|---|---|---|---|
| 1. | MPL | 1,69,99,984 | 100.00 |
| 2. | Kanubhai Mafatlal Patel* | 1 | Negligible |
| 3. | Brijesh Kanubhai Patel* | 1 | Negligible |
| 4. | Mrunal Kanubhai Patel* | 1 | Negligible |
| 5. | Dinaben Kanubhai Patel* | 1 | Negligible |
| 6. | Alpa Brijesh Patel* | 1 | Negligible |
| 7. | Janki Mrunal Patel * | 1 | Negligible |
| 8. | Montecarlo Limited | 10 | Negligible |
| | **Total** | **1,70,00,000** | **100.00** |

* *Shares held as nominees of MPL*

**6. Montecarlo Sinnar Shirdi Highway Private Limited**

***Corporate Information:***

MSSHPL was incorporated as a private company under the Companies Act, 2013, as Montecarlo Sinnar Shirdi Highway Private Limited, at Ahmedabad, Gujarat, on April 1, 2019, and has its registered office located at 706, Shilp Building, C.G. Road, Navrangpura, Ahmedabad – 380 009. MSSHPL is a step-down subsidiary of our Company.

***Nature of Business***:

MSSHPL is involved in the business of, undertaking the Sinnar to Shirdi road project which involves the four laning of Sinnar to Shirdi section of NH 160 from Design Ch: Km 0/000 to Km 50/943 (including Sinnar bypass) in the state of Maharashtra on HAM basis. For more details on our Sinnar to Shirdi road project, see "*Our Business-HAM projects*", on page 163.

***Capital Structure:***

| Particulars | Number of equity shares of face value of ₹ 10 each |
|---|---|
| Authorised equity capital | 10,000 |
| Issued, subscribed and paid-up equity share capital | 10,000 |

***Shareholding:***

The following table sets forth details of the shareholding of MSBHPL:

| Sr. No. | Name of the shareholder | Number of equity shares of face value of ₹ 10 each | Percentage of total equity holding (%) |
|---|---|---|---|
| 1. | MPL | 9994 | 99.94 |
| 2. | Kanubhai Mafatlal Patel* | 1 | 0.01 |
| 3. | Brijesh Kanubhai Patel* | 1 | 0.01 |
| 4. | Mrunal Kanubhai Patel* | 1 | 0.01 |
| 5. | Dinaben Kanubhai Patel* | 1 | 0.01 |
| 6. | Alpa Brijesh Patel* | 1 | 0.01 |
| 7. | Janki Mrunal Patel * | 1 | 0.01 |
| | **Total** | **10000** | **100.00** |

* *Shares held as nominees of MPL*

### Common Pursuits

MPL and MEPL are engaged in activities similar to that of our Company and our Company ensures necessary procedure and practices as permitted by laws and regulatory guidelines to address any conflict situations as and when they arise. For further details of related party transactions and their significance on the financial performance of our Company, see the section "*Financial Statements*", beginning on page 227.

### Other Confirmations

1. Except as disclosed in "*Our Business*" and "*Financial Statements*", beginning on pages 156 and 227, respectively, the Subsidiaries, do not have any business interests in our Company.

## MANAGEMENT

### Board of Directors

In terms of the Articles of Association, our Company is required to have not less than three Directors and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises of 11 Directors, of which there are five executive directors and six Independent Directors, including one woman Independent Director.

The following table provides details of the Board:

| Name, designation, address, occupation, term and DIN | Age (years) | Directorships in Other Companies |
|---|---|---|
| ***Name***: Kanubhai Mafatlal Patel<br><br>***Designation:*** Chairman and Managing Director<br><br>***Address:*** 18 Devkrushna Bunglow, Ashok Vatika-1, Ambali Bopal Road Bodakdev, Ahmedabad - 380 058<br><br>***Occupation:*** Self Employed<br><br>***Term:*** For a period of five years from October 1, 2014 upto September 30, 2019 (liable to retire by rotation)*<br><br>***Period of Directorship***: Director since March 20, 1995<br><br>***Date of Birth***: June 1, 1955<br><br>***DIN:*** 00025552 | 64 | • MEPL |
| ***Name:*** Brijesh Kanubhai Patel<br><br>***Designation:*** Joint Managing Director<br><br>***Address:*** Devkrushna Bunglow, 18 Ashok Vatika-1, Ambli Bopal Road, Bodakdev, Ahmedabad - 380 058<br><br>***Occupation:*** Self Employed<br><br>***Term:*** For a period of five years from October 1, 2014 upto September 30, 2019 (liable to retire by rotation)*<br><br>***Period of Directorship***: Director since March 2, 1998<br><br>***Date of Birth***: April 29, 1979<br><br>***DIN:*** 00025479 | 40 | • MPL<br>• MSBHPL<br>• MEPL |
| ***Name:*** Mrunal Kanubhai Patel<br><br>***Designation:*** Joint Managing Director<br><br>***Address:*** Dev Mansion Bunglow, B/H Saket-3, Sindhu Bhavan Road, Ambali, Ahmedabad - 380 058<br><br>***Occupation:*** Self Employed | 35 | • MPL<br>• MBMPL<br>• MSBHPL<br>• MEPL |

| Name, designation, address, occupation, term and DIN | Age (years) | Directorships in Other Companies |
|---|---|---|
| ***Term:*** For a period of five years from October 1, 2014 upto September 30, 2019 (liable to retire by rotation)*<br><br>***Period of Directorship***: Director since January 23, 2002<br><br>***Date of Birth***: January 21, 1984<br><br>***DIN:*** 00025525 | | |
| ***Name:*** Nareshkumar Pranshankar Suthar<br><br>***Designation:*** Whole-time Director<br><br>***Address:*** A/7 Paras Bunglow Part-1, near telephone exchange, Bopal, Ahmedabad - 380 058<br><br>***Occupation:*** Self Employed<br><br>***Term:*** For a period of five years from October 1, 2014 upto September 30, 2019 (liable to retire by rotation)*<br><br>***Period of Directorship***: Director since April 1, 2003<br><br>***Date of Birth***: July 1, 1968<br><br>***DIN:*** 00414050 | 51 | • MPL<br>• MHHHPL<br>• MSBHPL |
| ***Name:*** Suhas Vasant Joshi<br><br>***Designation:*** Whole-time Director<br><br>***Address:*** 14, Vrundavan Buglow-2, Thaltej Shilaj Road, Thaltej Ahmedabad - 380 059<br><br>***Occupation:*** Self Employed<br><br>***Term:*** For a period of three years from August 1, 2019 upto July 31, 2022 (liable to retire by rotation)<br><br>***Period of Directorship***: Director since June 26, 2013<br><br>***Date of Birth***: March 12, 1955<br><br>***DIN:*** 00171232 | 64 | • JMC Infrastructure Limited |
| ***Name:*** Ajay Vasantbhai Mehta<br><br>***Designation:*** Independent Director<br><br>***Address:*** A-2- 1399, Opp. Nahru Foundation, Bodakdev, Ahmedabad- 380 001<br><br>***Occupation:*** Self Employed | 65 | Nil |

| Name, designation, address, occupation, term and DIN | Age (years) | Directorships in Other Companies |
|---|---|---|
| ***Term****:* For a period of five years from March 31, 2018 upto March 30, 2023 (not liable to retire by rotation)<br><br>***Period of Directorship***: Director since March 31, 2015<br><br>***Date of Birth***: September 16, 1954<br><br>***DIN****:*00078126 | | |
| ***Name****:* Ketan Harshadrai Mehta<br><br>***Designation****:* Independent Director<br><br>***Address****:* Plot: 379, Sector: 1-C, Gandhinagar - 382 001<br><br>***Occupation****:* Professional<br><br>***Term****:* For a period of five years from March 31, 2018 upto March 30, 2023 (not liable to retire by rotation)<br><br>***Period of Directorship***: Director since March 31, 2015<br><br>***Date of Birth***: December 27, 1966<br><br>***DIN****:*07141480 | 52 | Nil |
| ***Name****:* Malini Ganesh<br><br>***Designation****:* Independent Director<br><br>***Address****:* Flat-2D, Raga Foundation, No-12, 11th street, Nandanam Extn, Chennai - 600 035<br><br>***Occupation****:* Professional<br><br>***Term****:* For a period of five years from March 31, 2018 upto March 30, 2023 (not liable to retire by rotation)<br><br>***Period of Directorship***: Director since March 31, 2015<br><br>***Date of Birth***: June 1, 1946<br><br>***DIN****:*07126914 | 73 | Nil |
| ***Name****:* Dipak Kamlakar Palkar<br><br>***Designation****:* Independent Director<br><br>***Address****:* 22-A, Saujanya Society, Opposite Bhavans School, Makarpura Road, Vadodara - 390 009<br><br>***Occupation****:* Self Employed | 65 | Nil |

| Name, designation, address, occupation, term and DIN | Age (years) | Directorships in Other Companies |
|---|---|---|
| ***Term:*** For a period of five years from February 17, 2018 upto February 16, 2023 (not liable to retire by rotation)<br><br>***Period of Directorship***: Director since February 17, 2018<br><br>***Date of Birth***: October 16, 1953<br><br>***DIN:*** 00475995 | | |
| ***Name:*** Dinesh Babulal Patel<br><br>***Designation:*** Independent Director<br><br>***Address:*** 802, Sector-8, Opposite St. Xavier's Church, Gandhinagar - 382 008<br><br>***Occupation:*** Self Employed<br><br>***Term:*** For a period of five years from February 17, 2018 upto February 16, 2023 (not liable to retire by rotation)<br><br>***Period of Directorship***: Director since February 17, 2018<br><br>***Date of Birth***: July 12, 1958<br><br>***DIN:*** 03443006 | 61 | • Adeshwar Infrabuild Limited<br>• Kalpataru Metfab Private Limited<br>• Alipurduar Transmission Limited<br>• Jhajjar KT Transco Private Limited<br>• Kalpataru Satpura Transco Private Limited |
| ***Name:*** Suresh Natwarlal Patel<br><br>***Designation:*** Independent Director<br><br>***Address:*** 6-3-1101, Greenlands Rajbhawan Road, Ayyappa Temple Lane, Somajiguda, Hyderabad - 500 082<br><br>***Occupation***: Self Employed<br><br>***Term***: For a period of five years from February 23, 2019 upto February 22, 2024 (not liable to retire by rotation)<br><br>***Period of Directorship***: Director since February 23, 2019<br><br>***Date of Birth***: December 25, 1957<br><br>***DIN***: 07202263 | 61 | • Mohan Spintex India Limited |

** The Shareholders of the Company have, pursuant to a resolution passed on September 17, 2019, approved re-appointment of Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel, Mrunal Kanubhai Patel and Nareshkumar Pranshankar Suthar, with effect from October 1, 2019 up to September 30, 2024.*

**Relationship between the Directors**

Other than as stated below, none of the Directors are related to each other:

- Kanubhai Mafatlal Patel is the father of Brijesh Kanubhai Patel and Mrunal Kanubhai Patel.
- Brijesh Kanubhai Patel and Mrunal Kanubhai Patel are brothers.

**Brief biographies of Directors**

**Kanubhai Mafatlal Patel** is the Chairman and Managing Director of our Company. He discontinued his pursuit for graduation in commerce from C.U. Shah Commerce College, Ahmedabad after the second year. He has over 43 years of experience in the areas of infrastructure including construction, development and operation. He was awarded the Patidar Udyog Ratna at Sardardham Global Patidar Business Summit 2018 in 2018 and Bharat Udyog Ratan by the All India Business Development Association in 2015. He was previously a partner with Bhavna Engineering Company and Bhavna Construction Co. He has been a Director on the Board of our Company since its incorporation i.e. March 20, 1995.

**Brijesh Kanubhai Patel** is the Joint Managing Director of our Company. He holds a bachelor's degree in mechanical engineering from the University of Pune. He has over 20 years of experience in the areas of execution of infrastructure projects. He has been a Director on the Board of our Company since March 2, 1998.

**Mrunal Kanubhai Patel** is the Joint Managing Director of our Company. He holds a bachelor's degree in technology (information technology) from the Nirma University of Science and Technology. He has over 17 years of experience in the areas of infrastructure projects execution. He has been a Director on the Board of our Company since January 23, 2002.

**Nareshkumar Pranshankar Suthar** is a Whole-time Director of our Company. He holds a diploma in civil engineering. He has over 29 years of experience in the areas of infrastructure projects. He has previously worked with Bhavna Engineering Company as a project manager. He has been a Director on the Board of our Company since April 1, 2003.

**Suhas Vasant Joshi** is a Whole-time Director of our Company. He holds a bachelor's degree in engineering (civil) from The Maharaja Sayajirao University of Baroda. He has over 33 years of experience in the areas of construction, operation, management and procurement of building and factories, bridge, build-operate-transfer, urban infrastructure, power plants etc. He was also the co-promoter of JMC Projects (India) Limited. He has been a Director on the Board of our Company since June 26, 2013.

**Ajay Vasantbhai Mehta** is an Independent Director of our Company. He holds a bachelor's degree in commerce and law from the Gujarat University. He is a qualified company secretary and an associate member of the Institute of Company Secretaries of India. He has over 25 years of experience of working with Amaya Properties LLP, Acacia Eco Plantation Services LLP and JMC Projects (India) Limited. He has been a Director on the Board of our Company since March 31, 2015.

**Ketan Harshadrai Mehta** is an Independent Director of our Company. He holds a bachelor's degree in commerce from the Gujarat University. He is a qualified chartered accountant and an associate member of the ICAI. He has over 29 years of experience in the areas of direct taxation, bank audits and implementation of accounting systems. He is currently associated as a partner with Mehta Sheth & Associates. He has been a Director on the Board of our Company since March 31, 2015.

**Malini Ganesh** is an Independent Director of our Company. She holds a bachelor's degree in arts from the University of Delhi and she also holds a bachelor's degree in laws from the University of Madras. She has been enrolled as an advocate on the rolls of the Bar Council of Tamil Nadu since 1972. She has over 46 years of experience in handling of litigation matters before courts and arbitration tribunals. Further, she has offered contract management services and has also taken part in academic workshops and seminars. She has been appointed as a member of the Construction Industry Arbitration Council Panel of Arbitrators and the Indian Council of Arbitration. She has been a Director on the Board of our Company since March 31, 2015.

**Dipak Kamlakar Palkar** is an Independent Director of our Company. He holds a post graduate diploma in business management from the Rajendra Prasad Institute of Communication & Management, Bombay and a bachelor's degree of commerce from The Maharaja Sayajirao University of Baroda. He also holds a diploma in taxation laws and practices from The Maharaja Sayajirao University of Baroda. He has around 35 years of experience in the areas of institutional sales, logistics and human resource & management. He is the proprietor of Manokam (HR & Management Consultants) and has previously worked with Symphony Limited and Hawkins Cookers Limited. He has been a Director on the Board of our Company since February 17, 2018.

**Dinesh Babulal Patel** is an Independent Director of our Company. He holds a bachelor's degree in engineering (mechanical) from the Gujarat University. He has around 34 years of experience in the areas of production, planning and engineering of transmission line projects. He has previously worked with Kalpataru Power Transmission Limited. He has been a Director on the Board of our Company since February 17, 2018.

**Suresh Natwarlal Patel** is an Independent Director of our Company. He holds a bachelor's degree in laws from the Gujarat University and also holds a bachelor's degree in science agriculture and animal husbandry from the Govind Ballabh Pant Krishi Evam Praudyogik Vishwavidyalaya. He has also passed the Associate Examination of the Indian Institute of Bankers. He has around 37 years of banking experience. He has previously worked with Dena Bank, Oriental Bank of Commerce, Andhra Bank, Canara HSBC Oriental Bank of Commerce Life Insurance Company Limited and India First Life Insurance Company Limited. At present, he is an Independent External Monitor for Indian Oil Corporation Limited and Bharat Electronics Limited. Additionally, he is a permanent invitee to the Board for Regulation and Supervision of Payment and Settlement Systems of the

RBI and also an Independent Director on the Board of Mohan Spintex India Limited and Eunoia Financial Services Private Limited. He has also been nominated as a member of the Advisory Board for Banking Frauds constituted by the Central Vigilance Commission, appointed as an advisor to group companies of Tip Sons and senior advisor to the Kalupur Commercial Co-operative Bank Limited, Ahmedabad. He has been a Director on the Board of our Company since February 23, 2019.

**Terms of appointment of the Whole-time Directors**

**Kanubhai Mafatlal Patel**

Kanubhai Mafatlal Patel was appointed as a Director and Chairman of our Company, since its incorporation and as the Managing Director with effect from April 1, 1995. He was thereafter re-appointed as the Managing Director and Chief Executive Officer of our Company with effect from October 1, 2009. Subsequently, he was re-appointed as the Chairman and Managing Director with effect from October 1, 2014, pursuant to the resolution passed by the shareholders of our Company on March 10, 2015 and September 30, 2017, for a period of five years, till September 30, 2019. He has been re-appointed as the Chairman and Managing Director with effect from October 1, 2019, pursuant to the resolution passed by shareholders of our Company on September 17, 2019, for a period of five years, till September 30, 2024 and our Company has executed an agreement dated September 19, 2019 in this respect. In terms of such agreement read with the resolutions passed by the Board on September 14, 2019, and the shareholders on September 17, 2019, he is entitled to the following remuneration, including salary and perquisites:

| Particulars | Details of remuneration |
|---|---|
| Basic Salary | ₹ 0.69 million per month |
| House rent allowance | ₹ 0.27 million per month |
| Transport allowances | ₹ 0.05 million per month |
| Child education allowances | ₹ 0.02 million per month |
| Food allowance | ₹ 0.05 million per month |
| Medical reimbursements | ₹ 0.10 million per month |
| Books and periodicals | ₹ 0.10 million per month |
| Special house rent allowance | ₹ 0.10 million per month |
| Other allowances | ₹ 0.81 million per month |
| Bonus | ₹ 0.10 million per month |
| Milestone bonus | 0.10% of the turnover of our Company, if the turnover is equal to or more than ₹ 20,000 million but less than ₹ 25,000 million and 0.15% of the of the turnover of our Company, if such turnover is equal to or more than ₹ 25,000 million, of the respective Fiscal |
| Employee provident fund | ₹ 1,800 per month |
| Other allowances and benefits | Reimbursements of actual travelling expenses with family to anywhere in India and abroad |

**Brijesh Kanubhai Patel**

Brijesh Kanubhai Patel was appointed as a Director of our Company with effect from March 2, 1998 and as the Joint Managing Director with effect from April 1, 2003. He was subsequently re-appointed as the Joint Managing Director, pursuant to the resolution passed by the shareholders of our Company on March 10, 2015, for the period of five years, with effect from October 1, 2014, to September 30, 2019. He has been re-appointed as the Joint Managing Director, pursuant to the resolution passed by the shareholders of our Company on September 17, 2019, for the period of five years, with effect from October 1, 2019, to September 30, 2024 and our Company has executed an agreement dated September 19, 2019 with Brijesh Kanubhai Patel, in this respect. In terms of such agreement read with the resolutions passed by the Board on September 14, 2019, and the shareholders of our Company on September 17, 2019, he is entitled to the following remuneration, including salary and perquisites:

| Particulars | Details of remuneration |
|---|---|
| Basic Salary | ₹ 0.45 million per month |
| House rent allowance | ₹ 0.18 million per month |
| Transport allowances | ₹ 0.03 million per month |
| Child education allowances | ₹ 0.01 million per month |
| Food allowance | ₹ 0.03 million per month |
| Medical reimbursements | ₹ 0.06 million per month |
| Books and periodicals | ₹ 0.06 million per month |
| Special house rent allowance | ₹ 0.06 million per month |
| Other allowances | ₹ 0.55 million per month |
| Bonus | ₹ 0.06 million per month |

| Particulars | Details of remuneration |
|---|---|
| Milestone bonus | 0.075% of the turnover of our Company, if the turnover is equal to or more than ₹ 20,000 million but less than ₹ 25,000 million and 0.10% of the of the turnover of our Company, if such turnover is equal to or more than ₹ 25,000 million, of the respective Fiscal |
| Employee provident fund | ₹ 1,800 per month |
| Other allowances and benefits | Reimbursements of actual travelling expenses with family to anywhere in India and abroad |

**Mrunal Kanubhai Patel**

Mrunal Kanubhai Patel was appointed as a Director of our Company with effect from January 23, 2002 and he was appointed as the Joint Managing Director with effect from August 5, 2006. He was subsequently re-appointed as the Joint Managing Director, pursuant to the resolution passed by the shareholders of our Company on March 10, 2015, for the period of five years, with effect from October 1, 2014, to September 30, 2019. He has been re-appointed as the Joint Managing Director, pursuant to the resolution passed by the shareholders of our Company on September 17, 2019, for the period of five years, with effect from October 1, 2019 to September 30, 2024, and our Company has executed an agreement dated September 19, 2019 with Mrunal Kanubhai Patel, in this respect. In terms of such agreement read with the resolutions passed by the Board on September 14, 2019, and the shareholders on September 17, 2019, he is entitled to the following remuneration, including salary and perquisites:

| Particulars | Details of remuneration |
|---|---|
| Basic salary | ₹ 0.45 million per month |
| House rent allowance | ₹ 0.18 million per month |
| Transport allowances | ₹ 0.03 million per month |
| Child education allowances | ₹ 0.01 million per month |
| Food allowance | ₹ 0.03 million per month |
| Medical reimbursements | ₹ 0.06 million per month |
| Books and periodicals | ₹ 0.06 million per month |
| Special house rent allowance | ₹ 0.06 million per month |
| Other allowances | ₹ 0.55 million per month |
| Bonus | ₹ 0.06 million per month |
| Milestone bonus | 0.075% of the turnover of our Company, if the turnover is equal to or more than ₹ 20,000 million but less than ₹ 25,000 million and 0.10% of the of the turnover of our Company, if such turnover is equal to or more than ₹ 25,000 million, of the respective Fiscal |
| Employee provident fund | ₹ 1,800 per month |
| Other allowances and benefits | Reimbursements of actual travelling expenses with family to anywhere in India and abroad |

**Nareshkumar Pranshankar Suthar**

Nareshkumar Pranshankar Suthar was appointed as the Whole-time Director with effect from April 1, 2003. He was subsequently re-appointed as the Whole-time Director, pursuant to the resolution passed by the shareholders of our Company on March 10, 2015, for the period of five years, with effect from October 1, 2014 to September 30, 2019. He has been re-appointed as the Whole-time Director, pursuant to the resolution passed by the shareholders of our Company on September 17, 2019, for the period of five years, with effect from October 1, 2019 to September 30, 2024, and our Company has executed an agreement dated September 19, 2019 with Nareshkumar Pranshankar Suthar in this respect. In terms of such agreement, he is entitled to the following remuneration, including salary and perquisites:

| Particulars | Details of remuneration |
|---|---|
| Basic salary | ₹ 0.16 million per month |
| House rent allowance | 0.06 million per month |
| Transport allowance | 0.01 million per month |
| Child education allowance | 0.01 million per month |
| Food allowance | 0.01 million per month |
| Medical reimbursement | 0.02 million per month |
| Books & periodicals | 0.02 million per month |
| Special house rent allowance | 0.02 million per month |
| Bonus | 0.02 million per month |
| Other allowances | 0.20 million per month |
| Employee Provident Fund | ₹ 1,800 per month |

**Suhas Vasant Joshi**

Suhas Vasant Joshi was appointed as an additional director with effect from June 26, 2013 and as the Whole-time Director with effect from August 1, 2013. He was subsequently re-appointed as the Whole-time Director, pursuant to the resolutions passed by the shareholders of our Company on September 10, 2015 and September 27, 2016, with effect from August 1, 2016, for a period of three years till July 31, 2019. For the current tenure, he was re-appointed as the Whole-time Director, pursuant to the resolutions passed by the shareholders of our Company on September 17, 2019, with effect from August 1, 2019, for a period of three years till July 31, 2022, and our Company has executed an agreement dated September 19, 2019 with Suhas Vasant Joshi in this respect. In terms of the resolutions passed by the Board on September 14, 2019, and the shareholders of our Company on September 17, 2019, as well as the agreement dated September 19, 2019, he is entitled to the following remuneration, including salary and perquisites:

| Particulars | Details of remuneration |
|---|---|
| Basic salary | ₹ 0.13 million per month |
| House rent allowance | ₹ 0.04 million per month |
| Medical reimbursement | ₹ 0.01 million per month |
| Transport allowances | ₹ 0.02 million per month |
| Books and periodicals | ₹ 0.03 million per month |
| Car and driver allowance | ₹ 0.03 million per month |
| Child education allowance | ₹ 0.02 million per month |
| Uniform allowance | ₹ 0.03 million per month |
| Other allowance | ₹ 0.20 million per month |
| Bonus | ₹ 0.01 million per month |

**Remuneration of the Directors**

Each Independent Director on our Board is entitled to receive sitting fees of ₹ 100,000 per meeting, pursuant to a resolution of our Board dated March 31, 2015, for attending meetings of our Board. The travel and accommodation expenses for attending meetings of our Board or a committee thereof, site visits and other Company related expenses are borne by our Company, from time to time.

1. *Remuneration to Whole-time Directors:*

   The remuneration paid to the Whole-time Directors during Fiscal 2019 is set forth below:

| Sr. No. | Name of Director | Remuneration paid (in ₹ million) |
|---|---|---|
| 1. | Kanubhai Mafatlal Patel | 27.60 |
| 2. | Brijesh Kanubhai Patel | 18.00 |
| 3. | Mrunal Kanubhai Patel | 18.00 |
| 4. | Nareshkumar Pranshankar Suthar | 6.36 |
| 5. | Suhas Vasant Joshi | 6.36 |
| | **Total** | **76.32** |

2. *Remuneration to Non-Executive Independent Directors:*

   The sitting fees paid to the Independent Directors during Fiscal 2019 is set forth below:

| Sr. No. | Name of Director | Sitting fees paid (in ₹ million) |
|---|---|---|
| 1. | Ajay Vasantbhai Mehta | 0.30 |
| 2. | Ketan Harshadraj Mehta | 0.50 |
| 3. | Malini Ganesh | 0.50 |
| 4. | Dipak Kamlakar Palkar | 0.50 |
| 5. | Dinesh Babulal Patel | 0.50 |
| 6. | Suresh Natwarlal Patel | 0.10 |
| | **Total** | **2.40** |

**Shareholding of the Directors in our Company**

In accordance with our Articles of Association, the Directors are not required to hold any qualification Equity Shares.

The shareholding of the Directors in our Company as of the date of filing this Draft Red Herring Prospectus is set forth below:

| Name of Director | Number of Equity Shares | Percentage Shareholding (%) |
|---|---|---|
| Kanubhai Mafatlal Patel | 7,627 | 0.01 |
| Brijesh Kanubhai Patel | 7,627 | 0.01 |
| Mrunal Kanubhai Patel | 7,627 | 0.01 |
| Nareshkumar Pranshankar Suthar | 5,333 | 0.01 |
| Suhas Vasant Joshi | 5,333 | 0.01 |

**Interest of Directors**

1. All non-executive Directors and Independent Directors may be deemed to be interested to the extent of sitting fees payable to them for attending meetings of the Board and committees thereof and reimbursement of expenses available to them and commision payable to them as approved by the Board. All Executive Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses payable to them as stated in " -*Terms of appointment of the Whole-time Directors*", on page 203. The Directors may also be regarded as interested in the Equity Shares, if any, held by them and also to the extent of any dividend payable to them and other distributions in respect of the Equity Shares and the Equity Shares that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters. All of the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into by our Company with any company in which they hold directorships or any partnership firm in which they are partners, as declared in their respective capacity. The Directors may also be regarded as interested in the securities, if any, held by them in the Subsidiaries and also to the extent of any dividend payable to them and other distributions in respect of such securities and the securities of the Subsidiaries that may be subscribed by or allotted to them or the companies, firms and trusts, in which they are interested as directors, members, partners, trustees and promoters.

2. Except as disclosed in this Draft Red Herring Prospectus, the Directors are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to the Directors or to such firm or company in cash or shares or otherwise by any person for services rendered by it or by such firm or company in connection with the promotion or formation of our Company. For further details in relation to the same, see the section "*Financial Statements*", beginning on page 227.

3. Except as stated in the section "*Financial Statements*", beginning on page 227, and this section, none of the Directors have any interest in any property acquired by our Company three years prior to the date of this Draft Red Herring Prospectus, or proposed to be acquired by our Company.

4. Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel and Mrunal Kanubhai Patel have an interest in the promotion of our Company.

5. Except as stated in the section "*Financial Statements*", beginning on page 227, and this section, none of the Directors are interested in any transaction in acquisition of land, construction of building and supply of machinery and do not have any other interest in the business of our Company.

6. Except as disclosed in the section "*Financial Statements* ", beginning on page 227 and the sitting fee or remuneration, no amount or benefit has been paid, or given, within the two years preceding the date of filing of this Draft Red Herring Prospectus or is intended to be paid, or given, to any of the Directors.

7. Further, except in respect of statutory benefits upon termination of their employment in our Company or on retirement, no officer of our Company, including the Directors and the Key Managerial Personnel, have entered into a service contract with our Company pursuant to which they are entitled to any benefits upon termination of employment.

**Changes in our Board in the last three years from the date of the Draft Red Herring Prospectus**

| Name | Date of appointment/ change/cessation* | Reason for change |
|---|---|---|
| Ketan Harshadrai Mehta | March 31, 2018 | Re-appointment as an Independent Director |
| Ajay Vasantbhai Mehta | March 31, 2018 | Re-appointment as an Independent Director |
| Malini Ganesh | March 31, 2018 | Re-appointment as an Independent Director |
| Dipak Kamlakar Palkar | February 17, 2018 | Appointment as an additional Independent Director |
| Dinesh Babulal Patel | February 17, 2018 | Appointment as an additional Independent Director |
| Suresh Natwarlal Patel | February 23, 2019 | Appointment as an additional Independent Director |
| Suhas Vasant Joshi | August 1, 2019 | Re-appointment as a Whole-time director |

* *The Shareholders of the Company have, pursuant to the resolutions passed on September 17, 2019, approved re-appointment of Kanubhai Mafatlal Patel (as Chairman and Managing Director), Brijesh Kanubhai Patel (as Joint Managing Director), Mrunal Kanubhai Patel (as Joint Managing Director) and Nareshkumar Pranshankar Suthar (as Whole-time director), each, with effect from October 1, 2019 up to September 30, 2024.*

**Borrowing Powers of Board**

Pursuant to our Articles of Association, subject to Sections 179 and 180 and other applicable provisions of the Companies Act, our Board may from time to time at its discretion, generally raise loans or borrow money or secure payment of any sum or sums of money so borrowed for the purpose of our Company. The Shareholders, pursuant to a resolution passed at the extra-ordinary general meeting of our Company, held on January 12, 2018, approved the increase in the borrowing powers of our Board to ₹ 40,000 million.

**Corporate Governance**

The corporate governance provisions of the SEBI Listing Regulations will be applicable to the Company immediately upon listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of applicable regulations, including the SEBI Listing Regulations, the Companies Act and the SEBI Regulations, in respect of corporate governance, including constitution of the Board and committees thereof, and formulation and adoption of policies. The corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management team and constitution of the Board committees, as required under law.

The Board has been constituted in compliance with the Companies Act, 2013, the SEBI Listing Regulations and in accordance with best practices in corporate governance. The Board functions either as a full board, or through various committees constituted to oversee specific operational areas. The executive management of our Company provides the Board with detailed reports on its performance periodically.

Currently, the Board has 11 Directors, comprising of five executive Directors and six Independent Directors, of which one director is a woman Independent Director.

**Committees of the Board**

In addition to the committees of the Board detailed below, the Board of Directors may, from time to time, constitute committees for various functions.

***Audit Committee***

The members of the Audit Committee are:

1. Ketan Harshadrai Mehta, *Chairperson*;
2. Ajay Vasantbhai Mehta;
3. Mrunal Kanubhai Patel;
4. Dipak Kamlakar Palkar;
5. Malini Ganesh; and
6. Suresh Natwarlal Patel.

The Audit Committee was constituted by a meeting of the Board held on March 31, 2015 and re-constituted, pursuant to a circular resolution passed by the Board on April 18, 2019 and by meetings of the Board held on December 28, 2015 and May 5, 2018. The terms of reference of the Audit Committee were revised pursuant to the resolution passed by the Board on May 5, 2018. The scope and function of the Audit Committee is in accordance with Section 177 of the Companies Act, 2013 and the SEBI Listing Regulations, and its terms of reference include the following:

(a) Overseeing our Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

(b) Recommending to the Board, the appointment, remuneration and terms of appointment of the statutory auditor of our Company;

(c) Reviewing and monitoring the statutory auditor's independence and performance, and effectiveness of audit process;

(d) Approving payments to statutory auditors for any other services rendered by the statutory auditors;

(e) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

(i) Matters required to be stated in the Director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013;

(ii) Changes, if any, in accounting policies and practices and reasons for the same;

(iii) Major accounting entries involving estimates based on the exercise of judgment by management;

(iv) Significant adjustments made in the financial statements arising out of audit findings;

(v) Compliance with listing and other legal requirements relating to financial statements;

(vi) Disclosure of any related party transactions; and

(vii) Modified opinion(s) in the draft audit report.

(f) Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

(g) Reviewing with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of funds raised through the proposed initial public offer by our Company;

(h) Reviewing and monitoring the auditors independence and performance, and effectiveness of audit process;

(i) Approval or any subsequent modification of transactions of our Company with related parties;

(j) Scrutinising of inter-corporate loans and investments;

(k) Valuation of undertakings or assets of our Company, wherever it is necessary;

(l) Evaluation of internal financial controls and risk management systems;

(m) Establishing a vigil mechanism for directors and employees to report their genuine concerns or grievances;

(n) Reviewing with the management, the performance of statutory auditors, including cost auditors and internal auditors, adequacy of internal control systems;

(o) Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

(p) Discussing with internal auditors on any significant findings and follow up thereon;

(q) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

(r) Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

(s) Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

(t) Reviewing the functioning of the whistle blower mechanism;

(u) Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate; and

(v) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, 2013 or the SEBI Listing Regulations or by any other regulatory authority.

The powers of the Audit Committee include the following:

(a) To investigate any activity within its terms of reference;

(b) To seek information from any employees;

(c) To obtain outside legal or other professional advice; and

(d) To secure attendance of outsiders with relevant expertise, if it considers necessary.

The Audit Committee shall mandatorily review the following information:

(a) Management's discussion and analysis of financial condition and results of operations;

(b) Statement of significant related party transactions (as defined by the Audit Committee), submitted by the management;

(c) Management letters/ letters of internal control weaknesses;

(d) The appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and

(e) Statement of deviations:

    (i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of the SEBI Listing Regulations; and

    (ii) annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of the SEBI Listing Regulations.

The Audit Committee is required to meet at least four times in a year, and not more than 120 days are permitted to elapse between two meetings in accordance with the terms of the SEBI Listing Regulations.

***Nomination and Remuneration Committee***

The members of the Nomination and Remuneration Committee are:

1. Ajay Vasantbhai Mehta; *Chairperson*;

2. Ketan Harshadrai Mehta;

3. Malini Ganesh;

4. Dinesh Babulal Patel;

5. Dipak Kamlakar Palkar; and

6. Suresh Natwarlal Patel.

The Remuneration Committee was constituted by a meeting of the Board held on March 18, 2011 and reconstituted as the 'Nomination and Remuneration Committee', pursuant to a circular resolution passed by the Board on April 18, 2019, and by meetings of the Board held on March 31, 2015 and May 5, 2018. The terms of reference of the Nomination and Remuneration Committee were revised pursuant to the resolution passed by the Board on May 5, 2018. The scope and functions of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The terms of reference of the Nomination and Remuneration Committee include:

(a) Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;

(b) Formulating of criteria for evaluation of the performance of the independent directors and the Board;

(c) Devising a policy on Board diversity;

(d) Identifying persons who qualify to become directors or who may be appointed in senior management in accordance with the criteria laid down, recommending to the Board their appointment and renewal, and carrying out evaluations of every director's performance;

(e) Determining whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors;

(f) Analysing, monitoring and reviewing various human resource and compensation matters;

(g) Determining the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment, and determining remuneration packages of such directors;

(h) Determining compensation levels payable to the senior management personnel and other staff (as deemed necessary), which shall be market-related, usually consisting of a fixed and variable component;

(i) Reviewing and approving compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws;

(j) Performing such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, as amended;

(k) Framing suitable policies and systems to ensure that there is no violation, by an employee of any applicable laws, in India or overseas, including:

    (i) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; or

    (ii) The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003; and

(l) Performing such other activities as may be delegated by the Board and/or specified/provided under the Companies Act, 2013 or the SEBI Listing Regulations, or by any other regulatory authority.

***Stakeholders' Relationship Committee***

The members of the Stakeholders' Relationship Committee are:

1. Ketan Harshadrai Mehta; *Chairperson*

2. Mrunal Kanubhai Patel; and

3. Nareshkumar Pranshankar Suthar

The Stakeholders' Relationship Committee was constituted by the Board at their meeting held on May 5, 2018. The terms of reference of the Stakeholders' Relationship Committee were adopted pursuant to Board resolution dated May 5, 2018. The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and the SEBI Listing Regulations. The terms of reference are as follows:

(a) Considering and resolve grievances of security holders of our Company, including complaints related to transfer of shares, non-receipt of annual report and non-receipt ofdeclared dividends;

(b) Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

(c) Issuing of duplicate certificates and new certificates on split/consolidation/renewal; and

(d) Carrying out any other function as may be decided by the Board or prescribed under the Companies Act, 2013, the SEBI Listing Regulations, as amended or by any other regulatory authority.

***Corporate Social Responsibility Committee***

The members of the Corporate Social Responsibility Committee are:

1. Kanubhai Mafatlal Patel; *Chairperson;*

2. Brijesh Kanubhai Patel; and

3. Ajay Vasantbhai Mehta.

The Corporate Social Responsibility Committee was constituted by the Board at its meeting held on March 31, 2015. The terms of reference of the Corporate Social Responsibility Committee of our Company include the following:

(a) Formulating and recommending to the Board the corporate social responsibility policy of our Company, including any amendments thereto, which shall indicate the activities to be undertaken by our Company, in accordance with Schedule VII of the Companies Act, 2013 and the rules made thereunder;

(b) Recommending the amount of expenditure to be incurred for the corporate social responsibility activities referred to in the corporate social responsibility policy; and

(c) Monitoring the implementation of corporate social responsibility policy from time to time.

***Current Corporate Affairs Committee***

The members of the Current Corporate Affairs Committee are:

1. Brijesh Kanubhai Patel; *Chairperson;*

2. Mrunal Kanubhai Patel;

3. Suhas Vasant Joshi;

4. Kanubhai Mafatlal Patel; and

5. Nareshkumar Pranshankar Suthar.

The Current Corporate Affairs Committee was constituted by the Board at its meeting held on November 13, 2014, and reconstituted by the Board at its meetings held on May 17, 2019 and March 25, 2017. The terms of reference of the Current Corporate Affairs Committee were revised pursuant to the resolution passed by the Board on March 25, 2017. The terms of reference of the Current Corporate Affairs Committee of our Company include the following:

(a) Opening/operating/modifying/altering/closing various bank accounts maintained or to be maintained by our Company;

(b) Review our Company's financial policies, risk assessment and minimization procedures, strategies and capital structure, working capital and cash flow management, and make such reports and recommendations to the Board with respect thereto, as it may deem advisable;

(c) Review banking arrangements and cash management;

(d) Borrow and avail various fund-based and non-fund based facilities, temporary loans, term loans etc. from banks and/or financial institutions as under:

    (i) Sum not exceeding limits approved by the members under section 180(1)(c) of the Companies Act and delegated to Board members and any change in limits of borrowing power of the Board, will be automatically applicable to the Current Corporate Affairs Committee; and

    (ii) For other short term borrowings, sum not exceeding ₹ 500 crore including fund-based and non-fund based limits.

(e) Hypothecating/mortgaging/creating charge on movable and immovable properties/assets of our Company and signing, execute necessary deeds, documents, agreements, writings etc. to avail the said facilities, loans etc.

(f) Accepting/agreeing to modifications/changes in terms and conditions specified by banks and financial institutions;

(g) Investing the surplus funds of our Company in shares, stocks or any other instrument, with any corporate or institution or mutual fund or elsewhere, in the interest of our Company, sum not exceeding ₹ 200 crore;

(h) Giving or cancelling authority to any person/(s) for any legal matter for signing vakalatnama, various papers/documents, as may be required for any legal case;

(i) Opening branch offices and give authority to any person to carry out legal formalities for such offices;

(j) Issuance, modification and cancellation of power of attorney to carry out any commercial transactions of our Company;

(k) Giving or cancelling authority to any person to deal with any government, semi government, corporation or such other department, for any commercial issue or legal compliance of our Company, including registration, filing of periodical forms/returns, papers etc.;

(l) Delegating authorities from time to time to its directors/employees/authorised persons to deal with various banks/financial institutions etc. as and when required for and on behalf of our Company;

(m) Delegating authorities from time to time to its directors/employees/authorised persons to participate in the tender and to sign and execute necessary power of attorney, joint bidding agreement, consortium agreement, memorandum of understanding and such other tender documents etc.;

(n) Delegating authorities from time to time to its directors/employees/authorised persons to sign, execute and to enter into back-to-back agreement, sub contract agreement, rent/lease agreement, service agreement and such other agreement as and when required for day to day affairs of our Company;

(o) Doing such activities which are reasonable for the day-to-day affairs of our Company;

(p) Delegating authorities from time to time to its directors/employees/authorised persons to implement the committee's decisions; and

(q) Carrying out any other function as is mandated by the Board from time to time and/ or enforced by any statutory notification, amendment or modification as may be applicable.

***IPO Committee***

The members of the IPO Committee are:

1. Kanubhai Mafatlal Patel; *Chairperson;*

2. Brijesh Kanubhai Patel;

3. Mrunal Kanubhai Patel;

4. Suhas Vasant Joshi; and

5. Nareshkumar Pranshankar Suthar.

The IPO Committee was constituted by the Board at its meeting held on February 16, 2018 and reconstituted, by meetings of the Board held on May 5, 2018 and September 14, 2019. The terms of reference of the IPO Committee of our Company include the following:

(a) To make applications to the SEBI, RBI, or to any other statutory or governmental authorities in connection with the Offer as may be required and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;

(b) To finalize, settle, approve, adopt and file in consultation with the book running lead managers the draft red herring prospectus with the SEBI, the red herring prospectus and prospectus with the SEBI and RoC and the preliminary and final international wrap (including amending, varying, supplementing or modifying the same, or providing any notices, addenda, or corrigenda thereto, together with any summaries thereof as may be considered desirable or expedient) and take all such actions as may be necessary for the submission and filing of these documents including incorporating such alterations/corrections/ modifications as may be required by SEBI, the RoC or any other relevant governmental and statutory authorities or in accordance with Applicable Laws, in relation to the Offer as finalised by the Company, therein;

(c) To decide in consultation with the selling shareholder(s) and the book running lead managers on the timing, pricing and all the terms and conditions of the Offer, including the price band, Offer Price, Offer Size and to accept any amendments, modifications, variations or alterations thereto;

(d) To appoint and enter into arrangements with the book running lead managers, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, registrars, legal advisors, advertising agency and any other agencies or persons or intermediaries to the Offer and to negotiate and finalise the terms of their appointment, including but not limited to the execution of the mandate letter with the book running lead managers and negotiation, finalization, execution and, if required, amendment of the offer agreement with the book running lead managers;

(e) To take on record the approval of the selling shareholder(s) for offering their Equity Shares in the Offer for Sale;

(f) To authorize the maintenance of a register of holders of the Equity Shares;

(g) To negotiate, finalise and settle and to execute where applicable and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the prospectus, the preliminary international wrap and final international wraps, issue agreement, share escrow agreement, syndicate agreement, underwriting agreement, cash escrow agreement, agreements with the registrar and the advertising agency and all other documents, deeds, agreements and instruments and any notices, supplements and corrigenda thereto, as may be required or desirable in relation to the issue;

(h) To open with the bankers to the Offer such accounts as may be required by the regulations issued by SEBI;

(i) To seek, if required, the consent of the lenders to the Company, parties with whom the Company has entered into various commercial and other agreements, and any other consents that may be required in relation to the Offer;

(j) To open and operate bank accounts in terms of the escrow agreement with a scheduled bank to receive applications along with application monies, handling refunds and for the purposes set out in Section 40(3) of the Companies Act, 2013, as amended, in respect of the Offer, and to authorise one or more officers of the Company to execute all documents/deeds as may be necessary in this regard;

(k) To approve any corporate governance requirements that may be considered necessary by the Board or the IPO Committee or as may be required under the applicable laws or the uniform listing agreement to be entered into by the Company with the relevant stock exchanges, and to approve policies to be formulated under the Companies Act, 2013, as amended and the regulations prescribed by SEBI including the SEBI Regulations (given the proposing listing of the Company);

(l) To authorize and approve, the incurring of expenditure and payment of fees, commission, remuneration and expenses in connection with the Offer;

(m) To determine and finalise the bid opening and bid closing dates (including bid opening and bid closing dates for anchor investors), the floor price/price band for the Offer (including issue price for anchor investors), approve the basis of allotment and confirm allocation/allotment of the Equity Shares to various categories of persons as disclosed in the DRHP, the RHP and the Prospectus, in consultation with the book running lead managers and do all such acts and things as may be necessary and expedient for, and incidental and ancillary to the Issue including any alteration, addition or making any variation in relation to the Offer;

(n) To issue allotment letters/confirmation of allotment notes with power to authorise one or more officers of the Company to sign all or any of the aforestated documents;

(o) To authorize and approve notices, advertisements in relation to the Offer in consultation with the relevant intermediaries appointed for the Offer;

(p) To do all such acts, deeds, matters and things and execute all such other documents, etc., deem necessary or desirable for such purpose, including without limitation, finalise the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;

(q) To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign agreements and/or such other documents as may be required with the NSDL, the CDSL and such other agencies, authorities or bodies as may be required in this connection;

(r) To withdraw the draft red herring prospectus, red herring prospectus and the Offer at any stage, if deemed necessary;

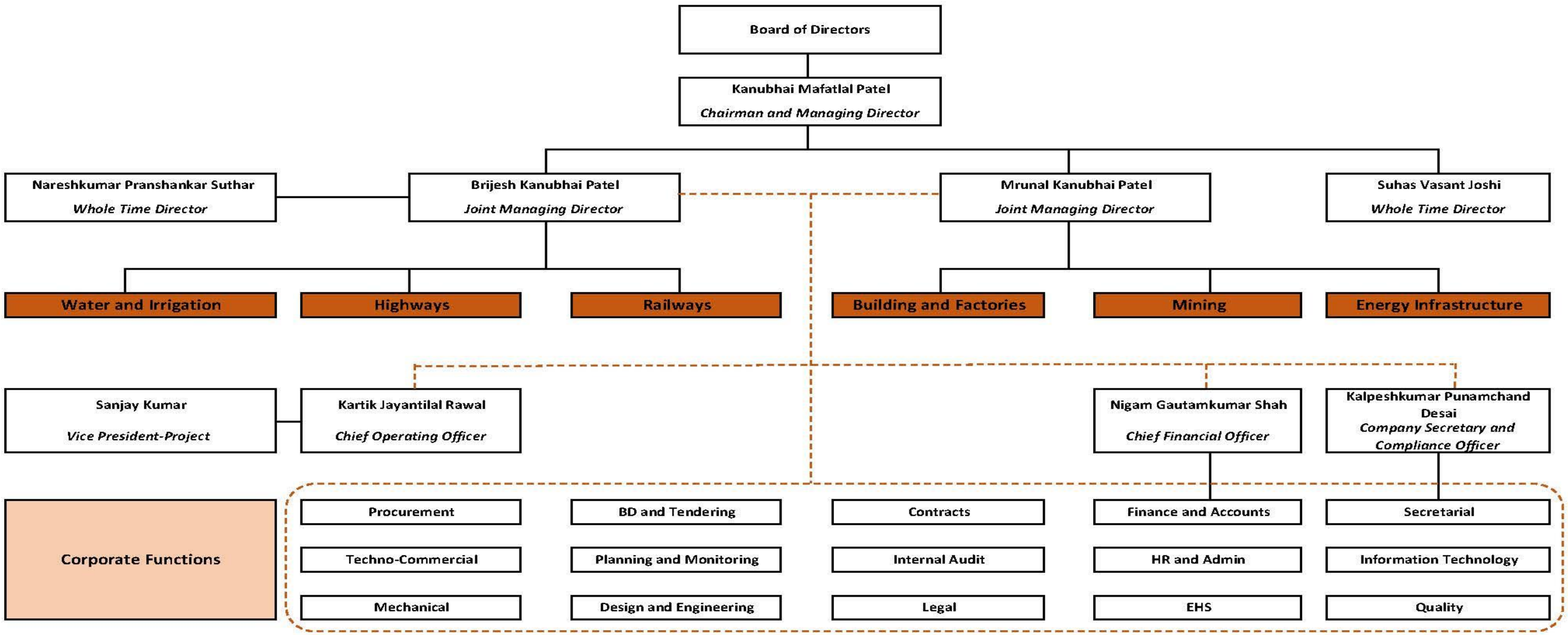
(s) To negotiate, finalise, sign, execute, deliver and complete any and all notices, offer documents (including Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus) agreements, letters, applications, other documents, papers or instruments (including any amendments, changes, variations, alterations or modifications thereto) on behalf of the selling shareholder (as maybe applicable), as the case may be, in relation to the Offer;

(t) To negotiate, decide and finalise the pricing and all other related matters regarding the Pre-IPO Placement, including the execution of the relevant documents with the investors in consultation with the BRLMs and in accordance with applicable laws;

(u) To make applications for listing of the Equity Shares in one or more stock exchange(s) and to execute and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s); and

(v) To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment and matters incidental thereto as it may, deem fit and to delegate such of its powers as may be deemed necessary to the officials of the Company.

*Management Organisation Chart*



**Key Managerial Personnel**

The details of the Key Managerial Personnel of our Company are as follows:

**Kanubhai Mafatlal Patel**, is the Chairman and Managing Director of our Company. For details in relation to the biography of Kanubhai Mafatlal Patel, see " – *Brief Biographies of the Directors*", on page 202**.** During the Fiscal 2019, he was paid a compensation of ₹ 27.60 million.

**Brijesh Kanubhai Patel**, is the Joint Managing Director of our Company. For details in relation to the biography of Brijesh Kanubhai Patel, see " – *Brief Biographies of the Directors*", on page 202**.** During the Fiscal 2019, he was paid a compensation of ₹ 18.00 million.

**Mrunal Kanubhai Patel**, is the Joint Managing Director of our Company. For details in relation to the biography of Mrunal Kanubhai Patel, see "– *Brief Biographies of the Directors*", on page 202**.** During the Fiscal 2019, he was paid a compensation of ₹ 18.00 million.

**Nareshkumar Pranshankar Suthar**, is the Whole-time Director of our Company. For details in relation to the biography of Nareshkumar Pranshankar Suthar, see " – *Brief Biographies of the Directors*", on page 202**.** During the Fiscal 2019, he was paid a compensation of ₹ 6.36 million.

**Suhas Vasant Joshi**, is the Whole-time Director of our Company. For details in relation to the biography of Suhas Vasant Joshi, see "– *Brief Biographies of the Directors*", on page 202**.** During the Fiscal 2019, he was paid a compensation of ₹ 6.36 million.

**Kartik Jayantilal Rawal**, 56, is the Chief Operating Officer of our Company. He holds a bachelor's degree in engineering (civil) from the Sardar Patel University. He has 35 years of experience having worked with Gannon Dunkerely and Company Limited, where he resigned from the post of managing director, prior to joing our Company. He has been associated with our Company since August 13, 2018. During the Fiscal 2019, he was paid a compensation of ₹ 10.90 million.

**Nigam Gautamkumar Shah**, 39, is the Chief Financial Officer of our Company. He holds a bachelor's degree in commerce from the Gujarat University and a post-graduate diploma in management from the Nirma Institute of Management. He is a qualified chartered accountant and an associate member of ICAI. He has over 15 years of experience in the field of finance, corporate affairs, strategy, mergers and acquisitions, international finance reporting, accounts and taxation. He is responsible for finance, accounts, taxation, treasury and corporate strategy functions in our Company. Previously, he has worked with K.C. Associates, Meghmani Organics Limited and ICICI Bank Limited. He has been associated with our Company since June 1, 2008. During the Fiscal 2019, he was paid a compensation of ₹ 5.10 million.

**Kalpeshkumar Punamchand Desai**, 56, is the Company Secretary and Compliance Officer of our Company. He holds a bachelor's degree in commerce and a bachelor's degree in law from the University of Bombay. He is an associate member of ICSI. He has over 28 years of experience in the field of legal and secretarial compliance. He is responsible for the secretarial functions in our Company. Previously, he has worked with Gokul Refoils & Solvent Limited, Nova Petrochemicals Limited and Symphony Limited. He has been associated with our Company since June 1, 2016. During the Fiscal 2019, he was paid a compensation of ₹ 1.82 million.

**Sanjay Kumar**, 48, is the Vice President-Project of our Company. He holds a bachelor's degree in engineering (civil) from the Nagpur University. He has over 24 years of experience in the field of construction and project management of canal, irrigation and road projects. He is responsible for the transport vertical of our Company. Prior to joining our Company, he has worked with Technocrats Construction Company, Baishali Construction & Engineering and Rana Builders Limited. He has been associated with our Company since April 19, 1999. During the Fiscal 2019, he was paid a compensation of ₹ 4.88 million.

None of the Key Managerial Personnel are related to each other except as provided in "– *Relationship between the Directors*", on page 202.

All the Key Managerial Personnel are permanent employees of our Company.

**Shareholding of *Key Managerial* Personnel**

Except as disclosed below, as on the date of this Draft Red Herring Prospectus, none of our Key Managerial Personnel hold any Equity Shares.

| Name of Director | Number of Equity Shares | Percentage Shareholding (%) |
|---|---|---|
| Kanubhai Mafatlal Patel | 7,627 | 0.01 |
| Brijesh Kanubhai Patel | 7,627 | 0.01 |
| Mrunal Kanubhai Patel | 7,627 | 0.01 |

| Name of Director | Number of Equity Shares | Percentage Shareholding (%) |
|---|---:|---:|
| Nareshkumar Pranshankar Suthar | 5,333 | 0.01 |
| Suhas Vasant Joshi | 5,333 | 0.01 |

**Bonus or profit sharing plans**

None of the Key Managerial Personnel are party to any bonus or profit sharing plan of our Company, other than the performance linked incentives given to the Key Managerial Personnel.

**Interests of Key Managerial Personnel**

Except Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel and Mrunal Kanubhai Patel, who are interested in the promotion of our Company as promoters, the Key Managerial Personnel do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them in the ordinary course of business and in the course of performance of their duties. The Key Managerial Personnel may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares held by them in our Company, if any. For further details, in relation to the interests of executive directors of our Company, see "-*Interest of Directors*", on page 206.

**Changes in the Key Managerial Personnel**

The changes in the Key Managerial Personnel in the last three years are as follows:

| Name | Date of change* | Reason for change |
|---|---|---|
| Nawrang Singh | September 29, 2018 | Resignation as Senior Vice President-Building |
| Subrata Sahani | November 30, 2018 | Resignation as Senior Vice President-BD & Tendering |
| Kartik Jayantilal Rawal | August 13, 2018 | Appointment as a Chief Operating Officer |
| Suhas Vasant Joshi | August 1, 2019 | Re-appointment as a Whole-time Director |

* *The Shareholders of the Company have, pursuant to the resolutions passed on September 17, 2019, approved re-appointment of Kanubhai Mafatlal Patel (as Chairman and Managing Director), Brijesh Kanubhai Patel (as Joint Managing Director), Mrunal Kanubhai Patel (as Joint Managing Director) and Nareshkumar Pranshankar Suthar (as Whole-time director), each, with effect from October 1, 2019 up to September 30, 2024.*

**Payment or Benefit to Key Managerial Personnel of our Company**

Except statutory entitlements for benefits upon termination of their employment in our Company or retirement, no officer of our Company, including the Directors and the Key Managerial Personnel, is entitled to any benefits upon termination of employment under any service contract entered into with our Company. Further, except as disclosed in the section "*Financial Statements*", beginning on page 227, and the payment of remuneration or commission for services rendered by our employees and any statutory payments made by our Company, no amount or benefit has been paid or given within the preceding two years or is intended to be paid or given to any of our Company's employees, including the Key Managerial Personnel.

## PROMOTER AND PROMOTER GROUP

### Promoters

As on the date of this Draft Red Herring Prospectus, the Promoters of our Company are Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel, Mrunal Kanubhai Patel and Kanubhai Trust. As on the date of this Draft Red Herring Prospectus, the Promoters, in aggregate, hold 85,479,790 Equity Shares, representing 99.98% issued, subscribed and paid-up Equity Share capital of our Company. For details of the build-up of the Promoters' shareholding in our Company, see the section "*Capital Structure*", beginning on page 71.

### Details of the Promoters

1. **Kanubhai Mafatlal Patel**

Kanubhai Mafatlal Patel, aged 64 years, is the Chairman and Managing Director of our Company. He is a resident Indian national. For further details, see the section "*Management*", beginning on page 198.

The driving license number of Kanubhai Mafatlal Patel is GJ01 20050134882, permanent account number is AEHPP4926P and aadhar card number is 991319348650.

2. **Brijesh Kanubhai Patel**

Brijesh Kanubhai Patel, aged 40 years, is the Joint Managing Director of our Company. He is a resident Indian national. For further details, see the section "*Management*", beginning on page 198.

The driving license number of Brijesh Kanubhai Patel is GJ01 19970023135, permanent account number is ACMPP2166L and aadhar card number is 905564937681.

3. **Mrunal Kanubhai Patel**

Mrunal Kanubhai Patel, aged 35 years, is the Joint Managing Director of our Company. He is a resident Indian national. For further details, see the section "*Management*", beginning on page 198

The driving license number of Mrunal Kanubhai Patel sis GJ01 20020950797, permanent account number is AHGPP4252N and aadhar card number is 462301185004.

4. **Kanubhai Trust**

Kanubhai Trust was formed pursuant to a trust deed dated January 21, 2016. The office of Kanubhai Trust is located at 706, 7th floor, Shilp Complex, Near Municipal Market, C.G. Road, Navrangpura, Ahmedabad - 380 009. The permanent account number of the Kanubhai Trust is AACTK8862A.

Bharat R. Patel is the settlor of Kanubhai Trust.

*Trustees*

The trustees of the Kanubhai Trust, as on the date of this Draft Red Herring Prospectus, are Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel and Mrunal Kanubhai Patel.

*Beneficiaries of Kanubhai Trust*

The beneficiaries of the Kanubhai Trust are Dinaben Kanubhai Patel Trust, Brijesh Patel Family Trust, Mrunal Patel Family Trust, and any beneficiary that may be added in accordance with the trust deed of the Kanubhai Trust. The ultimate beneficiaries of the Kanubhai Trust are Dinaben Kanubhai Patel, Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel, Alpa Brijesh Patel, Jainam Brijesh Patel, Mrunal Kanubhai Patel, Janki Mrunal Patel and Veer Mrunal Patel and any other beneficiary that may be added in accordance with the respective trust deeds of the Dinaben Kanubhai Patel Trust, Brijesh Patel Family Trust and Mrunal Patel Family Trust.

*Objects and Function*

The objectives of the Kanubhai Trust include holding assets settled in Kanubhai Trust and further added thereto, determination of the rights and obligations of the family members of Kanubhai Mafatlal Patel *inter-se*, in the management and control of the family business and other operating entities/assets, provision for matters such as partial or complete exit of a particular family branch from the business, investments etc., carrying on of business activities and, investment of trust funds in shares, securities, any movable and immovable property, with a view to provide an accretion to the funds of the trust for the benefit of its beneficiaries.

Our Company confirms that the permanent account number and bank account numbers of Kanubhai Trust will be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with them.

Our Company confirms that the permanent account number, bank account number and the passport number of our individual promoters, namely, Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel, Mrunal Kanubhai Patel, shall be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with them.

***Material Guarantees issued by Promoters***

Kanubhai Trust, along with Kanubhai Mafatlal Patel, Brijesh Kanubhai Patel and Mrunal Kanubhai Patel, has given guarantee in respect of working capital facilities availed by our Company from a consortium of lenders, pursuant to working capital facility agreement, dated April 7, 2018, to the extent of ₹ 19,900 million. For details regarding loans guaranteed, see "*Financial Indebtedness*" on page 287. In terms of the loan documents, the period of guarantee subsists during the tenure of the relevant facility. Any default or failure by us to repay these loans in a timely manner, or at all, could trigger repayment obligations on the part of our Promoters. For details, see the section "*Financial Indebtedness*", beginning on page 287 and section "*Financial Statements- Note 18 and Note 22*" on page 258.

***Interest in the Company other than as Promoters***

Our Promoter, Kanubhai Mafatlal Patel, is interested in our Company as the Chairman and Managing Director of our Company, to the extent of remuneration and reimbursement of expenses payable to him as stated in " *Management-Terms of appointment of the Whole-time Directors*", on page 203. Further, our Promoters, Brijesh Kanubhai Patel and Mrunal Kanubhai Patel, are interested in our Company as the Joint Managing Directors of our Company, to the extent of remuneration and reimbursement of expenses payable to him as stated in " *Management-Terms of appointment of the Executive Directors*" and "*Management-Interest of directors*" on pages 203 and 206, respectively. Further, the Promoters are interested in our Company to the extent of their respective shareholding in our Company and the dividends receivable, if any, and any other distributions in respect of such shareholding. Additionally, the Promoters have entered into certain related party transactions with the Company. For further details in relation to the same, see the section "*Financial Statements*", beginning on page 227.

***Interest of Promoters in the promotion of our Company***

The Promoters are interested in our Company to the extent that they have promoted our Company and their respective directorship and shareholding in our Company, the Group Companies and the Subsidiaries (as applicable) and the dividends receivable, if any, and any other distributions in respect of such shareholding.

***Interest of Promoters in properties of our Company***

Except as disclosed in this Draft Red Herring Prospectus, the Promoters are not interested in the properties acquired by our Company in the three years preceding the date of filing this Draft Red Herring Prospectus with SEBI or proposed to be acquired by our Company, or in any transaction by our Company for the acquisition of land, construction of building or supply of machinery. For further details in relation to the same, see the section "*Financial Statements*", beginning on pages 227.

***Business Interests***

Except as disclosed in this Draft Red Herring Prospectus, the Promoters are not interested as a member of a firm or company, and no sum has been paid or agreed to be paid to the Promoters or to such firm or company in cash or shares or otherwise by any person for services rendered by it or by such firm or company in connection with the promotion or formation of our Company. For further details in relation to the same, see the section "*Financial Statements*", beginning on page 227.

***Payment or Benefits to Promoters and Promoter Group***

Except as stated in the sections "*Financial Statements*" and "*Management*", beginning on pages 227 and 1 respectively, there have been no payment or benefits to the Promoters or members of the Promoter Group during the two years preceding the filing of this Draft Red Herring Prospectus. Further, except as disclosed below, there is no intention to pay or give any benefit to the Promoter or a member of the Promoter Group as on the date of this Draft Red Herring Prospectus:

The Company shall pay a monthly lease rent at the rate of ₹ 75 per square feet for the property of Montecarlo Asset Holdings LLP, situated at Town Planning Scheme:50 of Bodakdev, Zone: new west, allotted final plot no. 170, near Sindhu Bhawan, Bodakdev, Ahmedabad – 380 058

***Change in the control of our Company***

Kanubhai Trust (represented by Trustees) acquired Equity Shares of our Company on March 20, 2017, March 21, 2017, July 11, 2017 and February 24, 2018. For further details in relation to such acquisition of the Equity Shares of our Company, see the section "*Capital Structure*", beginning on page 71. Other than as aforestated, there has not been any change in the control of our Company in five years immediately preceding the date of this Draft Red Herring Prospectus.

***Promoter Group***

The following individuals and entities constitute the Promoter Group of our Company:

***1. Natural persons forming part of the Promoter Group***

The natural persons who constitute the Promoter Group, other than the Promoters are as follows:

(i) Dinaben Kanubhai Patel;

(ii) Jayantibhai Patel;

(iii) Kailashben Patel;

(iv) Alpa Brijesh Patel;

(v) Janki Mrunal Patel;

(vi) Jaswant Lallubhai Patel;

(vii) Premilaben Jaswantlal;

(viii) Vijay Jasawant Patel;

(ix) Jainam Brijesh Patel;

(x) Pravinkumar Govindlal Patel;

(xi) Devarsh Pravinkumar Patel;

(xii) Ankita P. Patel; and

(xiii) Veer Mrunal Patel.

*The Promoter Group of our Company does not include Govindbhai Mafatlal Patel, brother of Kanubhai Mafatlal Patel, our individual Promoter, or any entity in which Govindbhai Mafatlal Patel may have an interest. There exists a separation agreement dated April 2, 2018 between Govindbhai Mafatlal Patel and Kanubhai Mafatlal Patel.*

***2. Hindu Undivided Families forming part of the Promoter Group***

The Hindu Undivided Families which form part of the Promoter Group, are as follows:

(i) Mrunal Kanubhai Patel (HUF);

(ii) Brijesh Kanubhai Patel HUF;

(iii) Jaswantbhai Lalubhai Patel HUF;

(iv) Lalubhai Punjabhai Patel HUF;

(v) Pravinkumar Govindlal Patel HUF; and

(vi) Jayantibhai M. Patel (HUF).

***3. Entities forming part of the Promoter Group***

The entities which form part of the Promoter Group, are as follows:

(i) Montecarlo Asset Holdings LLP;

(ii) Montecarlo Realty LLP;

(iii) Anand Decorators and Hirers;

(iv) Poonam Plast Industries;

(v) Bhavna Engineering Company Private Limited; and

(vi) Sarjan Infracon Private Limited

***4. Trusts forming part of the Promoter Group***

The trusts which constitute the Promoter Group, other than the Promoters are as follows:

(i) Kanubhai M. Patel Wealth Trust;

(ii) Dinaben Kanubhai Patel Trust;

(iii) Brijesh Patel Family Trust;

(iv) Mrunal Patel Family Trust;

(v) Montecarlo Charitable Trust;

(vi) Meenaxiben Patel Family Welfare Trust;

(vii) Nisrag Charitable Trust; and

(viii) Sarjan Charitable Trust.

# GROUP COMPANIES

*In terms of the SEBI Regulations, Group Companies include such companies (other than promoters and subsidiaries) with which there were related party transactions as disclosed in the Restated Financial Statements, as covered under applicable accounting standards and such other companies as are considered material by the Board. Pursuant to a resolution of our Board dated September 14, 2019, for the purposes of disclosure in connection with the Offer, a company shall be considered material and disclosed as a 'Group Company' in the event it constitutes a part of the related parties of our Company, other than the Subsidiaries of our Company, under the relevant accounting standards, as per the restated financial statements of our Company for the last three Fiscals and also any other companies considered material by the Board.*

The Company has the following Group Companies:

1. BHTPL; and

2. NCL

3. BECPL

***A. Details of the Group Companies are provided below:***

**1.** BHTPL

*Corporate Information*

BHTPL was incorporated as a private company under the name of Bijapur-Hungund Tollway Private Limited on February 22, 2010, under the Companies Act, 1956.

BHTPL is engaged in the business of *inter alia* undertaking, designing, developing, establishing, constructing, erecting, executing, carrying out, commissioning, operating, maintaining, improving, repairing, administering, managing, levying, demanding, collecting and appropriating fee from vehicles and persons liable to payment of fee for using the project / project facility or any part thereof for work of four laning of Bijapur-Hungund section of NH-13 from Km. 102 to Km. 202 in Karnataka under NHDP Phase-III on DBFOT (toll) basis; construction of toll plazas and all other works or conveniences of public or private utility for the purpose of smooth traffic on the road and rendering of all services in connection thereto; entering into contracts, agreements or arrangements with NHAI or any other authority; to carry on contractual basis or assign, convey, transfer, lease or auction right or interest connected therewith; and to carry out any other activity as may be required for implementation and operation of the project.

*Interest of the Promoters*

The Promoters do not directly hold any shares in BHTPL. Our Company directly holds 23,220,800 equity shares of BHTPL, aggregating to 23% of the issued, subscribed and paid-up equity share capital of BHTPL.

*Financial Performance*

The financial information derived from the audited financial results of BHTPL for Fiscals 2019, 2018 and 2017 are provided below:

*(Figures in ₹ million except per share data)*

| **Particulars** | **For Fiscal** | | |
|---|---|---|---|
| | **2019 (Under Ind AS)** | **2018 (Under Ind AS)** | **2017 (Under Ind AS)** |
| Equity capital | 1,009.60 | 1,009.60 | 1,009.60 |
| Other equity/reserves (excluding revaluation reserves) | (1,090.32) | (977.55) | (293.61) |
| Sales | 1,443.75 | 1,286.99 | 1,158.76 |
| Profit/(Loss) after tax | (112.77) | (393.94) | (253.85) |
| Basic earnings per share (in ₹) | (1.12) | (3.90) | (2.51) |
| Diluted earnings per share (in ₹) | (1.12) | (3.90) | (2.51) |
| Net asset value per share (in ₹) | (0.80) | 0.32 | 7.09 |

For further details in relation to the unsecured loans availed by BHTPL from our Company, see the sections "*Financial Statements*" and "*Risk Factors - Our Company has availed certain unsecured loans that are recallable by the lenders at any time*", beginning on page 227 and 47 respectively. Additionally, for further details in relation to the BHTPL

SHA and certain other related aspects, see the section "*History and Certain Corporate Matters-Shareholders' Agreements*" on page 195.

**2. NCL**

*Corporate Information*

NCL was incorporated as a private company under the name of Nitin Construction Company Private Limited on October 10, 1988. Subsequently, its name was changed to Nitin Construction Limited, pursuant to its conversion into a public limited company, and a fresh certificate of incorporation, dated February 28, 1995 consequent to such conversion, was issued by the RoC.

NCL is engaged in the business of *inter alia* execution of contracts pertaining to civil engineering, mechanical engineering, electrical engineering and other contracts of central (public works department), state (public works department) and other governmental departments, local bodies, public undertakings and private parties and in constructing, executing, carrying out, improving, working, developing, administering of control works and conveniences of all kinds, including roads, railways, tramways, docks, harbours, dams, bridges, piers, wharves, canals, reservoirs, embankments, irrigations, reclamation, improvement, sewage, drainage, sanitary, water, gas, electric, light, telephonic, telegraphic and power supply works and factory sheds, hotels, water houses, markets and buildings, private or public.

*Financial Performance*

The financial information derived from the audited financial results of NCL for Fiscals 2018, 2017 and 2016 are provided below:

*(Figures in ₹ million except per share data)*

| Particulars | For Fiscal | | |
|---|---|---|---|
| | 2018 (Under Indian GAAP) | 2017 (Under Indian GAAP) | 2016 (Under Indian GAAP) |
| Equity capital | 5.50 | 5.50 | 5.50 |
| Other equity/reserves (excluding revaluation reserves) | 27.10 | 26.81 | 25.55 |
| Sales | 78.65 | 12.75 | 57.38 |
| Profit/(Loss) after tax | 0.28 | 1.26 | (0.90) |
| Basic earnings per share (in ₹ ) | 0.52 | 2.30 | (1.64) |
| Diluted earnings per share (in ₹) | 0.52 | 2.30 | (1.64) |
| Net asset value per share (in ₹) | 59.27 | 58.75 | 56.45 |

For further details, in relation to the unsecured loans availed by NCL, see the section "*Risk Factors-Our Company has availed certain unsecured loans that are recallable by the lenders at any time*", on page 47 .

Set out below are significant notes of the auditors in relation to the financial statements for the Fiscals 2016[#], 2017[##] and 2018[###] for the last three Fiscals:

[#] Fiscal 2016:

1) In respect of fixed assets:

(a)

(i) Office situated at Golden Triangle, Stadium Road, Navrangpura, Ahmedabad valuing ₹ 111,727/- owned by the Company since last several years. However, the said immovable property is in the possession and use of NCL but yet not transferred in the name of NCL.

(ii) Work shop building and building at sola are constructed on the land not owned by NCL.

(iii) Office at Navneet Plaza is in the name of NCL.

2) NCL has accepted deposits from the public in the previous years and consequently, the directives issued by the Reserve Bank of India, the provisions of Section 73 to 76 or any other relevant provision of the Companies Act, 2013 and rules framed there under are not complied.

3) In respect of the statutory dues:

(a) According to the records of NCL, there were no dues of IncomeTax, Sales Tax, Service Tax, duty of customs, duty of excise, Value Added Tax, Cess except details below which have not been deposited on account of any dispute.

(i) VAT Financial Year 2008-09 ₹ 3,953,954 The appeal of NCL is pending before Deputy Commissioner of Commercial Tax, Appeals 1, Ahmedabad

(ii) Service Tax Financial Year 2009 – 10 to 2013-14 ₹ 4,020,469 NCL has filed before Commissioner Appeal II, Central Excise, Ahmedabad

(iii) Service Tax Financial Year 2009 – 10 to 2013-14 ₹ 4,l 40,869 NCL has filed before Commissioner Appeal II, Central Excise, Ahmedabad.

## *Fiscal 2017:*

1) In respect of fixed assets:

(a)

(i) Office situated at Golden Triangle, Stadium Road, Navrangpura, Ahmedabad valuing ₹ 1,11,727/- owned by NCL since last several years. However, the said immovable property is in the possession and use of NCL but yet not transferred in the name of NCL.

(ii) Work shop building and building at sola are constructed on the land not owned by NCL.

(iii) During the year NCL has constructed shed for machineries at village bhuleshwarpura, Taluka and Dist. Gandhinagar. This land is not in the name of NCL.

2) NCL has accepted deposits from the public in the previous years and consequently, the directives issued by the Reserve Bank of India, the provisions of Section 73 to 76 or any other relevant provision of the Companies Act, 2013 and rules framed there under are not complied.

3) In respect of the statutory dues:

(a) According to the information and explanation given to us and on the basis of our examination of the records, NCL is generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income-Tax, Service Tax, duty of customs, duty of excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, except as shown below, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2017 for a period of more than six months from the date of becoming payable.

Unpaid Service Tax ₹ 1,599,540/-

Unpaid Income Tax Deducted from various expenditure ₹ 97,820/-

(b) According to the records of NCL, there were no dues of Income Tax, Sales Tax, Service Tax, duty of customs, duty of excise, Value Added Tax, Cess except details below which have not been deposited on account of any dispute.

(i) VAT Financial Year 2008-09 ₹ 3,953,954 The appeal is pending before Deputy Commissioner of Commercial Tax, Appeals 1, Ahmedabad

(ii) Service Tax Financial Year 2009 - 10 to 2013-14 ₹ 4,020,469 The Appeal before CESTATE is pending

(iii) Service Tax Financial Year 2009 - 10 to 2013-14 ₹ 4,l 40,869 The Appeal before CESTATE is pending

4) On the basis of verification of records and information and explanation given to us, NCL has not defaulted in repayment of loans and borrowings to bank. However, Bank of Maharashtra has stopped allowing operation in cash credit account of the NCL due to non-submission of details as well as agreeing to certain conditions stipulated by bank. NCL does not have any loans or borrowings from financial institutions government or debenture holders in the books of accounts at any time during the year.

### *Fiscal 2018:*

1) In respect of fixed assets:

(a)

(i) Office situated at Golden Triangle, Stadium Road, Navrangpura, Ahmedabad valuing ₹ 1,11,727/- owned by NCL since last several years. However, the said immovable property is in the possession and use of NCL but yet not transferred in the name of NCL.

(ii) Work shop building and building at sola are constructed on the land not owned by NCL.

(iii) During the year NCL has constructed shed for machineries at village bhuleshwarpura, Taluka and Dist. Gandhinagar. This land is not in the name of NCL.

2) NCL has accepted deposits from the public in the previous years and consequently, the directives issued by the Reserve Bank of India, the provisions of Section 73 to 76 or any other relevant provision of the Companies Act, 2013 and rules framed there under are not complied.

3) In respect of the statutory dues:

(a) According to the information and explanation given to us and on the basis of our examination of the records, NCL is generally regular in depositing undisputed statutory dues including Provident fund, Employees' state insurance, Income-Tax, Service Tax, duty of customs, duty of excise, Value Added Tax, Cess and other statutory dues with the appropriate authorities. According to the information and explanations given to us, except as shown below, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at 31st March, 2018 for a period of more than six months from the date of becoming payable.

Unpaid Service Tax ₹ 16,20,838/-;

Unpaid Income Tax Deducted from various expenditure ₹ 2,60,516/-;

Unpaid GST Rs. 42,11,964

(b) According to the records of NCL, there were no dues of Income Tax, Sales Tax, Service Tax, duty of customs, duty of excise, Value Added Tax, Cess except details below which have not been deposited on account of any dispute.

(i) VAT Financial Year 2008-09 ₹ 3,953,954 The appeal is pending before Deputy Commissioner of Commercial Tax, Appeals 1, Ahmedabad

(ii) Service Tax Financial Year 2009 - 10 to 2013-14 ₹ 4,020,469 The Appeal before CESTATE is pending

(iii) Service Tax Financial Year 2009 - 10 to 2013-14 ₹ 4,l 40,869 The Appeal before CESTATE is pending

**3. BECPL**

*Corporate Information*

BECPL was incorporated as a private company under the name of Bhavna Engineering Company Private Limited on March 21, 2014 under the Companies Act, 1956.

BECPL is engaged in the business of *inter alia* undertaking contracts as engineers and contractors on turnkey basis in all branches of civil engineering, electronic engineering and to undertake construction, engineering assignments of industrial projects, factories, Government establishments, residential complexes, commercial and non commercial complexes, railways, roadways, dams, bridges, water courses, reclamations, sewage canals, water supply and all related work to the construction industry.

*Interest of the Promoter*

BECPL is also a member of the promoter group of our Company.

*Financial Performance*

The financial information derived from the audited financial results of BECPL for Fiscals 2018, 2017 and 2016 are provided below:

*(Figures in ₹ million except per share data)*

| Particulars | For Fiscal | | |
|---|---|---|---|
| | **2018 (Under Indian GAAP)** | **2017 (Under Indian GAAP)** | **2016 (Under Indian GAAP)** |
| Equity capital | 37.50 | 37.50 | 37.50 |
| Other equity/reserves (excluding revaluation reserves) | 55.93 | 38.39 | 26.31 |
| Sales | 830.73 | 633.33 | 425.64 |
| Profit/(Loss) after tax | 17.54 | 12.08 | 10.73 |
| Basic earnings per share (in ₹) | 4.68 | 3.22 | 3.54 |
| Diluted earnings per share (in ₹) | 4.68 | 3.22 | 3.54 |
| Net asset value per share (in ₹) | 24.91 | 20.24 | 17.02 |

***B. Loss making Group Companies***

The following table sets forth the details of our Group Companies which have incurred losses in the last Fiscal and profit/loss made by them in the last three Fiscals:

| Sr. No. | Name of the entity | Loss (amount in ₹ million) for the Fiscal | | |
|---|---|---|---|---|
| | | **2019** | **2018** | **2017** |
| 1. | BHTPL | (112.77) | (393.94) | (253.85) |

***Interest of Group Companies in our Company***

**(a) In the promotion or business interest of our Company**

Except as stated in "*Financial Statements-Note 34- Related Party Transactions*", beginning on page 264, neither BECPL nor NCL has any interest in the promotion or any business interest in our Company. Further, except as stated in "*Financial Statements*" and "*Our Business*", beginning on pages 227 and pages 156, BHTPL (also an Associate of our Company) does not have any interest in the promotion or any business interest in our Company.

***Common Pursuits among the Group Companies or our Associate and our Company***

There are no common pursuits or conflict of interest situations amongst BHTPL and our Company. BECPL and NCL are engaged in activities similar to that of our Company. For details in relation to the the business undertaken by NCL and BECPL, please see "*– NCL – Corporate Information*", on page 222 and "*– BECPL – Corporate Information*", on page 224, respectively. As a result, conflicts of interest may arise in addressing business opportunities and strategies amongst our Company and BECPL and NCL. Further, as our Company does not have any non-compete agreements in place with any of our Group Companies, there is a conflict of interest between our Company and BECPL and our Company and NCL. For further details, see "*Risk Factors-Some of our Group Companies, our Promoters and some of our Directors are involved in ventures that operate in the same line of business as us, which may lead to competition with such persons or entities*", on page 42

***Related Business Transactions within the Group Companies and Significance on the Financial Performance of our Company***

Other than the transactions disclosed in "*Financial Statements*", on pages 227 respectively, there are no other related business transactions between the Group Companies and our Company.

# DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. As on the date of this Draft Red Herring Prospectus, our Company does not have a formal dividend policy.

Declaration of dividend, if any, will depend on a number of factors, including but not limited, to annual operating plans, capital budgets, quarterly and annual results, investments including mergers and acquisitions, legislations impacting business, competition, strategic updates, financial decisions, funding arrangements, macro-economic environment, changes in accounting policies and applicable accounting standards, client related risks, statutory restriction and other factors considered by the Board. The Articles of Association also provides discretion to the Board to declare and pay interim dividends.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under financing arrangements our Company is currently availing of or may enter into, to finance the fund requirements for our business activities. For further details, see the section "*Financial Indebtedness*", beginning on page 287.

Our Company has not declared any dividends in the last three Fiscals and the period between April 1, 2019 and the date of filing of this Draft Red Herring Prospectus.

Our past practices with respect to the declaration of dividends are not necessarily indicative of our future dividend declaration. For details in relation to the risk involved, see "*Risk Factors – Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements and capital expenditures*", on page 50.

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of the Companies Act, the Memorandum of Association and Articles of Association and provisions of SEBI Listing Regulations and other applicable laws.

## SECTION V: FINANCIAL INFORMATION

## FINANCIAL STATEMENTS

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**INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED CONSOLIDATED FINANCIAL INFORMATION**

The Board of Directors
Montecarlo Limited
706, 7th Floor, Shilp Building,
Nr. Municipal Market, CG Road,
Navrangpura,
Ahmedabad 380 009,
Gujarat

Dear Sirs,

1. We have examined the attached Restated Consolidated Financial Information of Montecarlo Limited (the "Company" or the "Issuer") and its subsidiaries (the Company and its subsidiaries together referred to as the "Group") which includes the Group's share of loss in its associate, comprising the Restated Consolidated Statement of Assets and Liabilities as at March 31, 2019, 2018 and 2017, the Restated Consolidated Statement of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Cash Flow Statement for the years ended March 31, 2019, 2018 and 2017, the Summary Statement of Significant Accounting Policies, and other explanatory information and which includes 15 joint operations for the year ended March 31, 2019, 14 joint operations for the year ended March 31, 2018 and 11 joint operations for the year ended March 31, 2017 of the Group accounted on proportionate basis (collectively, the "Restated Consolidated Financial Information"), as approved by the Board of Directors of the Company at their meeting held on September 14, 2019 for the purpose of inclusion in the Draft Red Herring Prospectus ("DRHP") prepared by the Company in connection with its proposed Initial Public Offer of equity shares ("IPO") prepared in terms of the requirements of:

    a) Section 26 of Part I of Chapter III of the Companies Act, 2013 (the "Act");

    b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("ICDR Regulations"); and

    c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended from time to time (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Restated Consolidated Financial Information for the purpose of inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Gujarat in connection with the proposed IPO. The Restated Consolidated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note 2A to the Restated Consolidated Financial Information. The respective Board of Directors of the companies included in the Group and of its associate's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Consolidated Financial Information. The respective Board of Directors are also responsible for identifying and ensuring that the Group and its associate complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined such Restated Consolidated Financial Information taking into consideration:

   a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated September 13, 2019 in connection with the proposed IPO of equity shares of the Company;

   b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

   c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Consolidated Financial Information; and

   d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the proposed IPO.

4. These Restated Consolidated Financial Information have been compiled by the management from:

   a) Audited Consolidated Ind AS financial statements of the Group, its associate and which includes 15 joint operations of the Group accounted on proportionate basis as at and for the year ended March 31, 2019 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 17, 2019.

   b) Audited Consolidated Ind AS financial statements of the Group and its associate as at and for the year ended March 31, 2018 which includes the comparative Ind AS financial statements as at and for the year ended March 31, 2017 prepared in accordance with Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 13, 2018. The Comparative consolidated Ind AS financial statements as at and for the year ended March 31, 2017 have been prepared by making Ind AS adjustments to the audited consolidated financial statements of the Group and its associate as at and for the year ended March 31, 2017, prepared in accordance with the accounting standards notified under the section 133 of the Companies Act, 2013, ("Consolidated Indian GAAP Financial Statements") which was approved by the Board of directors at their meeting held on June 29, 2017.

5. For the purpose of our examination, we have relied on:

   a) Auditors' reports issued by us dated May 17, 2019 and June 13, 2018 on the consolidated financial statements of the Group and its associate as at and for the years ended March 31, 2019 and March 31, 2018 as referred in Paragraph 4 above. The auditor's report on the consolidated Ind AS financial statements of the Company as at and for the year ended March 31, 2018 includes the following Emphasis of Matter paragraph (also refer Note 48 of the Restated Consolidated Financial Information), which does not require any corrective adjustment in the Restated Consolidated

Financial Information:

We draw attention to Note 51 to the consolidated Ind AS financial statements, relating to on-going arbitration proceedings with one of its contractor.

Our report is not modified in respect of this matter.

b) Auditors' Report issued by the Previous Auditors dated June 29, 2017 on the Consolidated Indian GAAP Financial Statements of the Group and its associate as at and for the year ended March 31, 2017, as referred in Paragraph 4 above.

The audit for the financial year ended March 31, 2017 was conducted by the Company's Previous Auditors, and accordingly reliance has been placed on the restated consolidated statement of assets and liabilities and the restated consolidated statement of profit and loss (including other comprehensive income), statements of changes in equity and statement of cash flow, the Summary Statement of Significant Accounting Policies, and other explanatory information (the "2017 Restated Consolidated Financial Information") examined by them for the said year. The examination report included for the said year is based solely on the report submitted by the Previous Auditors. They have also confirmed that the 2017 Restated Consolidated Financial Information:

a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial year ended March 31, 2017 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2019;

b) do not require any adjustment for modification as there is no modification in the underlying audit report; and

c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

6. As indicated in our audit reports referred above:

a) we did not audit the financial information of 14 joint operations included in the consolidated Ind AS financial statements of the Group whose financial information reflects total assets and total revenues included in the consolidated Ind AS financial statements, is tabulated below, which have been audited by other auditors, and whose reports have been furnished to us by the Company's management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these joint operations, is based solely on the reports of the other auditors:

(Rs in million)

| **Particulars** | **As at/ for the year ended March 31, 2018** |
|---|---|
| Total assets | 3,886.93 |
| Total revenues | 9,862.64 |

b) we did not audit financial statements of 4 subsidiaries and an associate whose share of total assets, total revenues, net cash inflows / (outflows) and share of profit/ loss in its associates included in the consolidated financial statements, for the relevant years is tabulated below, which have been audited by other auditors, and whose reports have been furnished to us by the Group's management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these components, is based solely on the reports of the other auditors:

(Rs in million)

| Particulars | As at/ for the year ended March 31, 2019 | As at/ for the year ended March 31, 2018 |
|---|---|---|
| Total assets | 7,712.46 | 1,099.01 |
| Total revenue | 4,857.24 | 768.61 |
| Net cash inflow/ (outflows) | 80.25 | 0.24 |
| Share of profit/ (loss) in its associate | (25.94) | (90.52) |

c) The comparative financial statements for the year ended March 31, 2017 in respect of 2 subsidiaries (which were incorporated during the year ended March 31, 2017) and an associate and the related transition date opening balance sheet as at April 1, 2016 prepared in accordance with the Ind AS and included the consolidated Ind AS financial statements for the year ended March 31, 2018 have been audited by other auditors, whose reports have been furnished to us by the Management and in so far as it relates to the comparative amounts and disclosures included in respect of these subsidiaries and an associate made in the consolidated Ind AS financial statements for the year ended March 31, 2018, is based solely on the reports of the other auditors.

d) The comparative financial information of the Group for the year ended March 31, 2017, which includes its share of loss in associate and the related transition date opening balance as at April 1, 2016 included in the consolidated Ind AS financial statements for the year ended March 31, 2018, have been prepared after adjusting the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS. The previously issued consolidated financial statements were audited by the Previous Auditors whose reports for the years ended March 31, 2017 and March 31, 2016 dated June 29, 2017 and April 25, 2016 respectively expressed an unmodified opinion on those consolidated financial statements. Adjustments made to the previously issued consolidated financial statements to comply with Ind AS have been audited by us.

e) The comparative financial information for the year ended March 31, 2017 is respect of 11 joint operations (three of which were incorporated during the year ended March 31, 2017) and the related transition date opening balance sheet as at April 1, 2016, in respect of 8 joint operations included in Company's standalone Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors, whose reports have been furnished to us by the Management and in so far as it relates to the comparative amounts and disclosures included in respect of these joint operations made in these consolidated Ind AS financial statements, is based solely on the reports of the other auditors.

Our opinion on the consolidated Ind AS financial statements is not modified in respect of these matters.

These other auditors of the joint operations, subsidiaries and associate, as mentioned above, have examined the restated consolidated financial information / restated financial information of such joint operations, subsidiaries and associate and have confirmed that the restated consolidated financial information / restated financial information:

a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2018 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2019;

b) do not require any adjustment for modification as there is no modification in the underlying audit report; and

c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

7. Based on examination report dated September 14, 2019 provided by the Previous Auditors, the audit reports on the consolidated financial statements issued by the Previous Auditors included following other matters:

   a) We did not audit financial statements of an associate whose share of loss included in the Consolidated Financial Statements, for the relevant year is tabulated below, which have been audited by other auditors, and whose reports have been furnished to us by the Group's management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these components, is based solely on the reports of the other auditors:

(Rs in million)

| **Particulars** | **As at/ for the year ended March 31, 2017** |
|---|---|
| Share of loss in its associate | 58.39 |

Our opinion on the consolidated Ind AS financial statements is not modified in respect of this matter.

8. Based on our examination and according to the information and explanations given to us and also as per the reliance placed on the examination report submitted by the Previous Auditors and other auditors for the respective years, we report that the Restated Consolidated Financial Information:

   a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2018 and 2017 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2019;

   b) do not require any adjustment for modification as there is no modification in the underlying audit report; and

   c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

9. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical

Financial Information, and Other Assurance and Related Services Engagements.

10. The Restated Consolidated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the consolidated Ind AS financial statements mentioned in paragraph 4 above.

11. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us or the Previous Auditors, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

12. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

13. Our report is intended solely for use of the Board of Directors for inclusion in the DRHP to be filed with Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited and Registrar of Companies, Gujarat in connection with the proposed IPO. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For Deloitte Haskins & Sells LLP
Chartered Accountants
Firm's Registration No. 117366W/W-100018

Kartikeya Raval
Partner
Membership No. 106189

Place of Signature: Ahmedabad

Date: September 14, 2019

**Montecarlo Limited**

**Restated Consolidated Statement of Assets and Liabilities**

All Amounts are ₹ In Million unless otherwise stated

| Particulars | Note No. | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|---|
| **I. ASSETS** | | | | |
| **1 Non-current assets** | | | | |
| (a) Property, Plant and Equipment | **5** | 3,547.02 | 2,629.99 | 2,810.89 |
| (b) Capital work in progress | **5** | 321.98 | 223.05 | 14.45 |
| (c) Intangible assets | **5** | 153.32 | 86.87 | 97.44 |
| (d) Investments accounted for using the equity method | **6 (a)** | - | 7.37 | 164.68 |
| (e) Financial Assets | | | | |
| (i) Non-current Investments | **6 (b)** | 3.00 | 3.00 | 3.00 |
| (ii) Other Non-current financial assets | **7** | 1,673.30 | 704.96 | 120.52 |
| (f) Deferred tax assets (net) | **8** | 379.12 | 421.48 | 73.31 |
| (g) Other non-current assets | **9** | 616.14 | 229.59 | 26.85 |
| **Total Non-current assets** | | **6,693.88** | **4,306.31** | **3,311.14** |
| **2 Current assets** | | | | |
| (a) Inventories | **10** | 1,759.19 | 1,414.06 | 1,287.64 |
| (b) Financial Assets | | | | |
| (i) Current Investments | **11** | 321.63 | - | - |
| (ii) Trade receivables | **12** | 3,754.89 | 3,247.85 | 3,261.93 |
| (iii) Cash and cash equivalents | **13** | 580.40 | 195.94 | 68.99 |
| (iv) Bank balances other than (iii) above | **13** | 62.08 | 80.81 | 126.73 |
| (v) Other current financial assets | **14** | 2,671.12 | 1,419.45 | 1,864.98 |
| (c) Current tax assets (Net) | **15** | 326.88 | 318.42 | 172.22 |
| (d) Other current assets | **16** | 8,253.18 | 4,958.04 | 4,417.87 |
| **Total Current assets** | | **17,729.37** | **11,634.57** | **11,200.36** |
| **TOTAL ASSETS** | | **24,423.25** | **15,940.88** | **14,511.50** |
| **II. EQUITY AND LIABILITIES** | | | | |
| **1 Equity** | | | | |
| (a) Equity share capital | **17 (a)** | 855.00 | 855.00 | 641.25 |
| (b) Other Equity | **17 (b)** | 6,197.93 | 4,654.96 | 3,374.09 |
| **Equity attributable to owners of the Company** | | 7,052.93 | 5,509.96 | 4,015.34 |
| **Equity attributable to Non-controlling interests** | | - | - | - |
| **TOTAL EQUITY** | | **7,052.93** | **5,509.96** | **4,015.34** |
| **2 Liabilities** | | | | |
| **Non-Current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Long term borrowings | **18** | 2,855.41 | 1,223.34 | 681.38 |
| (ii) Other non-current financial liabilities | **19** | 420.99 | 758.68 | 368.59 |
| (b) Long-term provisions | **20** | 42.97 | 37.23 | 29.82 |
| (d) Other non-current liabilities | **21** | 416.17 | 190.40 | 2,052.80 |
| **Total Non-current liabilities** | | **3,735.54** | **2,209.65** | **3,132.59** |
| **Current liabilities** | | | | |
| (a) Financial Liabilities | | | | |
| (i) Short term borrowings | **22** | 2,158.99 | 2,147.03 | 2,113.02 |
| (ii) Trade payables | | | | |
| -total outstanding dues of micro enterprises and small enterprises | | - | - | - |
| -total outstanding dues of creditors other than micro enterprises and small enterprises | **23** | 5,375.47 | 3,043.51 | 3,091.59 |
| (iii) Other current financial liabilities | **24** | 2,076.22 | 1,698.91 | 1,854.35 |
| (b) Short term provisions | **25** | 38.61 | 30.34 | 21.89 |
| (c) Other current liabilities | **26** | 3,985.49 | 1,301.48 | 282.72 |
| **Total Current liabilities** | | **13,634.78** | **8,221.27** | **7,363.57** |
| **TOTAL LIABILITIES** | | **17,370.32** | **10,430.92** | **10,496.16** |
| **TOTAL EQUITY AND LIABILITIES** | | **24,423.25** | **15,940.88** | **14,511.50** |

See accompanying notes

As per our report of even date

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

sd/-
**Kartikeya Raval**
Partner

**For and on behalf of Board of Directors**
**Montecarlo Limited**
CIN :- U40300GJ1995PLC025082

sd/-
**Kanubhai Mafatlal Patel**
Chairman & Managing Director
DIN: 00025552

sd/-
**Brijesh Kanubhai Patel**
Jt. Managing Director
DIN: 00025479

sd/-
**Mrunal Kanubhai Patel**
Jt. Managing Director
DIN: 00025525

sd/-
**Nigam Gautambhai Shah**
Chief Financial Officer

sd/-
**Kalpesh Punamchand Desai**
Company Secretary & Compliance Officer

**Place : Ahmedabad**
Date : September 14, 2019

**Place : Ahmedabad**
Date : September 14, 2019

**Montecarlo Limited**

**Restated Consolidated Statement of Profit and Losses**
All Amounts are ₹ In Million unless otherwise stated

| | Particulars | Note No. | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|---|---|
| **I** | **Revenue** | | | | |
| | Revenue from Operations | **27** | 24,643.17 | 19,355.12 | 19,794.90 |
| | Other Income | **28** | 403.98 | 107.31 | 71.41 |
| | **Total Income** | | **25,047.15** | **19,462.43** | **19,866.31** |
| **II** | **Expenses** | | | | |
| | Construction Expenses | **29** | 19,767.06 | 15,361.52 | 16,068.80 |
| | Changes in inventory of work-in-progress | **30** | 17.24 | 106.56 | (156.35) |
| | Employee Benefits Expense | **31** | 1,295.89 | 1,149.69 | 1,060.50 |
| | Finance costs | **32** | 799.24 | 678.27 | 516.42 |
| | Depreciation and Amortization Expenses | **5** | 512.99 | 442.70 | 398.38 |
| | Other Expenses | **33** | 589.70 | 471.61 | 461.04 |
| | **Total Expenses** | | **22,982.12** | **18,210.35** | **18,348.79** |
| **III** | **Restated Profit Before Tax** | | 2,065.03 | 1,252.08 | 1,517.52 |
| **IV** | **Tax expense:** | | | | |
| | (1) Current Tax | **45** | 448.75 | 17.94 | 352.86 |
| | (2) Deferred Tax | **45** | 44.10 | (349.22) | (10.38) |
| **V** | **Restated Profit after Tax and before share of loss from Associates (III - IV)** | | **1,572.18** | **1,583.36** | **1,175.04** |
| **VI** | **Restated Share of Loss in Associate** | | (25.94) | (90.61) | (58.39) |
| **VII** | **Restated Profit for the Year (V+VI)** | | **1,546.24** | **1,492.75** | **1,116.65** |
| | **Attributable to :** | | | | |
| | Owners of the Company | | 1,546.24 | 1,492.75 | 1,116.65 |
| | Non-controlling interests | | - | - | - |
| | **Restated Other comprehensive (income)/ loss** | | | | |
| | **Items that will not be reclassified to profit or loss** | | | | |
| | Remeasurements of defined benefit plans | | 5.01 | (2.87) | (11.77) |
| | Income tax related to items that will not be reclassified to profit or loss | | (1.74) | 1.00 | 4.07 |
| **VIII** | **Restated Total other comprehensive (income)/ loss (net of taxes)** | | 3.27 | (1.87) | (7.70) |
| **IX** | **Restated Total comprehensive income for the Year (VII-VIII)** | | 1,542.97 | 1,494.62 | 1,124.35 |
| | Owners of the Company | | 1,542.97 | 1,494.62 | 1,124.35 |
| | Non-controlling interests | | - | - | - |
| **X** | **Earnings per equity share (EPS)** | | | | |
| | Restated Profit attributable to equity shareholders | | 1,546.24 | 1,492.75 | 1,116.65 |
| | Weighted average number of equity shares outstanding during the year (Refer note 39) | | 8,55,00,003 | 8,55,00,003 | 8,55,00,003 |
| | Nominal value of equity share | | 10.00 | 10.00 | 10.00 |
| | Basic and Diluted Earning per Share (EPS) | | 18.08 | 17.46 | 13.06 |

See accompanying notes

As per our report of even date

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

sd/-
**Kartikeya Raval**
Partner

**For and on behalf of Board of Directors**
**Montecarlo Limited**
CIN :- U40300GJ1995PLC025082

sd/-
**Kanubhai Mafatlal Patel**
Chairman & Managing Director
DIN: 00025552

sd/-
**Brijesh Kanubhai Patel**
Jt. Managing Director
DIN: 00025479

sd/-
**Mrunal Kanubhai Patel**
Jt. Managing Director
DIN: 00025525

sd/-
**Nigam Gautambhai Shah**
Chief Financial Officer

sd/-
**Kalpesh Punamchand Desai**
Company Secretary &
Compliance Officer

**Place : Ahmedabad**
Date : September 14, 2019

**Place : Ahmedabad**
Date : September 14, 2019

**Restated Consolidated Statement of Changes in Equity**
All Amounts are ₹ In Million unless otherwise stated

**A. Equity Share Capital**

| Particulars | No. of Shares | Amount |
|---|---|---|
| Balance as at April 1, 2016 | 6,41,25,000 | 641.25 |
| **Changes in equity share capital during the year 2016-17** | | |
| Add: Shares Issued pursuant to the Scheme of Arrangement (Refer note 43) | 3,46,25,002 | 346.25 |
| Less: Share cancelled pursuant to the Scheme of Arrangement (Refer note 43) | (3,46,25,000) | (346.25) |
| Balance as at March 31, 2017 | 6,41,25,002 | 641.25 |
| **Changes in equity share capital during the year 2017-18** | | |
| Add: Bonus Shares issued during the year | 2,13,75,001 | 213.75 |
| Balance as at March 31, 2018 | 8,55,00,003 | 855.00 |
| **Changes in equity share capital during the year 2018-19** | - | - |
| Balance as at March 31, 2019 | 8,55,00,003 | 855.00 |

**B. Other equity**

| Particulars | Reserves and Surplus | | | | |
|---|---|---|---|---|---|
| | Debenture Redemption Reserve | Securities Premium | General Reserve | Retained Earnings | Total |
| **Balance as at April 1, 2016** | **-** | **29.25** | **1,562.00** | **1,023.13** | **2,614.38** |
| Profit attributable to owners of the Company | - | - | - | 1,116.65 | 1,116.65 |
| Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | - | - | - | 7.70 | 7.70 |
| **Total Comprehensive income for the year** | | | | **1,124.35** | **1,124.35** |
| **Transactions during the year** | | | | | - |
| Transfer from / to General Reserve | - | - | 1,000.00 | (1,000.00) | - |
| Utilized during the year for Scheme of Arrangement (Refer note 43) | - | (29.25) | (343.70) | - | (372.95) |
| Profit received as per Scheme of Arrangement (Refer note 43) | - | | | 8.31 | 8.31 |
| **Balance at the end of the year March 31, 2017** | **-** | **-** | **2,218.30** | **1,155.79** | **3,374.09** |
| **Balance as at April 1, 2017** | **-** | **-** | **2,218.30** | **1,155.79** | **3,374.09** |
| Profit attributable to owners of the Company | - | - | - | 1,492.75 | 1,492.75 |
| Other comprehensive income arising from Remeasurement of defined benefit obligation net of income tax | - | - | - | 1.87 | 1.87 |
| **Transactions during the period** | | | | | |
| Transfer to Debenture Redemption Reserve | - | - | - | (225.00) | (225.00) |
| Transfer from Retained earnings | 225.00 | - | - | - | 225.00 |
| Utilised for issue of bonus shares | - | - | (213.75) | - | (213.75) |
| **Balance at the end of the year March 31, 2018** | **225.00** | **-** | **2,004.55** | **2,425.41** | **4,654.96** |
| **Balance as at April 1, 2018** | **225.00** | **-** | **2,004.55** | **2,425.41** | **4,654.96** |
| Profit attributable to owners of the Company | - | - | - | 1,546.24 | 1,546.24 |
| Other comprehensive income arising from Remeasurement of defined benefit obligation net of income tax | - | - | - | (3.27) | (3.27) |
| **Transactions during the period** | | | | | |
| Transfer from Debenture Redemption Reserve | (45.00) | - | 45.00 | - | - |
| **Balance at the end of the year March 31, 2019** | **180.00** | **-** | **2,049.55** | **3,968.38** | **6,197.93** |

See accompanying notes

As per our report of even date

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

sd/-
**Kartikeya Raval**
Partner

**For and on behalf of Board of Directors**
**Montecarlo Limited**
CIN :- U40300GJ1995PLC025082

sd/-
**Kanubhai Mafatlal Patel**
Chairman & Managing Director
DIN: 00025552

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DIN: 00025479

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Jt. Managing Director
DIN: 00025525

sd/-
**Nigam Gautambhai Shah**
Chief Financial Officer

sd/-
**Kalpesh Punamchand Desai**
Company Secretary & Compliance Officer

**Place : Ahmedabad**
Date : September 14, 2019

**Place : Ahmedabad**
Date : September 14, 2019

**Restated Consolidated Statement of Cash Flows**
All Amounts are ₹ In Million unless otherwise stated

| | Particulars | For the year ended March 31, 2019 | For the Year ended March 31, 2018 | For the Year ended March 31, 2017 |
|---|---|---|---|---|
| A | **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| | **Net Profit before Tax** | 2,065.03 | 1,252.08 | 1,517.52 |
| | **Adjustment for:** | | | |
| | Depreciation and Amortisation Expense | 512.99 | 442.70 | 398.38 |
| | Net Loss on sale / disposal of Property, Plant and Equipment | 49.52 | 19.27 | 1.32 |
| | Finance cost | 799.24 | 678.27 | 516.42 |
| | Fair valuation adjustment on retention monies (net) | (5.81) | (8.23) | 31.88 |
| | Provision for Expected Credit Loss | 39.74 | 8.78 | 9.79 |
| | Interest Income on Retention monies | (60.31) | 35.22 | - |
| | (Gain) / loss on account of Foreign exchange fluctuation | (15.79) | 12.37 | (7.14) |
| | Other Interest income | (34.46) | (10.79) | (4.79) |
| | Doubtful debts / advances written off | 22.62 | 18.46 | - |
| | Interest income on service consession receivables | (272.25) | - | - |
| | Income from mutual funds | (4.47) | - | - |
| | **OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES** | 3,096.05 | 2,448.13 | 2,463.38 |
| | **Adjustment For Working Capital Changes:** | | | |
| | Changes in Inventories | (345.12) | (126.43) | (347.79) |
| | Changes in Trade Receivables | (569.41) | (13.16) | (607.31) |
| | Changes in Financial Assets and Other Assets | (5,250.06) | (796.67) | (1,119.79) |
| | Changes in Financial Liabilities and Other Payables | 4,817.84 | (528.41) | 1,784.24 |
| | **CASH GENERATED FROM OPERATIONS** | **1,749.30** | **983.46** | **2,172.73** |
| | Income Taxes paid (Net) | (790.37) | (350.07) | (535.08) |
| | **NET CASH GENERATED FROM OPERATING ACTIVITIES** | **958.93** | **633.39** | **1,637.65** |
| B | **CASH FLOW FROM INVESTING ACTIVITIES:** | | | |
| | Purchase of Property Plant and Equipment, CWIP and Intangible Assets | (1,523.11) | (437.00) | (659.09) |
| | Sale / disposal of Property, Plant and Equipment | 14.51 | 22.68 | 23.13 |
| | Investment in Subsidiaries, Associate and Joint operations | - | - | |
| | (Investment in)/Proceeds from Other Equity of associate | (18.57) | 66.70 | |
| | (Investment in)/Proceeds from current investments | (317.16) | - | |
| | Interest received | 41.50 | 17.51 | 10.94 |
| | Changes in Fixed deposits other than Cash and Cash Equivalents | 62.90 | 42.84 | (24.58) |
| | **NET CASH USED IN INVESTING ACTIVITIES** | **(1,739.93)** | **(287.27)** | **(649.60)** |
| C | **CASH FLOW FROM FINANCING ACTIVITIES:** | | | |
| | Proceeds from Loans | 2,459.41 | 1,352.92 | 500.98 |
| | Repayment of Loans | (647.11) | (996.12) | (706.15) |
| | Net increase in working capital borrowings | 11.96 | 34.01 | (322.17) |
| | Interest and other borrowing cost | (658.80) | (609.98) | (519.21) |
| | **NET CASH GENERATED FROM / (USED IN) FINANCING ACTIVITIES** | **1,165.46** | **(219.17)** | **(1,046.55)** |
| | **NET INCREASE IN CASH AND CASH EQUIVALENTS** | **384.46** | **126.95** | **(58.50)** |
| | **OPENING BALANCE- CASH AND CASH EQUIVALENTS** | **195.94** | **68.99** | **126.93** |
| | Pursuant to the Composite Scheme of Arrangement (Refer note 43) | - | - | 0.56 |
| | **CLOSING BALANCE- CASH AND CASH EQUIVALENTS** | **580.40** | **195.94** | **68.99** |

1. The above Consolidated Statement of Cash Flows has been prepared under the “Indirect Method” as set out in Indian Accounting Standard (Ind AS) - 7 “Statement of Cash Flows”.

2. Cash and cash equivalents comprise of:

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| Balances with banks: | | | |
| - Current Accounts | 575.79 | 193.30 | 66.23 |
| Cash on hand | 4.61 | 2.65 | 2.76 |
| **Cash and cash equivalents as per statement of cash flow** | **580.40** | **195.94** | **68.99** |

**Restated Consolidated Statement of Cash Flows**
All Amounts are ₹ In Million unless otherwise stated

3. Disclosure under para 44A as set out in Ind AS 7 on Statement of Cash Flows is given below:
**Changes in liabilities arising from financing activities**

| Particulars | April 1, 2018 | Cashflow | Other Adjustment | March 31, 2019 |
|---|---|---|---|---|
| Long-term Borrowings(including Current Maturities of Long Term Debt) | 1,778.44 | 1,812.30 | - | 3,590.74 |
| Short-term borrowing | 2,147.03 | 11.96 | - | 2,158.99 |
| Interest and other finance cost accrued but not due | 76.08 | (658.80) | 744.74 | 162.02 |
| | **4,001.55** | **1,165.46** | **744.74** | **5,911.75** |

| Particulars | April 1, 2017 | Cashflow | Other Adjustment | March 31, 2018 |
|---|---|---|---|---|
| Long-term Borrowings(including Current Maturities of Long Term Debt) | 1,421.64 | 356.80 | - | 1,778.44 |
| Short-term borrowing | 2,113.02 | 34.01 | - | 2,147.03 |
| Interest and other finance cost accrued but not due | 7.79 | (609.98) | 678.27 | 76.08 |
| | **3,542.45** | **(219.16)** | **678.27** | **4,001.55** |

| Particulars | April 1, 2016 | Cashflow | Other Adjustment | March 31, 2017 |
|---|---|---|---|---|
| Long-term Borrowings(including Current Maturities of Long Term Debt) | 1,626.81 | (205.17) | - | 1,421.64 |
| Short-term borrowing | 2,435.19 | (322.17) | - | 2,113.02 |
| Interest and other finance cost accrued but not due | 10.58 | (519.21) | 516.42 | 7.79 |
| | **4,072.58** | **(1,046.55)** | **516.42** | **3,542.45** |

See accompanying notes

As per our report of even date

**For DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

sd/-
**Kartikeya Raval**
Partner

**For and on behalf of Board of Directors**
**Montecarlo Limited**
CIN :- U40300GJ1995PLC025082

sd/-
**Kanubhai Mafatlal Patel**
Chairman & Managing Director
DIN: 00025552

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DIN: 00025525

sd/-
**Nigam Gautambhai Shah**
Chief Financial Officer

sd/-
**Kalpesh Punamchand Desai**
Company Secretary & Compliance Officer

**Place : Ahmedabad**
Date : September 14, 2019

**Place : Ahmedabad**
Date : September 14, 2019

**Notes to Restated Consolidated Financial Information**

1. **Corporate Information**
   Montecarlo Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company together with its subsidiary & step down subsidiary Companies (together referred to as "the Group") is engaged in business of Infrastructure Development, Infrastructure for Power Transmission & Distribution, Mining and Property Development.

2. **A. Basis of preparation:**

   The Restated Consolidated Financial Information of the Company and its Subsidiaries (together referred to as "Group") and its Associate have been prepared for the inclusion in the Draft Red Herring Prospectus (DRHP) to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with the proposed Initial Public Offering ('IPO') of equity shares of the Company (referred to as the "Issuer"). The Restated Consolidated Financial Information comprise of the Restated Consolidated Statement of Assets and Liabilities as at 31 March 2019, 31 March 2018, and 31 March 2017, the Restated Consolidated Statement of Profit and Loss, the Restated Consolidated Statement of Cash Flows and the Restated Consolidated Statement of Changes in Equity for the years ended 31 March 2019, 31 March 2018 and 31 March 2017 and Notes thereto (hereinafter collectively referred to as "the Restated Consolidated Financial Information").

   The Restated Consolidated Financial Information have been prepared to comply in all material respects with the requirements of Section 26 of Part I of Chapter III of the Companies Act, 2013 as amended ("the Act"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended from time to time ("SEBI ICDR Regulations") and Guidance Note on Reports in Company Prospectus (Revised 2019) issued by the Institute of Chartered Accountants of India (referred to as "'the Guidance note'").

   The Act and the SEBI ICDR Regulations require the information in respect of the consolidated Assets and Liabilities and consolidated Profit and Loss of the Group and its Associate for the interim / stub period and for each of the three years immediately preceding the date of issue of prospectus. In accordance with SEBI circular number SEBI/HO/CFD/DIL/CIR/P/2016/47, the Company has applied the accounting framework described by Indian Accounting Standard (Ind AS) as notified by Ministry of Corporate affairs pursuant to section 133 of the Act read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 as amended for three annual period ended March 31, 2019, March, 31, 2018 and March 31, 2017.

   These Restated Consolidated Financial Information have been compiled by the management from:

   a) Audited Consolidated Ind AS financial statements of the Group, its associate and which includes 15 joint operations of the Group accounted on proportionate basis as at and for the year ended March 31, 2019 prepared in accordance with the Indian Accounting Standards (referred to as "Ind AS") as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 17, 2019.
   b) Audited Consolidated Ind AS financial statements of the Group and its associate as at and for the year ended March 31, 2018 which includes the comparative Ind AS financial statements as at and for the year ended March 31, 2017 prepared in accordance with Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on June 13, 2018. The Comparative consolidated Ind AS financial statements as at and for the year ended March 31, 2017 have been prepared by making Ind AS adjustments to the audited consolidated financial statements of the Group and its associate as at and for the year ended March 31, 2017, prepared in accordance with the accounting standards notified under the section 133 of the Companies Act, 2013, ("Consolidated Indian GAAP Financial Statements") which was approved by the Board of directors at their meeting held on June 29, 2017.
   c) All amounts have been rounded off to the nearest million with two decimals, except for Earnings Per Share and unless otherwise indicated.

**Notes to Restated Consolidated Financial Information**

The Restated Consolidated Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments (as per Note 50) set out below in accordance with the SEBI ICDR Regulations:

a) Adjustments for audit qualification requiring corrective adjustment in the financial statements, if any;

b) Adjustments for previous years errors identified and adjusted in arriving at the profits or losses of the years to which they relate irrespective of the year in which the event triggering, if any;

c) Adjustments to the profits or losses of the earlier years and of the year in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years, if any;

d) Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the Group and its Associate as per the audited financial statements of the Company, its Subsidiaries and its associate for the year ended 31 March 2019 and the requirements of the SEBI ICDR Regulations, if any;

e) The resultant tax impact due to the aforesaid adjustments, if any.

**B. Functional and presentation currency**

The Functional currency of the Company is Indian Rupees. These restated Consolidated Financial Information are presented in Indian Rupees.

**C. Basis of measurement:**

The Restated Consolidated Financial Information have been prepared on the historical cost basis except for the following:
- certain financial assets and liabilities (including derivative instruments) that are measured at fair value (refer accounting policy regarding financial instruments); and
- employee's defined benefit plan as per actuarial valuation

Fair value measurements under Ind AS are categorized as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group and its Associate can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included in level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the valuation of assets/liabilities.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in accounting policy as mentioned in note 2(f) hitherto in use.

The Company has interests in following joint arrangements as on March 31, 2019, which were formed as AOPs for Infrastructure development:

| No | Name of Entity | Type of Entity | Share |
|---|---|---|---|
| 1 | MCL-KSIPL (JV) | Joint Operation | 90% |
| 2 | MCL-KSIPL (JV) Dhanbad | Joint Operation | 90% |
| 3 | MCL-SIIPL (JV) | Joint Operation | 51% |
| 4 | VPRPL-MCL (JV) | Joint Operation | 40% |

| | | | |
|---|---|---|---|
| 5 | MCL-LAXYO-VNR (JV) | Joint Operation | 78% |
| 6 | MCL-BEL BIHAR (JV) | Joint Operation | 90% |
| 7 | MCL-JBPL Rajasthan (JV) | Joint Operation | 60% |
| 8 | Montecarlo- JPCPL (JV) | Joint Operation | 95% |
| 9 | Montecarlo-Laxyo-Technocom (JV) | Joint Operation | 84% |
| 10 | MCL-KSIPL (JV) Gurjanpalli | Joint Operation | 51% |
| 11 | MCL-BEL Gorakhpur (JV) | Joint Operation | 90% |
| 12 | MCL-BECPL MP (JV) | Joint Operation | 60% |
| 13 | MCL-PREMCO-ALCON AP (JV) | Joint Operation | 72% |
| 14 | MCL-ITL ODISHA (JV) | Joint Operation | 95% |
| 15 | MCL–ITL MH (JV) | Joint Operation | 60% |

**Classification of joint arrangements**

The joint arrangements in relation to above joint operations require unanimous consent from all parties for relevant activities. Thus, the above entities are classified as joint operations and the Company recognises its direct right to the jointly held assets, liabilities, revenue and expenses in its Restated Consolidated Financial Information.

**3. Basis of Consolidation:**

(a) The Restated Consolidated Financial Information have been prepared on the following basis:

The Restated Consolidated Financial Information comprise the financial statements of the Parent and its subsidiary companies where Control exists when the Parent is exposed to, or has rights, to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The financial statements of subsidiary companies are included in these Restated Consolidated Financial Information from the date that control commences until the date that control ceases.

Upon loss of control, the Group and its Associate derecognize the assets and liabilities of the subsidiary companies, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in the Consolidated Statement of Profit and Loss. If the Company retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity accounted investee depending on the level of influence retained.

Investment in Associate Company has been accounted under the equity method as per Ind AS 28 –'Investment in Associates'.

Restated Consolidated Financial Information are prepared using uniform accounting policies for like transactions and other events in similar circumstances. The financial statements of each of the subsidiaries used for the purpose of consolidation are drawn up to same reporting date as that of the Parent Company, i.e., period ended on March 31, 2019.

(b) Entities considered for consolidation for the year ended March 31, 2019

| No | Name of Entity | Type of Entity | Holding / Controlling Share |
|---|---|---|---|
| 1 | Montecarlo Projects Limited | Subsidiary Company | 100% |
| 2 | Montecarlo Barjora Mining Private Limited | Step down subsidiary Company | 100% |
| 3 | Montecarlo Singhara Binjhabahal Highway Private Limited | Step down subsidiary Company | 100% |
| 4 | Montecarlo Hubli Haveri Highway Private Limited | Step down subsidiary Company | 100% |

| | | | |
|---|---|---|---|
| 5 | Bijapur Hungud Tollway Private Limited | Associate Company | 23% |

**Consolidation Procedures:**

i) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries.

ii) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary.

iii) Eliminate in full intra group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group and its Associate (profits or losses resulting from intra group transactions that are recognized in assets, such as inventory and property, plant and equipment, are eliminated in full).

iv) The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate is initially recognized at cost and the carrying amount is increased or decreased to recognize the investor's share of profit or loss of the investee after the acquisition date.

**4. Significant Accounting Policies**

**a) Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses. Cost includes purchase price and all other attributable costs of bringing the asset to working condition for intended use. Financing costs relating to borrowed funds attributable to acquisition of Property, Plant and Equipment are also included, for the period till such asset is ready for intended use.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss.

Depreciation on Property, Plant and Equipment is provided on the Straight Line Method (SLM) over the useful life of the assets as prescribed under Schedule II to the Companies Act, 2013. In respect of the Property, Plant and Equipment purchased during the year, depreciation is provided on pro rata basis from the date on which such asset is ready to be put to use. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any such change in the estimate accounted for on a prospective basis.

The estimated useful lives of items of Property, Plant & Equipment as prescribed in Schedule II of Companies Act, 2013 are as follows:

| Asset Class | Useful life (in years) |
|---|---|
| Buildings | 3 - 60 |
| Plant and Machinery | 8 - 15 |
| Computers | 3 - 10 |
| Office Equipment | 5 - 10 |
| Furniture and Fixtures | 10 |
| Electrical Installation | 10 |
| Vehicles | 8 - 12 |

An item of Property, Plant and Equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of

Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

**b) Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are measured on initial recognition at cost and carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight line basis over the estimated useful life. Intangible Assets mainly consists of Computer Softwares having estimated useful lives of 6-10 years.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognised in profit or loss when the asset is derecognised.

**c) Foreign Currency Transactions**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Exchange differences on monetary items are recognized as income or as expenses in the period in which they arise except for exchange differences on foreign currency borrowings related to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

**d) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized in the profit or loss in the year in which they are incurred.

**e) Impairment of Tangible and Intangible Assets**

At the end of each reporting period, the Group and its Associate reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group and its Associate estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

**f) Revenue Recognition**

Effective April 1, 2018, the Group and its Associate adopted Ind AS 115 “Revenue from Contracts with Customers”, using the cumulative catch up transition/modified retrospective method, applied to contracts that were not completed as of April 1, 2018.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Group and its Associate expects to receive in exchange for those products or services.

The Group and its Associate exercise judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. The Group and its Associate consider indicators such as how customer consumes benefits as services are rendered or who controls the asset as it is being created or existence of enforceable right to payment for performance to date and alternate use of such product or service, acceptance of delivery by the customer, etc.

In respect of fixed-price contracts, revenue is recognised using percentage-of-completion method (‘POC method’) of accounting based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The said measurement is carried considering the surveys of performance completed to date and appraisals of results achieved.

In respect of revenue from property development, revenue is recognised at the time when the legal title of the asset is passed on to the customer, which indicates that the customer has obtained control of the asset.
Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Unbilled Revenues are recognised when there is excess of revenue earned over billings on contracts. Contract Revenue includes net effect of changes in unbilled revenue at the beginning and end of the year.

Contract assets in the nature of unbilled revenues are initially recognised for revenue earned from Infrastructure development and mining operations as receipt of consideration is conditional on successful completion of performance obligation. Upon fulfilment of performance obligation and acceptance by the customer, the amounts recognised as unbilled revenues are reclassified to Trade Receivables.

**Other income:**
Other income is comprised primarily of interest income, insurance income, gain on foreign exchange fluctuations, and miscellaneous income.
Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable effective interest rate.
Insurance income and other miscellaneous income is recognized when it is probable that the economic benefits will flow to the Group and its Associate and the amount of income can measured reliably.

**g) Service Concession arrangements**

The Group and its Associate construct or upgrade Infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Ind AS 115, for Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The financial asset model is used to the extent the Group and its Associate has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. If the Group and its Associate performs more than one service (i.e. construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

In the financial assets model, the amount due from the grantor meets the identification of the receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest on that amount is calculated using the effective interest method. Any asset carried under concession arrangement is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial assets expire.

**h) Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on weighted average cost basis, except for certain in-house developed materials which are valued on standard cost basis, which is periodically assessed for any revision based on any material fluctuations in the prices of the components.

Inventories of Property Development are valued at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**i) Employee Benefits:**

**Defined benefit plans:**
The Group has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees through Group Gratuity Scheme of Life Insurance Corporation of India. The Group accounts for the liability for the gratuity benefits payable in future based on an independent actuarial valuation carried out using Projected Unit Credit Method considering discounting rate relevant to Government Securities at the Balance Sheet Date.
Defined benefit costs in the nature of current and past service cost and net interest expense or income are recognized in the statement of profit and loss in the period in which they occur. Actuarial gains and losses on re-measurement are reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur and are reflected immediately in retained earnings and not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment.

**Defined Contribution plan:**
Retirement Benefits in the form of Provident Fund, which is a defined contribution scheme, are charged to the Statement of Profit and Loss for the period in which the contributions to the fund accrue.

**Compensated Absences:**
Provision for Compensated Absences and its classifications between current and non-current liabilities are based on independent actuarial valuation. The actuarial valuation is done as per the projected unit credit method as at the reporting date.

**Short term employee benefits:**
They are recognised at an undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered.

**j) Taxes on Income**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income tax Act 1961, and based on the expected outcome of assessments/appeals. Current income tax assets and current income tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Group and its Associate’s financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences including the temporary differences associated with investments in subsidiaries and associates except where the Group and its Associate is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on the tax rates and tax laws that have been enacted or substantially enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group and its Associate expect, at the end of reporting period, to recover or settle the carrying amount of its assets and liabilities.

**k) Segment Reporting**

Considering the nature of Group and its Associate's business and operations, as well as based on reviews of operating results by the chief operating decision maker to make decisions about resource allocation and performance measurement, there are two reportable segments: (i) Infrastructure Development and (ii) Mining in accordance with the requirements of Ind AS-108-"Operating Segments", prescribed under Companies (Indian Accounting Standards) Rules, 2015.

**l) Provisions, Contingent Liabilities & Contingent Assets**

A provision is recognized when the Group and its Associate has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent Liabilities are not provided for and are disclosed by way of notes.

Contingent Assets are not recognized, but disclosed in the financial statements, if an inflow of economic benefits is probable.

**m) Financial instruments**

Financial assets and/or financial liabilities are recognised when Group and its Associate becomes party to a contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction values and where such values are different from the fair value, at fair value. Transaction costs that are attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from as the case may be, the fair value of such assets or liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The financial assets and financial liabilities are offset and presented on net basis in the Balance Sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

**(i) Financial assets:**

**i. Initial recognition and measurement of financial assets**
All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets that are not at fair value through profit or loss are added to the fair value on initial recognition.

**ii. Subsequent measurement of financial assets**
The subsequent measurement of financial assets depends on their classification, as described below:

**Financial assets at amortized cost:**

A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the above conditions mentioned in "Financial assets at amortised cost" are met. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**Financial assets at fair value through profit or loss:**

FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as at FVTPL.

**iii. De-recognition of financial assets**
A financial asset is de-recognized when the contractual rights to the cash flows from the financial asset expire or the Group and its Associate has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group and its Associate has transferred substantially all the risks and rewards of the asset, or (b) the Group and its Associate has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and its Associate has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and its Associate continues to recognize the transferred asset to the extent of the Group and its Associate's continuing involvement. In that case, the Group and its Associate also recognize an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and its Associate has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and its Associate could be required to repay.

**iv. Impairment of financial assets**
The Group and its Associate recognize loss allowances using the expected credit loss (ECL) model for the financial assets. The expected credit loss allowance is based on the ageing of the receivables that are due and allowance rates used in the provision matrix. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The amount of expected credit losses (or

reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit or loss.

**(ii) Financial liabilities:**

**i. Initial recognition and measurement of financial liabilities**
The Group and its Associate's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. All financial liabilities are recognised initially at fair value, in case of loan and borrowings and payables, fair value is reduced by directly attributable transaction costs.

**ii. Subsequent measurement of financial liabilities**
The subsequent measurement of financial liabilities depends on their classification, as described below:

**• Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss (FVTPL).
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses on changes in fair value of such liability are recognised in the statement of profit or loss.

**• Loans and Borrowings**

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

**• Financial liabilities at amortised cost**

Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of each subsequent accounting period. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on effective interest method. Interest expenses that is not capitalized as part of cost of an asset is included in the 'finance cost' line item.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

**• Financial guarantee contracts**

Financial guarantee contracts issued by the Group and its Associate are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

**iii. Derecognition of financial liabilities**
A financial liability (or a part of a financial liability) is derecognised from its balance sheet when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

### n) Lease

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**As lessor**

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group and its Associate's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group and its Associate's net investment outstanding in respect of the leases.

Rental income from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group and its Associate’s expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

**As lessee**

Assets held under finance leases are initially recognised as assets of the Group and its Associate at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group and its Associate's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Rental expense from operating leases is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### o) Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

### p) Standards in issue but not yet effective on the balance sheet date:

Ministry of Corporate Affairs ("MCA"), through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind ASs which the Group and its Associate shall apply from April 1, 2019, as applicable:

**Ind AS 116 – Leases**

Ind AS 116 will replace the existing leases standard, Ind AS 17 Leases. Ind AS 116 sets out the principles for the Recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lessee accounting model for lessees. A lessee recognises right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17. The Group and its Associate will adopt Ind AS 116, effective annual reporting period beginning April 1, 2019. The Group and its Associate will apply the standard to its leases, retrospectively, with the cumulative effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Group and its Associate will not restate comparative information, instead, the cumulative effect of initially applying this Standard will be recognised as an adjustment to the opening balance of retained earnings as on April 1, 2019. On that date, the Group and its Associate will recognise a lease liability measured at the present value of the remaining lease payments. The right-of-use asset will be recognised at its carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. In accordance with the standard, the Group and its Associate will elect not to apply the requirements of Ind AS 116 to short-term leases and leases for which the underlying asset is of low value.

On transition, the Group and its Associate will be using the practical expedient provided the standard and therefore, will not reassess whether a contract, is or contains a lease, at the date of initial application.

With effect from April 1, 2019, the Group and its Associate will recognise new assets and liabilities for its operating leases of premises and other assets. The nature of expenses related to those leases will change from lease rent in previous periods to (a) amortization charge for the right-to-use asset, and (b) interest accrued on lease liability.

Previously, the Group and its Associate recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised, if any.

As a lessor, sublease shall be classified as an operating lease if the head lease is classified as a short term lease. In all other cases, the sublease shall be classified as a finance lease.

The Company is in the process of finalizing the impact of adoption of Ind AS 116 to its Financial Statements.

**Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment clarifies that an entity shall recognize income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group and its Associate will apply this amendment for annual reporting periods beginning on or after 1st April, 2019. The impact on the Restated Consolidated Financial Information is being evaluated.

The amendment to Appendix C of Ind AS 12 clarifies how to apply the recognition and measurement principles while recognizing current tax, deferred tax, taxable profits (losses), tax bases, unused tax losses, unused tax credits and tax rates when there is uncertainty over tax treatments under Ind AS 12. As per the Appendix, the Group and its Associate need to assess whether it is probable that a tax authority will accept an uncertain tax treatment used or a treatment which is being proposed to be used in its income tax filings. The Appendix will be applied retrospectively with the cumulative effect of its initial application on the opening balance sheet as on 1st April, 2019. The impact of the Appendix on the Restated Consolidated Financial Information, as assessed by the Group and its Associate, is expected to be not material.

**Ind AS 109 – Prepayment Features with Negative Compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Group and its Associate do not expect this amendment to have any impact on its financial statements.

**Ind AS 19 – Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group and its Associate do not expect this amendment to have any significant impact on its financial statements.

**Ind AS 23 – Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalization rate on general borrowings. The Group and its Associate do not expect any impact from this amendment.

**Ind AS 28 – Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Group and its Associate do not currently have any long-term interests in associates and joint ventures, to which the equity method is not applied.

**Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Group and its Associate will apply the pronouncement if and when it obtains control of a business that is a joint operation.

## 5. Significant Accounting judgments, estimates and assumptions:

The application of the Group and its Associate's accounting policies as described in Notes to the Restated Consolidated Financial Information, in the preparation of the Group and its Associate's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis and any revisions thereto are recognized in the period in which they are revised or in the period of revision and future periods if the revision affects both the current and future periods. Actual results may differ from these estimates which could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Estimates and assumptions**

**Key Sources of estimation uncertainty:**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Group and its Associate. Such changes are reflected in the assumptions when they occur.

**(i) Useful lives of property, plant and equipment:**

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset. (Refer note no. 5 for details of value of property, plant and equipment and its depreciation.)

**(ii) Fair value measurement of financial instruments**

In estimating the fair value of financial assets and financial liabilities at transaction date, the Group and its Associate uses market observable data to the extent available. Where such Level 1 inputs are not available, the Group and its Associate establishes appropriate valuation techniques and inputs to the model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

**(iii) Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Information about the various estimates and assumptions made in determining the present value of defined benefit obligations are disclosed in Note 36.

**(iv) Taxes**

Significant management judgement is required to determine the amounts of current taxes, deferred taxes and tax credits that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. (Refer Note 8 & 45)

**(v) Provision for estimated losses on onerous contracts:**

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received. Determining the provision for onerous contracts involves significant estimates related to quantity of materials required, the prices of such material, estimated labour cost, overheads to be incurred, likely timing of completion of the project, contingency provision etc.

**(vi) Impairment of financial assets:**

The impairment provision for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company’s past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**Montecarlo Limited**

**Notes to Restated Consolidated Financial Information**

**Note 5 - Property, Plant & Equipment, Capital work-in-progress and Intangible Assets**
All Amounts are ₹ In Million unless otherwise stated

| Gross Carrying Amount | Property, Plant & Equipment | | | | | | | | | Capital Work in progress | Intangible Assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Land | Building | Plant & Machinery | Vehicles | Office Equipment | Computers | Furniture and Fixtures | Electrical Installation | Total | | Computer Software |
| **Deemed Cost / Gross Carrying Amount** | | | | | | | | | | | |
| Balance as at April 1, 2016 (Refer note (e) below) | 143.50 | 86.51 | 1,083.69 | 1,443.42 | 0.67 | 3.59 | 17.33 | 1.35 | 2,780.06 | 174.51 | 35.64 |
| Additions | - | - | 444.62 | 184.42 | 8.81 | 1.46 | - | - | 639.31 | 14.21 | 67.65 |
| Disposals | - | - | (16.39) | (10.63) | - | - | - | - | (27.02) | - | - |
| Transfer from Capital Work in Progress | - | - | 12.22 | 3.20 | - | - | - | - | 15.42 | (15.43) | - |
| Assets received under composite scheme of arrangement (Refer note 43) | - | 0.47 | - | - | - | - | - | - | 0.47 | - | - |
| Assets transferred under composite scheme of arrangement (Refer note 43) | (134.51) | (72.90) | - | - | - | - | - | - | (207.41) | (158.84) | - |
| **Balance as at 31st March, 2017** | **8.99** | **14.08** | **1,524.14** | **1,620.41** | **9.48** | **5.05** | **17.33** | **1.35** | **3,200.83** | **14.45** | **103.29** |
| Balance as at April 1, 2017 | 8.99 | 14.08 | 1,524.14 | 1,620.41 | 9.48 | 5.05 | 17.33 | 1.35 | 3,200.83 | 14.45 | 103.29 |
| Additions | - | - | 97.34 | 173.44 | 3.31 | 3.66 | - | - | 277.75 | 223.05 | 0.99 |
| Disposals | (8.99) | - | (26.21) | (13.99) | - | - | - | - | (49.19) | - | - |
| Transfer from Capital Work in Progress | - | - | 10.51 | 3.94 | - | - | - | - | 14.45 | (14.45) | - |
| **Balance as at March 31, 2018** | **-** | **14.08** | **1,605.78** | **1,783.80** | **12.79** | **8.71** | **17.33** | **1.35** | **3,443.84** | **223.05** | **104.28** |
| Balance as at April 1, 2018 | - | 14.08 | 1,605.78 | 1,783.80 | 12.79 | 8.71 | 17.33 | 1.35 | 3,443.84 | 223.05 | 104.28 |
| Additions | 9.78 | 100.95 | 805.85 | 288.57 | - | 52.46 | - | - | 1,257.61 | 321.98 | 79.84 |
| Disposals | - | - | (62.60) | (119.66) | - | - | - | - | (182.26) | - | - |
| Transfer from Capital Work in Progress | - | - | 220.24 | 2.81 | - | - | - | - | 223.05 | (223.05) | - |
| **Balance as at March 31, 2019** | **9.78** | **115.03** | **2,569.27** | **1,955.52** | **12.79** | **61.17** | **17.33** | **1.35** | **4,742.24** | **321.98** | **184.12** |

| Accumulated depreciation | Property, Plant & Equipment | | | | | | | | | Capital Work in progress | Intangible Assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Land | Building | Plant & Machinery | Vehicles | Office Equipment | Computers | Furniture and Fixtures | Electrical Installation | Total | | Computer Software |
| Balance as at April 1, 2016 | - | - | - | - | - | - | - | - | - | - | - |
| Depreciation / amortisation for the year | - | 0.25 | 157.90 | 230.09 | 0.34 | 0.91 | 2.83 | 0.21 | 392.53 | - | 5.85 |
| Disposals | - | - | (1.28) | (1.31) | - | - | - | - | (2.59) | - | - |
| **Balance as at March 31, 2017** | **-** | **0.25** | **156.62** | **228.78** | **0.34** | **0.91** | **2.83** | **0.21** | **389.94** | **-** | **5.85** |
| Balance as at April 1, 2017 | - | 0.25 | 156.62 | 228.78 | 0.34 | 0.91 | 2.83 | 0.21 | 389.94 | - | 5.85 |
| Depreciation / amortisation for the year | - | 0.26 | 183.18 | 242.21 | 1.21 | 1.24 | 2.83 | 0.21 | 431.14 | - | 11.56 |
| Disposals | - | - | (3.66) | (3.57) | - | - | - | - | (7.23) | - | - |
| **Balance as at March 31, 2018** | **-** | **0.51** | **336.14** | **467.42** | **1.55** | **2.15** | **5.66** | **0.42** | **813.85** | **-** | **17.41** |
| Balance as at April 1, 2018 | - | 0.51 | 336.14 | 467.42 | 1.55 | 2.15 | 5.66 | 0.42 | 813.85 | - | 17.41 |
| Depreciation / amortisation for the year | - | 10.22 | 219.41 | 259.52 | 3.21 | 4.25 | 2.79 | 0.20 | 499.60 | - | 13.39 |
| Disposals | - | - | (45.65) | (72.58) | - | - | - | - | (118.23) | - | - |
| **Balance as at March 31, 2019** | **-** | **10.73** | **509.90** | **654.36** | **4.76** | **6.40** | **8.45** | **0.62** | **1,195.22** | **-** | **30.80** |

| Carrying Amount (Net) | Property, Plant & Equipment | | | | | | | | | Capital work-in-progress | Intangible assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Land | Building | Plant & Machinery | Vehicles | Office Equipment | Computers | Furniture and Fixtures | Electrical Installation | Total | | Computer Software |
| As at March 31, 2017 | 8.99 | 13.83 | 1,367.52 | 1,391.63 | 9.14 | 4.14 | 14.50 | 1.14 | 2,810.89 | 14.45 | 97.44 |
| As at March 31, 2018 | - | 13.57 | 1,269.64 | 1,316.38 | 11.24 | 6.56 | 11.67 | 0.93 | 2,629.99 | 223.05 | 86.87 |
| As at March 31, 2019 | 9.78 | 104.30 | 2,059.37 | 1,301.16 | 8.03 | 54.77 | 8.88 | 0.73 | 3,547.02 | 321.98 | 153.32 |

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| Depreciation on Property, Plant and Equipment | 499.60 | 431.14 | 392.53 |
| Amortisation on Intangible Assets | 13.39 | 11.56 | 5.85 |
| **Total :** | **512.99** | **442.70** | **398.38** |

(a) The Company has neither given nor taken any assets on finance lease.

(b) Individual assets of Property, Plant and Equipment has been reclassified wherever necessary.

(c) Refer note 43 for assets received & transferred under composite scheme of arrangement.

(d) Refer note 18.2 & 22.1 for assets pledged as security.

(e) On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment (PPE) recognised as at April 1, 2016 measured as per the previous Indian GAAP and used that carrying value as the deemed cost of the PPE.

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 6 : Investments**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Unquoted Investments (All fully paid) | | | |
| **(a) Investment in Associate company (Refer note 6.4)** | | | |
| i) Bijapur-Hungund Tollway Pvt. Ltd. - Equity (at cost) (Refer note 6.2) | | | |
| March 31, 2019 : 23,220,800 (March 31, 2018 : 23,220,800 and March 31, 2017: 23,220,800 ) Fully Paid up Equity Shares of ₹ 10/- each. | 232.21 | 232.21 | 232.21 |
| ii) Bijapur-Hungund Tollway Pvt. Ltd. - Other equity | 185.38 | 185.38 | 252.08 |
| Less : Accumulated share of loss | (436.16) | (410.22) | (319.61) |
| Net investment / (liability) | **(18.57)** | **7.37** | **164.68** |
| Net liability transferred to note 21 | 18.57 | - | - |
| **Net investment accounted for using the equity method** | **-** | **7.37** | **164.68** |
| **(b) Investment in bonds** | | | |
| Sardar Sarovar Narmada Nigam Limited | 3.00 | 3.00 | 3.00 |
| **Total** | **3.00** | **10.37** | **167.68** |

Note 6.1 : Investment in other Equity includes Investment by way of Sub - ordinate Loan / Interest free Loan given to associate / subsidiary Company, which is accounted as an equity investment as it is perpetual in nature.

Note 6.2 : Company has pledged Nil shares (March 31, 2018: Nil shares and March 31, 2017: 6,037,408 shares) with the lender as collateral security for loan taken by Bijapur-Hungund Tollway Pvt. Ltd.

Note 6.3 : Refer note 34 for Related party transactions and outstanding balances.

Note 6.4 : The Company had filed a Petition No. 78 of 2013 against Bijapur-Hungund Tollway Pvt. Ltd.(BHTPL), Sadbhav Engineering Limited (SEL), Sadbhav Infrastructure Projects Limited (SIPL) (SEL & SIPL being other investors in BHTPL) and present & past directors of BHTPL (herein referred to as "Appellant" under sections 397,398,399,402 and 403 of the Companies Act, 1956) before the Company Law Board (CLB), Mumbai. SIPL had filed an Application to stay proceedings before the CLB and refer the matters to arbitration. The said Application was dismissed by the CLB by Order dated January 8, 2014. SIPL then proceeded to file a Writ Petition before the Hon'ble Gujarat High Court challenging the said Order. The Writ Petition was dismissed by Order dated August 14, 2014. SIPL has filed Letters Patent Appeal No.1070 of 2014 before the Division Bench of the Hon'ble Gujarat High Court against the said Order. The Hon'ble Gujarat High Court has by Order dated September 18, 2014 continued the interim Orders passed during the pendency of the Writ Petition and further directed that the proceedings of Petition No. 78 of 2013 shall not proceed further.

During the current year, the Company has entered into a settlement agreement with SIPL and SEL, pursuant to which all parties have mutually agreed to unconditionally withdraw all disputes against each other and release and discharge all the concerned parties from any claims, rights and demands against each other.

Note 6.5 : The Company has determined the equity value of Bijapur Hungund Tollway Pvt. Ltd. under Ind AS - 36, Impairment of Assets as at March 31, 2019. The said valuation requires significant estimates & judgements to be made by the management with respect to toll rates, traffic estimates, operational costs, inflation adjustments, extention of the concession and appropriate discount rates. The Company's management believes that such estimates are reasonable.On a careful evaluation of the aforesaid factors, the Company's management has concluded that although carrying amount being negative due to higher accumulated share of loss, the recoverable amount of the investment is higher than the cost. However, if these estimates and assumptions change in future, there could be a corresponding impact on the recoverable amount of the investment.

**Note 7 : Other Non current financial assets (Unsecured)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Security deposit / Retention Money | 124.05 | 654.82 | 73.47 |
| Service consession receivables* | 1,543.28 | - | - |
| Fixed Deposits - Maturing after 12 months from reporting date** | 5.97 | 50.14 | 47.05 |
| **Total** | **1,673.30** | **704.96** | **120.52** |

***** The same pertains to receivables from customers with regards to work executed but billing not due based on service consession agreement and financial asset model as described in Appendix D of Ind AS 115 - "Revenue from Contracts with Customers".

** These fixed deposits are not available for immediate use being in the nature of security offered for bids submitted, working capital financing obtained etc.

Note 7.1 : Refer note 34 for Related party transactions and outstanding balances.

Note 7.2 : Fair value of other non current financial assets is not materially different from the carrying value presented.

Note 7.3 : As at March 31, 2019, the Company had discounted retention money with an aggregate carrying amount of ₹ Nil (March 31, 2018 : ₹ 187.19 Million and March 31, 2017 : Nil) with an NBFC for cash proceeds of ₹ Nil (March 31, 2018 : ₹ 186.33 Million and March 31, 2017 : Nil) (net of interest & charges). If the amount is not paid at maturity the bank has right to request the Company to repay unsettled balance. As the Company had not transferred the significant risk and rewards relating to retention money it continued to recognise the full carrying amount of the retention money and had recognised the cash received as secured borrowings.

**Note 8 : Deferred Tax Assets (Net)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| **Deferred tax Liabilities (DTL)** | | | |
| Excess of depreciation and amortization on PPE and Intangible Assets under income tax law over depreciation and amortization provided in accounts | 443.31 | 60.59 | 63.83 |
| Excess of depreciation and amortization on fixed assets under income tax law over depreciation and amortization provided in accounts [Pursuant to the Composite Scheme of Arrangement (Refer note 43)] | - | - | 0.06 |
| Prepaid Expenses | - | - | 1.27 |
| Measurement of financial liabilities at amortised cost | 45.36 | 64.41 | 35.96 |
| **Deferred Tax Assets (DTA)** | | | |
| Provision for Expected Credit Loss | 25.30 | 11.41 | 8.26 |
| Provision for Gratuity | 19.36 | 14.49 | 11.76 |
| Provision for Compensated absences | 9.14 | 9.13 | 6.14 |
| Provision for Bonus | 5.98 | 6.09 | 5.01 |
| Measurement of financial assets at amortised cost | 22.24 | 43.31 | 3.34 |
| Unrealised foreign exchange loss | - | 4.32 | - |
| Unamortised expenditure for Amalgamation u/s 35DD (Refer note 43) | 1.48 | 2.23 | 2.94 |
| MAT Credit Entitlement | 782.99 | 455.50 | 136.96 |
| NCD arranger fees | 1.30 | - | - |
| MAT Credit Entitlement Pursuant to the Composite Scheme of Arrangement (Refer note 43) | - | - | 0.02 |
| **Net Deferred Tax Assets (DTA-DTL)** | 379.12 | 421.48 | 73.31 |

**Notes to Restated Consolidated Financial Information**

All Amounts are ₹ In Million unless otherwise stated

**Note 9 : Other Non current assets**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Security deposit | 24.50 | 16.31 | 8.00 |
| Capital Advances | 58.66 | 27.34 | 18.85 |
| Prepaid Expenses | 13.87 | - | - |
| Advance Income Tax (Net of Provision of ₹ 448.75 Million) (March 31, 2018 ₹ 279.76 Million) | 519.11 | 185.94 | - |
| **Total** | **616.14** | **229.59** | **26.85** |

**Note 10 : Inventories (lower of cost and net realisable value)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| - Construction Material (Refer note 10.1) | 1,389.18 | 1,026.82 | 793.84 |
| - Property Development related Work-in-Progress | 370.01 | 387.24 | 493.80 |
| **Total** | **1,759.19** | **1,414.06** | **1,287.64** |

Note 10.1: Construction material are hypothecated to bank against working capital facility (Refer note 22.1)

Note 10.2 Borrowing cost amounting to ₹ Nil (for the year ended on March 31, 2018 : ₹ 28.50 Million and March 31, 2017 : ₹ 48.72 Million) has been inventorised during the year pertaning to the cost of property development related work-in-progress.

**Note 11 : Current investments**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Investments in Mutual Funds | 321.60 | - | - |
| Investments in Senior Geologist Directorate of Geology and Mining FD | 0.03 | - | - |
| **Total** | **321.63** | **-** | **-** |

**Note 12 : Trade receivables**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Unsecured, considered good | 3,827.29 | 3,280.51 | 3,285.81 |
| Allowance for doubtful debts (expected credit loss allowance) (Refer note 12.3) | (72.40) | (32.66) | (23.88) |
| **Total** | **3,754.89** | **3,247.85** | **3,261.93** |

Note 12.1 Fair value of trade receivables is not materially different from the carrying value presented.

Note 12.2 Trade receivables are hypothecated to bank against working capital facility. (Refer note 22.1)

Note 12.3 Expected Credit Loss Allowance.

(a) The Group and its Associate are having majority of receivables from Government Authorities and regularly receiving dues from its customers. Hence, credit losses in the future are not material. Provision for expected delay in realisation in trade receivables beyond contractual terms is determined using a provision matrix which takes into account available external and internal liquidity risk factors including historical credit loss experience and adjusted for forward looking information. The Group and its Associate uses an estimated economic value based on age of receivables to compute the expected credit loss allowance.

(b) Credit risk / loss arises when a counterparty defaults on its contractual obligations to pay resulting in financial loss to the Group and its Associate.

**Provision of Expected Credit Loss Allowances**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| At the beginning of the year | 32.66 | 23.88 | 14.09 |
| Addition During the year (Refer note 33) | 39.74 | 8.78 | 9.79 |
| **Provision at the end of the year** | **72.40** | **32.66** | **23.88** |

**Note 13 : Cash and Bank Balance**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| **(A) Cash and Cash Equivalents** | | | |
| a) Balance with banks | | | |
| - In Current Accounts | 575.79 | 193.30 | 66.23 |
| b) Cash on hand | 4.61 | 2.64 | 2.76 |
| **Total (A)** | **580.40** | **195.94** | **68.99** |
| **(B) Bank balances other than Cash and Cash equivalents** | | | |
| Fixed Deposits - Maturing within 12 months from reporting date* | 62.08 | 80.81 | 126.73 |
| **Total (B)** | **62.08** | **80.81** | **126.73** |
| **Total (A+B)** | **642.48** | **276.74** | **195.72** |

*These fixed deposits are not available for immediate use being in the nature of security offered for bids submitted, working capital financing obtained etc.

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 14 : Other Current financial assets**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Interest accrued but not due on Fixed deposits | 2.26 | 3.49 | 1.98 |
| Insurance claim receivable | - | - | 31.21 |
| Security deposit / Retention Money | 1,181.16 | 1,415.96 | 1,831.79 |
| Service consession receivables* | 1,487.70 | - | - |
| **Total** | **2,671.12** | **1,419.45** | **1,864.98** |

* The same pertains to receivables from customers with regards to work executed but billing not due based on service consession agreement and financial asset model as described in Appendix D of Ind AS 115 - "Revenue from Contracts with Customers".

Note 14.1 Refer note 34 for Related party transactions and outstanding balances.
Note 14.2 Fair value of other current financial assets is not materially different from the carrying value presented.

**Note 15 : Current tax assets (Net)**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Current tax assets (Advance Tax & TDS) | 326.88 | 318.42 | 769.30 |
| Current tax liabilities | - | - | (597.08) |
| **Current tax assets (Net)** | **326.88** | **318.42** | **172.22** |

**Note 16 : Other current assets**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Prepaid Expenses | 178.65 | 140.64 | 54.81 |
| Balance with Government Authorities | 1,630.81 | 389.28 | 422.35 |
| Security deposit | - | - | 2.14 |
| Advance to Suppliers | 1,000.97 | 630.07 | 1,741.70 |
| Unbilled revenue | 5,439.80 | 3,794.24 | 2,195.28 |
| Other current assets | 2.95 | 3.81 | 1.59 |
| **Total** | **8,253.18** | **4,958.04** | **4,417.87** |

Note 16.1 Refer note 34 for Related party transactions and outstanding balances.

**Note 17 (A) : Share capital**
**i) Authorized, Issued, Subscribed & Paid up Share Capital**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| **Authorised:** | | | |
| 12,50,00,000 Equity shares (March 31, 2018: 12,50,00,000 and March 31, 2017: 82,550,000) of Rs. 10 each | 1,250.00 | 1,250.00 | 825.50 |
| **Issued, Subscribed & fully Paid up :** | | | |
| 8,55,00,003 Equity shares (March 31, 2018 : 8,55,00,003 and March 31, 2017 : 64,125,002) of Rs. 10 each | 855.00 | 855.00 | 641.25 |
| **Total** | **855.00** | **855.00** | **641.25** |

**ii) Reconciliation of the shares outstanding at the end of the year:**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Equity Shares at the beginning of the year | 8,55,00,003 | 6,41,25,002 | 6,41,25,000 |
| Add: Bonus Shares issued during the year | | 2,13,75,001 | - |
| Add: Shares Issued pursuant to the Scheme of Arrangement (Refer note 43) | | | 3,46,25,002 |
| Less: Share cancelled pursuant to the Scheme of Arrangement (Refer note 43) | | | (3,46,25,000) |
| **Equity Shares at the end of the year** | **8,55,00,003** | **8,55,00,003** | **6,41,25,002** |

**iii) Rights of Shareholders and Repayment of Capital**
The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled for one vote per share. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts if any. The distribution will be in proportion to the number of Equity shares held by the share holders.

**iv) Shares with voting rights held by each share holder holding more than 5% Equity shares of the Company:-**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Kanubhai M. Patel, Brijesh K. Patel & Mrunal K. Patel (On behalf of Kanubhai M. Patel Trust) | | | |
| No. of Shares | 8,54,56,909 | 8,54,56,909 | 6,40,91,960 |
| % of Holding | 99.95% | 99.95% | 99.95% |

There are no shares which are reserved to be issued under options and there are no securities issued/ outstanding which are convertible into equity shares.

* Pursuant to Composite Scheme of arrangement between Montecarlo Limited and Group companies of Montecarlo Limited namely Montecarlo Engineering Private Limited, Montecarlo Projects Private Limited, Montecarlo Energy Limited and Montecarlo Infrastructure Limited., were merged into Montecarlo Limited effective from appointed date i.e. April 1, 2016. (Refer note 43)

**v)** Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date.

| Particulars | As at March 31, 2019 |
|---|---|
| Aggregate No. of bonus shares allotted as at March 31, 2015 | 1,02,60,000 |
| Aggregate No. of bonus shares allotted as at March 31, 2016 | 6,15,60,000 |
| Aggregate No. of bonus shares allotted as at March 31, 2017 | 6,15,60,000 |
| Aggregate No. of bonus shares allotted as at March 31, 2018 | 8,29,35,001 |
| Aggregate No. of bonus shares allotted as at March 31, 2019 | 8,29,35,001 |

i) During the year ended on March 31, 2018, the Company issued 21,375,001 bonus shares to the existing share holders in the ratio of 1 share for every 3 shares held by the existing share holders.

ii) During the year ended on March 31, 2016, the Company issued 51,300,000 bonus shares to existing shareholders in the ratio of 4 shares for every 1 share held by them.

iii) During the year ended on March 31, 2015, the Company issued 10,260,000 bonus shares to existing shareholders in the ratio of 4 shares for every 1 share held by them.

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 17 (B) : Other Equity**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| **(i) Retained earnings** | | | |
| Profit & loss | 3,968.38 | 2,425.41 | 1,155.79 |
| **Total Retained Earnings** | **3,968.38** | **2,425.41** | **1,155.79** |
| **(ii) Other Reserves** | | | |
| (a) General reserve | 2,049.55 | 2,004.55 | 2,218.30 |
| (b) Equity security premium | - | - | - |
| (c) Debenture Redemption Reserve | 180.00 | 225.00 | - |
| **Total Other Reserves** | **2,229.55** | **2,229.55** | **2,218.30** |
| **Total (A+B)** | **6,197.93** | **4,654.96** | **3,374.09** |
| **17 (B) (i) Retained earnings** | | | |
| - Balance at the beginning of the year | 2,425.41 | 1,155.79 | 1,023.13 |
| - Profit attributable to owners of the Company | 1,546.24 | 1,492.75 | 1,116.65 |
| - Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | (3.27) | 1.87 | 7.70 |
| - Transfer to Debenture Redemption Reserve | - | (225.00) | - |
| - Transfer to General Reserve | - | - | (1,000.00) |
| - Profit received as per Scheme of Arrangement (Refer note 43) | - | - | 8.31 |
| **Balance at the end of the year** | **3,968.38** | **2,425.41** | **1,155.79** |
| **17 (B) (ii) (a) General Reserve** | | | |
| - Balance at the beginning of the year | 2,004.55 | 2,218.30 | 1,562.00 |
| - Utilized during the year for Scheme of Arrangement (Refer note 43) | - | - | (343.70) |
| - Utilized during the year against issuance of bonus shares | - | (213.75) | - |
| - Addition on account of transfer from Debenture Redemption Reserve | 45.00 | - | - |
| - Addition on account of transfer from Retained Earnings | - | - | 1,000.00 |
| **Balance at the end of the year** | **2,049.55** | **2,004.55** | **2,218.30** |

The General reserve has been created from time to time by transferring profits from retained earning for appropriation purposes. This is a free reserve and can be utilized for various purposes in compliance of Companies Act, 2013.

| | | | |
|---|---|---|---|
| **17 (B) (ii) (b) Equity share premium** | | | |
| Balance at the beginning of the year | - | - | 29.25 |
| Utilized during the year for Scheme of Arrangement (Refer note 43) | | | (29.25) |
| **Balance at the end of the year** | **-** | **-** | **-** |
| **17 (B) (ii) (c) Debenture Redemption Reserve** | | | |
| Balance at the beginning of the year | 225.00 | - | - |
| Transfer to / from general Reserve | (45.00) | 225.00 | |
| Balance at the end of the year | **180.00** | **225.00** | **-** |

a) The Company has issued redeemable non-convertible debentures and created Debenture redemption reserve out of the profits in terms of the Companies (Share capital and Debenture) Rules, 2014 (as amended). The Company is required to maintain a Debenture redemption reserve of 25% of the value of debentures outstanding at year end. The amounts credited to the Debenture redemption reserve may not be utilised by the Company, except to redeem debenture.

**Note 18 : Long Term Borrowings**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| **Long term Borrowings** (Refer note 24 for Current Maturities of Long term Borrowings) | | | |
| a) Secured 9.75% Redeemable Non Convertible Debenture (Refer note 18.1) | 540.00 | 720.00 | - |
| b) Secured-Term loan from banks (Refer note 18.2) | 1,946.31 | 359.47 | 457.58 |
| c) Secured-Term loan from Financial Institutions (Refer note 18.2) | 369.10 | 143.87 | 223.80 |
| **Total** | **2,855.41** | **1,223.34** | **681.38** |

**Note 18.1 Secured 9.75% Redeemable Non Convertible Debenture**

| Face Value per debenture (Rs.) | Date of allotment | Interest % |
|---|---|---|
| Rs. 1,000,000 | 31.Jul.17 | 9.75%. P.a. |

**Repayment Details:**

| Series of NCDs | No. of NCDs issued | Date of redemption |
|---|---|---|
| 975ML19 | 180 | 31.Jul.19 |
| 975ML20 | 270 | 31.Jul.20 |
| 975ML21 | 270 | 30.Jul.21 |

(a) Debentures redeemable within a period of one year of Rs. 180.00 Million are shown under 'Current Maturity of Long Term Borrowings '(Refer No 24 'Other Current Financial Liabilities')
(b) The Debentures are secured by :
  (i) First ranking exclusive charge, created by way of hypothecation over the unencumbered construction equipments, vehicles and other movable assets.
  (ii) Unconditional, irrevocable and continuing personal guarantee from Mr. Kanubhai Mafatlal Patel, Mr. Brijesh Kanubhai Patel & Mr. Mrunal Kanubhai Patel.
(c) Fair value of long term borrowings are not materially different from the carrying value presented.

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 18.2 Long Term Borrowings - Term loans from banks and financial institution (including current maturities) as at March 31, 2019**

**Secured Loans**

| Sr. No. | Lender | Nature of facility | No. of Outstanding Loans | Loan currency | Amount Outstanding As at March 31, 2019 | Balance No. of instalments as at March 31, 2019 | Frequency of Installments |
|---|---|---|---|---|---|---|---|
| 1 | Axis Bank Ltd. | Vehicle Loan | 2 | INR | 0.13 | 3 | Monthly |
| 2 | Axis Bank Ltd. | Construction Equipment Loan | 130 | INR | 270.41 | 4 - 47 | Monthly |
| 3 | Bank of Baroda | Construction Equipment Loan | 5 | INR | 17.35 | 46 | Monthly |
| 4 | CNH Industrial Capital (India) Private Limited | Construction Equipment Loan | 5 | INR | 40.11 | 45 - 47 | Monthly |
| 5 | Daimler Financial Services India Pvt. Ltd. | Construction Equipment Loan | 28 | INR | 62.55 | 18 - 34 | Monthly |
| 6 | HDB Financial Services Ltd. | Construction Equipment Loan | 17 | INR | 13.59 | 10 - 15 | Monthly |
| 7 | HDFC Bank Ltd. | Construction Equipment Loan | 107 | INR | 361.52 | 9 - 47 | Monthly |
| 8 | ICICI Bank Ltd. | Vehicle Loan | 123 | INR | 59.89 | 1 - 47 | Monthly |
| 9 | ICICI Bank Ltd. | Construction Equipment Loan | 46 | INR | 138.72 | 32 - 47 | Monthly |
| 10 | Kotak Mahindra Bank Ltd. | Construction Equipment Loan | 29 | INR | 340.46 | 10 - 46 | Monthly |
| 11 | Srei Equipment Finance Ltd. | Construction Equipment Loan | 20 | INR | 23.02 | 16 - 17 | Monthly |
| 12 | State Bank of India | Vehicle Loan | 1 | INR | 15.16 | 36 | Monthly |
| 13 | Sundaram Finance Ltd. | Construction Equipment Loan | 26 | INR | 16.41 | 9 - 22 | Monthly |
| 14 | Tata Capital Financial Services Ltd. | Construction Equipment Loan | 13 | INR | 16.06 | 10 - 24 | Monthly |
| 15 | Tata Motors Finance Ltd. | Construction Equipment Loan | 19 | INR | 25.61 | 9 - 44 | Monthly |
| 16 | Yes Bank Ltd. | Construction Equipment Loan | 32 | INR | 152.08 | 5 - 46 | Monthly |
| 17 | Andhra Bank | Project Financing Loan | 1 | INR | 467.54 | 26 | Half Yearly |
| 18 | Union Bank of India | Project Financing Loan | 1 | INR | 311.69 | 26 | Half Yearly |
| 19 | Standard Chartered Bank | Project Financing Loan | 1 | INR | 270.39 | 26 | Half Yearly |
| 20 | PTC India Financial Services Ltd | Project Financing Loan | 1 | INR | 268.05 | 26 | Half Yearly |
| | **Total :** | | | | **2,870.74** | | |

(i) All above Loans except Project Financing Loans are secured by exclusive charge on respective Vehicle and/or Construction Equipment. Also the Personal Guarantee of the company's Promoters Mr. Kanubhai M Patel, Mr. Brijesh K Patel and Mr. Mrunal K Patel are provided on respective secured loans.

(ii) Project Financing Loans are secured by exclusive charge on movable assets and current assets of Montecarlo Hubli Haveri Highway Private Limited. Further, 51% shares of Montecarlo Project Limited in Montecarlo Hubli Haveri Highway Private Limited are pledged as security.

(iii) Rate of interest for above Term loans are ranging from 7.03% to 10.50% p.a.

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 19 : Other Non current financial liabilities**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Deposits from vendor / Retention monies | 420.99 | 758.68 | 368.59 |
| **Total** | **420.99** | **758.68** | **368.59** |

Note 19.1 This amount includes deposits from Nitin Construction Limited amounting to ₹ 0.51 Million (March 31, 2018 : ₹ 1.07 Million) and from Bhavna Engineering Limited amounting to ₹ 2.5 Million (March 31, 2018 : Nil). Refer note 34 for Related party transactions and outstanding balances.

Note 19.2 Fair value of deposits from vendor is not materially different from the carrying value presented.

**Note 20 : Long term provisions**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Provision for Gratuity (Refer note 36) | 22.46 | 18.08 | 16.16 |
| Provision for Compensated Absences (Refer note 36) | 20.51 | 19.15 | 13.66 |
| **Total** | **42.97** | **37.23** | **29.82** |

**Note 21 : Other Non current liabilities**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Advances from customers | 397.60 | 190.40 | 2,052.80 |
| Liability towards contribution to Associate (Refer note 21.1) | 18.57 | - | - |
| **Total** | **416.17** | **190.40** | **2,052.80** |

Note 21.1 : As per the shareholders' agreement between Montecarlo Limited and Sadbhav Infrastructure Private Limited, both the shareholders have the obligation to contribute additional equity in the same ration as their existing shareholding in case of requirement.
Considering the terms of the said agreement, the Company have provided its share of losses from the associate in excess of carrying value of Investment (Refer Note 6).

**Note 22 : Short term borrowings**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Secured - borrowings from banks (Refer note 22.1) | 2,127.91 | 1,960.61 | 1,963.02 |
| Secured - borrowings from others | - | 185.70 | - |
| Unsecured - borrowings from banks (Refer note 22.1) | 31.08 | 0.72 | 150.00 |
| **Total** | **2,158.99** | **2,147.03** | **2,113.02** |

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 22.1 : Short term borrowings as on March 31, 2019**
(Secured, unless otherwise stated)

| Sr. No. | Lender | Nature of Facility | Loan Currency | Amount Outstanding | Mode Of Repayment |
|---|---|---|---|---|---|
| 1 | Bank of Baroda | Cash Credit | INR | 37.72 | Repayable on demand |
| 2 | IDBI Bank | Cash Credit | INR | 46.36 | Repayable on demand |
| 3 | IDFC Bank | Cash Credit | INR | 73.87 | Repayable on demand |
| 4 | Karur Vysya Bank | Cash Credit | INR | 16.30 | Repayable on demand |
| 5 | Oriental Bank of Commerce | Cash Credit | INR | 556.41 | Repayable on demand |
| 6 | State Bank of India | Cash Credit | INR | 23.88 | Repayable on demand |
| 7 | Axis Bank | Cash Credit | INR | 22.35 | Repayable on demand |
| 8 | IOB | Cash Credit | INR | 301.02 | Repayable on demand |
| 9 | State Bank of India | WCDL | INR | 1,050.00 | Repayable within 90 days from drawdown |
| 10 | Kotak Bank (Unsecured) [Refer note (v)] | Bill Discounting | INR | 31.08 | Repayment ranges from 30 to 90 days |
| | **Total :** | | | **2,158.99** | |

(i) Rate of Interest for above borrowings (secured and unsecured) are ranging from 8.75% to 11.50% p.a.

(ii) Primary Security: Secured by Hypothecation of receivables, Inventories and other current assets as per the sanctions of member banks in the consortium.

(iii) Collateral Security : First paripassu charge by equitable mortgage on the immovable properties of the Company, promoters, and promoter group entities.

(iv) Personal Guarantees of (a) Promoters of the Company and (b) Promoter group entities are provided for respective loans.

(v) This loan is unsecured, for which personal guarantees of the Company's promoters Mr. Kanubhai M Patel, Mr. Brijesh K Patel and Mr. Mrunal K Patel are provided.

Note 22.2 Fair value of short term borrowings is not materially different from the carrying value presented.

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 23 : Trade payables**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| (a) To Micro, Small and Medium Enterprises (Refer note 23.2) | - | - | - |
| (b) Others | 5,375.47 | 3,043.51 | 3,091.59 |
| **Total** | **5,375.47** | **3,043.51** | **3,091.59** |

Note 23.1 : Trade Payable are payable on account of goods purchased and services availed in the normal course of business.
Note 23.2 : The information required to be furnished as per Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) and Schedule III of the Companies Act, 2013 for the year ended March 31, 2019, March 31, 2018 and March 31, 2017 has been determined to the extent such parties have been identified on the basis of information available with the Group and its Associate and relied upon by auditors.
Note 23.3 : Refer note 34 for Related party transactions and outstanding balances.
Note 23.4 Fair value of trade payables are not materially different from the carrying value presented.

**Note 24 : Other current financial liabilities**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Current maturities of long term borrowings (Secured) (Refer note 18) | | | |
| - From Banks | 459.03 | 256.73 | 444.37 |
| - From Financial institutions | 96.30 | 104.74 | 295.89 |
| - Non Convertible Debentures | 180.00 | 180.00 | - |
| Current maturities of long term borrowings from Financial institutions (Unsecured) (Refer note 18) | - | 13.64 | - |
| Capital creditors and other payables | 328.10 | 176.26 | 90.61 |
| Employee related dues | 115.25 | 86.90 | 79.66 |
| Deposit from vendor / Retention monies | 735.51 | 804.56 | 936.03 |
| Interest Accrued but not due | 162.03 | 76.08 | 7.79 |
| **Total** | **2,076.22** | **1,698.91** | **1,854.35** |

Note 24.1 Refer note 34 for Related party transactions and outstanding balances.
Note 24.2 Fair value of other current financial liabilities are not materially different from the carrying value presented.

**Note 25 : Short term provisions**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Provision for Gratuity (Refer note 36) | 32.95 | 23.37 | 17.82 |
| Provision for Compensated Absences (Refer note 36) | 5.66 | 6.97 | 4.07 |
| **Total** | **38.61** | **30.34** | **21.89** |

**Note 26 : Other current liabilities**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31,2017 |
|---|---|---|---|
| Statutory liabilities | 339.99 | 289.34 | 151.29 |
| Advances from customers | 3,645.50 | 1,012.14 | 131.43 |
| **Total** | **3,985.49** | **1,301.48** | **282.72** |

**Note 27 : Revenue from Operations**

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| Revenue from contracts (Refer note 38) | 24,442.00 | 19,273.22 | 19,771.59 |
| **Total** | **24,442.00** | **19,273.22** | **19,771.59** |
| | | | |
| **Other operating revenue** | | | |
| Sale of Scrap | 37.06 | 39.94 | 4.97 |
| Other revenue (Also refer note 6.3) | 164.11 | 41.96 | 18.34 |
| **Total** | **201.17** | **81.90** | **23.31** |
| **Total Revenue from Operations** | **24,643.17** | **19,355.12** | **19,794.90** |

**Note 28 : Other Income**

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| Interest Income (Refer note 28.1 & note 6.3) | 372.84 | 97.74 | 20.04 |
| Net gain on account of foreign exchange fluctuation | 15.79 | - | 7.14 |
| Income from Investment in Mututal Fund | 4.47 | - | - |
| Other Non-Operating Income | 10.88 | 9.57 | 44.23 |
| **Total** | **403.98** | **107.31** | **71.41** |

Note 28.1 : Includes interest on deposits with banks of ₹ 5.81 Million (March 31, 2018 : ₹ 8.23 Million and March 31, 2017 : ₹ 11.88 Million), interest income on Retention monies of ₹ 60.31 Million (March 31, 2018 : ₹ 78.72 Million and March 31, 2017 : ₹ Nil ) (including discounting of cashflows on initial recognition), interest income on service concession receivables of ₹ 272.25 Million (March 31, 2018 : ₹ Nil and March 31, 2017 : ₹ Nil) and other interests of ₹ 34.46 Million (March 31, 2018 : ₹ 10.79 Million and March 31, 2017 : ₹ 8.16 Million).

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 29 : Construction Expenses**

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| Consumption of Construction Material | 5,046.49 | 2,705.17 | 3,234.35 |
| Sub-contracting expense | 11,812.17 | 10,159.17 | 10,059.90 |
| Camp and Site Expenses | 72.08 | 64.04 | 109.96 |
| Running & Maintenance of Plant and Machinery | 2,136.64 | 2,021.56 | 2,141.71 |
| Hiring Expense | 56.68 | 42.65 | 98.55 |
| Transport Expense | 56.00 | 37.10 | 38.70 |
| Stores Expense | 587.00 | 331.83 | 385.63 |
| **Total** | **19,767.06** | **15,361.52** | **16,068.80** |

Note 29.1 Refer note 34 for Related party transactions.

**Note 30 : Changes in inventories of work-in-progress**

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| **Property Development related Work-in-Progress** | | | |
| Opening Balance | 387.24 | 493.80 | 337.45 |
| Closing Balance | 370.00 | 387.24 | 493.80 |
| **Changes In Inventories:** | **17.24** | **106.56** | **(156.35)** |

**Note 31 : Employee Benefits Expenses**

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| Salaries, Wages and Bonus | 1,143.57 | 999.83 | 925.25 |
| Contributions to Provident and other funds (Refer note 36) | 65.84 | 67.52 | 59.27 |
| Staff Welfare Expenses | 86.48 | 82.34 | 75.98 |
| **Total** | **1,295.89** | **1,149.69** | **1,060.50** |

Note 31.1 Refer note 34 for Related party transactions.

**Note 32 : Finance Costs**

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| Interest on long term borrowings | 292.73 | 155.84 | 158.84 |
| Interest on Working Capital Facilities | 181.50 | 201.42 | 217.92 |
| Other Interest Expense (Refer note 32.2) | 182.42 | 234.71 | 56.91 |
| Other Borrowing Costs (Including Bank Guarantee commission, LC charges and Processing fees) | 142.59 | 86.30 | 82.75 |
| **Total** | **799.24** | **678.27** | **516.42** |

Note 32.1 Refer note 34 for Related party transactions
Note 32.2 : Includes interest on mobilization advance of ₹ 121.55 Million (March 31, 2018 : ₹ 103.90 Million and March 31, 2017 : ₹ 8.79 Million), interest on retention monies of ₹ 54.50 Million (March 31, 2018 : ₹ 113.94 Million and March 31, 2017 : ₹ 31.88 Million) (including discounting of cashflows on initial recognition), interest on loans from related parties of ₹ 6.36 Million (March 31, 2018 : ₹ 10.11 Million and March 31, 2017 : ₹ 16.25 Million) and other interest expense of ₹ Nil (March 31, 2018 : ₹ 6.75 Million and March 31, 2017 : ₹ Nil)

**Note 33 : Other Expenses**

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| Repair & Maintenance expense | 73.72 | 49.02 | 38.47 |
| Payment to Auditors (Refer note 42) | 5.47 | 4.60 | 3.86 |
| Rent | 57.38 | 49.62 | 50.28 |
| Rates and Taxes | 20.70 | 28.82 | 57.52 |
| Insurance | 71.11 | 50.84 | 41.39 |
| Service tax expense | 0.00 | 11.45 | 6.70 |
| Business Promotion expenses | 5.40 | 3.46 | 2.37 |
| Communication Expenses | 5.28 | 5.47 | 6.95 |
| Travelling and Conveyance | 41.84 | 26.66 | 25.51 |
| Legal and Professional Charges | 117.62 | 104.30 | 116.85 |
| Corporate social responsibility expenses (Refer note 37) | 31.10 | 15.29 | 20.88 |
| Donations | 0.91 | 1.26 | 0.76 |
| Net loss on sale / disposal of Property, Plant and Equipment | 49.52 | 19.27 | 1.32 |
| Net loss on account of Foreign exchange fluctuation | 0.00 | 12.37 | 0.00 |
| Stationery & Printing Expenses | 4.10 | 11.06 | 6.15 |
| Provision for Doubtful debts / Written Off | 22.62 | 18.46 | 0.00 |
| Provision for Expected credit loss (Refer note 12) | 39.74 | 8.78 | 9.79 |
| Tender fees | 5.82 | 12.62 | 34.49 |
| Bank Charges | 3.44 | 17.55 | 5.44 |
| Miscellaneous Expenses | 33.93 | 20.71 | 32.31 |
| **Total** | **589.70** | **471.61** | **461.04** |

Note 33.1 Refer note 34 for Related party transactions

**Montecarlo Limited**

**Notes to Restated Consolidated Financial Information**

**Note 34 Related Party Trasactions**
All Amounts are ₹ In Million unless otherwise stated

**List of related parties**

| Nature | Name |
|---|---|
| **Controlling Entity** | Kanubhai Mafatlal Patel Trust |
| **Subsidiary Company** | Montecarlo Projects Limited (MPL) (Previously known as Montecarlo Projects India Limited) |
| **Step down subsidiary Companies** | Montecarlo Barjora Mining Private Limited (MBMPL) |
| | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL) |
| | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL) |
| **Associate Company** | Bijapur Hungund Tollway Private Limited (BHTPL) |
| **Key Management Personnel (KMP)** | Kanubhai Mafatlal Patel (Director) |
| | Brijesh Kanubhai Patel (Director) |
| | Mrunal Kanubhai Patel (Director) |
| | Naresh Pranshankar Suthar (Director) |
| | Suhas Vasant Joshi (Director) |
| | Nigam Gautambhai Shah (Chief Financial Officer) |
| | Kalpesh Punamchand Desai (Company Secretary) |
| **Relatives of KMP** | Dinaben Kanubhai Patel (Wife of Kanubhai Mafatlal Patel) |
| | Alpaben Brijesh Patel (Wife of Brijesh Kanubhai Patel) |
| | Jankiben Mrunal Patel (Wife of Mrunal Kanubhai Patel) |
| **Enterprises over which KMP and/or Relatives of KMP are able to exercise significant Influence** | Montecarlo Charitable Trust |
| | Montecarlo Realty LLP (Formerly known as Montecarlo Realty Limited) |
| | Montecarlo Asset Holdings LLP (Formerly known as Montecarlo Construction Private Limited) |
| | Nitin Construction Limited |
| | Bhavna Engineering Company Private Limited |

**Transactions with related parties:**

| Sr no | Particulars | Entity | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|---|---|---|---|---|---|
| 1 | Rent Expense | Kanubhai Mafatlal Patel | 2.45 | 2.05 | 1.76 |
| | | Brijesh Kanubhai Patel | 2.45 | 2.05 | 1.76 |
| | | Mrunal Kanubhai Patel | 0.32 | 0.12 | - |
| | | Kanubhai Mafatlal Patel HUF | - | 0.51 | 0.80 |
| | | Montecarlo Realty LLP (Formerly known as Montecarlo Realty Limited) | 4.48 | 4.26 | - |
| | | Montecarlo Asset Holdings LLP (Formerly known as Montecarlo Construction Private Limited) | 0.63 | 0.60 | - |
| 2 | Remuneration paid@ | Kanubhai Mafatlal Patel | 27.60 | 27.60 | 27.60 |
| | | Brijesh Kanubhai Patel | 18.00 | 18.00 | 18.00 |
| | | Mrunal Kanubhai Patel | 18.00 | 18.00 | 18.00 |
| | | Naresh Pranshankar Suthar | 6.36 | 6.36 | 5.84 |
| | | Suhas Vasant Joshi | 6.36 | 6.36 | 6.19 |
| | | Nigam Gautambhai Shah | 5.10 | 4.68 | 3.75 |
| | | Kalpesh Punamchand Desai | 1.82 | 1.72 | 1.30 |
| | | Alpaben Brijesh Patel | 0.65 | 0.84 | 0.84 |
| | | Jankiben Mrunal Patel | 0.66 | 0.84 | 0.84 |
| 3 | Interest paid | Kanubhai Mafatlal Patel | 0.18 | 0.19 | 0.14 |
| | | Brijesh Kanubhai Patel | 2.23 | 3.32 | 6.47 |
| | | Mrunal Kanubhai Patel | 3.96 | 6.58 | 9.64 |
| 4 | Interest received | Naresh Pranshankar Suthar | - | 0.03 | - |
| 5 | Loans Taken# | Kanubhai Mafatlal Patel | 9.60 | 10.10 | 3.56 |
| | | Brijesh Kanubhai Patel | 96.10 | 143.80 | 220.74 |
| | | Mrunal Kanubhai Patel | 165.70 | 250.70 | 325.30 |
| 6 | Loans Repaid# | Kanubhai Mafatlal Patel | 9.60 | 10.10 | 3.56 |
| | | Brijesh Kanubhai Patel | 96.10 | 143.80 | 220.74 |
| | | Mrunal Kanubhai Patel | 165.70 | 250.70 | 325.30 |

Montecarlo Limited

Notes to Restated Consolidated Financial Information

**Note 34 Related Party Trasactions**

All Amounts are ₹ In Million unless otherwise stated

| Sr no | Particulars | Entity | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|---|---|---|---|---|---|
| 7 | Loan Given | Naresh Pranshankar Suthar | - | 1.50 | - |
| 8 | Loan Received back | Naresh Pranshankar Suthar | - | 1.50 | - |
| 9 | Donation | Montecarlo Charitable Trust | 0.24 | 1.43 | 1.67 |
| 10 | Sub-Contracting Expense | Bhavna Engineering Company Private Limited | 154.68 | - | - |
| | | Nitin Construction Limited | 0.39 | 4.85 | 5.00 |
| 11 | Contract revenue | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 2,962.20 | 735.91 | - |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL)^ | 1,468.88 | - | - |
| | | Montecarlo Barjora Mining Private Limited (MBMPL)^ | 68.22 | - | - |
| 12 | Reimbursement of expense | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 16.38 | - | - |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL)^ | 20.91 | - | - |
| 13 | Mobilization Advance received | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 1,200.00 | 170.00 | - |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL)^ | 1,420.00 | - | - |
| 14 | Mobilization Advance recovered | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 218.33 | - | - |
| 15 | Sub-ordinate debt given | Montecarlo Projects Limited (MPL) (Previously known as Montecarlo Projects India Limited)^ | 516.62 | 100.27 | - |
| 16 | Sub-ordinate debt repaid | Bijapur Hungund Tollway Private Limited | - | 66.70 | - |
| | | Montecarlo Projects Limited (Previously known as Montecarlo Projects India Limited)^ | 69.80 | 20.40 | - |
| 17 | Advances given to vendor | Bhavna Engineering Company Private Limited | 39.80 | - | - |
| | | Nitin Construction Limited | 0.40 | 2.75 | 0.98 |
| 18 | Advances recovered from vendor | Bhavna Engineering Company Private Limited | 10.00 | - | - |
| | | Nitin Construction Limited | 0.95 | 3.15 | 0.58 |
| 19 | Investment made | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHL)^ | * | * | * |
| 20 | Investment made (Subsidiary to Step-down subsidiaries) | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 126.80 | 0.10 | - |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL)^ | - | 0.10 | - |
| 21 | Sub-ordinate debt given (Subsidiary to Step-down subsidiaries) | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 359.71 | 54.80 | - |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL)^ | 25.94 | 44.38 | - |
| | | Montecarlo Barjora Mining Private Limited (MBMPL)^ | 3.75 | - | - |
| 22 | Sub-ordinate debt repaid (Step-down subsidiaries to Subsidiary) | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 69.80 | 20.40 | - |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL)^ | - | - | - |
| | | Montecarlo Barjora Mining Private Limited (MBMPL)^ | - | - | - |

* Amount below ₹ 5000

# There are multiple transactions of loans taken and repaid during the year. Amounts presented here are sum of each transaction of loan taken and repaid during the year.

@ The Key Managerial Personnel are covered by the Company's gratuity policy along with other employees of the Company. The proportionate amount of gratuity cost pertaining to the Key Managerial Personnel has not been included in the aforementioned disclosures as these are not determined on an individual basis.

**Balances with related parties**

| Sr no | Particulars | Entity | As at 31st March, 2019 | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|---|---|---|
| 1 | Employee Related Dues (Salary & Bonus Payable) | Kanubhai Mafatlal Patel | 1.49 | 1.41 | 1.68 |
| | | Brijesh Kanubhai Patel | 0.19 | 0.35 | 0.44 |
| | | Mrunal Kanubhai Patel | 0.00 | 0.03 | 0.00 |
| | | Naresh Pranshankar Suthar | 0.33 | 0.35 | 0.15 |
| | | Suhas Vasant Joshi | 0.34 | 0.37 | 0.33 |
| | | Nigam Gautambhai Shah | 0.41 | 0.40 | 0.38 |
| | | Kalpesh Punamchand Desai | 0.15 | 0.18 | 0.16 |
| | | Alpaben Brijesh Patel | - | 0.03 | 0.05 |
| | | Jankiben Mrunal Patel | - | 0.02 | 0.05 |
| 2 | Trade Payable | Nitin Construction Limited | 1.15 | 0.67 | 1.18 |
| | | Bhavna Engineering Company Private Limited | 7.36 | - | - |
| | | Montecarlo Realty LLP (Formerly known as Montecarlo Realty Limited) | - | 2.79 | - |
| 3 | Deposits from Vendors | Nitin Construction Limited | 0.51 | 1.07 | 0.87 |
| | | Bhavna Engineering Company Private Limited | 2.50 | - | - |
| 4 | Deposits to Customer | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 150.59 | - | - |
| 5 | Advance to Suppliers | Bhavna Engineering Company Private Limited | 29.80 | - | - |
| | | Nitin Construction Limited | 0.20 | - | 0.40 |
| 6 | Mobilization Advance received | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 1,151.67 | 170.00 | - |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL)^ | 1,420.00 | - | - |
| 7 | Trade Receivables | Montecarlo Asset Holdings LLP (Formerly known as Montecarlo Construction Private Limited) | 65.48 | 89.52 | 73.85 |
| | | Montecarlo Hubli Haveri Highway Private Limited (MHHHPL)^ | 996.58 | 735.91 | - |
| | | Montecarlo Realty LLP (Formerly known as Montecarlo Realty Limited) | - | - | 2.19 |
| | | Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL)^ | 1,420.12 | - | - |
| | | Montecarlo Barjora Mining Private Limited (MBMPL)^ | 66.86 | - | - |

^ The above transactions and balances outstanding are eliminated at the time of preparation of Restated Consolidated Financial Information.

Note 34.1 The amounts outstanding are unsecured and will be settled in cash or kind, for which no guarantees have been given or received. No expense has been recognised in current or previous year for bad or doubtful debts in respect of the amounts owed by related parties.

Note 34.2 The Company is Sponsor for the project of BOT Project of BHTPL (23% stake), where necessary Sponsor's Undertaking were provided.

**Note 35 - Financial Instruments and Fair Value Measurement**
All Amounts are ₹ In Million unless otherwise stated

**A Categories of Financial Instruments**

| Particulars | Amount as at March 31, 2019 | | | |
|---|---|---|---|---|
| | Fair Value through Profit & | Fair Value through Other | Amortised Cost | Total |
| **Financial assets** | | | | |
| (i) Investments | 321.63 | - | 3.00 | 324.63 |
| (ii) Trade receivables | - | - | 3,754.89 | 3,754.89 |
| (iii) Cash and cash equivalents | - | - | 580.40 | 580.40 |
| (iv) Bank balance other than (iii) above | - | - | 62.08 | 62.08 |
| (v) Other financial assets | - | - | 4,344.42 | 4,344.42 |
| **Total** | **321.63** | **-** | **8,744.79** | **9,066.42** |
| **Financial liabilities** | | | | |
| (i) Trade payables | - | - | 5,375.47 | 5,375.47 |
| (ii) Borrowings | - | - | 5,749.73 | 5,749.73 |
| (iii) Other financial liabilities | - | - | 1,761.88 | 1,761.88 |
| **Total** | **-** | **-** | **12,887.08** | **12,887.08** |

| Particulars | Amount as at March 31, 2018 | | | |
|---|---|---|---|---|
| | Fair Value through Profit & | Fair Value through Other | Amortised Cost | Total |
| **Financial assets** | | | | |
| (i) Investments | - | - | 3.00 | 3.00 |
| (ii) Trade receivables | - | - | 3,247.85 | 3,247.85 |
| (iii) Cash and cash equivalents | - | - | 195.94 | 195.94 |
| (iv) Bank balance other than (iii) above | - | - | 80.81 | 80.81 |
| (v) Other financial assets | - | - | 2,124.41 | 2,124.41 |
| **Total** | **-** | **-** | **5,652.01** | **5,652.01** |
| **Financial liabilities** | | | | |
| (i) Trade payables | - | - | 3,043.51 | 3,043.51 |
| (ii) Borrowings | - | - | 3,925.48 | 3,925.48 |
| (iii) Other financial liabilities | - | - | 1,902.48 | 1,902.48 |
| **Total** | **-** | **-** | **8,871.47** | **8,871.47** |

| Particulars | Amount as at March 31, 2017 | | | |
|---|---|---|---|---|
| | Fair Value through Profit & Loss | Fair Value through Other Comprehensive Income | Amortised Cost | Total |
| **Financial assets** | | | | |
| (i) Investments | - | - | 3.00 | 3.00 |
| (ii) Trade receivables | - | - | 3,261.93 | 3,261.93 |
| (iii) Cash and cash equivalents | - | - | 68.99 | 68.99 |
| (iv) Bank balance other than (iii) above | - | - | 126.73 | 126.73 |
| (v) Other financial assets | - | - | 1,985.50 | 1,985.50 |
| **Total** | **-** | **-** | **5,446.15** | **5,446.15** |
| **Financial liabilities** | | | | |
| (i) Trade payables | - | - | 3,091.59 | 3,091.59 |
| (ii) Borrowings | - | - | 3,534.66 | 3,534.66 |
| (iii) Other financial liabilities | - | - | 1,482.68 | 1,482.68 |
| **Total** | **-** | **-** | **8,108.93** | **8,108.93** |

**B Capital Management**

i) For the purpose of the Group and its Associate's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Group and its Associate. The Group and its Associate strives to safeguard its ability to continue as a going concern so that they can maximise returns for the shareholders and benefits for other stake holders. The Group and its Associate aims to maintain an optimal capital structure through combination of debt and equity in a manner so

ii) Consistent with others in the industry, the Group and its Associate monitors its capital using Gearing Ratio, Net Debt (Short Term and Long Term Borrowings including Current maturities) divided by Total Capital (Total Equity plus Net Debt).

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| Long Term Borrowings (Refer note 18, 24) | 3,590.74 | 1,778.44 | 1,421.63 |
| Short Term Borrowings (Refer note 22) | 2,158.99 | 2,147.03 | 2,113.02 |
| Less: Cash & Cash Equivalents (Refer note 12) | 580.40 | 195.94 | 68.99 |
| **Net Debt** | 5,169.33 | 3,729.53 | 3,465.66 |
| Total equity* | 6,872.93 | 5,284.96 | 4,015.34 |
| **Total Capital** | 12,042.26 | 9,014.49 | 7,481.00 |
| **Gearing Ratio** | 43% | 41% | 46% |

* Excluding Debenture Redemption Reserve

iii) In order to achieve this overall objective, the Group and its Associate's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the borrowings that define the capital structure requirements.

**Note 35 - Financial Instruments and Fair Value Measurement**
All Amounts are ₹ In Million unless otherwise stated

**C Financial risk management objectives and policies**

The Group and its Associate's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Group and its Associate's financial assets include trade and other receivables, and cash & cash equivalents that derive directly from its

The Group and its Associate is exposed to market risk, credit risk and liquidity risk. The Group and its Associate's senior management oversees the management of these risks. The Group and its Associate's senior management is supported by a Current Corporate Affairs Committee that advises on financial risks and the appropriate financial risk governance framework for the Group and its Associate. This committee provides assurance to the Company's senior management that the Group and its Associate's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Group and its Associate's policies and risk objectives. The Board of Directors

**1 Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk, foreign currency risk and commodity risk.

**1.1 Interest Rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group and its Associate's exposure to the risk of changes in market interest rates relates primarily to the Company's working capital obligations with floating interest rates. The Company is carrying its working capital borrowings primarily at variable rate. The Company expects the variable rate to decline, accordingly the Company is currently carrying its loans at variable interest rates.

The sensitivity analysis have been carried out based on the exposure to interest rates for loans carried at variable rate.

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| Variable Rate Borrowings | 2,395.57 | 1,210.61 | 1,059.58 |
| % change in interest rates | 0.50% | 0.50% | 0.50% |
| Impact on Profit for the year | 11.98 | 6.05 | 5.30 |

**1.2 Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group and its Associate does not have significant exposure in foreign currency. The details of the same have been given in Note 40

| Particulars | Impact on Profit before tax for the year ended | | Impact on Pre-tax Equity for the year ended | |
|---|---|---|---|---|
| | March 31, 2019 | March 31, 2018 | March 31, 2019 | March 31, 2018 |
| Impact on the profit for 1% appreciation/ depreciation in exchange rate between the Indian Rupee and Euro. | 22.10 | 17.53 | 22.10 | 17.53 |

**1.3 Commodity Risk**

The Group and its Associate is affected by price volatility of certain commodities. Its operating activities require the on-going purchase or continuous supply of such commodities. There the Company monitors its purchases closely to optimise the prices.

**2 Credit Risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group and its Associate is having majority of the receivables from Government Authorities and hence they are secured from credit losses in the future. Refer to Note no.11

**3 Liquidity Risk**

The Group and its Associate monitors its risk of a shortage of funds by estimating the future cash flows. The Group and its Associate's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and bank loans. The Group and its Associate has access to a sufficient variety of sources of funding.

The table below summarises the maturity profile of the Group and its Associate's financial liabilities based on contractual

| Particulars | Within 1 Year | 1 to 5 Year | More than 5 Year | Carrying Amount |
|---|---|---|---|---|
| **As at March 31, 2019** | | | | |
| Borrowings | 2,894.32 | 1,943.18 | 912.23 | 5,749.73 |
| Trade Payables | 5,375.47 | - | - | 5,375.47 |
| Other Financial Liabilities (Refer note no. (i) below) | 1,340.90 | 436.49 | 114.36 | 1,891.75 |
| **As at March 31, 2018** | | | | |
| Borrowings | 2,702.13 | 1,223.34 | - | 3,925.47 |
| Trade Payables | 3,043.51 | - | - | 3,043.51 |
| Other Financial Liabilities (Refer note no. (i) below) | 1,143.80 | 750.87 | 192.12 | 2,086.79 |
| **As at March 31, 2017** | | | | |
| Borrowings | 2,853.28 | 681.38 | - | 3,534.66 |
| Trade Payables | 3,091.59 | - | - | 3,091.59 |
| Other Financial Liabilities (Refer note no. (i) below) | 1,114.09 | 368.59 | - | 1,482.68 |

(i) These amounts represent the undiscounted value of the contractual liabilities of deposits from vendors, whereas, the same have been valued at fair value at transaction date and at amortised cost on Balance Sheet date in note no. 19 and note no. 24 respectively.

(ii) The above tables do not include liability on account of future interest obligations.

**Montecarlo Limited**

**Notes to Restated Consolidated Financial Information**

**Note 36 : Employee Benefits**
All Amounts are ₹ In Million unless otherwise stated

**(a) Defined Contribution Plan**
The Group's contribution to Provident Fund aggregating ₹ 51.09 Million (March 31, 2018 : ₹ 53.55 Million and March 31, 2017 : ₹ 42.86 Million) has been recognised in the Statement of Profit or Loss under the head Employee Benefits Expense.

**(b) Defined Benefit Plan:**
**Gratuity**
The Group operates a defined benefit plan (the Gratuity plan) covering eligible employees, which provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.

The status of gratuity plan as required under Ind AS-19 :

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **i. Reconciliation of Opening and Closing Balances of defined benefit obligation** | | | |
| Present Value of Defined Benefit Obligations at the beginning of the year | 43.67 | 36.05 | 31.69 |
| Current Service Cost | 9.28 | 8.95 | 14.04 |
| Past service Cost | - | 1.38 | - |
| Interest Cost | 3.41 | 2.73 | 2.52 |
| Benefit paid | (3.57) | (2.56) | (0.42) |
| Change in demographic assumptions | - | (2.78) | - |
| Change in financial assumptions | 0.64 | (0.69) | 1.98 |
| Experience variance (i.e. Actual experience vs. assumptions) | 4.24 | 0.59 | (13.77) |
| Present Value of Defined Benefit Obligations at the end of the year | **57.67** | **43.67** | **36.04** |

| | | | |
|---|---|---|---|
| **ii. Reconciliation of Opening and Closing Balances of the Fair value of Plan assets** | | | |
| Fair Value of Plan assets at the beginning of the year | 2.22 | 2.06 | 1.93 |
| Actuarial gain/(loss) on plan assets | (0.13) | (0.00) | (0.02) |
| Expected return on plan assets | 0.17 | 0.16 | 0.15 |
| Employer's Contribution | - | - | 0.00 |
| Employee's Contributions | - | - | - |
| Benefit paid | - | - | 0.00 |
| **Fair Value of Plan assets at the end of the year** | **2.26** | **2.22** | **2.06** |

| **Particulars** | **As at March 31, 2019** | **As at March 31, 2018** | **As at March 31, 2017** |
|---|---|---|---|
| **iii. Reconciliation of the Present value of defined benefit obligation and Fair value of plan assets** | | | |
| Present Value of Defined Benefit Obligations at the end of the year | 57.67 | 43.67 | 36.04 |
| Fair Value of Plan assets at the end of the year | 2.26 | 2.22 | 2.06 |
| Net Asset / (Liability) recognized in balance sheet as at the end of the year | -55.41 | -41.45 | (33.98) |
| Short-term provision | (32.95) | (23.38) | (17.82) |
| Long-term provision | (22.47) | (18.08) | (16.16) |

| |
|---|
| **iv. Composition of Plan Assets** |
| 100% of Plan Assets are administered by LIC |

| **Particulars** | **For the year ended March 31, 2019** | **For the year ended March 31, 2018** | **For the year ended March 31, 2017** |
|---|---|---|---|
| **v. Gratuity Cost for the Year** | | | |
| Current service cost | 9.28 | 8.95 | 14.04 |
| Interest Cost | 3.41 | 2.73 | 2.37 |
| Past service Cost | - | 1.38 | - |
| Interest income | (0.17) | (0.16) | - |
| Expenses recognised in the income statement | **12.52** | **12.90** | **16.41** |

| **vi. Other Comprehensive Income** | **For the year ended March 31, 2019** | **For the year ended March 31, 2018** | **For the year ended March 31, 2017** |
|---|---|---|---|
| **Actuarial (Gain) / loss** | | | |
| Change in demographic assumptions | - | (2.78) | - |
| Change in financial assumptions | 0.64 | (0.68) | 1.98 |
| Experience variance (i.e. Actual experience vs assumptions) | 4.24 | 0.59 | (13.77) |
| Return on plan assets, excluding amount recognised in net interest expense | 0.13 | 0.00 | 0.02 |
| Components of defined benefit costs recognised in other comprehensive income | 5.01 | (2.87) | (11.77) |

| **vii. Actuarial Assumptions** | **As at March 31, 2019** | **As at March 31, 2018** | **As at March 31, 2017** |
|---|---|---|---|
| Expected Return on Plan Assets | 7.64% | 7.80% | 7.57% |
| Discount Rate (per annum) | 7.64% | 7.80% | 7.57% |
| Annual Increase in Salary Cost | 8.00% | 8.00% | 8.00% |
| Rate of Employee Turnover | 10.00% | 10.00% | 2.00% |

Mortality Rates as given under Indian Assured Lives Mortality (2006-08) Ultimate.
Retirement Age 60 Years.

**Note 36 : Employee Benefits**
All Amounts are ₹ In Million unless otherwise stated

**viii. Sensitivity Analysis**
Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and attrition rate. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting year, while holding all other assumptions constant. The results of sensitivity analysis is given below:

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| Defined Benefit Obligation(Base) | **57.67** | **43.67** | **36.05** |

| Particulars | As at March 31, 2019 | | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|---|---|
| | Decrease | Increase | Decrease | Increase | Decrease | Increase |
| Discount Rate (- / + 1%) | 4.31 | (3.77) | 3.14 | (2.75) | 5.87 | (4.77) |
| (% change compared to base due to sensitivity | 7.47% | -6.53% | 7.19% | -6.29% | 16.29% | -13.23% |
| | | | | | | |
| Salary Growth Rate (- / + 1%) | (3.63) | 4.03 | (2.62) | 2.93 | (4.79) | 5.79 |
| (% change compared to base due to sensitivity) | -6.29% | 6.99% | -5.99% | 6.70% | -13.29% | 16.05% |
| | | | | | | |
| Attrition Rate (- / + 1%) | 0.41 | (0.40) | 0.25 | (0.25) | 0.54 | (0.49) |
| (% change compared to base due to sensitivity) | 0.72% | -0.70% | 0.58% | -0.58% | 1.49% | -1.36% |
| | | | | | | |

**ix. Asset Liability Matching Strategies**

The Group has purchased insurance policy, which is basically a year-on-year cash accumulation plan in which the interest rate is declared on yearly basis and is guaranteed for a period of one year. The insurance Company, as part of the policy rules, makes payment of all gratuity outgoes happening during the year (subject to sufficiency of funds under the policy). The policy, thus, mitigates the liquidity risk. However, being a cash accumulation plan,the duration of assets is shorter compared to the duration of liabilities. Thus, the Company is exposed to movement in interest rate (in particular, the significant fall in interest rates, which should result in a increase in liability without corresponding increase in the asset).

**x. Effect of Plan on Entity's Future Cash Flows**

**a) Funding arrangements and Funding Policy**
The Group has purchased an insurance policy to provide for payment of gratuity to the employees. Every year, the insurance Company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company.

**b) Maturity Profile of Defined Benefit Obligation**
Weighted average duration (based on discounted cashflows) - 10 years

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| Expected cash flows over the next (valued on undiscounted basis): | Amount | Amount | Amount |
| 1st Following Year | 6.42 | 6.37 | 2.41 |
| 2nd Following year | 4.60 | 3.25 | 0.77 |
| 3rd Following Year | 5.13 | 3.72 | 0.76 |
| 4th Following Year | 5.47 | 4.03 | 0.88 |
| 5th Following Year | 5.56 | 4.24 | 1.10 |
| sum of years 6 to 10 | 26.76 | 19.03 | 7.80 |

xi. The Group has defined benefit plans for Gratuity to eligible employees, the contributions for which are made to Life Insurance Corporation of India who invests the funds as per Insurance Regulatory Development Authority guidelines.

The discount rate is based on the prevailing market yields of Government of India's securities as at the balance sheet date for the estimated term of the obligations.
The defined plans expose the Group to acturial risks such as Interest rate risk, Salary risk, Investment risk, Asset liability matching risk, Longevity risk.

**Interest rate risk:** A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision. A fall in the discount rate generally increase the mark to market value of the assets depending on the duration of asset.

**Salary Risk:** The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.

**Investment Risk:** The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create a plan deficit. Currently, for the plan in India, it has a relatively balanced mix of investments in government securities, and other debt instruments.

**Asset Liability Matching Risk:** The plan faces the ALM risk as to the matching cash flow. Since the plan is invested in lines of Rule 101 of Income Tax Rules, 1962, this generally reduces ALM risk.

**Longevity risk:** Since the benefits under the plan is not payable for life time and payable till retirement age only, plan do not have any longevity risk.

**( c ) Other Long Term Employee Benefits**

The actuarial liability for compensated absences as at the year ended March 31, 2019 ₹ 26.17 Million (March 31, 2018 : ₹ 26.12 Million and March 31, 2017 : ₹ 17.73 Million)

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 37 : Corporate Social Responsibility (CSR)**

Expenditure towards Corporate Social Responsibility as per Companies Act, 2013 read with Rules and Regulations thereof is treated as an appropriation of profit.

**For the year ended March 31, 2019**

| Particulars | Amount | In cash | Yet to be paid in cash | Total |
|---|---|---|---|---|
| Gross Amount required to be spent by the Company | 29.10 | - | - | 29.10 |
| Amount Spent during the year towards activities specified in CSR Policy | | | | |
| i) Construction/acquisition of any asset | 5.70 | 5.70 | - | 5.70 |
| ii) On purposes other than (i)above | 25.40 | 25.40 | - | 25.40 |
| Related Party Transactions in relation to CSR | 0.24 | 0.24 | - | 0.24 |

**For the year ended March 31, 2018**

| Particulars | Amount | In cash | Yet to be paid in cash | Total |
|---|---|---|---|---|
| Gross Amount required to be spent by the Company | 26.70 | - | - | 26.70 |
| Amount Spent during the year towards activities specified in CSR Policy | | | | |
| i) Construction/acquisition of any asset | 1.00 | 1.00 | - | 1.00 |
| ii) On purposes other than (i)above | 14.29 | 14.29 | - | 14.29 |
| Related Party Transactions in relation to CSR | 0.71 | 0.71 | - | 0.71 |

**For the year ended March 31, 2017**

| Particulars | Amount | In cash | Yet to be paid in cash | Total |
|---|---|---|---|---|
| Gross Amount required to be spent by the Company | 20.72 | - | - | 20.72 |
| Amount Spent during the year towards activities specified in CSR Policy | - | - | - | - |
| i) Construction/acquisition of any asset | - | - | - | - |
| ii) On purposes other than (i)above | 20.88 | 20.88 | - | 20.88 |
| Related Party Transactions in relation to CSR | 0.95 | 0.95 | - | 0.95 |

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 38 : Disclosure pursuant to Ind AS 115:**
**Reconciliation of Revenue Recognised with Contract Price in accordance with Para 126AA:**

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| Contract Price | 23,320.28 | 18,721.24 | 19,772.66 |
| **Adjustments for: (Refer note 38.1)** | | | |
| Price Variations | 1,121.72 | 551.98 | (1.03) |
| **Revenue from contracts** | **24,442.00** | **19,273.22** | **19,771.63** |

Note 38.1: The above adjustments do not include the adjustments on account of change in law, extra items and change of scope as per the contractual terms.

**Note 39 : Basic and Diluted Earnings Per Share**

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| **Earnings per equity share** | | | |
| Profit attributable to equity shareholders | 1,546.24 | 1,492.75 | 1,116.65 |
| Weighted average number of equity shares outstanding during the year* | 8,55,00,003 | 8,55,00,003 | 8,55,00,003 |
| Nominal value of equity per share | 10.00 | 10.00 | 10.00 |
| Basic and Diluted EPS (Rs. Per Share) | 18.08 | 17.46 | 13.06 |

Note 39.1
* During the year ended March 31, 2018, the Company issued 21,375,001 bonus shares to the existing shareholders in the ratio of 1 share against 3 fully paid up equity shares. As per the requirement of Ind AS 33, for the purpose of computing basic and diluted EPS, the weighted average number of equity shares outstanding have been adjusted.

**Note 40 : Unhedged forex exposure**

The details of foreign currency exposure not hedged by derivative instruments are as under:

| Sr. no. | Particulars | As at March 31, 2019 | | As at March 31, 2018 | | As at March 31, 2017 | |
|---|---|---|---|---|---|---|---|
| | | Amount (Rs. In Million) | Foreign Currency | Amount (Rs. In Million) | Foreign Currency (Euro) | Amount (Rs. In Million) | Foreign Currency (Euro) |
| 1 | Import Creditors | 220.98 | 2,844,000 EUROS | 175.35 | 2,175,000 EUROS | 74.44 | 10,75,000 |
| 2 | | 0.06 | 675 GBP | - | - | - | - |

**Note 41 : Contingent liabilities and Commitments**

**a) Contingent liabilities**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **Claim against the Company not acknowledged as debt in respect of -** | | | |
| - Income Tax (Refer note 41.1) | 141.81 | 145.09 | 145.09 |
| - Indirect Tax | | | |
| VAT / CST (Refer note 41.2) | 139.90 | 139.90 | 121.87 |
| Entry Tax (Refer note 41.2) | 7.16 | 7.16 | 0.84 |
| Excise (DGFT) (Refer note 41.3) | 25.98 | 25.98 | 25.98 |

Note 41.1 The Company has received favourable orders' from the Commissioner of Income tax (Appeals) for previous Assessment years against which the Income tax Department has filed appeals with ITAT. Similarly on certain matters including 80IA(4), the Company has received unfavorable orders' from Commissioner of Income Tax (Appeals), against which the Company has filed appeals with ITAT. The matter are subjudice. The Management is not expecting any future cash outflows with respect to above litigations.

Note 41.2 Matters relating to VAT/CST and Entry tax are being contested at various levels of Indirect Taxation Authorities. The Management is not expecting any future cash outflows with respect to above litigations.

Note 41.3 The Assistant Director General of Foreign Trade has served notices for the recovery of duty drawback benefits paid to the Company. The Company is contesting the said demands and does not expect any liability to arise with respect to above litigation.

Note 41.4 Survey u/s 133A of the Income Tax Act, 1961 was carried out at the office of the Company on April 6, 2017, where assessment proceedings are pending.

Note 41.5 The Company has given guarantees on behalf of its subsidiaries amounting to ₹ 1,230.00 Million as at March 31, 2019 (March 31, 2018 : ₹ 1,310.00 Million and March 31, 2017 : Nil).

**b) Commitments**

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| Estimated amount of contracts remaining to be executed on capital account and not provided for | 81.31 | 251.10 | - |
| Investment in Subsidairies * | 1,932.96 | 2,384.60 | - |

* The commitments with regards to sub-ordinate debt for step-down subsidiaries Montecarlo Hubli Haveri Highway Private Limited (MHHHPL) and Montecarlo Singhara Binjhabahal Highway Private Limited (MSBHPL) as defined in the Concession Agreement executed with the concession authority.

**Note 42 - Payment to Auditors**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| For Audit | 4.40 | 3.60 | 2.30 |
| For Taxation matters | - | - | 1.56 |
| For other matters | 1.00 | 1.00 | - |
| Reimbursement of expenses | 0.07 | - | - |
| **Total** | **5.47** | **4.60** | **3.86** |

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 43 - Composite Scheme of Arrangement between Montecarlo Limited, Montecarlo Projects Pvt. Ltd, Montecarlo Infrastructure Ltd, Montecarlo Engineering Pvt. Ltd and Montecarlo Energy Pvt. Ltd**

(i) The Honourable High Court of Gujarat vide its Order dated December 2, 2016 sanctioned the Composite Scheme of Arrangement (referred as "the Scheme") effective from Appointed Date i.e. April 1, 2016, which inter alia provides for the Amalgamation between Montecarlo Projects Pvt. Ltd, Montecarlo Infrastructure Ltd, Montecarlo Engineering Pvt. Ltd and Montecarlo Energy Pvt. Ltd, (together referred as the "Transferor Companies"), with Montecarlo Ltd. (referred as " Transferee Company") and their respective shareholders and creditors, pursuant to the provisions of section 391 to 394 read with Section 100 to 103 and other provisions of the Companies Act, 1956 and/or Companies Act, 2013.

The accounting of this Scheme was done as per the scheme and the same has been given effect to in the financial statements. The Transferee Company has recorded all assets and liabilities of the Transferor Companies pursuance to the Scheme, at the respective book values thereof, as appearing in the books of account of the Transferor Companies immediately before the Appointed date.

| **Particulars** | **Amount** |
|---|---|
| | |
| **EQUITY AND LIABILITIES** | |
| Securities Premium | 116.41 |
| Accumulated balance of Profit & Loss | 8.31 |
| General Reserve | 0.10 |
| Loans & Advances | 0.68 |
| Current Liabilities | 0.10 |
| Total | **125.60** |
| | |
| **Assets** | |
| Property, Plant & Equipment | 0.47 |
| Deposit | 0.45 |
| Loans & Advances | 0.22 |
| Debtors | 0.08 |
| Cash and Cash Equivalents | 0.56 |
| Other Current Assets (**) | 0.00 |
| Misc. Expenses (Assets) | 0.19 |
| Total | **1.97** |
| | |
| **Assets Over Liabilities** | **(123.63)** |
| Less : Share Capital as per the Scheme of Arrangement (*) | 0.00 |
| **Securities Premium Utilised for the Scheme of Arrangement** | **(123.63)** |

(*) 34,625,002 Equity shares were issued pursuant to Composite Scheme of Arrangement and 34,625,000 Equity shares were cancelled pursuant to the said scheme.
(**) Amount below 5,000

(ii) The Honourable High Court of Gujarat vide its Order dated 2nd December, 2016 sanctioned the scheme of arrangement effective from Appointed Date i.e. 1st April, 2016, which inter alia provides for Demerger of business support undertaking from Montecarlo Limited to Montecarlo Realty Ltd. and demerger of Real Estate undertaking to Montecarlo Construction Pvt. Ltd. with their respective shareholders and creditors, pursuant to the provisions of section 391 to 394 read with Section 100 to 103 and other provisions of the Companies Act, 1956 and/or Companies Act, 2013.

| **Particulars** | **Amount** |
|---|---|
| Land | 134.51 |
| Gross Block of Property, Plant and Equipment (other than land) | 80.16 |
| Accumulated Depreciation | 7.27 |
| Net Block of Property, Plant and Equipment (other than land) | 72.89 |
| Capital Work In Progress | 158.84 |
| TDS | (0.41) |
| **Total** | **365.83** |
| General Reserve Utilised as per the Scheme of Arrangement | 343.80 |
| Securities Premium Utilised as per the Scheme of Arrangement | 22.03 |

**Net effect on equity is as follows:**

| **Particulars** | **Net increase / (decrease)** |
|---|---|
| Securities Premium utilized (net) | (29.25) |
| Accumulated balance of Profit & Loss | 8.31 |
| General Reserve utilized (net) | (343.80) |

All Amounts are ₹ In Million unless otherwise stated

**Note 44 : Segment Disclosure**

**Operating segments:**

Operating segments are identified as those components of the Group and its Associate (a) that engage in business activities to earn revenues and incur expenses; (b) whose operating results are regularly reviewed by the Operating Decision Maker ('CODM') to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available.

The Group and its Associate has determined following reporting segments based on the information reviewed by the CODM.

(i) Infrastructure Development comprising of Road construction, Railway infrastructure development, Engineering and construction of Building and factories, Transmission and Distribution of Energy, Water and Irrigation projects including Water Treatment System, Sanitation and Sewerage system, and solid waste management system.

(ii) Mining including extraction of minerals and removal of overburden.

**Reportable segments:**

An operating segment is classified as reportable segment if reported revenue (including inter-segment revenue) or absolute amount of result or assets exceeds 10% or more of the combined total of all the operating segments.

**Segment revenue and results**:

The expenses and income which are not directly attributable to any business segment are shown as unallocable expenditure.

**Segment assets and liabilities**:

Segment assets include all operating assets used by the operating segment and mainly consist of property, plant and equipment, trade receivables, Inventory and other operating assets. Segment liabilities primarily include trade payable and other liabilities. Common assets and liabilities which can not be allocated to any of the business segment are shown as unallocable assets / liabilities.

**Segment reporting for the year ended March 31, 2019**

| Particular | Infrastructure Development | Mining | Unallocable | Total |
|---|---|---|---|---|
| **Revenue from Operations** | | | | |
| Revenue from External customers | 22,884.74 | 1,747.75 | 10.68 | **24,643.17** |
| Inter-segment revenue | - | - | - | **-** |
| | **22,884.74** | **1,747.75** | **10.68** | **24,643.17** |
| **Total Revenue from Operations** | | | | **-** |
| **Results** | | | | |
| Segment Result | 4,556.41 | (960.66) | - | **3,595.75** |
| Unallocated corporate Expenditure | - | - | (1,135.44) | **(1,135.44)** |
| **Operating Profit before Interest and Tax (PBIT)** | - | - | - | **2,460.29** |
| Finance Costs | - | - | (799.24) | **(799.24)** |
| Other Income | - | - | 403.98 | **403.98** |
| **Profit Before Tax (PBT)** | - | - | - | **2,065.03** |
| Provision for Current Tax | - | - | 448.75 | **448.75** |
| Provision for Deferred Tax | - | - | 44.10 | **44.10** |
| **Profit After Tax (PAT)** | - | - | **-** | **1,572.18** |
| **Share of Loss in Associate** | (25.94) | - | **-** | **(25.94)** |
| **Profit for the year** | - | - | **-** | **1,546.24** |
| **Other Information** | | | | |
| Segment Assets | 18,825.58 | 2,031.88 | 3,565.79 | **24,423.25** |
| Segment Liabilities | 12,642.68 | 520.28 | 4,207.36 | **17,370.32** |
| Depreciation (Including obsolescence and amortization) included in segment expenses | 221.07 | 253.33 | 38.59 | **512.99** |

The Group and its Associate is operating in a single geographical segment i.e. India, accordingly, the reporting requirement as per Ind AS 108, 'Segment reporting', related to geographical segments is not applicable, and hence, details thereon are not given.

The Group and its Associate derives revenue in excess of 10% from three major customers, viz.; Ministry of Road Transport and Highways - ₹ 4,839.49 Million, National Highways Authority of India - ₹ 8,544.29 Million and Rail Vikas Nigam Limited - ₹ 3,709.40 Million. All the three contribute to the Infrastructure development segment. Revenue from no other individual customers is in excess of 10% of total revenue.

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 44 : Segment Disclosure**

**Segment reporting for the year ended March 31, 2018**

| Particular | Infrastructure Development | Mining | Unallocable | Total |
|---|---|---|---|---|
| **Revenue from Operations** | | | | |
| Revenue from External customers | 16,481.99 | 2,861.49 | 11.64 | **19,355.12** |
| Inter-segment Revenue | - | - | - | **-** |
| **Total Revenue from Operations** | **16,481.99** | **2,861.49** | **11.64** | **19,355.12** |
| **Result** | | | | |
| Segment Result | 2,216.04 | 203.47 | - | **2,419.51** |
| Unallocated corporate Expenditure | - | - | (596.47) | **(596.47)** |
| **Operating Profit before Interest and Tax (PBIT)** | - | - | - | **1,823.04** |
| Finance Costs | - | - | (678.27) | **(678.27)** |
| Other Income | - | - | 107.31 | **107.31** |
| **Profit Before Tax (PBT)** | - | - | - | **1,252.08** |
| Provision for Current Tax | - | - | 17.94 | **17.94** |
| Provision for Deferred Tax | - | - | (349.22) | **(349.22)** |
| **Profit After Tax (PAT)** | - | - | - | **1,583.36** |
| **Share of Loss in Associate** | (90.61) | - | - | (90.61) |
| **Profit for the year** | | | | **1,492.75** |
| **Other Information** | | | | |
| Segment Assets | 12,173.96 | 3,583.47 | 183.45 | **15,940.88** |
| Segment Liabilities | 5,980.86 | 510.67 | 3,939.39 | **10,430.92** |
| Depreciation (Including obsolescence and amortization) included in segment expenses | 146.83 | 263.37 | 32.50 | **442.70** |

The Group and its Associate is operating in a single geographical segment i.e. India, accordingly, the reporting requirement as per Ind AS 108, 'Segment reporting', related to geographical segments is not applicable, and hence, details thereon are not given.

The Group and its Associate derives revenue in excess of 10% from 3 major customers, viz.; Ministry of Road Transport and Highways - ₹ 6,187.48 Million, National Highways Authority of India - ₹ 2,834.81 Million, and Rail Vikas Nigam Limited - ₹ 2,060.09 Million. All the 3 contribute to the Infrastructure development segment. Revenue from no other individual customers is in excess of 10% of total revenue.

**Segment reporting for the year ended March 31, 2017**

| Particular | Infrastructure Development | Mining | Unallocable | Total |
|---|---|---|---|---|
| **Revenue from Operations** | | | | |
| Revenue from External Customers | 16,881.64 | 2,889.95 | 23.31 | **19,794.90** |
| Inter Segment Revenue | - | - | - | **-** |
| **Total Revenue from Operations** | 16,881.64 | 2,889.95 | 23.31 | **19,794.90** |
| **Result** | | | | |
| Segment Result | 2,173.68 | 256.31 | - | **2,429.99** |
| Unallocated corporate Income/(Expenditure) | - | - | (467.46) | **(467.46)** |
| **Operating Profit before Interest and Tax (PBIT)** | - | - | - | **1,962.53** |
| Finance Costs | - | - | (516.42) | **(516.42)** |
| Other Income | - | - | 71.41 | **71.41** |
| **Profit Before Tax (PBT)** | - | - | - | **1,517.52** |
| Provision for Current Tax | - | - | 352.86 | **352.86** |
| Provision for Deferred Tax | - | - | (10.38) | **(10.38)** |
| **Profit After Tax (PAT)** | - | - | - | **1175.04** |
| **Share of Loss in Associate** | (58.39) | - | - | **(58.39)** |
| **Profit for the year** | | | | **1,116.65** |
| **Other Information** | | | | |
| Segment Assets | 9,879.07 | 3,741.78 | 890.65 | **14,511.50** |
| Segment Liabilities | 5,598.76 | 426.08 | 4,471.32 | **10,496.16** |
| Depreciation (Including obsolescence and amortization) included in segment expenses | 103.67 | 258.52 | 36.19 | **398.38** |

The Group and its Associate is operating in a single geographical segment i.e. India, accordingly, the reporting requirement as per Ind AS 108, 'Segment reporting', related to geographical segments is not applicable, and hence, details thereon are not given.

The Group and its Associate derives revenue in excess of 10% from 2 major customers, viz.; Ministry of Road Transport and Highways - ₹ 3,648.86 Million, Rail Vikas Nigam Limited - ₹ 2,520.67 Million. Both the customers contribute to the Infrastructure Development segment. Revenue from no other individual customers is in excess of 10% of total revenue.

Montecarlo Limited

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 45 : Tax Expenses**

**(i) Income tax (income) / expense recognized in the Statement of Profit and Loss**

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| **Current Tax** | | | |
| Current tax on profit for the year | 448.75 | 279.76 | 531.60 |
| (Excess) / Short provision of earlier years | - | (261.82) | (178.74) |
| **Deferred Tax** | | | |
| - Deferred Tax (Other than MAT Entitlement) | 371.57 | (30.64) | (10.38) |
| - MAT Entitlement(Current Year) | (368.67) | (273.38) | - |
| - MAT Entitlement(Earlier Year) | 41.20 | (45.20) | - |
| **Total** | **492.85** | **(331.28)** | **342.48** |

**(ii) Income tax expense / (income) recognized in other comprehensive income**

| Particulars | As at March 31,2019 | As at March 31,2018 | As at March 31,2017 |
|---|---|---|---|
| **Deferred Tax** | | | |
| Attributable to - | | | |
| Deferred tax (expense)/benefit on remeasurements of defined benefit liability / (asset) | (1.74) | 1.00 | 4.07 |
| **Total** | **(1.74)** | **1.00** | **4.07** |

**(iii) Reconciliation of Effective Tax Rate**

| Particulars | As at March 31,2019 | As at March 31,2018 | As at 31-Mar-2017 |
|---|---|---|---|
| **Profit Before Tax As Per Restated P&L** | 2,065.03 | 1,252.08 | 1,517.52 |
| Domestic Tax Rate | 34.94% | 34.61% | 34.61% |
| Tax thereon on at Normal Rate | 721.60 | 433.32 | 525.18 |
| Effect of expenses that are not deductible in determining taxable profit | 231.27 | 32.03 | 6.40 |
| Effect of income that is exempt from taxation | (853.51) | (458.97) | - |
| Effect of tax charged at lower rates | (19.28) | - | - |
| Effect of short/excess provision of earlier years | - | (261.82) | (178.74) |
| Deferred tax | 371.57 | (30.64) | (10.38) |
| Effect of MAT Credit of earlier periods | 41.20 | (45.20) | - |
| **Income Tax Expense Recognised in profit or loss** | **492.85** | **(331.28)** | **342.48** |

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 47:**
**Disclosure pursuant to Appendix 6 of Ind AS 115 - "Revenue from Contrcts with Customers"**

| Particulars | Hubli Haveri | Singhara Bijabahal |
|---|---|---|
| Description of the arrangement | Six laning & strengthening of Km 340+000 to km 403+400 of Hubli - Haveri section of NH-48 (old NH-4) in the state of Karnataka under NHDP Phase-V through public private partnership (the "PPP") on Hybrid Annuity Mode. | Rehabilitation & upgradation by Four- Laning of Singhara to Bijhabahal Section from Km. 311.000 to Km. 414.000 (Design Chainage from km. 310.806 to Km. 414.982) of NH-6 (New NH-49) in the state of Odisha under NHDP-IV on Hybrid Annuity Mode. |
| Significant terms of arrangement | The company will receive 40% of the bid project cost (adjusted for the Price Index Multiple) in 5 equal installments on achieving the physical progress milestones during the construction period. The remaining bid project cost (adjusted for the Price Index Multiple) shall be paid in 30 biannual installments commencing from 6 months of Commercial operation date ('COD'). | The company will receive 40% of the bid project cost (adjusted for the Price Index Multiple) in 5 equal installments on achieving the physical progress milestones during the construction period. The remaining bid project cost (adjusted for the Price Index Multiple) shall be paid in 30 biannual installments commencing from 6 months of Commercial operation date ('COD'). |
| Obligation of the Concessionaire | The Concessionaire shall not undertake or permit any change in ownership, except with the prior written approval of the Authority. The Concessionaire shall at its own cost and expense, procure finance for construction and O&M activities and perform all obligations set out in SCA. | The Concessionaire shall not undertake or permit any change in ownership, except with the prior written approval of the Authority. Further, the Concessionaire shall operate and maintain the Project in accordance with the Agreement either by itself, or through the O&M Contractor and if required, modify, repair or otherwise make improvements to the Project. |
| Details of any assets to be given or taken at the end of concession period | At the end of the Concession period the Company shall deliver the actual or constructive possession of the project highway, free and clear of all encumbrances. | At the end of the Concession period the Company shall deliver the actual or constructive possession of the project highway, free and clear of all encumbrances. |
| Revenue and profits | Revenue for the year ended March 31, 2019 of ₹ 3,011.32 Million, March 31, 2018 - ₹ 768.61 Million and March 31, 2017 - ₹ Nil and profit for the year ended on March 31, 2019 of ₹ 112.57 Million, March 31, 2018 - ₹ 12.06 Million and March 31, 2017 - ₹ Nil. | Revenue for the year ended March 31, 2019 of ₹ 1,500.98 Million, March 31, 2018 - ₹ Nil and March 31, 2017 - ₹ Nil and profit for the year ended on March 31, 2019 of ₹ 2.39 Million, March 31, 2018 - loss of ₹ 7.10 Million and March 31, 2017 - ₹ Nil. |
| Classification | The Service Concession Agreements have been classified as Financial Assets in the books. Refer note 7 & 14. | |

**Note 48:**
The Company had appointed a contractor for two of its projects in earlier years. Due to non-fulfilment of various contractual obligations by the contractor, these contracts were annulled. The contractor has admitted amount of Rs. 208.56 Million due to the Company through its various communications with the Company. Contractor has initiated arbitration proceedings against the Company claiming aggregate amount of Rs. 1,346.08 Million towards default in payments of certain contractual dues. The Company has denied all the allegations made by the contractor and has filed counter claims aggregating to Rs. 2,031.66 Million towards losses suffered by the Company due to non-performance by the contractor and liquidated damages imposed on it under the principal contracts. As at the reporting date, the matters relating to the settlement of these dues are pending adjudication by the Arbitrator. The Company has been legally advised that the claims made by the contractor appear to be frivolous and unsustainable based on the terms of the then binding agreement between the two parties. However, considering that the arbitration process has taken a long time, the Company has expensed out the dues from the contractor in FY 2018-19, without prejudice to its arbitration claim.

**Note 49:**
**Disclosure of summarised information of associate as per Ind AS 112 Para B12**
The Company holds 23% interest in Bijapur-Hungund Tollway Private Limited, associate in India. The assets, liabilities, incomes and expenses of the associate company are as follows:

| Particulars | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| Current Assets | 660.22 | 427.14 | 530.77 |
| Non-Current Assets | 8,400.69 | 8,770.30 | 9,407.31 |
| Current Liabilities | 1,301.76 | 1,281.63 | 694.28 |
| Non-Current liabilities | 7,839.87 | 7,883.75 | 8,527.81 |
| Share Capital and Reserve & Surplus | (80.73) | 32.05 | 715.99 |

| Particulars | For the year ended March 31, 2019 | For the year ended March 31, 2018 | For the year ended March 31, 2017 |
|---|---|---|---|
| Revenue | 1,473.91 | 1,312.69 | 1,249.91 |
| Construction expenses | 210.58 | 65.72 | - |
| Operating Expenses | 193.16 | 258.75 | 232.75 |
| Employee Benefit Expenses | 33.81 | 29.80 | 26.15 |
| Finance Charges | 747.19 | 974.45 | 911.65 |
| Depreciation Expenses | 376.11 | 346.54 | 302.94 |
| Other Expenses | 25.76 | 30.98 | 29.45 |
| Profit / (Loss) for the year | (112.71) | (393.55) | (253.03) |
| Other Comprehensive Income | (0.06) | (0.39) | (0.82) |
| Total Other comprehensive Income for the year | (112.77) | (393.94) | (253.85) |

**Note 49A:**
MCL holds 23% equity shares of Bijapur Hungund Tollway Private Limited ("BHTPL) and the balance 77% is held by Sadbhav Infrastructure Project Limited ("SIPL"). SIPL has entered into definitive share purchase agreement ("the agreement") dated July 1, 2019 with Indinfravit Trust ("the Buyer or Investor") for sale of entire equity shares (100%) of BHTPL, subject to necessary regulatory approvals, lender's consent, other customary approvals and upon satisfaction of conditions precedent as mentioned in the agreement. The Board of Directors of MCL have approved this stake sale in their meeting held on May 17, 2019. As per the commercial understanding, SIPL will acquire the entire holding from MCL (23%) and then transfer the 100% of the total issued, paid-up and subscribed equity share capital of BHTPL on fully diluted basis to the Investor for which SIPL and MCL has agreed to enter share purchase agreement. The said share purchase agreement is still in the draft stage.

**Notes to Restated Consolidated Financial Information**
All Amounts are ₹ In Million unless otherwise stated

**Note 46 : Movement in Deferred Tax Assets / Liabilities for the year ended March 31, 2019**

| Tax effects of items constituting Deferred tax (liabilities) / assets | Opening balance as at April 1, 2018 | Recognised in profit and loss | Recognised in other comprehensive income | Closing balance at March 31, 2019 |
|---|---|---|---|---|
| Property, plant and equipment | (60.59) | (382.72) | - | (443.31) |
| Measurement of financial liabilities at amortised cost | (64.41) | 19.04 | - | (45.36) |
| Provision for employee benefits | 29.70 | 3.05 | 1.74 | 34.49 |
| Measurement of financial assets at amortised cost | 43.31 | (21.08) | - | 22.24 |
| Unamortised portion of fees paid for Amalgamation u/s 35DD | 2.23 | (0.74) | - | 1.48 |
| Unrealised forex loss | 4.32 | (4.32) | - | - |
| Provision for expected credit loss | 11.41 | 13.89 | - | 25.30 |
| NCD arranger fees | - | 1.30 | - | 1.30 |

**Movement in Deferred Tax Assets / Liabilities for the year ended March 31, 2018**

| Tax effects of items constituting Deferred tax (liabilities) / assets | Opening balance as at April 1, 2017 | Recognised in profit and loss | Recognised in other comprehensive income | Closing balance at March 31, 2018 |
|---|---|---|---|---|
| Property, plant and equipment | (63.83) | 3.25 | - | (60.59) |
| Prepaid Expenses | (1.27) | 1.27 | - | - |
| Measurement of financial liabilities at amortised cost | (35.96) | (28.44) | - | (64.41) |
| Excess of depreciation and amortization on fixed assets under income tax law over depreciation and amortization provided in accounts [Pursuant to the Composite Scheme of Arrangement (Refer note 43)] | (0.06) | 0.06 | - | - |
| Provision for employee benefits | 22.90 | 7.80 | (1.00) | 29.70 |
| Measurement of financial assets at amortised cost | 3.34 | 39.98 | - | 43.31 |
| Unamortised portion of fees paid for Amalgamation u/s 35DD | 2.94 | (0.71) | - | 2.23 |
| Provision for expected credit loss | 8.26 | 3.15 | - | 11.41 |
| Unrealised forex loss | - | 4.32 | - | 4.32 |

**Movement in Deferred Tax Assets / Liabilities for the year ended March 31, 2017**

| Tax effects of items constituting Deferred tax (liabilities) / assets | Opening balance as at April 1, 2016 | Recognised in profit and loss | Recognised in other comprehensive income | Closing balance at March 31, 2017 |
|---|---|---|---|---|
| Property, plant and equipment | (52.76) | (11.07) | - | (63.83) |
| Prepaid Expenses | (1.20) | (0.06) | - | (1.27) |
| Measurement of financial liabilities at amortised cost | (46.16) | 10.20 | - | (35.96) |
| Excess of depreciation and amortization on fixed assets under income tax law over depreciation and amortization provided in accounts [Pursuant to the Composite Scheme of Arrangement (Refer note 43)] | - | (0.06) | - | (0.06) |
| Provision for employee benefits | 21.42 | 5.55 | (4.07) | 22.90 |
| Interest accrued but not due on Term Loans | 0.78 | (0.78) | - | - |
| Measurement of financial assets at amortised cost | 2.50 | 0.84 | - | 3.34 |
| Unamortised portion of fees paid for Amalgamation u/s 35DD | 0.66 | 2.28 | - | 2.94 |
| Provision for expected credit loss | 4.88 | 3.38 | - | 8.26 |

**Note 50:**
**Material Adjustments to Restated Consolidated Financial Information and notes thereon**
All Amounts are ₹ In Million unless otherwise stated

| Sr.No | Particulars | Note | For the year ended | | |
|---|---|---|---|---|---|
| | | | March 31, 2019 | March 31, 2018 | March 31, 2017 |
| | | | | | |
| A | **Net profit / total comprehensive income as per Audited Financial Statements** | | 1,542.97 | 1,505.16 | 1,153.27 |
| | | | | | |
| B | **Material Adjustments** | | | | |
| | Interest on Term Loans from Banks and FIs relating to previous period | 1 | - | - | 2.25 |
| | Reversal of interest expense capitalised in the cost of investment in equity instruments | 2 | - | - | (2.32) |
| | Reversal of foreign exchange gain capitalised in property, plant and equipment | 3 | - | - | 7.15 |
| | Depreciation on foreign exchange gain decapitalised from property, plant and equipment | 3 | - | - | (0.17) |
| | Recognition of Prepaid Expense | 4 | - | - | 3.66 |
| | Reversal of Prepaid Expense | 4 | - | - | (3.59) |
| | Remeasurements of defined benefit liability / (asset) | 5 | - | - | (11.77) |
| | Fair Valuation of Financial Assets | 6 | - | - | (29.47) |
| | Fair Valuation of Financial Liabilities | 6 | - | - | (2.41) |
| | Provision for Expected Credit Loss | 7 | - | - | (9.79) |
| | Interest income short provided of FDRs' | 8 | - | - | 0.16 |
| | Revenue Adjustment w.r.t. Ind AS 115 | 9 | - | (10.54) | (6.62) |
| | | | | | |
| C | **Material Adjustments related to Tax** | | | | |
| | Deferred Tax charge / (credit) pertaining to previous years | 10 | - | - | 1.00 |
| | Deferred Tax on material adjustments | 11 | - | - | 15.32 |
| | | | | | |
| D | **Restated profit / (loss) after tax (A + B + C)** | | **1,542.97** | **1,494.62** | **1,116.65** |
| | | | | | |
| E | **Other Comprehensive Income** | | | | |
| | Remeasurements of defined benefit liability / (asset) through other comprehensive income | | - | - | (11.77) |
| | Deferred tax on Remeasurements of defined benefit liability / (asset) through other comprehensive income | | - | - | 4.07 |
| | | | | | |
| F | **Restated total other comprehensive income (D - E)** | | **1,542.97** | **1,494.62** | **1,124.35** |

**A** **Notes to Material Adjustments in Restated Consolidated Financial Information:**

**1 Interest on Term Loans from Banks and Financial Institutions**
Interest on term loans from banks and financial institutions accrued but not due as on March 31, 2016 falling due and payable in succeeding financial year, recorded in the books of accounts for the year ended on March 31, 2017 has been restated to the year to which it pertains.

**2 Reversal of interest expense capitalised in the cost of investment in equity**
The Company on restatement, has reversed the interest expense capitalised in the cost of investments in equity instruments and charged off to Profit and Loss Statement in the year to which it pertains.

**3 Reversal of foreign exchange gain capitalised in property, plant and equipment**
The Company on restatement, has reversed the foreign exchange gain capitalised in the items of property, plant and equipment and consequently increased the gross block of asset in the year of acquisition. Further, revised depreciation has been charged off to Profit and Loss Statement in the year of acquisition and subsequent years.

**4 Prepaid Expense**
Expense pertaining to the period beyond reporting date recorded in a financial year has been recognized as prepaid expense and charged off to Profit and Loss Statement in the year to which it pertains.

**5 Gratuity Expense**
Based on the report of Independent Actuary, cumulative expenditure towards Gratuity for the services rendered by the employees relating to each of the year, considered in restated financials to the year to which it pertains.

**6 Fair Valuation of Financial Assets and Financial Liabilities**
Based on Ind AS - 109 "Financial Instruments", financial assets in the form of non-current interest free deposits retained by the customers have been accounted at fair value on the date of transition to Ind AS and subsequently measured at amortized cost using the effective interest rate method. Similarly, financial liabilities in the form non-current deposits of vendors retained by the Company has been accounted at fair value on the date of transition to Ind AS and subsequently measured at amortized cost using the effective interest rate method.

**Note 50:**

**Material Adjustments to Restated Consolidated Financial Information and notes thereon**

All Amounts are ₹ In Million unless otherwise stated

**7 Provision for Expected Credit Loss**

As per Ind-AS 109, the Company applies Expected Credit Loss (ECL) model on Receivables for measurement and recognition of impairment loss. The Company applies the simplified approach on trade receivables to measure liquefy risk. The same is provided in restated financials to the receivable pertains to respective years.

**8 Interest income short provided of FDRs**

For the year ended March 31, 2017 Company had shortly provided for interest on FDRs. The Company on restatement has now provided the same.

**9 Revenue recognition adjustment w.r.t. Ind AS 115**

The Company has aligned its policy of revenue recognition with Ind AS 115 "Revenue from Contracts with Customers" which is effective from April 1, 2018. Appropriate adjustments have been made in the respective years in the Profit and Loss Statement.

**10 Deferred Tax (charge) / credit pertaining to previous periods**

The Company on restatement has reassessed deferred tax asset and deferred tax liability taking into consideration the income tax rates prevailing in the respective years for timing difference or temporary differences as applicable and corresponding charge / credit has been made in the Profit and Loss Statement for the year to which it pertains.

**11 Deferred Tax on material adjustments**

Deferred tax has been computed on adjustments made as detailed above and has been adjusted in the restated profits and losses for the years ended March 31, 2019, March 31, 2018 and March 31, 2017 and Surplus as per Profit and Loss as on April 1, 2016.

**B <u>Material regroupings</u>**

Appropriate adjustments have been made in the respective years of Restated Consolidated Statements of Assets and Liabilities, Profits and Loss and Cash flows, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the regroupings as per the audited financials of the Company for the year ended March 31, 2019. Unbilled Revenue has been reclassified to Current Non Financial Assets from Current Financial Assets in line with March 31, 2019, as per the Ind AS 115 which came into effect from April 1, 2018.

**C <u>Related Party Transactions</u>**

Certain disclosures in respect of related party transactions were either not included or the amounts were incorrectly considered in the earlier audited financial statements have now been rectified in the Restated Consolidated Financial Information.

**Note 50:**
**Material Adjustments to Restated Consolidated Financial Information and notes thereon**
All Amounts are ₹ In Million unless otherwise stated

**D** **Non-adjusting items**

i) **Emphasis Of Matters in Auditors' Report for the year ended March 31, 2018, which do not require any corrective adjustments in the Restated Consolidated Financial Information (Refer note 48 of the Restated Consolidated Financial Information):**

We draw attention to Note 51 to the Consolidated Ind AS Financial Statements, relating to the on-going arbitration proceedings between the Parent and one of its contractors.

Our opinion is not modified in respect of this matter.

ii) **Audit Qualifications in Auditors' Report, which do not require any corrective adjustments in the Restated Consolidated Financial Information**

In addition to the audit opinion on the financial statements, the auditors are required to comment upon the matters included in the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India terms of sub-section (11) of Section 143 of the Companies Act, 2013 for the year ended March 31, 2019, March 31, 2017 and March 31, 2016. Certain statements/comments included in the annexure to the Audit report on the financial statements (i.e. CARO), which do not require any adjustments in the Restated Consolidated Financial Information are reproduced below in respect of the financial information presented:

**Montecarlo Limited (Parent Company)**

**For the year ended March 31, 2017**
(i) Clause (ix)(b) of CARO
According to the information and explanations given to us, there are no material dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited with the appropriate authorities on account of any dispute, except the followings:

| Nature of dues | Amount | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|
| MP Entry Tax | 0.84 | F.Y. 2012-13 | Dy. Commissioner of Appeal, Jabalpur |
| Jharkhand VAT | 1.81 | F.Y. 2009-10 | Dy. Commissioner of Commercial Tax, Ranchi |
| | 120.06 | F.Y. 2010-11 | |

**For the year ended March 31, 2018**
(i) Clause (ix)(b) of CARO
According to the information and explanations given to us, there are no material dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited with the appropriate authorities on account of any dispute, except the followings:

| Nature of dues | Amount | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|
| Income Tax Act, 1961 | 145.09 | F.Y. 2003-04 to 2010-11 and 2012-13 | Income Tax Appellate Tribunal, Ahmedabad |
| MP Entry Tax | 0.84 | F.Y. 2012-13 | Dy. Commissioner of Appeal, Jabalpur |
| | 6.32 | F.Y. 2015-16 | Divisional commissioner commercial tax |
| Jharkhand VAT | 0.04 | F.Y. 2010-11 | The Dy.Commissioner of Commercial Tax Ramgarh Circle, Ramgarh |
| | 3.36 | F.Y. 2011-12 | |
| | 4.45 | F.Y. 2012-13 | |
| | 2.06 | F.Y. 2013-14 | |
| | 7.62 | F.Y. 2014-15 | Deputy Commissioner, Ranchi |
| Rajasthan VAT | 51.89 | F.Y. 2015-16 | Commercial Tax Officer |
| Uttar Pradesh VAT | 2.10 | F.Y. 2014-15 | Commisioner of Commercial Tax |
| MP VAT | 67.19 | F.Y. 2015-16 | Divisional commissioner commercial tax |
| Jharkhand CST | 1.17 | F.Y. 2013-14 | Commisioner of Commercial Tax, Ranchi |
| Gujarat Excise & Custom | 25.98 | NA | Assit.Director of Foreign Trade, Ahmedabad |

**For the year ended March 31, 2019**
(i) Clause (ix)(b) of CARO
According to the information and explanations given to us, there are no material dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax or cess which have not been deposited with the appropriate authorities on account of any dispute, Except the followings:

| Nature of dues | Amount | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|
| Income Tax Act, 1961 | 141.81 | F.Y. 2003-04 to 2010-11 | Income Tax Appellate Tribunal, Ahmedabad |
| MP Entry Tax | 0.84 | F.Y. 2012-13 | Dy. Commissioner of Appeal, Jabalpur |
| | 6.32 | F.Y. 2015-16 | Divisional commissioner commercial tax |
| Jharkhand VAT | 0.04 | F.Y. 2010-11 | The Dy.Commissioner of Commercial Tax Ramgarh Circle, Ramgarh |
| | 3.36 | F.Y. 2011-12 | |
| | 4.45 | F.Y. 2012-13 | |
| | 2.06 | F.Y. 2013-14 | |
| | 7.62 | F.Y. 2014-15 | Deputy Commissioner, Ranchi |
| Rajasthan VAT | 51.89 | F.Y. 2015-16 | Commercial Tax Officer |
| Uttar Pradesh VAT | 2.10 | F.Y. 2014-15 | Commisioner of Commercial Tax |
| MP VAT | 67.19 | F.Y. 2015-16 | Divisional commissioner commercial tax |
| Jharkhand CST | 1.17 | F.Y. 2013-14 | Commisioner of Commercial Tax, Ranchi |
| Gujarat Excise & Custom | 25.98 | NA | Assit.Director of Foreign Trade, Ahmedabad |

**Note 51:**

***Statement of Equity Reconciliation to Restated Consolidated Financial Information***

All Amounts are ₹ In Million unless otherwise stated

| Sr.No. | Particulars | Note | As at | | |
|---|---|---|---|---|---|
| | | | **31-Mar-19** | **31-Mar-18** | **31-Mar-17** |
| | **Balance of Equity as per Audited Financial Statements** | | 7,052.93 | 5,527.10 | 3,972.78 |
| | Share in Net Asset of Associate's Audited Financial Statement | | | | |
| | | | | | |
| | **Cummulative Adjustments upto respective previous years** | | | | |
| **a** | Restatement Adjustments for the period upto 31st March 2016 | **1 & 14** | | | (298.79) |
| **b** | Restatement Adjustments for the period upto 31st March 2017 | **1** | | 42.56 | |
| **c** | Restatement Adjustments for the period upto 31st March 2018 | **1** | (17.14) | | |
| **d** | Ind AS adjustments considered in total equity of audited financial statements | | 17.14 | (49.16) | |
| | | | | | |
| **e** | Adjustment in net assets of the associate | **2** | | | 507.18 |
| | | | | | |
| | **Current period adjustments in** | | | | |
| **f** | Property, plant and equipment | **3** | - | - | 6.98 |
| **g** | Investment | **4** | - | - | (2.32) |
| **h** | Other Non current financial assets | **5** | - | - | (2.41) |
| **i** | Deferred Tax(Net) | **6** | - | - | 12.24 |
| **j** | Other Current financial assets | **7** | - | - | 0.16 |
| **k** | Trade Receivable | **8** | - | - | (9.79) |
| **l** | Other current assets | **9** | - | - | 0.07 |
| **m** | Other Equity - MAT Adjustment | **10** | - | - | (136.92) |
| **n** | Other Non current financial liabilities | **11** | - | - | (29.47) |
| **o** | Other current financial liabilities | **12** | - | - | 2.25 |
| **p** | Revenue Adjustment w.r.t. Ind AS 115 | **13** | - | (10.54) | (6.62) |
| | **Total of opening and current year restatement adustments** | | **-** | **(17.14)** | **42.56** |
| | | | | | |
| | **Total equity - Restated** | | **7,052.93** | **5,509.96** | **4,015.34** |

**Notes**

1 **Adjustments of the Previous Period**
Adjustment to the previous period represent cumulative change in retained earnings upto beginning of the respective reporting period.

2 **Adjustment in net assets of the Associate**
Reversal of Ind-AS adjustments of the associate as already considered in earlier years.

3 **Property, plant and equipment**
The Company on restatement, has reversed the foreign exchange gain capitalised in the items of property, plant and equipment and consequently increased the gross block of asset in the year of acquisition. Further, revised depreciation has been charged off to Profit and Loss Statement in the year of acquisition and subsequent years.

4 **Investment**
The Company on restatement, has reversed the interest expense capitalised in the cost of investments in equity instruments and charged off to Profit and Loss Statement in the year to which it pertains.

5 **Other Non current financial assets**
Financial assets in the form of non-current interest free deposits retained by the customers have been accounted at fair value on the date of transition to Ind AS and subsequently measured at amortized cost using the effective interest rate method.

6 **Deferred Tax(Net)**
The Company on restatement has reassessed deferred tax asset and deferred tax liability taking into consideration the income tax rates prevailing in the respective years for timing difference or temporary differences as applicable and corresponding charge / credit has been made in the Profit and Loss Statement for the year to which it pertains.

7 **Other Current financial assets**
Expense pertaining to the period beyond reporting date now been recorded as expense in the year to which it pertains.

8 **Trade Receivable**
As per Ind-AS 109, the Company applies Expected Credit Loss (ECL) model on Receivables and the same is provided in restated financials to the receivable pertains to respective years.

**Note 51:**

***Statement of Equity Reconciliation to Restated Consolidated Financial Information***

All Amounts are ₹ In Million unless otherwise stated

**9 Other current assets**

Expense pertaining to the period beyond reporting date now been recorded as prepaid expense in the year to which it pertains.

**10 Other Equity - MAT Adjustment**

MAT credit earlier recognised as MAT Credit Reserve directly in Equity pertaining to March 31, 2016, now been recognised in the Restated Profit & Loss financial statements.

**11 Other Non current financial liabilities**

Financial liabilities in the form non-current deposits of vendors retained by the Company has been accounted at fair value on the date of transition to Ind AS and subsequently measured at amortized cost using the effective interest rate method.

**12 Other current financial liabilities**

Interest on term loans accrued but not due, falling due and payable in respective succeeding financial year, recorded in the books of accounts and has been restated to the year to which it pertains.

**13 Revenue recognition adjustment w.r.t. Ind AS 115**

The Company has aligned its policy of revenue recognition with Ind AS 115 "Revenue from Contracts with Customers" which is effective from April 1, 2018. Appropriate adjustments have been made in the respective years in the Profit and Loss Statement.

**14 Adjustment to the Opening Equity as on April 1, 2017 for the Restated purpose are as below:**

| Particulars | Rs. In Million |
|---|---|
| Investment in subsidiary, associate and joint venture (Note A2 of Note 50) | 8.59 |
| Deferred Tax(Net) (Note A10 and A11 of Note 50) | 125.01 |
| Other Current financial assets (Note A10 of Note 50) | 0.65 |
| Current tax assets (Note A7 of Note 50) | 0.82 |
| Other current assets (Note A4 of Note 50) | 0.54 |
| Other current financial liabilities (Note A1 of Note 50) | 7.00 |
| Other Non current financial liabilities (Note A6 of Note 50) | 41.13 |
| Other Non current financial assets (Note A6 of Note 50) | 13.21 |
| Trade Receivables (Note A7 of Note 50) | (7.26) |
| Property, plant and equipment (Note A3 of Note 50) | (0.18) |
| Adjustment in share of Net Assets of Associate | 107.96 |
| Adjustments pertains to April 1, 2016 | (596.28) |
| **Total** | **(298.79)** |

## CAPITALISATION STATEMENT

The following table sets forth our capitalisation as at March 31, 2019, on the basis of our Restated Financial Statements, and as adjusted for the Offer. This table should be read in conjunction with "*Management's Discussion and Analysis of Financial Condition and Results of Operations*", "*Financial Statements*" and "*Risk Factors*" beginning on pages 289, 227, and 24, respectively.

*(In ₹ million)*

| Particulars | Pre-Offer as at March 31, 2019 | As adjusted for the proposed Issue* |
|---|---|---|
| Current borrowings | 2,158.99 | [●] |
| Non-current borrowings (including current maturities) | 3,590.74 | [●] |
| **Total Borrowing** | **5,749.73** | [●] |
| **Total Equity** | | [●] |
| Equity share capital | 855.00 | [●] |
| Other Equity (excluding DRR) | 6,017.93 | [●] |
| **Total Capital** | **6,872.93** | [●] |
| | | [●] |
| **Ratio: Non-current borrowings/Total Equity** | **0.52** | [●] |

* Post Issue Capitalisation will be determined after finalization of issue price.

## OTHER FINANCIAL INFORMATION

The audited standalone financial statements of our Company as at and for the year ended March 31, 2019, March 31, 2018, and March 31, 2017 and the reports thereon dated May 17, 2019, June 13, 2018 and June 29, 2017, respectively ("**Standalone Financial Statements**") are available at https://www.mclindia.com/Home/Result. Further, the audited stand alone financials of our Company's Material Subsidiary as at and for the Fiscals ended March 31, 2019 and March 31, 2018 and the reports thereon dated May 10, 2019 and May 29, 2018, respectively, are available at https://www.mclindia.com/Home/disclosure. Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI Regulations. The Standalone Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, 2013, the SEBI Regulations, or any other applicable law in India or elsewhere in the world. The Standalone Financial Statements should not be considered as part of information that any investor should consider to subscribe for or purchase any securities of our Company, or any entity in which it or its shareholders have significant influence (collectively, the "**Group**") and should not be relied upon or used as a basis for any investment decision. None of the Group or any of its advisors, nor any BRLMs or the Selling Shareholder, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Standalone Financial Statements, or the opinions expressed therein.

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

**Montecarlo Limited**

**Restated Consolidated Statement of Accounting Ratio**

All Amounts are ₹ In Million unless otherwise stated

| Sr. No. | Particulars | Note | For the year ended | | |
|---|---|---|---|---|---|
| | | | 31-Mar-19 | 31-Mar-18 | 31-Mar-17 |
| | | | Ind AS | Ind AS | Ind AS |
| | | | | | |
| A | **Earning per Share (EPS) - Basic and Diluted** | 1 | | | |
| | | | | | |
| | Restated Profit attributable to equity shareholders (Rs. In Million) | | 1,546.24 | 1,492.75 | 1,116.65 |
| | | | | | |
| | Weighted average number of equity shares outstanding | | 8,55,00,003 | 8,55,00,003 | 8,55,00,003 |
| | | | | | |
| | Nominal value of equity per share | | 10.00 | 10.00 | 10.00 |
| | Basic and Diluted EPS (Rs. Per Share) | | 18.08 | 17.46 | 13.06 |
| | | | | | |
| B | **Return on Net Worth** | 2 | | | |
| | | | | | |
| | Restated Net Profit / (Loss) for the years (Rupees in million) | | 1,546.24 | 1,492.75 | 1,116.65 |
| | Net worth at the end of the years (Rupees in million) | | 6,872.93 | 5,284.96 | 4,015.34 |
| | **Return on Net Worth (%)** | | **22.50%** | **28.25%** | **27.81%** |
| | | | | | |
| C | **Net Asset Value Per Equity Share** | 3 | | | |
| | | | | | |
| | Net worth at the end of the years (Rupees in million) | | 6,872.93 | 5,284.96 | 4,015.34 |
| | Total number of equity shares outstanding at end of the years | | 8,55,00,003 | 8,55,00,003 | 8,55,00,003 |
| | **Net Asset Value Per Equity Share (in Rupees)** | | **80.39** | **61.81** | **46.96** |
| | | | | | |
| D | **Earnings Before Interest Tax Depreciation & Amortization (EBITDA)** | 4 | | | |
| | | | | | |
| | EBITDA (A) | | 2,973.28 | 2,265.74 | 2,360.91 |
| | Revenue from operations (B) | | 24,643.17 | 19,355.12 | 19,794.90 |
| | **EBITDA (%) (A/B)** | | **12.07%** | **11.71%** | **11.93%** |
| | | | | | |

**Note**

1 **Earning per Share (Basic and Diluted)**

$$\frac{\text{Restated Profit / Loss after Tax attributable to Equity Shareholders}}{\text{Weighted Average No. of Equity Shares}}$$

Note 1.1

During the year ended March 31, 2018, the Company issued 21,375,001 bonus shares to the existing shareholders in the ratio of 3:1. As per the requirement IND AS 33 for the purpose of computing Basic and Diluted EPS, the weighted average number of equity share outstanding have been adjusted.

2 **Return on Net Worth**

$$\frac{\text{Profit/Loss after tax (as restated)}}{\text{Net worth at the end of the years}}$$

Net Worth defined as sum of equity share capital, reserves and surplus (including securities premium, general reserve and retained earnings and excluding DRR)

3 **Net Asset Value Per Equity Share**

$$\frac{\text{Net worth at the end of the years}}{\text{Total number of equity shares outstanding at end of the years}}$$

4 **EBITDA**

EBITDA = Restated Profit Before Tax + Finance Costs + Depreciation and Amortization Expenses - Other income

$$\frac{\text{EBITDA}}{\text{Revenue from operations}}$$

* Total no. of equity shares outstanding at the end of the years have been adjusted for bonus shares issued as given in note 1.1

## FINANCIAL INDEBTEDNESS

Our Company has availed loans in the ordinary course of business for the purposes of meeting working capital requirements and for capital expenditure. Further, our Subsidiaries, MHHHPL and MSBHPL, have availed a term loan each from a consortium of lenders for the purpose of undertaking their respective HAM projects. While our Company has notified the relevant lenders as required under the relevant loan documentation, our Company has not received, at the date of the Draft Red Herring Prospectus, the necessary consents from certain of its lenders for undertaking activities, such as change in its shareholding pattern and change in its capital strucutre. For details, see the Risk Factor "*Our debt financing agreements contain restrictive covenants including requiring prior consent of our lenders for undertaking a number of corporate actions, including the Offer, which may affect our interest and we are subject to restrictions on our financial and operational flexibility and risks associated with debt financing, including acceleration of our repayment obligations and forced sale of our assets if we fail to comply with covenants under our credit facilities, many of which have been secured by our assets*" on page 34.

As on August 31, 2019, the outstanding amount under the fund based borrowings of our Company on a consolidated basis was ₹ 6,891.19 million and the outstanding amount under non-fund based facilities availed by our Company, on a consolidated basis, was ₹ 18,245.48 million. Set forth below is a brief summary of the aggregate borrowings of our Company on a consolidated basis as on August 31, 2019, as certified by M/s Surana Maloo & Co., independent chartered accountant on September 25, 2019:

*(in ₹ million)*

| Category of borrowing | Sanctioned amount | Outstanding amount |
|---|---|---|
| ***Term loans*** | | |
| Secured | 11,507.74 | 4,405.78 |
| Unsecured | 52.50 | 52.50 |
| **Total (A)** | **11,560.24** | **4,458.28** |
| ***Working capital facilities*** | | |
| **Fund based** | | |
| Secured | 2,809.71 | 984.50 |
| Unsecured | 950.00 | 908.40 |
| **Total (B)** | **3,759.71** | **1,892.90** |
| ***Others*** | | |
| Non-Convertible Debentures* | 540.00 | 540.00 |
| **Total (C)** | **540.00** | **540.00** |
| **Total (A + B + C )** | **15,859.95** | **6,891.19** |
| | | |
| ***Non-fund based facilities*** | | |
| Secured | 19,838.68 | 17,170.32 |
| Unsecured | 1,150.00 | 1,075.16 |
| **Total (D)** | **20,988.68** | **18,245.48** |

* *The Non-Convertible Debentures issued by our Company are listed on BSE.*

For details in relation to financial indebtedness of our Company as of March 31, 2019, see the section "*Financial Statements*", beginning on page 227.

**Principal terms of the borrowings availed by our Company**

The details provided below are indicative and there may be additional terms, conditions and requirements under the various borrowing arrangements entered into by our Company.

1. ***Interest:***

   In terms of the term loans and working capital facilities availed by us, the interest rate is typically (i) mutually decided by us and the relevant lender; or (ii) the base rate plus basis points of the specified lender. Further, our Non-Convertible Debentures bear the interest rate of 9.75%. Additionally, in terms of the term loans availed by our Subsidiaries, MHHHBL and MSBHPL, the interest rate typically ranges from 9% to 10%.

2. ***Tenor:***

   The tenor of the term loan facilities availed by us typically ranges from three to five years. The tenor of the Non Convertible Debentures, outstanding as on the date, varies from three to four years from the deemed date of allotment of such Non Convertible Debentures. Additionally, the short-term working capital facilities of our Company are for a term of 90 days to 1 year and are renewable on a yearly basis. The tenor of the term loans facility availed by our Subsidiaries, MHHHBL and MSBHPL, ranges from 15 to 16 years.

3. ***Security:***

In terms of our borrowings where security needs to be created, we are typically required to create security by way of, amongst others, hypothecation of the current assets and moveable assets of our Company; mortgage of certain immoveable properties; fixed deposits. There may be additional requirements for creation of security, such as personal guarantees from our Promoters under the various borrowing arrangements entered into by us. As on August 31, 2019, our individual Promoters have given various guarantees from time to time on behalf of our Company, under the various loans facilities availed by our Company. Additionally, Kanubhai Trust has also given a guarantee on behalf of our Company in relation to working capital facility availed from a consortium of lenders. For details in relation to the guarantee given by Kanubhai Trust, see "*History and Certain Corporate Matters- Guarantees, if any, issued by the Promoters Offering their Equity Shares in terms of the Offer for Sale*" on page 192.

In terms of loans availed by our Subsidiaries, we are typically required to create security by way of, amongst others, (i) hypothecation of the current assets and moveable assets of our Company, and (ii) pledge of shares of MHHHPL and MSBHPL.

4. ***Repayment:***

The repayment period of our term loan facilities typically is on a monthly/quarterly, typically after a moratorium of six months from the date of disbursement. In the event of a pre-payment, our Company may be subjected to certain pre-payment penalties as levied by our lenders, which is typically one percent to five percent of the prepayment amount.

The repayment of term loan facilities of our Subsidiaries typically are in the form of 26 structure half yearly instalment after a moratorium of six months from the date of scheduled commercial operation date of our HAM projects.

5. ***Events of default:***

Borrowing arrangements entered into by our Company and Subsidiaries contain standard events of default, including:

(a) failure to pay amounts on the due date;

(b) any material adverse effect which would have an effect on our ability to repay the facilities availed;

(c) cross defaults;

(d) suspension or cessation of business; and

(e) change in the constitution of our Company and/or Subsidiaries.

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

*Unless otherwise stated, the financial information in this section has been derived from the Restated Financial Statements included in this Draft Red Herring Prospectus. The Restated Financial Statements, prepared and presented in accordance with Indian Accounting Standards ("**Ind-AS**") and have been restated in accordance with the requirements of Section 26 of the Companies Act, 2013, the SEBI ICDR Regulations and the Guidance Note on "Reports in Company Prospectus (Revised 2019)" issued by the ICAI.*

*This discussion contains certain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors, such as the risks set forth in the sections "Risk Factors" and "Forward Looking Statements" on pages 24 and 17, respectively.*

*Unless stated otherwise, industry and market data used in this section has been obtained or derived from publicly available information as well as industry publications, other sources and the CRISIL Report. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

**Overview**

We are an infrastructure construction and development company, with our operations diversified across highways, railways, buildings and factories, mining, energy infrastructure and water and irrigation verticals of the infrastructure sector. Our business comprises: (i) infrastructure construction business, under which we undertake EPC projects primarily from various government authorities; and (ii) infrastructure development business, under which we are currently undertake building, operation and development of highways primarily on a HAM basis and developing and operating mines on a MDO basis. As of June 30, 2019, we had a portfolio of 39 ongoing EPC projects and three highways projects on HAM basis and one mining project on MDO basis.

We have more than two decades of experience in execution of infrastructure projects having completed 79 EPC projects. We have an Order Book as of June 30, 2019, aggregating to ₹ 91,612.99 million, with 39 ongoing EPC projects, spanning across 14 states in India, including the states of Maharashtra, Odisha, West Bengal, Karnataka, Andhra Pradesh, Chhattisgarh, Bihar and Uttar Pradesh.

Over the past two decades, we have established a track record in executing majority of our projects in a timely manner and have been able to develop and establish competencies in the infrastructure verticals in which we operate. The infrastructure verticals in which we currently operate include:

- *Highways*: We undertake design, construction, widening, strengthening, operation and maintenance of highways, roads, carriageways, major bridges, culverts and road over bridges. As per our Restated Financial Statements, revenue from highways vertical accounted for 60.89%, 50.54% and 36.72% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our highways infrastructure projects accounted for 65.27% of our Order Book;

- *Railways:* We undertake construction of railway stations and bridges, track laying, gauge conversion, electrical signalling and communication works. As per our Restated Financial Statements, revenue from railways vertical accounted for 14.97%, 10.69% and 12.75% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our railways projects accounted for 8.62% of our Order Book;

- *Building and Factories:* We undertake construction of commercial complex, district court, housing projects, townships, information technology parks, hotels, shopping malls, hospitals and ancillary construction works for industrial buildings. As per our Restated Financial Statements, revenue from our building and factories vertical accounted for 11.26%, 17.02% and 22.06% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our building and factories projects accounted for 10.90% of our Order Book;

- *Mining:* We undertake blast-hole drilling, removal of overburden, removal of inter-burden and excavation of coal and lignite, as part of infrastructure construction and development activities under the mining vertical. As per our Restated Financial Statements, revenue from our mining vertical accounted for 7.05%, 14.70% and 14.62% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our mining projects accounted for 9.46% of our Order Book;

- *Energy infrastructure:* We undertake design, installing, laying testing and commissioning of electricity transmission lines, electricity distribution lines and electricity sub-stations, respectively. As per our Restated Financial Statements, revenue from our energy infrastructure vertical accounted for 4.01%, 3.20% and 9.49% of our contract revenue for the

Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our energy projects accounted for 4.51% of our Order Book; and

- *Water and irrigation:* We undertake construction of, canals, water supply projects, aqueducts and sewage drainage pipelines. As per our Restated Financial Statements, revenue from our water and irrigation vertical accounted for 1.73%, 2.88% and 4.36% of our contract revenue for the Fiscals 2019, 2018 and 2017, respectively. Furthermore, as of June 30, 2019, our water and irrigation projects accounted for 1.24% of our Order Book.

For further details in relation to our business activities, see "- *Our Business Description*" on page 161.

As of June 30, 2019, our Order Book for our ongoing infrastructure projects aggregated to ₹ 91,612.99 million. The following table sets forth a vertical wise summary of our Order Book as of June 30, 2019:

| Verticals | No. of Contracts | Outstanding order value*# | % of total outstanding order value# |
|---|---|---|---|
| Highways | 16 | 59,794.12 | 65.27 |
| Railways | 3 | 7,898.56 | 8.62 |
| Buildings and factories | 11 | 9,983.42 | 10.90 |
| Mining | 2 | 8,668.45 | 9.46 |
| Energy infrastructure | 5 | 4,129.59 | 4.51 |
| Water and Irrigation | 2 | 1,138.86 | 1.24 |
| **Total** | **39** | **91,612.99** | **100.00** |

* *in ₹ million.*

\# *calculated after deducting the provisional GST payable by our Company*.

Our major clients in the past include NHAI, RVNL, BCCL, MPMKVVCL, UADD and WBPDCL. As of June 30, 2019, approximately 98.66% of our Order Book comprised of projects being undertaken by the Government, relevant State Governments or other Government Undertakings.

Additionally, we own and maintain a large fleet of modern construction equipment which allows us to undertake multiple projects simultaneously. As of June 30, 2019, we maintained a fleet of 1,674 modern construction equipment which we believe will meet majority of the requirements for our ongoing projects. Furthermore, we have implemented advanced technology systems like SAP and Hectronic diesel consumption system at our project sites to enable us to undertake our operations efficiently.

We received the awards in 2019 for Best Achiever in the AA Class Contractor, Excellence in Construction Sector- Mining Project and Excellence in Construction Sector- Building Project by the Gujarat Contractors Association. Further, we received the award for National Best Employer Brand, 2018 by Employer Branding Institute, India. Additionally, we received the award for third fastest growing construction company in medium category at the Construction World Annual Awards, 2017. We also received the "*Excellence in Best Achiever of the Year 2016*" award by Gujarat Contractors Association at Gujarat Vibrant Summit, 2016.

Our revenue from operation, as per the Restated Financial Statements, was ₹ 24,643.17 million, ₹ 19,355.12 million and ₹ 19,794.90 million for the Fiscals 2019, 2018 and 2017, respectively. Our PAT, as per the Restated Financial Statements, was ₹ 1,546.24 million, ₹ 1,492.75 million and ₹ 1,116.65 million for the Fiscals 2019, 2018 and 2017, respectively.

**Key Factors Affecting our Results of Operations**

The results of our operations and our financial condition are affected by numerous factors and uncertainties, many of which may be beyond our control, including as discussed in "*Risk Factors*", beginning on page 24. The following is a discussion of certain factors that we believe have had and will continue to have or expected to have a significant effect on our financial condition and results of operations:

***Government policies and macroeconomic environment in India***

We are an infrastructure construction and development company, with operations diversified across highways, railways, buildings and factories, mining, energy infrastructure and water and irrigation verticals of the infrastructure sector. We have pursued growth in the above verticals opportunistically. Government policies play a significant role in determining the verticals on which we focus and change in such policies could change the number of projects that we are undertaking and also the proportion of projects for which we bid in each vertical. Further, as substantially all of our revenue from operations is from government contracts, we are dependent on projects undertaken by the government in the infrastructure sector. Budgetary allocations made by the central and state Governments for the infrastructure sector as well as funding provided by financial institutions for the infrastructure sector also affects our results of operations significantly.

Investment by private players in the infrastructure sector is dependent on the potential returns from such projects and is therefore linked to Government policies relating to private sector participation and sharing of risks and returns from such projects. Accordingly, change in government policies and emphasis or infrastructure sector could impact our business and financial condition. Further, economic growth in sectors such as manufacturing, services and logistics may lead to increase in demand for better transportation facilities including construction, upgradation and maintenance of highways. Additionally, we are affected by the general economic conditions in India, including factors such as inflation, rates of taxation, interest rates, as well as the Indian political and economic environment and global economic conditions, such as slow-down in the economic growth of other countries or increases in the price of oil, as they have an impact on the growth of the Indian economy. While the ultimate effect of such factors cannot be predicted, these events may have an adverse effect on our ability to borrow or raise additional funds in the capital markets on favourable terms, or at all. Further, demand for infrastructure facilities may be adversely affected as a result of the slowdown in the Indian economy.

***Ability to pre-qualify for projects either on our own or jointly with other entities and execution capability***

Over the past two decades, we have established a track record in executing majority of our projects in a timely manner. Pursuant to our executional experience, we have been able to develop and establish competencies in the verticals in which we operate.

We enter into contracts primarily through a competitive bidding process, which often requires qualification in terms of technical capacity and financial strength. Although price competitiveness of the bid is usually the most important selection criterion in selecting contractors for major projects, clients generally limit the tender to contractors that have pre-qualified based on several criteria, including experience, technical ability, performance, reputation for quality, safety record, financial strength and the size of previous contracts executed in similar projects. Therefore, our ability to bid for, and hence, undertake infrastructure projects will continue to depend on our ability to pre-qualify for these projects. In case we do not possess the qualification to take up certain projects independently and the tender documents allow association of more than one entity to participate and bid for the project, then we sometimes seek to form joint ventures with other experienced and qualified entities and bid for the project by combining the technical abilities and financial resources of the entities.

***Order Book and project portfolio***

As of June 30, 2019, our Order Book for our ongoing projects aggregated to ₹ 91,612.99 million. The following table sets forth a vertical wise summary of our Order Book as of June 30, 2019:

| Verticals | No. of Contracts | Outstanding order value*# | % of total outstanding order value# |
|---|---|---|---|
| Highways | 16 | 59,794.12 | 65.27 |
| Railways | 3 | 7,898.56 | 8.62 |
| Buildings and factories | 11 | 9,983.42 | 10.90 |
| Mining | 2 | 8,668.45 | 9.46 |
| Energy infrastructure | 5 | 4,129.59 | 4.51 |
| Water and Irrigation | 2 | 1,138.86 | 1.24 |
| **Total** | **39** | **91,612.99** | **100.00** |

* *in ₹ million*

\# *calculated after deducting the provisional GST payable by our Company.*

We select our projects based on a number of important factors, including (i) estimated costs of the projects and the profit margins expected; (ii) applicable regulatory requirements for the project; and (iii) availability of financing to execute the project. Our business is subject to various operational uncertainties including the availability and retention of skilled manpower, could affect our ability meet milestones or to complete projects. This could lead to increased financing costs, delayed payments from the client, invocation or damages or penalty clauses or even termination of the contract. Further, inability to meet milestones or complete projects could also lead to loss of goodwill which may affect our ability to prequalify for future projects. Our business, results of operations and financial condition could be affected if our estimates are incorrect or due to operational uncertainties.

***Competition***

We compete against various infrastructure and engineering and construction companies at the national and local levels. Our competition varies depending on the size, nature and complexity of the project and on the geographical region in which the project is to be executed. Competition from other infrastructure construction and development companies in terms of various factors, including prior experience in certain kind of projects, geographical presence, familiarity with local working conditions, cost effective services or sophisticated technology and equipment, may affect our ability to bid and secure new infrastructure projects in various business verticals in which we operate.

*Access to Capital and Cost of Financing*

Project financing is a combination of net working capital, advances from customers and bank financing. Typically our operations have long working capital cycles, particularly in connection with projects with long gestation periods and government contracts and need two to three months of net working capital. Our funding requirements are primarily for purchase of materials and equipment. We also require funding to finance projects undertaken by us before the payment is received from clients and for general corporate purposes. The actual amount and timing of our future capital requirements are dependent on the schedule and estimated costs of our projects. As on August 31, 2019, our Company, on a consolidated basis, had outstanding fund-based borrowing of ₹ 6,891.19 million, which comprised of term loans, Non-Convertible Debentures and fund based working capital facilities. Additionally, our Company, as on August 31, 2019, had availed non-fund based working capital facilities of ₹ 18,245.48 million on a consolidated basis. To the extent that our capital requirements exceed available resources, we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest expense and may require us to comply with additional restrictive covenants under our financing agreements. Our ability to obtain additional financing will depend on a number of factors, including our future financial condition, results of operations and cash flows, general market conditions for infrastructure companies and economic, political and other conditions in the markets where we operate. Any inability to obtain sufficient financing could result in the delay or abandonment of our development and expansion plans, the failure to meet roll-out obligations pursuant to our agreements or our inability to continue to provide appropriate levels of service in our projects. Our ability to finance our capital needs, and secure other financing when needed, on favourable terms, is a key factor in the operation of our business.

Further, we may from time to time encounter delays in collecting receivables from our clients. The outstanding days, as on March 31, 2019, for our receivables were 52 days as per the Restated Financial Statements calculated as follows: (Average of trade receivables after provision for estimated credit loss at the beginning and end of the year / Total revenue from operations) x 365 days. Substantially all of our clients are government owned or controlled or funded entities resulting in us being subject to additional regulatory and other scrutiny associated with commercial transactions with government controlled entities as public funds are used in such transactions. Such scrutiny may result in delays, or in some cases, even non-payment of dues from such clients. As we would have already incurred expenses in funding the construction work, in anticipation of payment within a certain time, any such delay or non-payment would result in additional burden on our cash position or will result in a breach of the terms of the loans we had availed unless we can re-negotiate the repayment terms of such loans. Any such delays or non-payment of receivables by clients will significantly affect our financial condition.

Accordingly we require adequate capital and financing from time to time to meet our working capital requirements. Our Company has had, and expects to have, substantial liquidity and capital resource requirements. The ability of our Company to obtain such financing, in a timely manner, on commercially favourable terms to us, or at all affects our business, results of operations, financial condition and prospects.

*Operating Expenses*

The cost of raw materials, fuel, labour and other inputs constitutes a significant part of our operating expenses. Construction expenses constituted 86.01%, 84.36% and 87.57% of our total expenses for Fiscals 2019, 2018 and 2017, respectively. Our construction operations require various raw materials, including fuel, steel and cement. The prices and supply of raw materials depend upon factors that are beyond our control, including but not limited to general economic conditions, transportation costs, global and domestic market prices, competition, production levels and import duties. Our ability to pass on increases in the purchase price of raw materials, fuel and other inputs may be limited in the case of construction contracts with limited price escalation provisions. Our actual expense in executing a contract with limited price escalation costs may vary substantially from the assumptions underlying our bid for several reasons, including unanticipated increases in the cost of raw materials, labour and other inputs, unforeseen construction conditions, including inability of the client to obtain requisite environmental and other approvals, delays caused by local weather conditions and suppliers' or subcontractors' failures to perform. Occurrence of such events may have compounding effects by increasing costs of performing other parts of the contract. These variations and other risks generally inherent to the construction industry may result in our profits from a project being less than as originally estimated or may result in losses.

*Seasonality and Weather Conditions*

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 construction activities and fully utilize our resources. During periods of curtailed activity due to adverse weather conditions, we may continue to incur overhead and financing expenses, but our revenues from operations may be delayed or reduced.

Our business operations may also be adversely affected by severe weather conditions, requiring us to evacuate personnel or curtail services, which may result in damage to a portion of our fleet of equipment or facilities resulting in the suspension of operations, and may prevent us from delivering materials to our project sites in accordance with contract schedules or generally reduce our productivity.

*Taxation*

Our projects are eligible for tax benefits and incentives that accord favourable treatment to development activities. For example, a company engaged in infrastructure development was eligible for a tax holiday under section 80 IA of the Income-tax Act, 1961, as amended, for any 10 consecutive assessment years out of 15 years beginning from the year in which the undertaking develops, operates and maintains the infrastructure facility. However, pursuant to the Finance Act, 2016, the benefit under Section 80 IA of the Income-tax Act, 1961 shall not be available to an enterprise which starts the development or operation and maintenance of the infrastructure facility on or after April 1, 2017. However, new projects awarded on or after April 1, 2017 are eligible for tax benefits under Section 35 AD of the Income-tax Act, 1961. For details, see "*Statement of Special Tax Benefits*", beginning on page 107. In the future, we believe that any change in the existing tax benefits and/or introduction of new tax incentives may affect our results of operations.

**Basis of Preparation**

The Restated Financial Statements have been prepared in accordance with Ind-AS. The restated consolidated financial information for Fiscals 2019 and 2018 have been prepared under Ind-As, as prescribed under Section 133 of the Companies Act, 2013. The restated consolidated financial information for the Fiscal 2017 has been prepared from the comparative Ind-AS financial statements as at and for the year ended March 31, 2017 prepared in accordance with Ind-AS, as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended. For further details, see "*Financial Statements*", beginning on page 227.

**Key Sources of Estimation Uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next Fiscal, are described below. Existing circumstances and assumptions about future developments may change due to market changes or circumstances arising that are beyond the control of the Company, its Subsidiaries and Associate. Such changes are reflected in the assumptions when they occur.

**a) Useful lives of property, plant and equipment**

Determination of the estimated useful lives of tangible assets and the assessment as to which components of the cost may be capitalized. Useful lives of tangible assets are based on the life prescribed in Schedule II of the Companies Act, 2013. In cases, where the useful lives are different from that prescribed in Schedule II, such changes are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset and the operating conditions of the asset.

**b) Fair value measurement of financial instruments**

In estimating the fair value of financial assets and financial liabilities at transaction date, the Company uses market observable data to the extent available. Where such Level 1 inputs are not available, the Company establishes appropriate valuation techniques and inputs to the model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility.

**c) Defined benefit plans (gratuity benefits)**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**d) Taxes**

Significant management judgement is required to determine the amounts of current taxes, deferred taxes and tax credits that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**e) Provision for estimated losses on onerous contracts**

In accordance with Ind AS 37, the Company recognises an onerous contract provision when the unavoidable costs of meeting the obligations under a contract exceed the economic benefits to be received. Determining the provision for onerous contracts involves significant estimates related to quantity of materials required, the prices of such material, estimated labour cost, overheads to be incurred, likely timing of completion of the project, contingency provision etc.

**f) Impairment of financial assets**

The impairment provision for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**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.

**a) Property, Plant and Equipment**

Property, Plant and Equipment are stated at cost of acquisition or construction less accumulated depreciation and accumulated impairment losses. Cost includes purchase price and all other attributable costs of bringing the asset to working condition for intended use. Financing costs relating to borrowed funds attributable to acquisition of Property, Plant and Equipment are also included, for the period till such asset is ready for intended use.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss.

Depreciation on Property, Plant and Equipment is provided on the Straight Line Method (SLM) over the useful life of the assets as prescribed under Schedule II to the Companies Act, 2013. In respect of the Property, Plant and Equipment purchased during the year, depreciation is provided on pro rata basis from the date on which such asset is ready to be put to use.

An item of Property, Plant and Equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of Property, Plant and Equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit and loss.

**b) Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are measured on initial recognition at cost and carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight line basis over the estimated useful life. Intangible Assets mainly consists of computer softwares having estimated useful lives of 6-10 years.

An intangible asset is de-recognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the assets are recognized in profit or loss when the asset is de-recognized.

**c) Foreign Currency Transactions**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount, the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Exchange differences on monetary items are recognized as income or as expenses in the period in which they arise except for exchange differences on foreign currency borrowings related to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

**d) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of such asset. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use. All other borrowing costs are recognized in the profit or loss in the year in which they are incurred.

**e) Impairment of Tangible and Intangible Assets**

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**f) Revenue Recognition**

Effective April 1, 2018, the Company adopted Ind AS 115 - "*Revenue from Contracts with Customers*", using the cumulative catch up transition/modified retrospective method, applied to contracts that were not completed as of April 1, 2018.

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration which the Company expects to receive in exchange for those products or services.

The Company exercises judgement in determining whether the performance obligation is satisfied at a point in time or over a period of time. In respect of fixed-price contracts, revenue is recognised using percentage-of-completion method ('**POC method'**) of accounting based on the direct measurements of the value to the customer of the goods or services transferred to date relative to the remaining goods or services promised under the contract. The said measurement is carried considering the surveys of performance completed to date and appraisals of results achieved.

In respect of revenue from property development, revenue is recognised at the time when the legal title of the asset is passed on to the customer, which indicates that the customer has obtained control of the asset.

Revenue is measured based on the transaction price, which is the consideration, adjusted for volume discounts, service level credits, performance bonuses, price concessions and incentives, if any, as specified in the contract with the customer. Revenue also excludes taxes collected from customers.

Unbilled Revenues are recognised when there is excess of revenue earned over billings on contracts. Contract Revenue includes net effect of changes in unbilled revenue at the beginning and end of the year.

Contract assets in the nature of unbilled revenues are initially recognised for revenue earned from Infrastructure development and mining operations as receipt of consideration is conditional on successful completion of performance obligation. Upon fulfilment of performance obligation and acceptance by the customer, the amounts recognised as unbilled revenues are reclassified to trade receivables.

*Other income:*

Other income is comprised primarily of interest income, insurance income, gain on foreign exchange fluctuations, and miscellaneous income. Interest income is accrued on a time proportion basis, by reference to the principal outstanding and the applicable effective interest rate. Insurance income and other miscellaneous income is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can measured reliably.

**g) Service Concession arrangements**

The Company construct or upgrade Infrastructure (construction or upgrade services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time. These arrangements may include infrastructure used in a public-to-private service concession arrangement for its entire useful life.

Under Ind AS 115, for Service Concession Arrangements, these arrangements are accounted for based on the nature of the consideration. The financial asset model is used to the extent the Company has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. If the Company performs more than one service (i.e. construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

In the financial assets model, the amount due from the grantor meets the identification of the receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest on that amount is calculated using the effective interest method. Any asset carried under concession arrangement is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial assets expire.

**h) Inventories**

Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on weighted average cost basis, except for certain in-house developed materials which are valued on standard cost basis, which is periodically assessed for any revision based on any material fluctuations in the prices of the components.

Inventories of Property Development are valued at cost or net realizable value, whichever is lower. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**i) Employee Benefits**

- ***Defined benefit plans:*** The Company and its Subsidiaries have an obligation towards gratuity, a defined benefit retirement plan covering eligible employees through Group Gratuity Scheme of Life Insurance Corporation of India. The Company and its Subsidiaries account for the liability for the gratuity benefits payable in future based on an independent actuarial valuation carried out using projected unit credit method considering discounting rate relevant to government securities at the balance sheet date.

  Defined benefit costs in the nature of current and past service cost and net interest expense or income are recognized in the statement of profit and loss in the period in which they occur. Actuarial gains and losses on re-measurement are reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur and are reflected immediately in retained earnings and not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment.

- ***Defined Contribution plan:*** Retirement benefits in the form of provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss for the period in which the contributions to the fund accrue.

- ***Compensated Absences:*** Provision for compensated absences and its classifications between current and non-current liabilities are based on independent actuarial valuation. The actuarial valuation is done as per the projected unit credit method as at the reporting date.

- ***Short term employee benefits:*** They are recognised at an undiscounted amount in the Statement of Profit and Loss for the year in which the related services are rendered.

**j) Taxes on Income**

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income tax Act 1961, and based on the expected outcome of assessments/appeals. Current income tax assets and current income tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the reporting date.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company’s financial statements and the corresponding tax bases used in computation of taxable profit.

**k) Segment Reporting**

Considering the nature of Company’s business and operations, as well as based on reviews of operating results by the chief operating decision maker to make decisions about resource allocation and performance measurement, there are two reportable segments: (i) infrastructure development and (ii) mining in accordance with the requirements of Ind-AS-108-“Operating Segments”, prescribed under Companies (Indian Accounting Standards) Rules, 2015.

**l) Provisions, Contingent Liabilities & Contingent Assets**

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material). These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. Contingent liabilities are not provided for and are disclosed by way of notes. Contingent Assets are not recognized, but disclosed in the financial statements, if an inflow of economic benefits is probable.

**m) Financial instruments**

Financial assets and/or financial liabilities are recognised when Company become party to a contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction values and where such values are different from the fair value, at fair value. Transaction costs that are attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from as the case may be, the fair value of such assets or liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

**(i) Financial assets:**

- ***Initial recognition and measurement of financial assets:*** All financial assets are recognized initially at fair value. Transaction costs that are directly attributable to the acquisition of financial assets that are not at fair value through profit or loss are added to the fair value on initial recognition.

- ***Subsequent measurement of financial assets:*** The subsequent measurement of financial assets depends on their classification, as described below:

  1. **Financial assets at amortized cost:** A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

  2. **Financial assets at fair value through profit or loss:** FVTPL is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortized cost or as FVTOCI is classified as at FVTPL.

**(ii) Financial liabilities:**

- **Initial recognition and measurement of financial liabilities:** The Company’s financial liabilities include trade and other payables, loans and borrowings including bank overdrafts. All financial liabilities are recognised initially at fair value, in case of loan and borrowings and payables, fair value is reduced by directly attributable transaction costs.

- **Subsequent measurement of financial liabilities:** The subsequent measurement of financial liabilities depends on their classification, as described below:

  1. **Financial liabilities at fair value through profit or loss:** Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss (FVTPL).

     Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses on changes in fair value of such liability are recognised in the statement of profit or loss.

2. **Loans and Borrowings:** After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the (Effective Interest Rate) EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process.

3. **Financial liabilities at amortised cost:** Financial liabilities that are not held for trading and are not designated as at FVTPL are measured at amortised cost at the end of each subsequent accounting period. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on effective interest method. Interest expenses that is not capitalized as part of cost of an asset is included in the 'finance cost' line item.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss. This category generally applies to borrowings.

**n) Earnings per share**

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**o) Standards in issue but not yet effective on the balance sheet date:**

MCA through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new and amendments to Ind AS which shall apply to the Company from April 1, 2019, as applicable:

- Ind AS 116 – Leases;
- Ind AS 12 – Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments);
- Ind AS 109 – Prepayment Features with Negative Compensation;
- Ind AS 19 – Plan Amendment, Curtailment or Settlement;
- Ind AS 23 – Borrowing Costs;
- Ind AS 28 – Long-term Interests in Associates and Joint Ventures; and
- Ind AS 103 – Business Combinations and Ind AS 111 – Joint Arrangements.

For more details, see "*Financial Statements*", beginning on page 227 of the Draft Red Herring Prospectus.

**Reporting Segments**

Our Company operates in a single geographical segment i.e., India. We have the following reporting segments based on our operations:

(i) *Infrastructure Development*: comprising of road construction, railway infrastructure development, engineering and construction of building and factories, transmission and distribution of energy and water and irrigation projects including water treatment system, sanitation and sewerage system and solid waste management system.

(ii) *Mining*: including extraction of minerals and removal of overburden.

The table below sets out our revenue and segment results (presented before interest and tax expenses):

(*in ₹ million*)

| Particular | Fiscal 2019 | | | |
|---|---|---|---|---|
| | Infrastructure Development | Mining | Unallocable | Total |
| Total revenue from operations | 22,884.74 | 1,747.75 | 10.68 | 24,643.17 |
| Segment result | 4,556.41 | (960.66) | - | 3,595.75 |
| Unallocated corporate expenditure | - | - | (1,135.44) | (1,135.44) |
| **Operating profit before interest and tax** | - | - | - | **2,460.29** |

(*in ₹ million*)

| Particular | Fiscal 2018 | | | |
|---|---|---|---|---|
| | Infrastructure Development | Mining | Unallocable | Total |
| Total revenue from operations | 16,481.99 | 2,861.49 | 11.64 | **19,355.12** |
| Segment result | 2,216.04 | 203.47 | - | **2,419.51** |
| Unallocated corporate expenditure | - | - | (596.47) | **(596.47)** |
| **Operating profit before interest and tax** | - | - | - | **1,823.04** |

(*in ₹ million*)

| Particular | Fiscal 2017 | | | |
|---|---|---|---|---|
| | Infrastructure Development | Mining | Unallocable | Total |
| Total revenue from operations | 16,881.64 | 2,889.95 | 23.31 | **19,794.90** |
| Segment result | 2,173.68 | 256.31 | - | **2,429.99** |
| Unallocated corporate expenditure | - | - | (467.46) | **(467.46)** |
| **Operating profit before interest and tax** | - | - | - | **1,962.53** |

**Results of Operations**

The following table sets forth the restated consolidated statement of profit and loss of the Company for Fiscals 2019, 2018 and 2017, the components of which are also expressed as a percentage of total income for such periods.

| | Fiscal 2019 | | Fiscal 2018 | | Fiscal 2017 | |
|---|---|---|---|---|---|---|
| | Amount (₹ in million) | % of Total Income | Amount (₹ in million) | % of Total Income | Amount (₹ in million) | % of Total Income |
| **Income:** | | | | | | |
| Revenue from Operations | 24,643.17 | 98.39 | 19,355.12 | 99.45 | 19,794.90 | 99.64 |
| Other Income | 403.98 | 1.61 | 107.31 | 0.55 | 71.41 | 0.36 |
| **Total Income** | **25,047.15** | **100.00** | **19,462.43** | **100.00** | **19,866.31** | **100.00** |
| | | | | | | |
| **Expenses:** | | | | | | |
| Construction Expenses | 19,767.06 | 78.92 | 15,361.52 | 78.93 | 16,068.80 | 80.88 |
| Changes in inventory of work-in-progress | 17.24 | 0.07 | 106.56 | 0.55 | (156.35) | (0.79) |
| Employee Benefits Expense | 1,295.89 | 5.17 | 1149.69 | 5.91 | 1,060.50 | 5.34 |
| Finance costs | 799.24 | 3.19 | 678.27 | 3.49 | 516.42 | 2.60 |
| Depreciation and Amortization Expenses | 512.99 | 2.05 | 442.7 | 2.27 | 398.38 | 2.01 |
| Other Expenses | 589.7 | 2.35 | 471.61 | 2.42 | 461.04 | 2.32 |
| **Total Expenses** | **22,982.12** | **91.76** | **18,210.35** | **93.57** | **18,348.79** | **92.36** |
| | | | | | | |
| **Profit Before Tax** | **2,065.03** | **8.24** | **1,252.08** | **6.43** | **1517.52** | **7.64** |
| | | | | | | |
| **Tax Expense:** | | | | | | |
| (1) Current Tax | 448.75 | 1.79 | 17.94 | 0.09 | 352.86 | 1.78 |
| (2) Deferred Tax | 44.1 | 0.18 | (349.22) | (1.79) | (10.38) | (0.05) |
| **Profit After Tax and before share of loss from Associates** | **1,572.18** | **6.28** | **1,583.36** | **8.14** | **1,175.04** | **5.91** |
| Share of Loss in Associate | (25.94) | (0.10) | (90.61) | (0.47) | (58.39) | (0.29) |
| **Profit for the Year** | **1,546.24** | **6.17** | **1,492.75** | **7.67** | **1,116.65** | **5.62** |

**Principal Components of Statement of Profit and Loss**

***Income***

Our total income comprises (i) revenue from operations and (ii) other income.

*Revenue from Operations*

Our revenue from operations comprises (i) contract revenue; (ii) sale of scrap; and (iii) other revenue such as insurance claims received and income from related party transactions.

Contract revenue primarily comprises revenue generated from execution of various EPC contracts from highways, railways, building and factories, mining, energy infrastructure and water and irrigation verticals.

*Other income*

Our other income primarily comprises interest income on service concession receivables, interest income on retention monies and interest income on deposits with banks.

***Expenses***

Our expenses consist of (i) changes in inventories of work-in-progress, (ii) construction expenses, (iii) employee benefits expense, (iv) finance costs, (v) depreciation and amortization expenses and (vi) other expenses.

*Construction Expenses*

Construction expenses primarily consists of expenditure incurred towards sub-contracting expense, consumption of construction material, running and maintenance of plant and machinery, stores expenses and camp and site expenses. Construction expenses accounted for 78.92%, 78.93% and 80.88% of our total income for Fiscals 2019, 2018 and 2017, respectively.

*Changes in inventory of work-in-progress*

Changes in inventory of work-in-progress represents the net increase or decrease in inventory of property development related work-in-progress at the beginning of the year and end of the year.

*Employee Benefits Expenses*

Employee benefits expenses comprises (i) salaries, wages and bonus, (ii) contributions to provident and other fund, (iii) gratuity expense and (iv) staff welfare expenses.

*Finance Costs*

Finance costs comprises (i) interest on long term borrowings, (ii) interest on working capital facilities, (iii) other interest expenses (including interest on mobilization advance, retention monies and loans from related parties) and (iv) other borrowing costs (including bank guarantee commission, letter of credit charges and processing fees).

*Depreciation and Amortization Expenses*

Depreciation and amortization expenses primarily comprises (i) depreciation of property, plant and equipment, and (ii) amortization of intangible assets.

*Other Expenses*

Other expenses primarily comprises (i) rent, (ii) rates and taxes, (iii) insurance, (iv) repair and maintenance, (v) legal and professional charges, (vi) travelling and conveyance, (vii) tender fees, and (viii) miscellaneous expenses.

**Results of Operations for Fiscal 2019 compared to Fiscal 2018**

***Income***

Our total income increased by 28.69% to ₹ 25,047.15 million for Fiscal 2019 compared to ₹ 19,462.43 million for Fiscal 2018 primarily due to an increase in our revenue from operations and other income.

Our revenue from operations increased by 27.32% to ₹ 24,643.17 million for Fiscal 2019 compared to ₹ 19,355.12 million for Fiscal 2018. This increase in revenue from operations was primarily due to increase in our revenue from contracts.

Our revenue from contracts increased by 26.82% to ₹ 24,442.00 million for Fiscal 2019 compared to ₹ 19,273.22 million for Fiscal 2018. This increase was primarily due to contract revenue from certain projects under full year operation namely, (i) Hubli-Haveri HAM project in Karnataka from NHAI under the highways vertical; (ii) Gorakhpur Bypass project in Uttar

Pradesh from NHAI under the highways vertical; (iii) Fatuah-Harnaut-Barh project in Bihar from MoRTH under the highways vertical; (iv) Kothgangad-Botad project in Gujarat from RVNL under the railways vertical; (v) Bitragunda-Karavadi Station project in Andhra Pradesh from RVNL under the railways vertical; and (vii) BCCL township at Dhanbad, Jharkhand from BCCL under the building and factories vertical. Further, our revenue from contract revenue also increased due to realization of revenue from our Singhara-Binjahabal HAM project for which the appointed date was declared as September 2, 2018.

Our other income increased by 276.47% to ₹ 403.98 million for Fiscal 2019 compared to ₹ 107.31 million for Fiscal 2018. This increase in other income was primarily on account of increase in interest income on service concession receivables. During the Fiscal 2019, interest income on service concession receivables of ₹ 272.25 million accrued to us for our two HAM projects, namely Hubli-Haveri HAM project and Singhara-Binjabahal HAM project, which was *nil* in the Fiscal 2018.

***Expenses***

Our total expenses increased by 26.20% to ₹ 22,982.12 million for Fiscal 2019 compared to ₹ 18,210.35 million for Fiscal 2018. This increase in expenses was primarily due to increase in construction costs, which was in line with proportionate increase in contract revenue.

*Construction expenses*

Our construction expenses increased by 28.68% to ₹ 19,767.06 million for Fiscal 2019 compared to ₹ 15,361.52 million for Fiscal 2018. This increase was primarily due to increase in consumption of raw material for certain projects in the highways vertical and the railways vertical. We incurred expenses without the corresponding revenue for the period because of the initial establishment cost for the following projects: (i) increase in consumption of raw material (i) Hubli-Haveri HAM project in Karnataka from NHAI under the highways vertical, (ii) Singhara- Binjabahal HAM project in Odisha from NHAI under the highways vertical, (iii) Bitragunda-Karavadi project in Andhra Pradesh from RVNL under the railways vertical, (iv) Nagpur-Mumbai expressway project in Maharashtra from MSRDC under the highways vertical. Additionally, our Company procured new machineries in Fiscal 2019, which incidentally increased our running and maintenance cost for our equipment.

*Changes in inventories of work-in-progress*

Our changes in inventories of work-in-progress decreased by 83.82% to ₹ 17.24 million for Fiscal 2019 compared to ₹ 106.56 million for Fiscal 2018. This decrease was primarily due to decrease in the construction cost of residential project, namely 'Lakeview' at Jabalpur, Madhya Pradesh consequent to sale of certain flats under such project such during the period.

*Employee benefits expense*

Our employee benefits expense increased by 12.72% to ₹ 1,295.89 million for Fiscal 2019 compared to ₹ 1,149.69 million for Fiscal 2018. This increase was primarily due to increase in wages in proportionate to the increase in execution of project and respective contractual revenue.

*Finance costs*

Our finance costs increased by 17.84% to ₹ 799.24 million for Fiscal 2019 compared to ₹ 678.27 million for Fiscal 2018. This increase was primarily due to increase in other borrowings cost due to higher utilization of non-fund based limit towards bank guarantees and letter of credit for our ongoing projects and due to increase in interest expenses on long term borrowings and interest expenses on mobilization advance for undertaking work for our new projects in Fiscal 2019.

*Depreciation and amortization expenses*

Our depreciation and amortization expenses increased by 15.88% to ₹ 512.99 million for Fiscal 2019 compared to ₹ 442.70 million for Fiscal 2018. This increase was in line with increase in our fixed assets due to purchase of plant, machineries and vehicles during the period.

*Other expenses*

Our other expenses increased by 25.04% to ₹ 589.70 million for Fiscal 2019 compared to ₹ 471.61 million for Fiscal 2018. This increase was primarily due to net loss on sale of property, plant and equipment and provision for expected credit loss. The increase in net loss on sale of property, plant and equipment was on account of sale of certain equipment deployed at our two mining projects, which were completed in the Fiscal 2019. The sale of such equipment was undertaken since economic life of such equipment used at our mining project was completed.

***Profit before Tax***

As a result of the foregoing factors, our profit before tax increased by 64.93% to ₹ 2,065.03 million for Fiscal 2019 compared to ₹ 1,252.08 million for Fiscal 2018.

***Tax Expense***

Our current tax expense increased by 2,401.39% to ₹ 448.75 million for Fiscal 2019 compared to ₹ 17.94 million for Fiscal 2018. This increase was primarily due to non-availability of certain tax benefits which were available to us in the Fiscal 2018.

Our deferred tax expense increased by 112.63% to ₹ 44.10 million for Fiscal 2019 compared to ₹ (349.22) million for Fiscal 2018. This increase was primarily due (i) to a decrease in our MAT credit entitlement during the period; (ii) increase in tax benefits availed by us under Section 35 AD of Income-tax Act, 1961.

***Profit after Tax and before share of loss from associates***

As a result of the foregoing factors, our profit after tax decreased by 0.71% to ₹ 1,572.18 million for Fiscal 2019 compared to ₹ 1,583.36 million for Fiscal 2018.

***Share of Profit/(Loss) in Associate***

Our share of loss in our Associate decreased by 71.37% to ₹ (25.94) million for Fiscal 2019 compared to ₹ (90.61) million for Fiscal 2018. This decrease was primarily due to higher toll income of BHTPL, an associate company.

***Profit for the Year***

As a result of the foregoing factors, our profit for the year increased by 3.58% to ₹ 1,546.24 million for Fiscal 2019 compared to ₹ 1,492.75 million for Fiscal 2018.

**Results of Operations for Fiscal 2018 compared to Fiscal 2017**

***Income***

Our total income decreased by 2.03% to ₹ 19,462.43 million for Fiscal 2018 compared to ₹ 19,866.31 million for Fiscal 2017. This decrease was primarily due to decrease in our revenue from operations.

Our revenue from operations decreased by 2.22% to ₹ 19,355.12 million for Fiscal 2018 compared to ₹ 19,794.90 million for Fiscal 2017. This decrease in revenue from operations was primarily due to decrease in our revenue from contracts, which was partially offset by increase in other income.

Our revenue from contracts decreased by 2.52% to ₹ 19,273.22 million for Fiscal 2018 compared to ₹ 19,771.59 million for Fiscal 2017. This decrease was primarily due to:

(i) impact on expected revenue from ongoing projects during the period due to the implementation of GST with effect from July 1, 2017; and

(ii) Completion of few of our large projects in the Fiscal 2018, namely (a) Khed-Sinnar project in Maharashtra from ITNL under the highways vertical; (b) Jabalpur District Court project in Madhya Pradesh from PWD, Madhya Pradesh; (c) Kharwandi-Kasar project in Maharashtra from MoRTH under the highways vertical; and (d) Bhadla sub-station project in Rajasthan from Rajasthan Solarpark Development Company Limited under the energy infrastructure vertical.

Our other income increased by 50.27% to ₹ 107.31 million for Fiscal 2018 compared to ₹ 71.41 million for Fiscal 2017. This increase in other income was primarily due to increase in interest income on retention monies.

***Expenses***

Our total expenses decreased by 0.75% to ₹ 18,210.35 million for Fiscal 2018 compared to ₹ 18,348.79 million for Fiscal 2017. This increase in expenses was primarily due to decrease in construction expenses in line with decrease in our revenue from contracts.

*Construction expenses*

Our construction expenses decreased by 4.40% to ₹ 15,361.52 million for Fiscal 2018 compared to ₹ 16,068.80 million for Fiscal 2017. This decrease was primarily due to a decrease in consumption of construction materials on account of completion of the certain large size projects in the Fiscal 2018, namely: (a) Khed-Sinnar project in Maharashtra from ITNL under the highways vertical; (b) Jabalpur District Court project in Madhya Pradesh from PWD, Madhya Pradesh; (c) Kharwandi-Kasar project in Maharashtra from MoRTH under the highways vertical; and (d) Bhadla sub-station project in Rajasthan from Rajasthan Solarpark Development Company Limited under the energy infrastructure vertical.

*Changes in inventories of work-in-progress*

Our changes in inventories of work-in-progress increased by 168.15% to ₹ 106.56 million for Fiscal 2018 compared to ₹ (156.35) million for Fiscal 2017. This increase was primarily due to increase in the construction cost of residential project, namely 'Lakeview' at Jabalpur, Madhya Pradesh.

*Employee benefits expense*

Our employee benefits expense increased by 8.41% to ₹ 1,149.69 million for Fiscal 2018 compared to ₹ 1,060.50 million for Fiscal 2017. This increase was primarily due to increase in wages due to increase in employees in our highways vertical and railways vertical.

*Finance costs*

Our finance costs increased by 31.34% to ₹ 678.27 million for Fiscal 2018 compared to ₹ 516.42 million for Fiscal 2017. This increase was primarily due to increase in interest cost on mobilization advance availed from our clients and retention money deducted by our clients in terms of our agreements with them.

*Depreciation and amortization expenses*

Our depreciation and amortization expenses increased by 11.13% to ₹ 442.70 million for Fiscal 2018 compared to ₹ 398.38 million for Fiscal 2017. This increase was primarily due to additional vehicles and equipment purchased towards the execution of few new projects awarded in highway business vertical.

*Other expenses*

Our other expenses increased by 2.29% to ₹ 471.61 million for Fiscal 2018 compared to ₹ 461.04 million for Fiscal 2017. This increase was primarily due to increase in bank charges, repair and maintenance expense, loss on sale of property, plant and equipment which were partially offset by decrease in rent, rates and taxes and tender fees.

***Profit before Tax***

As a result of the foregoing factors, our profit before tax decreased by 17.49% to ₹ 1,252.08 million for Fiscal 2018 compared to ₹ 1,517.52 million for Fiscal 2017.

***Tax Expense***

Our current tax expense decreased by 94.92% to ₹ 17.94 million for Fiscal 2018 compared to ₹ 352.86 million for Fiscal 2017. This decrease was primarily due to tax exemption benefits for eligible projects undertaken in previous years were allowed under the section 80 IA of Income-Tax Act, 1961.

Our deferred tax expense (credit) decreased by 3,264.35% to ₹ (349.22) million for Fiscal 2018 compared to ₹ (10.38) million for Fiscal 2017. This decrease was mainly due to availing MAT credit entitlement and other deferred tax entitlement in Fiscal 2018.

***Profit after Tax and before share of loss from Associates***

As a result of the foregoing factors, our profit after tax before share of loss from associates increased by 34.75% to ₹ 1,583.36 million for Fiscal 2018 compared to ₹ 1,175.04 million for Fiscal 2017. This increase was primarily due to decrease in our tax expense.

***Share of Profit/(Loss) in Associate***

Our share of loss in our Associate increased by 55.18% to ₹ (90.61) million for Fiscal 2018 compared to a loss of ₹ (58.39) million for Fiscal 2017. This was primarily due to decrease in toll collection by BHTPL.

***Profit for the Year***

As a result of the foregoing factors, our profit for the year increased by 33.68% to ₹ 1,492.75 million for Fiscal 2018 compared to ₹ 1,116.65 million for Fiscal 2017.

**Liquidity and Capital Resources**

The table below summarises the statement of cash flows, as per our restated consolidated statement of cash flows for 2019, 2018 and 2017.

*(₹ in million)*

| Receipts and Payments Accounts | As at March 31, 2019 | As at March 31, 2018 | As at March 31, 2017 |
|---|---|---|---|
| Net cash generated from/(used in) operating activities | 958.93 | 633.39 | 1,637.65 |
| Net cash generated from/(used in) investing activities | (1,739.93) | (287.27) | (649.61) |
| Net cash generated from/(used in) financing activities | 1,165.46 | (219.17) | (1,046.55) |

***Cash Flows from Operating Activities***

*Fiscal 2019*

Net cash generated from operating activities for Fiscal 2019 was ₹ 958.93 million. Our net profit before tax for the Fiscal 2019 was ₹ 2,065.03 million, which was adjusted for, among other things, finance cost of ₹ 799.24 million and depreciation and amortization expense of ₹ 512.99 million.

Our operating profit before working capital changes was ₹ 3,096.05 million. Our working capital changes primarily comprised of increase in financial liabilities and other payables of ₹ 4,817.84 million and increase in financial assets and other assets of ₹ 5,250.06 million. Increase in financial assets and other assets during the Fiscal was primarily due to increase in our unbilled revenues and advances given to our suppliers. Further, increase in our financial liabilities and other payables during the Fiscal was primarily due to increase in our trade payables and mobilization advances received from our clients. We also incurred ₹ 790.37 million towards income taxes (net).

*Fiscal 2018*

Net cash generated from operating activities for Fiscal 2018 was ₹ 633.39 million. Our net profit before tax was ₹ 1,252.08 million, which was adjusted for, among other things, finance cost of ₹ 678.27 million and depreciation and amortization expense of ₹ 442.70 million.

Our operating profit before working capital changes was ₹ 2,448.13 million. Our working capital changes primarily comprised of decrease in financial liabilities and other payables of ₹ 528.41 million and increase in financial assets and other assets of ₹ 796.67 million. We also incurred ₹ 350.07 million towards income taxes (net).

*Fiscal 2017*

Net cash generated from operating activities for Fiscal 2017 was ₹ 1,637.65 million. Our net profit before tax was ₹ 1,517.52 million, which was adjusted for, among other things, finance cost of ₹ 516.42 million and depreciation and amortization expense of ₹ 398.38 million.

Our operating profit before working capital changes was ₹ 2,463.37 million. Our working capital changes primarily comprised of increase in financial liabilities and other payables of ₹ 1,784.24 million and financial assets and other assets of ₹ 1,119.78 million. We also incurred ₹ 535.08 million towards income taxes (net).

***Cash Flows from Investing Activities***

*Fiscal 2019*

Net cash used in investing activities for the Fiscal 2019 was ₹ 1,739.93 million, primarily representing purchase of property plant and equipment, capital work-in-progress and intangible assets of ₹ 1,523.11 million and investments in current investments of ₹ 317.16 million, which was partly offset by *inter alia*, changes in fixed deposits other than cash and cash equivalents of ₹ 62.90 million and interest received of ₹ 41.50 million during this period. The increase in our current investment is primarily due to investment of surplus fund available with one of our Subsidiary, MHHHPL, in accordance with the facility agreement entered by MHHHPL to fund the Hubli-Haveri HAM project.

*Fiscal 2018*

Net cash used in investing activities for the Fiscal 2018 was ₹ 287.27 million, primarily representing purchase of plant and equipment, capital work-in-progress and intangible assets of ₹ 437.00 million, which was partly offset by *inter alia,* sale of plant and equipment of ₹ 22.68 million and repayment of the unsecured loan of ₹ 66.70 million by BHTPL during this period.

*Fiscal 2017*

Net cash used in investing activities for the Fiscal 2017 was ₹ 649.61 million, primarily representing purchase of property plant and equipment, capital work-in-progress and intangible assets of ₹ 659.09 million, which was partly offset by, sale of property, plant and equipment of ₹ 23.13 million and interest income of ₹ 10.94 million on fixed deposits during this period

***Cash Flows from Financing Activities***

*Fiscal 2019*

Net cash generated in financing activities for Fiscal 2019 was ₹ 1,165.46 million, primarily representing proceeds from loans of ₹ 2,459.41 million which was offset by repayment of loans of ₹ 647.11 million and interest and other borrowing cost of ₹ 658.80 million during this period. The increase in proceeds from loan was primarily due to (i) term loans taken for purchase of new construction equipment during the period; and (ii) disbursement of term loan under the facility agreement entered to fund the Hubli-Haveri Ham Project.

*Fiscal 2018*

Net cash used from financing activities for Fiscal 2018 was ₹ 219.17 million, primarily comprising repayment of loans ₹ 996.12 million and interest and other borrowing cost of ₹ 609.98 million, which was partly offset by proceeds from loans of ₹ 1,352.92 million during this period.

*Fiscal 2017*

Net cash used from financing activities for Fiscal 2017 was ₹ 1,046.55 million, primarily comprising repayment of loans ₹ 706.15 million, net decrease in working capital facilities of ₹ 322.17 million and interest and other borrowing cost of ₹ 519.21 million, which was partly offset by proceeds from loans of ₹ 500.98 million during this period.

**Indebtedness**

See "*Financial Indebtedness*", beginning on page 287.

**Contractual Obligations and Commitments**

The following table sets forth certain information relating to future payments due under known contractual commitments as at March 31, 2019, aggregated by type of contractual obligation:

*(₹ in million)*

| Particulars | As at March 31, 2019 |
|---|---|
| Estimated amount of contract remaining to be executed on capital account and not provided for | 81.31 |
| Sub-ordinate debt for MHHHPL and MSBHPL in terms of their respective concession agreements executed with the concession authority | 1,932.96 |
| **TOTAL** | **2,014.27** |

**Contingent Liabilities**

As at March 31, 2019, our contingent liabilities that have not been provided for was ₹ 314.85 million which comprised the following:

*(₹ in million)*

| Particulars | As at March 31, 2019 |
|---|---|
| Claim against the Company not acknowledged as debt | |
| - Income Tax | 141.81 |
| - VAT/CST | 139.90 |
| - Entry Tax | 7.16 |
| - Excise | 25.98 |

**Capital Expenditure**

For Fiscals 2019, 2018 and 2017, our cash flow related to capital expenditure was ₹ 1,523.11 million, ₹ 437.00 million, and ₹ 659.09 million, respectively. This primarily consists of property, plant and equipment, capital work-in-progress and intangible assets.

**Off-Balance Sheet Arrangements**

We do not have any off-balance sheet arrangements, derivative instruments or other relationships with other 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. Please see the section "*Financial Statements- Note 34- Related Party Transactions*" on page 264.

**Quantitative and Qualitative Disclosures about Market Risk**

Market risk is the risk of loss related to adverse changes in market prices, including interest rate risk, commodity price risk, credit risk, inflation risk and foreign currency exchange risk.

***Commodity Price Risk***

We are exposed to market risk with respect to the prices of the materials used for our EPC business. These materials include steel, cement, bitumen and diesel. The costs for these materials procured domestically or through imports, are subject to fluctuation based on their prices. The costs of materials sourced from outside manufacturers may also fluctuate based on their availability from suppliers.

***Interest Rate Risk***

We are exposed to interest rate risk resulting from fluctuations in interest rates on our borrowings. While all of our long term borrowings from banks and financial institutions are on fixed rate basis, our working capital borrowings primarily consist of floating rate obligations linked to the applicable benchmark rates, which may typically be adjusted at certain intervals in accordance with prevailing interest rates. Increases in interest rates would increase interest expenses relating to our outstanding floating rate borrowings and increase the cost of new debt. In addition, an increase in interest rates may adversely affect our ability to service long-term debt and to finance development of new projects, all of which in turn may adversely affect our results of operations.

***Inflation Risk***

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

**Significant Economic Changes**

Other than as described above under the heading entitled "- *Key Factors Affecting Our Results of Operations*" on page 290 and the section "*Risk Factors",* beginning on page 24, to the knowledge of the management of our Company, there are no other significant economic changes that materially affect or are likely to affect income from continuing operations.

**Competitive Conditions**

We compete against various domestic engineering, construction and infrastructure companies. For further information, see "*Our Business – Competition*" on page 175.

**Unusual or Infrequent Events of Transactions**

Except as disclosed in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

**Known Trends or Uncertainties**

Our business has been affected and we expect will continue to be affected by the trends identified above in "- *Key Factors Affecting Our Results of Operations and Financial Conditions*" on page 290 and the uncertainties described in the section "*Risk Factors*", beginning on page 24. To our knowledge, except as described or anticipated in this Draft Red Herring Prospectus, there are no known factors which we expect will have a material adverse effect on our revenues or income from continuing operations.

**Future Relationship between Cost and Income**

Other than as described in the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 24, 156 and 289, respectively, to our knowledge, no future relationship between expenditure and income is expected to have a material adverse impact on our operations and finances.

**Significant Dependence on a Single or Few Customers**

Our business is substantially dependent on projects in India awarded or funded by the Government or state Governments. We derive majority of our revenue from three major revenue from three customers, namely NHAI, MoRTH and RVNL. For further details see the section "*Our Business*", beginning on page 156 and section "*Risk Factors - Our business is substantially dependent on projects in India awarded or funded by the Government or State Governments and we derive substantial revenues from contracts with a limited number of government entities. Any changes in the Government or State Government policies or focus, or delay in payment may affect our business and results of operations*", on page 29.

**Seasonality of Business**

See "*-Key Factors Affecting Our Results of Operations– Seasonality and Weather Conditions"*, on page 292.

**Significant Developments after March 31, 2019 that may affect our Future Results of Operations**

Except as set out 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 or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our liabilities within the next 12 months.

## SECTION VI: LEGAL AND OTHER INFORMATION

## OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding (i) criminal proceedings, (ii) claims related to direct and indirect taxes, (iii) material litigation, in each case involving our Company, the Promoters, the Subsidiaries, the Joint Ventures or the Directors; and (iv) litigation involving our Company, the Promoters, the Directors, the Subsidiaries, the Joint Ventures or any other person, where the monetary liability is not quantifiable, but whose outcome could have a material adverse effect on the business, operations, financial position or reputation of our Company. Further, except as stated in this section, there are no outstanding actions taken by statutory or regulatory authorities against our Company, the Promoters, the Subsidiaries or the Directors.*

*Except as stated in this section, there are no outstanding material litigation involving the Group Companies and litigation involving the Group Companies, where the monetary liability is not quantifiable, but whose outcome could have a material adverse effect on the business, operations, financial position or reputation of our Company.*

*There are no disciplinary actions, including any penalty imposed by SEBI or stock exchanges, against our Promoters in the last five financial years, including any outstanding action.*

*In relation to (iii) above and in respect of material litigations involving Group Companies, the Board in its meeting held on September 14, 2019, has considered and adopted a policy of materiality for identification of material litigation. In terms of the materiality policy adopted by the Board, all outstanding litigation/arbitration claims:*

*(a)* *involving our Company, the Subsidiaries or the Joint Ventures and exceed the amount which is lesser of 1% of the total income and 5% of the profit after tax as per the Restated Financial Statements of our Company as of and for the Fiscal ended March 31, 2019 have been considered material. The total income and profit after tax as per Restated Financial Statements of our Company for the Fiscal ended March 31, 2019 is ₹ 25,047.15 million and ₹ 1,546.24 million, respectively, and accordingly, all litigation involving our Company, the Subsidiaries or the Joint Ventures in which the amount involved in such individual litigation exceeds ₹ 77.31 million have been considered as material. Further, (i) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation may not exceed ₹ 77.31 million; and (ii) all other outstanding litigation which may not meet the specific threshold and parameters as set out hereinabove, but where an adverse outcome would materially and adversely affect the business, operations, financial position or reputation of our Company, have been considered material.*

*(b)* *involving the Group Companies and exceed the amount which is lesser of 1% of the total income and 5% of the profit after tax as per the Restated Financial Statements of our Company as of and for the Fiscal ended March 31, 2019 have been considered material. The total income and profit after tax as per Restated Financial Statements of our Company for the Fiscal ended March 31, 2019 is ₹ 25,047.15 million and ₹ 1,546.24 million, respectively, and accordingly, all litigation involving the Group Companies in which the amount involved in such individual litigation exceeds ₹ 77.31 million have been considered as material. Further, (i) where the decision in one case is likely to affect the decision in similar cases, even though the amount involved in an individual litigation may not exceed ₹ 77.31 million; (ii) all other outstanding litigation which may not meet the specific threshold and parameters as set out hereinabove, but where an adverse outcome would materially and adversely affect the business, operations, financial position or reputation of our Company, have been considered material.*

*(c)* *involving the Promoters where an adverse outcome would materially and adversely affect the business, operations, financial position or reputation of our Company, have been considered material, and accordingly, each of the Promoters have identified and provided information relating to such outstanding litigation involving themselves.*

*(d)* *involving the Directors where an adverse outcome would materially and adversely affect the business, operations, financial position or reputation of our Company, have been considered material, and accordingly, each of the individual Directors have identified and provided information relating to such outstanding litigation involving themselves.*

*In relation to criminal proceedings, taxation matters, disciplinary actions and actions by statutory or regulatory authorities, no materiality threshold has been applied.*

*We have disclosed matters relating to direct and indirect taxes involving our Company, the Directors and the Promoters in a consolidated manner giving details of number of cases and total amount involved in such claims.*

*Unless the context otherwise requires, the terms defined in each of the summaries set out in this section, shall bear the meaning ascribed to such terms in that particular summary.*

## *I. Litigation involving our Company*

## A. Litigation filed against our Company

*Criminal Proceedings*

1. Henry James Chacko ("**Complainant**") lodged a criminal complaint before the Court of Chief Judicial Magistrate, Bhuj ("**Magistrate**"), against *inter alia* our Company, alleging forgery, criminal breach of trust, conspiracy and misappropriation of government funds (approximately ₹ 33.72 million), with respect to the tender for setting up permanent infrastructure for tent city (Rann Utsav 2013-14) at Dhordo, Tal. Bhuj, District Kutch awarded by the R&B Department, Bhuj (Kutch) to our Company ("**Complaint**"). The Magistrate pursuant to order dated May 26, 2015, directed the concerned police officer to report to the Magistrate as to the status of registration of a first information report and investigation, under Section 210 of the Code of Criminal Procedure, 1973. In view of the said report, the Magistrate, pursuant to order dated July 14, 2015, directed investigation under Section 156(3) of the Code of Criminal Procedure, 1973, and a first information report dated July 15, 2015 was registered with 'B' Division Police Station, Bhuj city.

   Our Company has filed a special criminal application before the High Court of Gujarat, for (i) quashing and setting aside the impugned order dated July 14, 2015 and the first information report dated July 15, 2015; and (ii) stay of investigation/further proceedings in connection with the said first information report, on the grounds that *inter alia*, (a) the impugned order passed by the Magistrate and the subsequent registration of the first information report is bad in law, illegal and against the settled principles of law laid down by the courts, (b) the Complainant is in the habit of making false and fabricated complaints and has abused the process of law; and (c) the Magistrate lacked the power to revert to pre-cognizance stage after having taken cognizance of the impugned Complaint. Pursuant to the order dated August 25, 2015, the High Court of Gujarat has stayed further proceedings in the matter. The matter is currently pending.

   The allegations made in the Complaint were also the subject matter of an investigation being carried out by the Anti-Corruption Bureau. The Assistant Director, Anti-Corruption Bureau, Border Camp, Bhuj-Kutch had informed the Magistrate that after conducting the preliminary investigation, the office of Director, Anti-Corruption Bureau has sought permission from the state authorities to conduct an open investigation in connection with the alleged offence. Our Company has not received any further communication in this regard.

2. Bipin Arjun Thakkar ("**Complainant**") filed an application dated May 5, 2015, before the Additional Civil Judge/ Judicial Magistrate at Duddhi, Sonebhadra, Uttar Pradesh, against Mrunal Kanubhai Patel alleging that the Complainant is the owner of 10 tippers that were deployed at Krishnashila mining site, and that our Company has unlawfully retained the said vehicles and is misusing the same. Pursuant to the submission of the report by the concerned police stating that the said vehicles were sold by M/s Varsani Construction Company ("**Varsani**") to the Complainant, while the said vehicles were retained by our Company, and upon hearing the said application, the Additional Civil Judge/ Judicial Magistrate at Duddhi, Sonebhadra passed an order dated May 16, 2015, directing registration of the case and to report the proceedings.

   Being aggrieved by the said order dated May 16, 2015, our Company and Mrunal Kanubhai Patel have filed a writ petition, before the High Court of Allahabad, on June 3, 2015, *inter alia* for setting aside the said order and to command the concerned police to not lodge the first information report in pursuance of order dated May 16, 2015. Pursuant to the order dated June 15, 2015, the High Court of Allahabad has stayed the proceedings in the court of Additional Civil Judge/ Judicial Magistrate, Duddhi, Sonebhadra, Uttar Pradesh. The matter is currently pending.

3. Our Company has been selected as a Mine Developer and Operator (MDO) for Barjora North Coal Mine, situated at District Bankura, P.S. Barjora, W.B and entered into a coal mining agreement with the West Bengal Power Development Corporation Limited ("**WBPDCL**") on October 17, 2016. On February 1, 2019, the Local Police registered a First Information Report under sections 304 and 34 of the IPC against our Company for *inter alia* death of four local persons due to our Company's alleged negligence in maintaining safety and security norms at the alleged place of occurrence, and alleged assault on peaceful demonstration. Pursuant to its order dated May 10, 2019, the Chief Judicial Magistrate, Bankura, directed the submission of the Investigating Officer's Report in final form. The matter is currently pending before the District Judge, Bankura.

   In relation to the aforementioned incident, our Company has received a show cause notice dated June 7, 2019 from the office of the Director General of Mines Safety, Eastern Zone, Sitarampur, Ministry of Labour and Employment, Government of India, pursuant to Regulation 128(7) of the Coal Mines Regulations, 2017, which requires adherence to certain safety measures. Our Company has filed a reply to the said show cause notice on June 26, 2019, denying any contraventions on its part and allegations against it, on the grounds that *inter alia* (i) water logging was owing to the erstwhile owner; (ii) proper notice for prohibition on unauthorized entry was posted at conspicuous places and security personnel had been engaged by our Company for prohibiting any unauthorized entry; (iii) no illegal mining activity was in operation and the same was ensured during regular inspections by *inter alia* senior officials of WBPDCL; and (iv) a deep trench along the water logged area was made to prevent unauthorized entry. The matter is currently pending.

4. On February 22, 2019, Police Station Barjora, Bankura, West Bengal registered a First Information Report under sections 307, 354, 341, 323, 325 and 34 of the IPC against G. Ravi Chandran–CPM, Krishnakant Singh–Project Manager, Patit Pawan Mishra–PRO, Navin Mishra–Site HR and Solkar Raj–Site Supervisor (the aforenamed persons being ex-employees of our Company) and WBPDCL officials namely Suresh Kumar–Manager and Gobind Singh-Assistant Manager ("**Petitioners**"), alleging *inter alia* physical assault and attempt to murder. Pursuant to its orders dated March 30, 2019, the Sessions Judge, Bankura, granted anticipatory bail to the Petitioners on the conditions that the Petitioners have to strictly comply with the provisions of section 438(2) of the Code of Criminal Procedure, 1973 ("**CRPC**"), that the Petitioners shall surrender before the Sessions Judge, Bankura within 15 days for regular bail which shall be considered by the Sessions Judge under section 437 of the CRPC and that they will cooperate with the Investigating Officer in the investigation. Further, pursuant to its order dated June 11, 2019, the Chief Judicial Magistrate, Bankura, directed the submission of the Investigating Officer's Report in final form. The matter is currently pending before the District Judge, Bankura, West Bengal.

5. Om Prakash Swami ("**Complainant**") has filed a complaint against our Company under sections 420, 406 and 120B of the IPC, alleging cheating on account of non-payment of certain dues, in relation to a contract executed by our Company with the Complainant, for work related to marble fittings and similar works, in Port Blair, Andaman and Nicobar Islands. Based on the said complaint, a First Information Report has been registered in the Police Station, Vaishali Nagar, Jaipur, against our Company, on April 7, 2019. A notice dated August 4, 2019 has been issued to our Company under Section 91 of the Cr.P.C, for submission of *inter alia* a copy of the agreement dated September 19, 2016 executed between the Complainant and our Company. Our Company has filed a petition for quashing of the said First Information Report, at the High Court of Judicature for Rajasthan, at Jaipur Bench, Jaipur on August 31, 2019. The matter is currently pending.

*Civil Proceedings*

1. Monte Carlo Fashions Limited ("**MFL**") filed a suit ("**Suit**") on October 31, 2017 (and an application for amendment of the plaint on January 8, 2018), against our Company, Montecarlo Construction Private Limited, Kanubhai Mafatlal Patel and Mrunal Kanubhai Patel (together the "**Defendants**" and individually the "**Defendant**"), before the Court of District Judge, Ludhiana, for permanent and mandatory injunction, restraining alleged infringement by the Defendants, their proprietors, partners or directors, principal officers, servants, agents and all other acting for and on behalf of the Defendants, of its registered trade mark (i.e., 'MONTE CARLO' and 'MC' (Device)), for passing off, dilution and for rendition of accounts, recovery of damages and delivery up of all infringing material, in relation to the alleged infringement of MFL's registered trademark. The challenge is on the grounds *inter alia* that, MFL is the undisputed prior user of the trademark, the trademark/tradename is associated exclusively and solely with MFL by the members of trade and public and that MFL is the registered proprietor of the said trademark in various classes since the last 23 years.

   In this regard, MFL also filed an application before the District Judge, Ludhiana on October 31, 2017, seeking an interim injunction against the Defendants. Pursuant to the order dated November 3, 2017 ("**Interim Injunction Order**"), the Additional District Judge, Ludhiana, granted an ex-parte ad-interim injunction, restraining the Defendants, their proprietors, partners or directors, principal officers, servants, agents and all other acting for and on behalf of the Defendants from using directly or indirectly, or dealing in any goods or services under the mark 'MONTECARLO' and 'MC', and any other identical or deceptively similar trademark to 'MONTE CARLO' of MFL, in any manner, till further orders.

   A reply to the Suit was filed by our Company, by way of its written statement dated December 1, 2017 ("**Written Statement**"). In the Written Statement, our Company has raised certain preliminary objections to the Suit on the grounds *inter alia* that, (i) the Suit is not maintainable as our Company is a registered proprietor of the trademark; (ii) the trademark of MFL had no reputation in India at the time when our Company started to use the trademark in the year 1995; (iii) the goods and services of MFL and our Company are completely different; and (iv) there is misjoinder of parties (including that Montecarlo Construction Private Limited is not in existence). In addition, our Company has made certain preliminary submissions to defend the Suit on the grounds *inter alia* that, our Company being the registered owner of the trademark 'MONTECARLO' in various classes of goods and services has a statutory right in the said mark, our Company is also a registered copyright holder of 'MONTECARLO' device and that our Company is the prior adopter and continuous user of the trademark/tradename 'MONTECARLO'. Pursuant to its order dated May 28, 2019, the Additional District Judge, Ludhiana adjourned the matter at the joint request of MFL and the Defendants, in order to facilitate negotiations between the parties for reaching a settlement. Accordingly, the settlement negotiations are in process. The matter is currently pending before the Additional District Judge, Ludhiana.

Separately, being aggrieved by the said Interim Injunction Order, the Defendants filed an application dated November 20, 2017, before the High Court of Punjab and Haryana, seeking a stay on the operation of the impugned Interim Injunction Order on the grounds that *inter alia* the interim injunction has been granted erroneously, illegally and arbitrarily, the Interim Injunction Order is legally unsustainable and that MFL did not have a prima facie case in its favour. Pursuant to the order dated November 22, 2017, the High Court of Punjab and Haryana has noted that, MFL has assured that till the case is heard at the motion stage, MFL shall not press for any contempt of the Interim Injunction Order. Further, pursuant to the order dated November 27, 2017, the High Court of Punjab and Haryana has observed that all pleas for final decision of the temporary injunction application (which has been listed before the trial court pursuant to the Interim Injunction Order passed), should be raised before the trial court, at this stage. This matter is currently pending before the High Court of Punjab and Haryana.

2. Our Company appointed Varsani pursuant to (i) an agreement dated December 1, 2011 (as amended) ("**WCL Contract**") to carry out certain works at Juna Kunada Open Cast Mining of Majri Area of Western Coalfields Limited) ("**Juna Kunada Works**"); and (ii) a letter dated December 17, 2012 and an agreement dated May 30, 2013 (as amended) ("**Northern Coal Contract**") to carry out certain works at Krishnashila Open Cast Project (Mining) of Northern Coal ("**Krishnashila Works**"). A letter of authority dated March 7, 2013 ("**Letter of Authority**") was executed by Varsani, authorizing our Company to operate the bank account (current account) of Varsani, with respect to the Juna Kunada Works and the Krishnashila Works. The following disputes ("**Disputes**") have arisen between our Company and Varsani in this respect:

(a) Varsani filed a suit on February 4, 2015, before the City Civil Court, Ahmedabad, for declaration and injunction against our Company, challenging the legality of the bank transactions undertaken by our Company on behalf of Varsani, pursuant to the Letter of Authority, and alleging misuse of the Letter of Authority. In the said suit, our Company had filed an application dated April 22, 2015, before the City Civil Court of Ahmedabad, under Section 8 of the Arbitration Act ("**Arbitration Application**"), for reference of the said dispute to arbitration, in terms of Clause 69 and Clause 46 of the WCL Contract and the Northern Coal Contract, respectively, and disposal of the said civil suit in terms thereof. The Arbitration Application is currently pending.

Varsani itself has preferred two applications before the High Court of Gujarat, for referral of the Disputes to arbitration. Pursuant to the order of August 28, 2015, the High Court of Gujarat has appointed a sole arbitrator to arbitrate the Disputes.

(b) Varsani, with respect to the Northern Coal Contract, filed an application before the sole arbitrator, on March 5, 2016, seeking *inter alia*, hiring charges from our Company amounting to ₹ 216.44 million along with interest at the rate of 18% per annum, for retention of machines, which were employed by Varsani to undertake the Krishnashila Works pursuant to the Northern Coal Contract, by our Company. The arbitrator passed an order dated March 27, 2017 directing our Company to pay a sum of ₹ 140.00 million to Varsani as hiring charges or mesne profits. Aggrieved by this order, our Company filed a civil miscellaneous application before the Commercial Court at Ahmedabad on April 25, 2017 ("**Northern Coal CMA**") requesting for setting aside of the said order passed by the arbitrator. The Commercial Court at City Civil Court, allowed the Northern Coal CMA filed by our Company, and made its interim order dated April 28, 2017 (which *inter alia* kept in *abeyance*, the execution, implementation and operation of the order of the arbitrator) absolute, pending disposal of the final arbitration proceedings initiated in this same matter (as discussed below).

Varsani has initiated arbitration proceedings against our Company, before the sole arbitrator, in relation to the Northern Coal Contract, claiming an amount of approximately ₹ 919.66 million and other unquantified amounts along with interest at the rate of 18% per annum, *inter alia* on the allegations that our Company defaulted in payment of certain amounts due to Varsani for works undertaken by it pursuant to the Northern Coal Contract, lack of reimbursements due to Varsani on account of escalation in the wages of the workers, for termination by our Company of such contract and wrongful retention of the machinery purchased by Varsani to perform its end of the Northern Coal Contract, post termination of such contract.

In its reply of August 22, 2016, our Company has denied the allegations made by Varsani, and has also filed a counter claim before the sole arbitrator on September 17, 2016, raising a claim of approximately ₹ 744.55 million together with interest at 24% per annum, against Varsani *inter alia* for the amounts due to be paid by Varsani, costs incurred by our Company for execution of the work at the site post termination of the Northern Coal Contract, certain penalties, including, liquidated damages imposed on it, under the principal contract with Northern Coal due to delay caused for performance of works thereunder, *inter alia* owing to the failure of Varsani to achieve its targets under the Northern Coal Contract. Further, by way of an application for production of documents dated March 16, 2018, submitted by our Company before the sole arbitrator, *inter alia* the aforesaid claim of approximately ₹ 744.55 million was revised to ₹ 1,379.48 million, as on January 31, 2018. The matter is currently pending.

(c) Varsani with respect to the WCL Contract, filed an application before the sole arbitrator, on March 5, 2016 seeking *inter alia*, hiring charges from our Company amounting to ₹ 93.99 million along with interest at the rate of 18% per annum for retention of machines by our Company, which were employed by Varsani to undertake the Juna Kunada Works pursuant to the WCL Contract. The arbitrator passed an order dated March 26, 2017 directing our Company to pay a sum of ₹ 60.00 million to Varsani as hiring charges or mesne profits. Aggrieved by this order, our Company filed a civil miscellaneous application before the Commercial Court at Ahmedabad on April 25, 2017 ("**WCL CMA**") requesting for setting aside of the said order passed by the arbitrator. The Commercial Court at City Civil Court, allowed the WCL CMA filed by our Company, and made its interim order of April 28, 2017 (which *inter alia* kept in *abeyance*, the execution, implementation and operation of the order of the arbitrator) absolute, pending disposal of the final arbitration proceedings initiated in this same matter (as discussed below).

Varsani has initiated arbitration proceedings against our Company, before the sole arbitrator, in relation to the WCL Contract, claiming an amount of approximately ₹ 426.42 million together with interest at 24% per annum, *inter alia* on the allegations that our Company defaulted in payment of certain amounts due to Varsani for works undertaken by it pursuant to the WCL Contract, for illegal termination by our Company of such contract and for wrongful retention of the machinery purchased by Varsani to perform its end of the WCL Contract, post termination of such contract.

In its reply of August 6, 2016, our Company has denied the allegations made by Varsani, and has also filed a counter claim against Varsani before the arbitral tribunal on June 3, 2016, raising a claim of approximately ₹ 607.26 million together with interest at 24% per annum, against Varsani *inter alia* for the losses suffered by our Company and certain liquidated damages imposed on it under the principal contract with Western Coalfield Limited due to delay caused for performance of works thereunder, *inter alia* owing to the failure of Varsani to achieve its targets under the WCL Contract. Further, by way of an application for production of documents dated March 16, 2018, submitted by our Company before the sole arbitrator, *inter alia* the aforesaid claim of approximately ₹ 607.26 million was revised to ₹ 652.19 million, as on Januray 31, 2018. The matter is currently pending.

3. Bipin Arjun Thakkar ("**Petitioner**") filed a civil suit on August 10, 2016, for recovery of mesne profit and damages, before the Court of City Civil Judge, Ahmedabad, against our Company and Varsani. The Petitioner claims that 10 multiaxle goods vehicle were purchased by him from Varsani on November 13, 2014 and the said vehicles were transferred and registered in the name of the Petitioner on November 29, 2014, while the vehicles continued to be used by our Company, causing damage to the same. The Petitioner has *inter alia* sought recovery of an amount of ₹ 93.60 million on account of mesne profits and ₹ 40.00 million on account of damages caused to the vehicles. The Petitioner has also filed an application dated August 10, 2016, before the Court of City Civil Judge, Ahmedabad, seeking interim injunction against our Company, to *inter alia* handover the possession of the said vehicles. Our Company has filed a written statement cum reply on May 10, 2017 *inter alia* praying that the suit as well as the application for injunction be dismissed, on the grounds that *inter alia* (i) there is no privity of contract between the Petitioner and our Company; and (ii) our Company has been allowed to use seven out of the 10 vehicles pursuant to the order dated October 31, 2015 of the arbitral tribunal. The matter is currently pending.

The Petitioner has also filed a criminal complaint against our Company in relation to the above subject matter. For details, see "*– Litigation involving our Company – Litigation filed against our Company – Criminal Proceedings*", on page 309.

*Arbitration Proceedings*

1. For details in relation to the arbitration proceedings initiated by Varsani Construction Company against our Company, see "*– Litigation involving our Company – Litigation filed against our Company – Civil Proceedings*", on page 310.

2. M/s Kirit Construction Company ("**KCC**") has initiated arbitration proceedings against our Company, before the sole arbitrator, Justice (Retired) M. B. Shah, at Ahmedabad ("**Arbitrator**"), pursuant to the statement of claim filed on March 23, 2018, in relation to a memorandum of understanding (the "**MOU**") dated January 27, 2015, executed between KCC and our Company. Pursuant to the MOU, KCC was to undertake certain works for our Company, such works being the works required to be undertaken by our Company, in terms of the principal contract awarded to our Company by Rail Vikas Nigam Limited. Under the principal contract with Rail Vikas Nigam Limited, our Company was to undertake works relating to *inter alia*, execution of gauge conversion of the existing meter gauge track between Sabarmati and Kotgangad stations (77 km) ("**RVNL Package-I**") and execution of gauge conversion of meter gauge track between Kotgangad to Botad stations (88.40 km) ("**RVNL Package-II**"). In its petition, KCC has *inter alia* (i) claimed an aggregate amount of approximately ₹ 75.96 million along with interest at 12% per annum, accumulated from March 27, 2017, from our Company; and (ii) has prayed for specific performance of the contract in relation to RVNL Package-II alleging that, our Company has committed a breach of the terms and conditions of the MOU by not entrusting the work in relation to RVNL Package-II to KCC.

Our Company filed a statement of defence dated April 24, 2018, claiming that *inter alia* KCC is not entitled to the claim amount or for specific performance of the contract on the grounds *inter alia* that (i) the MOU on which the claim is based stands automatically terminated in accordance with Clause 15 of the MOU; and (ii) under the MOU, KCC has no rights, claims, demand and financial liability, of any nature, arising out of or in relation to the said project. On May 26, 2018 KCC filed a rejoinder to the statement of defence filed by our Company *inter alia* denying automatic termination of MOU under Clause 15 therein and denying that the validity of the MOU was not extended.

Subsequently, the Arbitrator, pronounced its award on June 24, 2019 on the aforesaid matter, partially allowing the claims raised by KCC in its petition, and ordered for payment of ₹ 18.54 million to be made by our Company to KCC along with interest at the rate of 7% on such amount and costs of arbitration as stipulated in the said order. Our Company is in the process of challenging the said award.

*Outstanding actions by regulatory and statutory authorities*

1. Our Company received a letter dated March 30, 2017 ("**Letter**"), from the Office of the Assistant Director ("**Authority**"), Ministry of Corporate Affairs (Cost Audit Branch), requesting our Company to furnish information/explanations/reply, in accordance with Section 148(7) of the Companies Act, 2013, in relation to certain inconsistencies identified in the cost audit report filed by our Company for the Fiscal 2015-2016. Pursuant to the said Letter, our Company received a show cause notice dated August 30, 2017 ("**Show Cause Notice**"), from the Authority, calling upon our Company to show cause as to why action should not be taken against our Company and every officer in default, under Section 148(8)(a) read with Section 147(1) of the Companies Act, 2013, for the contravention of Section 148(7) of the Companies Act, 2013.

   Our Company has submitted its reply dated August 31, 2017, to the Show Cause Notice *inter alia* submitting that, the cost statements have been prepared as per CRA-1, service-wise/site-wise, reflecting the cost of operations, cost of sales and margins and as per Form CRA-3, Rule 6(4) of the Companies (Cost Records and Audit) Amendment Rules, 2014, the cost statements have been prepared/furnished separately for each of the three types of services in which our Company is engaged. Our Company has not received any further communications in this regard.

2. Our Company received a letter dated July 16, 2014 ("**Letter**") from the Office of Registrar of Companies, Gujarat, in relation to a complaint against our Company, alleging poor performance *inter alia* in relation to removal of overburden under a mining contract and coal extraction at Juna Kunada Open Cast Mining of Majri Area, awarded by M/s Western Coalfields Limited, a subsidiary of Coal India Limited in December 2011. Under the said Letter, our Company *inter alia* was directed to submit an 'Action Take Report' within 10 days from the date of the Letter.

   Our Company filed its response dated July 21, 2014, to the Letter stating *inter alia* that the shortfall in the quantity of overburden removal is merely 3.79% and that our Company has placed purchase orders for deployment of new machinery, in order to make up for the deficit quantity of overburden removal. Our Company has not received any further communications in this regard.

3. For details in relation to the show cause notice dated June 7, 2019 received by our Company from the office of the Director General of Mines Safety, Eastern Zone, Sitarampur, Ministry of Labour and Employment, Government of India, see "*– Litigation involving our Company – Litigation filed against our Company – Criminal Proceedings*", on page 309.

*Taxation Matters*

<u>Direct Tax matters</u>

Eight direct tax matters involving our Company are pending before the Income Tax Appellate Tribunal, involving an aggregate amount of approximately ₹ 141.81 million and in relation to, among others, disallowance of delayed payments made for employees' contribution to provident fund and deduction of profits and gains from enterprises engaged in infrastructure development.

<u>Indirect Tax matters</u>

Nine indirect tax matters involving our Company are pending before various forums, such as the Deputy Commissioner (Appeals) Jabalpur, Deputy Commissioner of Commercial Tax, Ramgarh circle, Ramgarh and the Assistant Director of Foreign Trade, Ahmedabad, involving an aggregate amount of approximately ₹ 173.04 million, and in relation to, among others, return of duty draw back refund received by our Company and adjustment of wrong demand of entry tax against the VAT refund.

**B. Litigation filed by our Company**

*Criminal Proceedings*

1. Our Company has filed a complaint against Vikram Pratap Singh (an ex-employee of our Company), on March 10, 2017, before the court of the Additional Chief Metropolitan Magistrate, Ahmedabad, for recovery/refund of amount of ₹ 0.43 million misappropriated by Vikram Pratap Singh, in collusion with the some suppliers, labourers and other persons. Vikram Pratap Singh has been accused of *inter alia* committing breach of trust, collusion and carrying out fictitious and fraudulent financial transactions with the view to misappropriate funds, to cheat our Company and cause wrongful loss to our Company. This matter is currently pending.

2. Kameshwar Kumar, an employee of our Company working as a site engineer at the Samruddhi Highway, (Nagpur - Mumbai super communication expressway), Village Ambedkarwadi, District Jalna, has filed a police complaint on March 7, 2019, for scuffling and being beaten up by a few persons including *inter alia* Rahul Admane ("**Accused**") and his three accomplices. The police registered a First Information Report dated March 7, 2019 and lodged a complaint against the Accused under sections 143, 147, 148, 149, 336, 324, 323, 504 and 506 of the IPC. The Accused has filed a criminal application before the High Court of Judicature at Bombay, Aurangabad Bench on March 18, 2019, against *inter alia* Kameshwar Kumar, for *inter alia* quashing of the said First Information Report and stay of further investigation in the matter. Summons have been received and the matter is currently pending before the High Court of Judicature at Bombay, Aurangabad Bench.

3. Our Company, through Kalpesh Patel, has filed a complaint on June 16, 2019, under sections 407, 409, 420 and 120(B) of the IPC against *inter alia* Sanju Chodhary and Abhay Singh, representatives of Govind Transport Company ("**Accused**"), before the Haldia Police Station, West Bengal. The Accused were engaged as transporters for loading and delivering certain materials. Our Company has alleged that the Accused have committed fraud by not suppling 6 (six) tankers loaded with bitumen and furnace oil (which were uploaded at Indian Oil Corporation Limited Haldia and were to be delivered to our Company's road project at Keonjhar Site, Orissa). An First Information Report has been lodged and 2 (two) persons have been arrested in this connection. The matter is currently pending.

*Civil Proceedings*

1. Our Company filed a suit on March 7, 2014, before the City Civil Court, Ahmedabad, for recovery of money, against Spectrum Techno Consultants Private Limited ("**Spectrum**"). The NHAI had floated tenders for carrying out work in relation to the rehabilitation and augmentation of two projects namely, Lambia-Raipur section (PKG.II) NH-458 and Raipur-Bheem (Jassa Khera) section (PKG.III) NH-458. Our Company issued a work order for an amount of ₹ 1.48 million as per terms and conditions dated February 7, 2013 pursuant to which, Spectrum was to *inter alia* provide, pre-bidding services and engineering, design and consultancy services. Our Company also paid an advance of ₹ 0.37 million against the said amount of ₹ 1.48 million.

   Our Company has filed the said suit to recover an amount of ₹ 260.96 million for the losses suffered by our Company, on account of Spectrum's failure to carry out the work assigned to it. Such losses include, ₹ 1.29 million towards the tendering expenses incurred by our Company and ₹ 259.30 million loss of opportunity and profits. A reply was filed by Spectrum on May 2, 2014, claiming that the work was carried out by Spectrum as per the work order, and that the said suit be dismissed with compensatory costs. The matter is currently pending.

2. Our Company has filed a writ petition against Madhya Pradesh Madhya Kshetra Vidyut Vitran Company Limited ("**MPMKVVCL**"), the Government of Madhya Pradesh, Madhya Pradesh Power Management Company Limited and the Project Manager of MPMKVVCL (collectively, "**MPMKVVCL and Others**") on October 14, 2014, before the High Court of Madhya Pradesh, Jabalpur (the "**MP Writ Petition**"). The MP Writ Petition was filed challenging certain provisions (as being arbitrary and unconstitutional) of the contracts awarded to our Company by MPMKVVCL for the cities of Bhopal and Gwalior, pursuant to a tender floated by it, to carry out certain renovation, installation and commissioning of electrical works and for annual maintenance of the same, for a period of five years ("**MPMKVVCL Contracts**"). In the MP Writ Petition, our Company challenged certain provisions of the MPMKVVCL Contracts which seek to impose liquidated damages on our Company, in the event, it fails to achieve the prescribed threshold of minimising the aggregate technical and commercial losses ("**AT&C Losses**") based on a formula, on the grounds that these provisions are unreasonable and based on factors which fall outside the scope of our Company's work under the MPMKVVCL Contracts. Our Company has claimed that it has completed majority of the works and has been raising its invoices thereunder periodically. However, from the payments being made to our Company, amounts aggregating to approximately ₹ 389.00 million are being withheld by MPMKVVCL on account of our Company failing to meet the requisite thresholds for AT&C Losses.

   In response to the MP Writ Petition, MPMKVVCL and Others filed an application dated July 13, 2015, seeking dismissal of the MP Writ Petition. MPMKVVCL and Others also filed a reply dated July 25, 2015 to the MP Writ

Petition, seeking its dismissal. A rejoinder dated August 12, 2015, was filed by our Company *inter alia* denying the contentions raised by MPMKVVCL and Others. The matter is currently pending.

Further, our Company, separately also initiated arbitration proceedings before the Madhya Pradesh Arbitral Tribunal against MPMKVVCL claiming *inter alia* wrongful imposition of liquidated damages of 20% of the contract price by MPMKVVCL under the MPMKVVCL Contracts on account of alleged AT&C Losses ("**MPMKVVCL Arbitration**"). As per our Company, only 10% of the contract price is recoverable as liquidated damages by MPMKVVCL under the MPMKVVCL Contracts. Accordingly, in the MPMKVVCL Arbitration, our Company has prayed for a payment of approximately ₹ 287.67 million along with interest payable from April 10, 2018 till the date of payment, to be made to the Company by MPMKVVCL. The MPMKVVCL Arbitration was admitted on January 18, 2019 pursuant to which written statements were filed by MPMKVVCL on August 6, 2019, denying all claims made by our Company and stating that our Company is not entitled to any reliefs prayed for it in its MPMKVVCL Arbitration. The matter is currently pending.

3. Pursuant to a contract dated March 21, 2014, our Company was awarded works by the Ministry of Road, Transport and Highways, for the rehabilitation and upgradation to two lanes/two lane with paved shoulders configuration of Anisabad-Aurangabad-Hariharganj section (0.00 km to 154.625 km) of NH-98 in Bihar ("**Project**"). In relation to the said Project, certain claims (*as detailed herein below*) were raised by our Company and pursuant to the rejection of these claims by the Engineer, Intercontinental Consultants and Technocrats Private Limited, our Company, pursuant to letters dated January 1, 2018 and January 3, 2018 referred the following four claims to the Disputes Board, against the Superintending Engineer (EPA)-II, Ministry of Road Transport & Highways, New Delhi and Engineer, Intercontinental Consultants and Technocrats Private Limited, amounting to approximately ₹ 100.43 million along with interest, towards, (i) increase of royalty/seigniorage for up to March 31, 2016; (ii) additional cost incurred towards additional treatment of self-adhesive glass grid and overlay section; (iii) additional excise duty levied; and (iv) additional cost incurred due to a revision in the minimum wages of labour by the GoI. Pursuant to its order dated July 18, 2019, the Disputes Board opined on the aforementioned claim numbers (i), (ii) and (iii) in terms of which it partially allowed the claim numbers (i), and (ii) and denied the claim number (iii) raised by the Company, stating that the same is not tenable ("**DB Order**"). However, notices of dissatisfaction dated August 20, 2019 and August 17, 2019, were issued by the Executive Engineer Cum-PIU Head NH-98 for the decisions taken by the Disputes Board in the DB Order with respect to claim numbers (i) and (ii), respectively. Separately, the Company has issued a notice of dissatisfaction dated August 13, 2019 to the Superintending Engineer (EPA)-II, Ministry of Road Transport & Highways, New Delhi, with respect to the decision taken by the Dispute Board in the DB Order with respect to claim no. (iii).

   Additionally, pursuant to letters dated April 24, 2019 and June 5, 2019, our Company has raised two additional claims with the Disputes Board, amounting to approximately ₹ 545.00 million relating to (i) payment towards additional burden of basic excise duty levied on HSD due to delay and non-issuance of Project Authority Certificate; and (ii) additional cost incurred by the contractor due to underutilization resulted by prolongation of contract. The matter is currently pending.

*Arbitration Proceedings*

1. Our Company initiated arbitration proceedings before the Gujarat Public Works Contracts, Disputes Arbitration Tribunal, at Ahmedabad, against the Executive Engineer SSNNL and the Chairman of Sardar Sarovar Narmada Nigam Limited (collectively, the "**Respondents**"), pursuant to an arbitration petition filed in March 2016, arising out of a contract awarded to our Company for constructing earthwork, lining, structures and service road of Radhanpur branch canal in between Ch. 11.515 to 24.475 Km (Slice-II). In its petition, our Company has raised a claim of approximately ₹ 123.05 million (including interest) against the Respondents *inter alia* on account of (i) unjust, unwarranted and arbitrary deduction from the final bill; (ii) loss due to underutilization of machinery and equipment; (iii) loss due to infructuous overheads; (iv) loss of interest due to delay in payments; and (v) loss due to non-refund of royalty charges. The matter is currently pending.

2. Our Company initiated arbitration proceedings against the Executive Engineer Sardar Sarovar Narmada Nigam Limited and the Chairman of Sardar Sarovar Narmada Nigam Limited (collectively, the "**SSNNL Group**"), pursuant to the arbitration petition filed on October 13, 2014, arising out of the contract awarded to our Company by SSNNL pursuant to a tender floated by it ("**SSNNL Petition**"). As a successful bidder, our Company had executed a contract with SSNNL in September 2004, in terms of which it was to undertake works relating to the construction of earthwork, structures, lining and service road of Kachchh branch Canal Reach 112.50 to 122.219 Km (Package K-1) ("**SSNNL Contract**"). In the SSNNL Petition, our Company has raised a claim of approximately ₹ 413.39 million together with interest at the rate of 18% per annum or any other rate deemed fit and approximately ₹ 1.50 million for arbitration proceedings, from SSNNL Group *inter alia* on account of (i) certain amounts being withheld by SSNNL from various running account bills of our Company and consequent damages incurred by our Company for arranging funds from the banks at a high cost in order to keep the work ongoing; (ii) interest due on delayed payments of the price varied

for steel and cement, (iii) loss due to under utilisation of the plant and machinery deployed for completion of the project; (iv) costs associated with extension of bank guarantees. The matter is currently pending.

3. Our Company initiated arbitration proceedings against The Public Works Department, Government of Maharashtra ("**PWD**"), pursuant to arbitration petition filed on February 7, 2019, arising out of the contract awarded to our Company by PWD pursuant to a tender floated by it ("**PWD Petition**"). As a successful bidder, our Company had executed a contract with PWD on July 11, 2014, in terms of which it was to undertake works relating to the rehabilitation and upgradation of two lanes with paved shoulders of the existing road from Km 284.000 to Km 337.000 (approximately 53 Kms) on the Kharwandi Kasar to Junction with NH-211 section of the National Highway no. 222 (new NH no.61) in the State of Maharashtra ("**PWD Contract**"). In the PWD Petition, our Company has raised a claim of approximately ₹ 361.57 million along with interest at the rate of 18% per annum or any other rate deemed fit and cost of award passed pursuant to the arbitration proceedings, *inter alia* on account of (i) prolongation of the project completion due to non availability of land proposed to be provided by PWD in accordance with the PWD Contract; (ii) change in law resulting in a revision of minimum wages of labour by the GoI; (iii) rise in the basic excise duty and additional excise (CENVAT) duty levied on diesel after the base date as provided under the PWD Contract; and (iv) rectification of the date of issue of the provisional certificate to August 18, 2016 instead of December 17, 2016. In response to the PWD Petition, PWD filed a statement of defence on April 1, 2019, wherein the PWD has denied all claims made by the Company in the PWD Petition and stated that the same deserves to be dismissed with cost. The matter is currently pending.

### *II. Litigation involving the Directors*

*Criminal Proceedings*

1. Sanjay Singh, Managing Director, M/s Roof Matrix Technologies Private Limited ("**Complainant**") lodged a First Information Report against Suhas Vasant Joshi (in his capacity as Managing Director of M/s JMC Projects (India) Limited) and others (the "**Applicants**" and Suhas Vasant Joshi, the "**Applicant 1**") on January 28, 2012 under section 420 of the IPC, in relation to a sub-contract awarded to the Complainant, pursuant to a memorandum of understanding dated November 18, 2009 and work order dated January 5, 2010. The Applicant 1 was awarded a contract by Central Public Works Department ("**CPWD**") for the construction of indoor cycling velodrome at Indira Gandhi Stadium Complex, New Delhi for the Common Wealth Games 2010. In relation to the said project, a sub-contract was awarded to the Complainant for installation of specified works. Due to unsatisfactory work of the Complainant, CPWD called upon the Applicants for defect rectification. Thereafter, the sub-contract awarded to the Complainant was cancelled pursuant to communication dated April 8, 2011, and M/s JMC Projects (India) Limited issued a legal notice dated October 19, 2011 to the Complainant demanding payment of ₹ 7.8 million as risk cost. The present case relates to disputes arising therefrom.

   Being aggrieved by the said first information report, the Applicants preferred a writ petition before the High Court of Allahabad on March 16, 2012, in which the High Court of Allahabad passed an interim order dated March 23, 2012, staying the arrest of the Applicants. The investigating officer submitted his final report dated July 2, 2012, observing that no case is established under Section 420 of the IPC. Pursuant to the said final report of the investigating officer, the Complainant filed a protest petition on March 5, 2013 before the Chief Judicial Magistrate, Gautam Budh Nagar who allowed the said protest petition and cancelled the final report, directing reinvestigation pursuant to order dated February 3, 2014. Being aggrieved by the said order dated February 3, 2014, the Applicants preferred a criminal revision application before the District and Sessions Judge, Gautam Budh Nagar, and the District and Sessions Judge by order dated March 6, 2014, admitted the revision. In compliance with the said order, superintendent of police, Gautam Budh Nagar, proceeded with further investigations (pursuant to order dated August 25, 2014 investigation was transferred the investigation to crime branch Gautam Budh Nagar). Upon receipt of the charge sheet filed by the investigating officer on February 17, 2016, the Magistrate took cognizance in the matter and summoned the Applicants pursuant to order dated April 26, 2016.

   The Applicants have filed an application dated May 18, 2016, before the High Court of Allahabad for quashing (i) the impugned charge sheet no. 5 of 2016 dated February 17, 2016 in criminal case no. 88 of 2012; (ii) the impugned summoning order dated April 26, 2016; and (iii) stay of further proceedings in case no. 470 of 2016 arising out of criminal case no. 88 of 2012, on the grounds that *inter alia* (a) complaints in respect of all the allegations before the CPWD have been turned down on the grounds that, the complaint is filed with malafide intention and are frivolous in nature; (b) the Complainant has already given a no claim certificate to the Applicants and therefore, the entire proceedings are contrary to settled principles of law; and (c) that the dispute is purely contractual in nature. The matter is currently pending.

2. For details in relation to the criminal complaint filed by Bipin Arjun Thakkar before the Additional Civil Judge/ Judicial Magistrate at Duddhi, Sonebhadra, Uttar Pradesh, against Mrunal Kanubhai Patel, see "– *Litigation involving our Company – Litigation filed against our Company – Criminal Proceedings*", on page 309.

*Civil Proceedings*

1. Prakash Rajmal Zawar and others ("**Petitioners**") filed a writ petition dated October 13, 2014 ("**Writ Petition**"), against Suhas Vasant Joshi (trustee) and others ("**Respondents**"), before the High Court of Judicature at Bombay, Aurangabad bench, under Articles 226 and 227 of the Constitution of India. The Petitioners were the founding members and original trustees of a pubic charitable trust, Dr. Hedgewar Shikshan Prasarak Mandal Shendurni ("**Trust**"). Pursuant to order dated June 16, 2011, the Assistant Charity Commissioner, Jalgaon Region, accepted the change report No. 129/2011, for recording changes in the management committee of the said trust, recording the Petitioners as the outgoing trustees. The Petitioners filed an appeal against the order dated June 16, 2011, which was disposed of by the Joint Charity Commissioner, Nasik Region pursuant to order dated November 30, 2012, for non-compliance by the Petitioners with its order dated October 15, 2012. Thereafter, the Petitioners filed an application, before the Joint Charity Commissioner, Nasik Region, for restoration of the said appeal. The application was rejected by the Joint Charity Commissioner, Nasik Region, pursuant to its order dated September 12, 2014 on the grounds that *inter alia* the application was defective and not maintainable.

   The Petitioners have filed the present Writ Petition to set aside and quash the impugned order dated September 12, 2014 and restoring the appeal against the order dated June 16, 2011 on the grounds that *inter alia* the impugned order is unjust, illegal and against principles of equity and good conscience, that the Joint Charity Commissioner, Nasik Region has the power to entertain the application for setting aside the order dated November 30, 2012 and that the order dated November 30, 2012 is procedural in nature and therefore, within the incidental powers of the Joint Charity Commissioner, Nasik Region. The matter is currently pending.

   In relation to the above Trust and disputes arising therefrom, the Petitioners have also filed another writ petition dated November 22, 2014, before the High Court of Judicature at Bombay, Aurangabad bench, challenging Maha-Lokadalat's impugned order dated March 4, 2012, passed in change report No. 1389/2011 (which was filed before the Assistant Charity Commissioner, Jalgaon, for change in the office address of the Trust), on the grounds that *inter alia* the signature on the no objection certificate signed by Prakash Rajmal Zawar and submitted along with the said change report, is forged. The matter is currently pending.

2. Kanubhai Mafatlal Patel has received a notice dated March 13, 2018, under Rule 35 of the Madhya Pradesh Real Estate (Regulation and Development) Rules, 2016, in relation to a complaint filed by Kavita Pinyani ("**Complainant**"), pertaining to our Company's residential project tilted, 'Monte Carlo Lake View Apartments', in Jabalpur, Madhya Pradesh. The Complainant has alleged that *inter alia* our Company demanded money without the necessary sanctions having been obtained from the relevant municipal corporation, and upon request of the Complainant, whilst our Company agreed to return the principal amount, it was not agreeable to pay the interest. The Complainant has therefore, through the said complaint, sought the principal amount along with an interest at the rate of 15% per annum compounded quarterly and action against our Company for the alleged fraud. Our Company has filed a reply dated April 6, 2018, before the Real Estate Regulatory Authority at Jabalpur, praying the dismissal of cost and the said complaint with interest. Pursuant to its order dated May 30, 2018, the Real Estate Regulatory Authority at Jabalpur directed the Company to pay approximately ₹ 0.6 million along with interest and handed over the matter to the adjudication officer, Real Estate Regulatory Authority ("**RERA May Order**") for further proceedings. Subsequently, pursuant to its order dated August 31, 2018, the adjudication officer, Real Estate Regulatory Authority, ordered payment of approximately ₹ 0.6 million along with interest at the rate of 7% per annum to the Complainant ("**August Order**"). Our Company filed an appeal against the RERA May Order, before the Real Estate Appellate Tribunal, Bhopal, for *inter alia* setting aside and quashing RERA May Order and prayed for interim relief seeking stay on the operation of the impugned RERA May Order.

   Simultaneously, pursuant to an order dated April 2, 2019, the District Judge, District Court, Jabalpur registered execution of the August Order and called for summons to be issued to both the Complainant and our Company in this regard. Further to this order, our Company deposited an amount of ₹ 0.24 million in XVII Additional District Session Judge, Jabalpur, Madhya Pradesh, as required to be deposited in terms of the August Order. Pursuant to an order made in the order sheet dated September 24, 2019, the Additional District Sessions Judge *inter alia* recorded that the decree holder (the Complainant) has received the decree amount and the execution petition for the said matter has been fully satisfied and the matter disposed of.

   Our Company is in the process of withdrawing its appeal filed before the Real Estate Appellate Tribunal, Bhopal, for *inter alia* setting aside and quashing the RERA May Order since the dispute has been settled.

3. For details in relation to the suit filed by Monte Carlo Fashions Limited against Kanubhai Mafatlal Patel and Mrunal Kanubhai Patel, see "*– Litigation involving our Company – Litigation filed against our Company – Civil Proceedings*", on page 310.

*Outstanding actions by regulatory and statutory authorities*

1. For details in relation to the show cause notice dated August 30, 2017, from the Office of the Assistant Director, Ministry of Corporate Affairs (Cost Audit Branch), issued to our Company and every officer in default, see "*– Litigation involving our Company – Litigation filed against our Company – Outstanding actions by regulatory and statutory authorities*", on page 313.

*Taxation Matters*

Litigation involving Kanubhai Mafatlal Patel

| Particulars | Number of matters | Amount involved (*in ₹ million approximately*) |
|---|---|---|
| Direct tax | 6 | 51.5 |
| Indirect tax | Nil | Nil |

***III. Litigation involving the Promoters***

*Criminal Proceedings*

1. For details in relation to the criminal complaint filed by Bipin Arjun Thakkar before the Additional Civil Judge/ Judicial Magistrate at Duddhi, Sonebhadra, Uttar Pradesh, involving Mrunal Kanubhai Patel, see "*– Litigation involving our Company – Litigation filed against our Company – Criminal Proceedings*", on page 309.

*Civil Proceedings*

1. For details in relation to the suit filed by Monte Carlo Fashions Limited on October 31, 2017, before the Court of District Judge, Ludhiana, against Kanubhai Mafatlal Patel and Mrunal Kanubhai Patel, see "*– Litigation involving our Company – Litigation filed against our Company – Civil Proceedings*", on page 310.

*Outstanding actions by regulatory and statutory authorities*

1. For details in relation to the show cause notice dated August 30, 2017, from the Office of the Assistant Director, Ministry of Corporate Affairs (Cost Audit Branch), issued to our Company and every officer in default, see "*– Litigation involving our Company – Litigation filed against our Company – Outstanding actions initiated by regulatory and statutory authorities*", on page 313.

*Taxation Matters*

Litigation involving Kanubhai Mafatlal Patel

| Particulars | Number of matters | Amount involved (*in ₹ million approximately*) |
|---|---|---|
| Direct tax | 6 | 51.5 |
| Indirect tax | Nil | Nil |

***IV. Litigation involving the Subsidiaries and Joint Ventures***

Except as disclosed below, there are no outstanding litigations involving the Subsidiaries and the Joint Ventures, as per the parameters set out at the beginning of this section, at page 308;

*Criminal Proceedings*

1. The Assistant Manager of MONTECARLO-JPCPL (JV) has filed a first information report on April 17, 2018, at the Sadar Barmer police station under section 379 of the IPC, in relation to the theft of tower parts fitted in 400 KV double circuit Barmer Bhinmal transmission line towers. The matter is currently pending.

*Civil Proceedings*

1. Pursuant to a contract dated July 19, 2016, MCL-BEL BIHAR (JV) was awarded works by the Ministry of Road, Transport and Highways ("**MORTH**"), for engineering, procurement and construction of rehabilitation and upgradation to two lanes/two lane with paved shoulders configuration and strengthening of Fatuah-Harnaut-Barh section (0.00 km to 69.6 km) of NH-30A in Bihar under phase-I of NHIIP ("**Fatuah Project**"). In relation to the Fatuah Project, certain claims were raised by the MCL-BEL BIHAR (JV) against MORTH, which were consequently referred by it before the Disputes Board, Superintending Engineer, by way of separate statement of claims dated September 10, 2019 and August 26, 2019, for an amount of approximately ₹ 327.52 million along with interest, on account of *inter alia* (i) additional costs incurred by MCL-BEL BIHAR (JV) due to revision in the minimum wages and interest due to be paid to MCL-BEL BIHAR (JV) for delay in payment of the increased minimum wages; (ii) cost impact towards basic excise duty incurred by MCL-BEL BIHAR (JV) due to delay in issuance/rejection/non issuance of project

authority certificate by MORTH resulting in additional cost incurred by MCL-BEL BIHAR (JV) for basic excise duty along with value added tax on HSD and special excise duty along with value added tax on HSD; and (iii) costs for preparation of the statement of claims. The matter is currently pending.

*Outstanding actions by regulatory and statutory authorities*

2. [‘Montecarlo Barjora North Coal Mine’ received a notice dated May 27, 2019 (“**Labour Commissioner Notice**”), from the Deputy Chief Labour Commissioner, Ministry of Labour & Employment (“**Labour Commissioner**”), directing MBMPL to clarify the matter in relation to a complaint received by the Labour Commissioner dated August 23, 2018 (“**Complaint**”), from the workers and employees of North Coal Mining, Barjora (“**Barjora Workers**”). In the Complaint, the Barjora Workers have *inter alia* stated that pursuant to a coal mining agreement dated July 5, 2018, all the Barjora Workers were transferred to MBMPL on July 1, 2018 however the work of mining was started without any appointment letters and facilities having been provided to such Barjora Workers. Further, pursuant to the Complaint, the Barjora Workers informed the Labour Commissioner that the Barjora Workers would be scheduling a hunger strike programme on August 28, 2018. Pursuant to issue of the Labour Commissioner Notice, a reminder dated July 22, 2019 was issued by the Labour Commissioner to ‘Montecarlo Barjora North Coal Mine’ to appear before it on August 21, 2019 to clarify the aforesaid matter. In response to the aforesaid letter, our Company issued a letter dated August 29, 2019 stating that the aforesaid matter in respect of the Complaint has been sorted out and that all 384 Barjora Workers have been issued appointment letters by our Company. Neither our Company nor MBMPL has received any further communications in this regard.

### *V. Material developments*

For details of material developments, see the section “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, beginning on page 289.

### *VI. Outstanding dues to creditors*

Our Board, in its meeting held on September 14, 2019 has considered and adopted a policy of materiality for identification of material outstanding dues to creditors (“**Materiality Policy**”). In terms of the Materiality Policy, dues owed by our Company to micro, small and medium enterprises and other creditors for an amount exceeding 5% of the trade payables as per the a Restated Financial Statements for the Fiscal ended March 31, 2019, were considered as ‘material’ dues for our Company. As per the Restated Financial Statements, amount of outstanding dues to micro, small and medium enterprises and other creditors as on March 31, 2019, was ₹ 5,375.47 million and accordingly, creditors to whom outstanding dues exceed ₹ 268.77 million have been considered as material creditors for the purposes of disclosure in this Draft Red Herring Prospectus.

Based on this criteria, details of outstanding dues owed as on March 31, 2019 by our Company are set out below:

| Type of Creditors | Number of Creditors | Amount involved (in ₹ million) |
|---|---:|---:|
| Micro, Small and Medium Enterprises | Nil | Nil |
| Material creditors | 1 | 319.94 |
| Other creditors | 3,051 | 5,055.54 |

The details pertaining to outstanding over-dues to material creditors are available on the website of our Company at the following link: https://www.mclindia.com/Home/disclosure. It is clarified that such details available on our website do not form a part of this Draft Red Herring Prospectus and investors should not make any investment decision based on information available on the website of the Company. Anyone placing reliance on any other source of information, including our Company’s website, would be doing so at their own risk.

## GOVERNMENT AND OTHER APPROVALS

*We have set out below a list of consents, licenses, permissions and approvals from various governmental and regulatory authorities obtained by our Company, our Material Subsidiary and the Joint Ventures, which are considered material and necessary for the purpose of undertaking their business activities and operations ("**Material Approvals**"). In view of these Material Approvals, our Company can undertake this Offer and our Company, its Material Subsidiary and the Joint Ventures can undertake their respective business activities. Unless stated otherwise, the Material Approvals are valid as on the date of this Draft Red Herring Prospectus.*

*We have also disclosed below (i) the approvals applied for, including renewal applications made, but not received; and (ii) the approvals for which applications are yet to be made by the Company, Material Subsidiary and the Joint Ventures.*

### I. Approvals in relation to the Offer

For details regarding the approvals and authorisations in relation to the Offer, see the section "*Other Regulatory and Statutory Disclosures*", beginning on page 326.

### II. Incorporation details

*Company*

1. Certificate of incorporation dated March 20, 1995, issued at Ahmedabad, by the Assistant Registrar of Companies, Gujarat, Dadra and Nagar Haveli.

2. Fresh certificate of incorporation dated April 21, 2006, issued at Ahmedabad, by the Assistant Registrar of Companies, Gujarat, consequent upon conversion into a public company.

3. Fresh certificate of incorporation dated March 21, 2012, issued at Ahmedabad, by the RoC, consequent upon change of name.

4. We have been allotted a corporate identity number U40300GJ1995PLC025082, pursuant to the certificate of registration of the special resolution confirming alteration of object clause(s), dated March 27, 2012, issued by the RoC.

*Material Subsidiary*

*MHHHPL*

1. Certificate of incorporation dated April 5, 2017, issued at Manesar, by the Assistant Registrar of Companies, for and on behalf of the Jurisdictional Registrar of Companies.

2. MHHHPL has been allotted a corporate identity number U45309GJ2017PTC096675.

### III. Tax Related Approvals

*Company*

1. Permanent account number AAACM7958A issued by the Income Tax Department under the Income Tax Act.

2. Tax deduction account number AHMM00098A issued by the Income Tax Department under the Income Tax Act.

3. Goods and services tax registration numbers, as per the states where the business operations are spread, are as follows:

| State | Registration number(s) |
|---|---|
| Maharashtra | 27AAACM7958A1ZH |
| Gujarat | 24AAACM7958A1ZN |
| Bihar | 10AAACM7958A1ZW |
| West Bengal | 19AAACM7958A1ZE |
| Madhya Pradesh | 23AAACM7958A1ZP |
| Jharkhand | 20AAACM7958A1ZV |
| Haryana | 06AAACM7958A1ZL |
| Rajasthan | 08AAACM7958A1ZH |

| State | Registration number(s) |
|---|---|
| Uttar Pradesh | 09AAACM7958A1ZF |
| Andhra Pradesh | 37AAACM7958A1ZG |
| Delhi | 07AAACM7958A1ZJ |
| Andaman and Nicobar Islands | 35AAACM7958A1ZK |
| Himachal Pradesh | 02AAACM7958A1ZT |
| Arunachal Pradesh | 12AAACM7958A1ZS |
| Odisha | 21AAACM7958A1ZT |
| Karnataka | 29AAACM7958A1ZD |
| Chhattisgarh | 22AAACM7958A1ZR |
| Kerala | 32AAACM7958A1ZQ |

4. Input Service Distributor number 24AAACM7958A2ZM under the Central Goods and Services Tax Act, 2017.

*Material Subsidiary*

*MHHHPL*

1. Permanent account number AAKCM9718L issued by the Income Tax Department under the Income Tax Act.

2. Tax deduction account number AHMM15838E issued by the Income Tax Department under the Income Tax Act.

3. Goods and services tax registration number for the state of Karnataka is 29AAKCM9718L1ZM.

**IV. Employee and Labour Related Approvals in relation to our Company, our Material Subsidiary and Joint Ventures, as applicable**

1. Registration for employees' provident fund issued by the Employees' Provident Fund Organisation under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

2. Registration of employees of factories and establishments under Section 1(5)/2(12) of the Employees State Insurance Act, 1948.

3. Certificate of registration of shop, issued by the Ahmedabad Municipal Corporation, Shops and Establishment Departments, under the Mumbai Shops and Establishment Rules and Regulations, 1948.

4. We have obtained registrations in the normal course of business for our branches/offices across various states in India under the employees' state insurance, and relevant shops and establishment legislations. Certain licenses may have lapsed under their normal course. We have either made an application to the appropriate authorities for fresh registrations or for renewal of existing registrations, or is in the process of making such applications.

**V. Material Approvals in relation to Business Operations of our Company, our Material Subsidiary and Joint Ventures, as applicable**

1. Consents and authorizations issued by the relevant State Pollution Control Board(s) under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, including consent to establish (NOC), consent to operate and authorization for management and handling of hazardous and other waste.

2. Certificate of registration of establishments employing contract labour issued by the office of the registering officer, under the Contract Labour (Regulation and Abolition) Act, 1970.

3. Certificate of registration of establishments employing building workers issued by the office of the registering officer, under the Building and other Construction Workers Act, 1996.

**VI. Certain other Material Approvals in relation to our Company, our Material Subsidiary and Joint Ventures, as applicable**

1. Certificate of importer- exporter code 0805014781, issued by the Office of Joint Director of Foreign Trade, to our Company on February 8, 2006.

2. ISO 9001:2015 certification dated September 27, 2018, issued by the International Technical Alliance, for design, engineering, construction and infrastructure project management of mining infrastructure, railways, highways, buildings, power transmission and distribution, irrigation sectors and other development works, to our Company.

3. OHSAS 18001:2007 dated September 27, 2018, issued by International Technical Alliance, for design, engineering, construction and infrastructure project management of mining infrastructure, railways, highways, buildings, power transmission and distribution, irrigation sectors and other development works, to our Company.

4. ISO 14001:2015 dated September 27, 2018, issued by the International Technical Alliance, for design, engineering, construction and infrastructure project management of mining infrastructure, railways, highways, buildings, power transmission and distribution, irrigation sectors and other development works, to our Company.

**VII. Intellectual property rights related approvals**

1. Except as disclosed below, we do not have any other registered trademarks:

| S. No. | Trademark | Class | Trademark Number | Date of Certificate |
|---|---|---|---|---|
| 1. | Montecarlo – Device | 5 | 2329104 | May 9, 2012 |
| 2. | Montecarlo – Device | 6 | 2315504 | April 13, 2012 |
| 3. | Montecarlo – Device | 13 | 2315507 | April 13, 2012 |
| 4. | Montecarlo – Device | 22 | 2316477 | April 17, 2012 |
| 5. | Montecarlo – Device | 29 | 2316480 | April 17, 2012 |
| 6. | Montecarlo – Device | 30 | 2316481 | April 17, 2012 |
| 7. | Montecarlo – Device | 31 | 2316482 | April 17, 2012 |
| 8. | Montecarlo – Device | 32 | 2316483 | April 17, 2012 |
| 9. | Montecarlo – Device | 33 | 2316484 | April 17, 2012 |
| 10. | Montecarlo – Device | 36 | 2316485 | April 17, 2012 |
| 11. | Montecarlo – Device | 37 | 2316487 | April 17, 2012 |
| 12. | Montecarlo – Device | 37 | 1437383 | March 24, 2006* |
| 13. | Montecarlo – Device | 37 | 1507893 | November 27, 2006** |
| 14. | Montecarlo – Device | 39 | 2316488 | April 17, 2012 |
| 15. | Montecarlo – Device | 40 | 2316489 | April 17, 2012 |
| 16. | Montecarlo – Device | 42 | 2316491 | April 17, 2012 |
| 17. | Montecarlo – Device | 44 | 2316492 | April 17, 2012 |
| 18. | Montecarlo – Device | 45 | 2316493 | April 17, 2012 |
| 19. | Montecarlo– Device | 36 | 3481431 | February 13, 2017 |
| 20. | Montecarlo– Device | 37 | 3481432 | February 13, 2017 |
| 21. | M device – Device | 36 | 3636546 | September 16, 2017 |

* *The registration of this trademark has been renewed, pursuant to the renewal certificate dated August 28, 2016, with effect from March 24, 2016.*

** *The registration of this trademark has been renewed, pursuant to the renewal certificate dated August 28, 2016, with effect from November 27, 2016.*

2. Application no. 2315509 dated April 13, 2012, under class 17, for the registration of "Montecarlo" as a word mark filed by us was deemed abandoned under Section 21(2) of the Trademarks Act, 1999, for non-filing the counter-statement to the notice of opposition.

3. Copyright registration no. A-77905/2006, registered in the name of Montecarlo Construction Limited, for artistic work, 'MONTECARLO CONSTRUCTION LTD' being the title of the work.

4. Copyright registration no. A-120535/2017, registered in the name of our Company, for artistic work, 'MONTECARLO' being the title of the work.

5. Copyright registration no. A-123551/2018, registered in the name of our Company, for artistic work, 'M Device' being the title of the work.

6. Copyright registration no. A-126974/2018, registered in the name of our Company, for artistic work, 'Montecarlo with M logo with punch line Born to Achieve' being the title of the work.

## VIII. Approvals applied for but not received

We have provided below, a list of approvals required to be obtained by our Company, our Material Subsidiaries and the Joint Ventures, for which applications have been made, but approvals have not been received:

1. Application dated April 9, 2018, made to the Federation of Indian Export Organisation, seeking renewal of the registration cum membership certificate having registration number RCMC No,: AHD/105/2016-2017, issued by the Federation of Indian Exports Organisations, Ministry of Commerce and Industry.

2. Application dated April 19, 2018, made to the Assistant Labour Commissioner (Central), Dhanbad-I, seeking renewal of license under the Building and other Construction Workers Act, 1996, in relation to the Dhanbad Building Project.

3. Application dated July 15, 2019, made to the Joint Labour Commissioner, Kota, Rajasthan, seeking renewal of license under the Building and other Construction Workers Act, 1996, in relation to the Kota-Darah Road Project.

4. Application dated August 27, 2019, made to the Chief Labour Commissioner (Central), ALC Mumbai-II, seeking issue of license under the Contract Labour (Regulation and Abolition) Act, 1970, in relation to the Sinnar Shirdi Road Project.

5. We have made the following applications in relation to registration of trademarks:

| S. No. | Trademark | Class | Application Number | Date of Application |
|---|---|---|---|---|
| 1. | Montecarlo – Device | 1 | 2315501 | April 13, 2012 |
| 2. | Montecarlo – Device | 2 | 2315502 | April 13, 2012 |
| 3. | Montecarlo – Device | 4 | 2315503 | April 13, 2012 |
| 4. | Montecarlo – Device | 7 | 2315505 | April 13, 2012 |
| 5. | Montecarlo – Device | 8 | 2329105 | May 9, 2012 |
| 6. | Montecarlo – Device | 9 | 2331289 | May 14, 2012 |
| 7. | Montecarlo – Device | 10 | 2315506 | April 13, 2012 |
| 8. | Montecarlo – Device | 11 | 2329106 | May 9, 2012 |
| 9. | Montecarlo – Device | 12 | 2329107 | May 9, 2012 |
| 10. | Montecarlo – Device | 15 | 2315508 | April 13, 2012 |
| 11. | Montecarlo – Device | 16 | 2329108 | May 9, 2012 |
| 12. | Montecarlo – Device | 19 | 2315510 | April 13, 2012 |
| 13. | Montecarlo – Device | 21 | 2331290 | May 14, 2012 |
| 14. | Montecarlo – Device | 26 | 2316478 | April 17, 2012 |
| 15. | Montecarlo – Device | 27 | 2316479 | April 17, 2012 |
| 16. | Montecarlo – Device | 28 | 2329109 | May 9, 2012 |
| 17. | Montecarlo – Device | 35 | 2316486 | April 17, 2012 |
| 18. | Montecarlo – Device | 38 | 2329110 | May 9, 2012 |
| 19. | Montecarlo – Device | 41 | 2316490 | April 17, 2012 |
| 20. | Montecarlo – Device | 43 | 2329111 | May 9, 2012 |
| 21. | Montecarlo – Device | 37 | 3362100 | September 15, 2016 |
| 22. | Montecarlo – Device | 01 | 3508613 | March 15, 2017 |
| 23. | Montecarlo – Device | 02 | 3508614 | March 15, 2017 |
| 24. | Montecarlo – Device | 04 | 3508615 | March 15, 2017 |
| 25. | Montecarlo – Device | 05 | 3508595 | March 15, 2017 |
| 26. | Montecarlo – Device | 06 | 3508596 | March 15, 2017 |
| 27. | Montecarlo – Device | 07 | 3508616 | March 15, 2017 |
| 28. | Montecarlo – Device | 08 | 3508597 | March 15, 2017 |
| 29. | Montecarlo – Device | 09 | 3508598 | March 15, 2017 |
| 30. | Montecarlo – Device | 10 | 3520359 | April 5, 2017 |
| 31. | Montecarlo – Device | 11 | 3508599 | March 15, 2017 |
| 32. | Montecarlo – Device | 12 | 3508600 | March 15, 2017 |
| 33. | Montecarlo – Device | 13 | 3508601 | March 15, 2017 |
| 34. | Montecarlo – Device | 15 | 3508617 | March 15, 2017 |

| S. No. | Trademark | Class | Application Number | Date of Application |
|---|---|---|---|---|
| 35. | Montecarlo – Device | 16 | 3508604 | March 15, 2017 |
| 36. | Montecarlo – Device | 17 | 3508612 | March 15, 2017 |
| 37. | Montecarlo – Device | 19 | 3508964 | March 15, 2017 |
| 38. | Montecarlo – Device | 20 | 3508965 | March 15, 2017 |
| 39. | Montecarlo – Device | 21 | 3508966 | March 15, 2017 |
| 40. | Montecarlo – Device | 22 | 3508611 | March 15, 2017 |
| 41. | Montecarlo – Device | 23 | 3508967 | March 15, 2017 |
| 42. | Montecarlo – Device | 26 | 3508968 | March 15, 2017 |
| 43. | Montecarlo – Device | 27 | 3508969 | March 15, 2017 |
| 44. | Montecarlo – Device | 28 | 3508605 | March 15, 2017 |
| 45. | Montecarlo – Device | 29 | 3508606 | March 15, 2017 |
| 46. | Montecarlo – Device | 30 | 3508607 | March 15, 2017 |
| 47. | Montecarlo – Device | 31 | 3508608 | March 15, 2017 |
| 48. | Montecarlo – Device | 32 | 3508609 | March 15, 2017 |
| 49. | Montecarlo – Device | 33 | 3508610 | March 15, 2017 |
| 50. | Montecarlo – Device | 35 | 3520357 | April 5, 2017 |
| 51. | Montecarlo – Device | 36 | 3633425 | September 12, 2017 |
| 52. | Montecarlo – Device | 37 | 3473303 | February 4, 2017 |
| 53. | Montecarlo – Device | 38 | 3507251 | March 9, 2017 |
| 54. | Montecarlo – Device | 39 | 3507252 | March 9, 2017 |
| 55. | Montecarlo – Device | 40 | 3507253 | March 9, 2017 |
| 56. | Montecarlo – Device | 41 | 3507254 | March 9, 2017 |
| 57. | Montecarlo – Device | 42 | 3507255 | March 9, 2017 |
| 58. | Montecarlo – Device | 43 | 3507256 | March 9, 2017 |
| 59. | Montecarlo – Device | 44 | 3507257 | March 9, 2017 |
| 60. | Montecarlo – Device | 45 | 3507258 | March 9, 2017 |
| 61. | M device – Device | 37 | 3636550 | September 16, 2017 |
| 62. | Montecarlo Born to Achieve with M Device- Device | 36 | 3846323 | May 29, 2018 |
| 63. | Montecarlo Born to Achieve with M Device- Device | 37 | 3846324 | May 29, 2018 |

## IX. Approvals for which applications are yet to be made

We have provided below, a list of approvals required to be obtained by our Company, our Material Subsidiaries and the Joint Ventures, for which applications are yet to be made by us:

1. Consent under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, from the State Pollution Control Board of Madhya Pradesh, in relation to the Seoni Building Project.

2. No Objection Certificate from the State Electricity Board, Madhya Pradesh, for using diesel generator set, in relation to the Seoni Building Project.

3. Consent under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, from the West Bengal Pollution Control Board, in relation to the Daskeary Mouza Building Project.

4. Consent under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, from the West Bengal Pollution Control Board, in relation to the Dakshinkhanda Mouza Building Project.

5. Consent under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, from the Bihar State Pollution Control Board, in relation to the NTPC Barh-Stage I Building Project.

6. Permit from the State Government of Arunachal Pradesh, for drawing water from river/reservoir, in relation to the Kanubari – Longding Road Project.

7. Permit from the waste management expert and project implementation unit, under the State Government of Arunachal Pradesh, for safe disposal of unsuitable materials and construction waste, in relation to the Kanubari – Longding Road Project.

8. Permit from the Deputy Commissioner, Longding Division, under the State Government of Arunachal Pradesh, for extracting minerals from government quarry or any existing quarry, in relation to the Kanubari – Longding Road Project.

9. Consent under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, from the State Pollution Control Board of Arunachal Pradesh, in relation to the Kanubari – Longding Road Project.

10. Consent from the State Pollution Control Board of Arunachal Pradesh, for installation of crushers, in relation to the Kanubari – Longding Road Project.

11. License under the Building and other Construction Workers Act, 1996, from the Licensing Officer, Panna, State Government of Madhya Pradesh, in relation to the Pawai Canal Irrigation Project.

12. Permit from the Deputy Commissioner, Longding Division, under the State Government of Arunachal Pradesh, to use inflammable materials, in relation to the Kanubari – Longding Road Project.

13. Consent under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, from the Chhattisgarh Environment Conservation Board, in relation to the NTPC Lara Building Project.

14. Contract labour license from the Labour Department, Government of West Bengal, in relation to the Barjora Mining Project.

15. License under the Building and other Construction Workers Act, 1996, from the Licensing Officer, State Government of Madhya Pradesh, in relation to the Pachore-Sujalpur Road Project.

16. Consent under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, from the Chhatisgarh Environment Conversation Board, in relation to the Budeni Nayapara Road Project.

17. Contract labour license from the Labour Department, Government of Chhatisgarh, Labour Department, in relation to the Budeni Nayapara Road Project.

18. License under the Building and other Construction Workers Act, 1996, from the Labour Department, Government of Chhatisgarh, in relation to the Budeni Nayapara Road Project.

19. Consent under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, from the Chhattisgarh Environment Conservation Board, in relation to the Kurud Megha Road Project.

20. Contract labour license from the Government of Chhatisgarh, Labour Department, in relation to the Kurud Megha Road Project.

21. License under the Building and other Construction Workers Act, 1996, from the Labour Department, Government of Chhatisgarh, in relation to the Kurud Megha Road Project.

22. Consent under Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981, from the State Pollution Control Board of Karnataka, in relation to Arvind Oasis Project.

23. Consent under the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981, from the Maharashtra Pollution Control Board, in relation to the Sinnar Shirdi Road Project

## OTHER REGULATORY AND STATUTORY DISCLOSURES

**Authority for the Offer**

The Board has approved the Fresh Issue pursuant to the resolution passed at its meeting held on September 14, 2019 and the Shareholders have approved the Fresh Issue pursuant to a special resolution passed at the annual general meeting held on September 17, 2019, under Section 62(1)(c) of the Companies Act, 2013. Further, the IPO Committee has approved this Draft Red Herring Prospectus, pursuant to its resolution dated September 26, 2019.

The Board took on record the approval for the Offer for Sale for the Offered Shares by the Selling Shareholder pursuant to a resolution dated September 18, 2019. The Selling Shareholder has consented to participate in the Offer for Sale pursuant to the consent letter dated September 26, 2019.

**Prohibition by SEBI or other Governmental Authorities**

Our Company, the Promoters, the Directors, the members of the Promoter Group, the persons in control of our Company and the Selling Shareholder have not been prohibited from accessing the capital markets and have not been debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court.

**Compliance with the Companies (Significant Beneficial Owners) Rules, 2018**

Our Company, the Promoters (including the Selling Shareholder) and the members of the Promoter Group are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable as on the date of this Draft Red Herring Prospectus.

**Directors associated with the Securities Market**

None of our Directors are, in any manner, associated with the securities market and there has been no outstanding action initiated by SEBI against the Directors of our Company in the five years preceding the date of this Draft Red Herring Prospectus.

**Eligibility for the Offer**

Our Company is eligible for the Offer in accordance with Regulation 6(1) of the SEBI Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company had net tangible assets of at least ₹ 30 million, calculated on a restated and consolidated basis, in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Company had an average operating profit of at least ₹ 150 million, calculated on a restated and consolidated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years;
- Our Company had a net worth of at least ₹ 10 million in each of the preceding three full years (of 12 months each), calculated on a restated and consolidated basis; and
- Our Company has not changed its name in the last one year.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profits and net worth, derived from the Restated Financial Statements included in this Draft Red Herring Prospectus as at and for the last three Fiscals ended March 31, 2019, 2018 and 2017 are set forth below.

*(in ₹ million, except percentage values)*

| | Consolidated | | |
|---|---|---|---|
| | **Fiscal 2019** | **Fiscal 2018** | **Fiscal 2017** |
| Net tangible assets, as restated[(1)] | 6,520.49 | 5,001.61 | 3,844.59 |
| Monetary assets, as restated[(2)] | 642.48 | 276.75 | 195.72 |
| Monetary assets, as a percentage of net tangible assets, as restated (%) | 9.85% | 5.53% | 5.09% |
| Operating profit[(3)] | 2,460.29 | 1,823.04 | 1,962.53 |
| Net worth, as restated[(4)] | 6,872.93 | 5,284.96 | 4,015.34 |

*Notes:*

*(1) "Net tangible assets" mean the sum of all net assets of our Company, excluding intangible assets as defined in Ind AS 38 issued by the ICAI and Deferred Tax Assets/Liabilities.*

*(2) "Monetary assets" comprise cash and bank balances.*

*(3) "Operating profit" means earnings before finance cost, other income and tax. Average operating profits was ₹ 2,081.95 million based on the average of the three year profits.*

(4) *"Net worth" means the sum of equity share capital, reserves and surplus (including securities premium, general reserve and retained earnings and excluding DRR).*

Our Company had operating profits in each of Fiscal 2017, 2018 and 2019 in terms of our Restated Financial Statements.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI Regulations, to the extent applicable. The details of compliance with Regulation 5 of the SEBI Regulations are as follows:

(a) Neither our Company nor the Promoters, members of the Promoter Group, the Directors or the Selling Shareholder are debarred from accessing the capital markets by the SEBI.

(b) None of the Promoters or the Directors are promoters or directors of companies which are debarred from accessing the capital markets by the SEBI.

(c) None of our Company, the Promoters, the Selling Shareholder and the Directors is a wilful defaulter.

(d) None of the Promoters or the Directors is a fugitive economic offender.

(e) There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

The Selling Shareholder confirms that the Equity Shares offered by such Selling Shareholder as part of the Offer for Sale have been held in compliance with Regulation 8 of the SEBI Regulations.

**DISCLAIMER CLAUSE OF SEBI**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMs HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUSARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.**

**IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BRLMs ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 27, 2019 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI REGULATIONS.**

**THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OURCOMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMs, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.**

**Disclaimer from our Company, the Directors, the Selling Shareholder and the BRLMs**

Our Company, the Directors, the Selling Shareholder and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website www.mclindia.com or the respective websites of the members of the Promoter Group or the Group Companies, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement, to be executed between the Underwriters, our Company and the Selling Shareholder.

All information shall be made available by our Company, the Selling Shareholder and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

None among our Company, the Selling Shareholder or any member of the Syndicate is liable for any failure in (i) uploading the Bids due to faults in any software or hardware system or otherwise; and (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Investors who Bid in the Offer will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholder, the 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 Promoters, the Selling Shareholder and their respective directors and officers, 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 Promoters, the Selling Shareholder and their respective directors and officers, group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

**Disclaimer in respect of Jurisdiction**

Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) at Ahmedabad only.

The Offer is being made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act, 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with the SEBI, VCFs, AIFs, public financial institutions, scheduled commercial banks, state industrial development corporation, permitted national investment funds, Systemically Important NBFCs, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds, insurance funds set up and managed by the army and navy and insurance funds set up and managed by the Department of Posts, India) and Eligible NRIs and FPIs, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase Equity Shares in the Offer 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 in whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

The Equity Shares offered in the Offer have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold to persons outside of India except in compliance with the applicable laws of each such jurisdiction. In particular, the Equity Shares have not been and will not be registered under the U.S. Securities Act or the laws of any state of the United States and may not be offered or sold in the United States (as defined in Regulation S under the U.S. Securities Act ("**Regulation S**")) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States pursuant to Regulation S.

**Bidders are advised to ensure that any Bid from them does not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law.**

**Disclaimer Clause of BSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

**Disclaimer Clause of NSE**

As required, a copy of this Draft Red Herring Prospectus has been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus and the Prospectus prior to the RoC filing.

**Listing**

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.

**Consents**

Consents in writing of the Selling Shareholder, the Directors, the Company Secretary and Compliance Officer, the Auditors, Indian Legal Counsel to our Company, Indian Legal Counsel to the BRLMs, Bankers to our Company, the BRLMs, the Registrar to the Offer, CRISIL Research have been obtained; and consents in writing of the Syndicate Members, the Escrow Collection Bank, the Public Offer Bank, the Refund Bank, the Sponsor Bank and the Registrar to the Offer to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

Further, our Company has received written consent, dated September 25, 2019 from Surana Maloo & Co., independent chartered accountant, in relation to the certifications provided by it.

**Expert to the Offer**

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

In accordance with the Companies Act, 2013 and the SEBI Regulations, the Auditors, holding a valid peer review certificate from ICAI, have given their written consent to include their name as required under Section 26 of the Companies Act, 2013 in this Draft Red Herring Prospectus and as an 'expert' as defined under Section 2(38) of Companies Act, 2013 in relation to their reports dated September 14, 2019 on the Restated Financial Statements of our Company and the statement of special tax benefits of our Company dated September 19, 2019 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.

Further, our Company has received written consent, dated September 25, 2019 from Surana Maloo & Co., independent chartered accountant to include their name as an 'expert' in this Draft Red Herring Prospectus, in relation to the certifications provided by it. Such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

**Capital issue during the previous three years by our Company and the listed group companies/subsidiaries/associates of our Company**

Except as disclosed in "*Capital Structure – Notes to the capital structure*" on page 72, our Company has not undertaken a capital issue in the last three years preceding the date of this Draft Red Herring Prospectus.

**Price information of past issues handled by the BRLMs (during the current Fiscal and two Fiscals preceding the current Fiscal)**

- ***Edelweiss***

1. **Price information of past issues (during current Fiscal and two Fiscals preceding the current Fiscal) handled by Edelweiss:**

| S. No. | Issue Name | Issue Size ₹ million) | Issue price (₹) | Listing Date | Opening Price on Listing Date (in ₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1 | IndiaMART InterMESH Limited | 4,755.89 | 973.00** | July 4, 2019 | 1180.00 | 26.36% [-7.95%] | Not Applicable | Not Applicable |
| 2 | Polycab India Limited | 13,452.60 | 538.00^ | April 16, 2019 | 633.00 | 15.36% [-5.35%] | 14.70% [-1.99%] | Not Applicable |
| 3 | Aavas Financiers Limited | 16,403.17 | 821.00 | October 8, 2018 | 750.00 | -19.32% [1.76%] | 2.42% [3.67%] | 38.82% [12.74%] |

| S. No. | Issue Name | Issue Size ₹ million) | Issue price (₹) | Listing Date | Opening Price on Listing Date (in ₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 4 | Fine Organic Industries Limited | 6,001.69 | 783.00 | July 2, 2018 | 815.00 | 5.72% [6.56%] | 35.20% [2.56%] | 50.21% [1.90%] |
| 5 | ICICI Securities Limited | 34,801.16 | 520.00 | April 4, 2018 | 435.00 | -27.93% [5.44%] | -37.26% [5.22%] | -44.39% [7.92%] |
| 6 | Galaxy Surfactants Limited | 9,370.88 | 1,480.00 | February 8, 2018 | 1,525.00 | 1.14% [-3.31%] | -0.85% [1.33%] | -14.68% [7.66%] |
| 7 | Amber Enterprises India Limited | 6,000.00 | 859.00^^^ | January 30, 2018 | 1,175.00 | 27.15% [-5.04%] | 24.98% [ -3.23%] | 10.58% [2.07%] |
| 8 | Future Supply Chain Solutions Limited | 6,496.95 | 664.00 | December 18, 2017 | 664.00 | 3.50% [3.00%] | 6.91% [ -1.86%] | -5.20% [4.13%] |
| 9 | Shalby Limited | 5,048.00 | 248.00 | December 15, 2017 | 239.70 | -4.17% [3.37%] | -11.51% [0.75%] | -28.51% [4.93%] |
| 10 | HDFC Standard Life Insurance Company Limited | 86,950.07 | 290.00 | November 17, 2017 | 310.00 | 31.52% [ 0.48%] | 48.93% [2.11%] | 74.66% [5.04%] |

*Source: www.nseindia.com*

^^^ *Amber Enterprises India Limited - employee discount of ₹ 85 per equity share to the offer price was offered to the eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹ 859 per equity share*

^ *Polycab India Limited – employee discount of ₹53 per equity share to the offer price was offered to the eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹538 per equity share*

** *IndiaMART InterMESH Limited - A discount of ₹ 97 per equity share was offered to eligible employees bidding in the employee reservation portion. All calculations are based on the offer price of ₹973 per equity share*

***Notes***

1. *Based on date of listing.*
2. *% of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.*
3. *Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
4. *The Nifty 50 index is considered as the benchmark index*
5. *Not Applicable. – Period not completed*
6. *Disclosure in Table-1 restricted to 10 issues.*

**2. Summary statement of price information of past issues(during current Fiscal and two Fiscals preceding the current Fiscal) handled by Edelweiss:**

| Fiscal Year | Total no. of IPOs | Total amount of funds raised (₹ Mn.) | No. of IPOs trading at discount - 30th calendar days from listing | | | No. of IPOs trading at premium - 30th calendar days from listing | | | No. of IPOs trading at discount - 180th calendar days from listing | | | No. of IPOs trading at premium - 180th calendar days from listing | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 2019-20* | 2 | 18,208.49 | - | - | - | - | 1 | 1 | - | - | - | - | - | - |
| 2018-19 | 3 | 57,206.02 | - | 1 | 1 | - | - | 1 | - | 1 | - | 1 | 1 | - |
| 2017-18 | 11 | 218,549.76 | - | - | 1 | 1 | 5 | 4 | - | 1 | 3 | 3 | 1 | 3 |

*The information is as on the date of the document*

1. *Based on date of listing.*
2. *Wherever 30th and 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.*
3. *The Nifty 50 index is considered as the Benchmark Index.*

* *For the financial year 2019-20 – 2 issues have been completed. 2 issue has completed 30 days. 1 issue has completed 90 days.*

- ***Axis***

1. **Price information of past issues (during current Fiscal and two Fiscals preceding the current Fiscal) handled by Axis**

| Sr. No. | Issue name | Issue size (₹ millions) | Issue price(₹) | Listing date | Opening price on listing date (in ₹) | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|---|---|---|---|---|---|---|---|---|
| 1 | Sterling And Wilson Solar Limited | 28,809.42 | 780.00 | 20-Aug-19 | 706.00 | -21.88%, [-1.60%] | - | - |
| 2 | Spandana Sphoorty Financial Limited | 12,009.36 | 856.00 | 19-Aug-19 | 825.00 | -0.56%, [-2.14%] | - | - |
| 3 | Polycab India Limited | 13,452.60 | 538.00^ | 16-Apr-19 | 633.00 | +15.36%, [-5.35%] | +14.70%, [-1.99%] | - |
| 4 | Chalet Hotels Limited | 16,411.80 | 280.00 | 07-Feb-19 | 294.00 | +1.14%, [-0.31%] | +24.41%, [+3.87%] | +10.77%, [-1.87%] |
| 5 | Ircon International Limited | 4,667.03 | 475.00* | 28-Sep-18 | 412.00 | -27.04%, [-8.24%] | -6.60%, [-1.84%] | -15.71%, [+5.06%] |
| 6 | HDFC Asset Management Company Limited | 28,003.31 | 1,100.00 | 06-Aug-18 | 1,726.25 | +57.43%, [+1.17%] | +30.61%, [-7.32%] | +23.78%,[-4.33%] |
| 7 | Sandhar Technologies Limited | 5,124.80 | 332.00 | 02-Apr-18 | 346.10 | +18.09%, [+5.17%] | +15.95%,[+4.92%] | -4.20%, [+7.04%] |
| 8 | Hindustan Aeronautics Limited | 41,131.33 | 1,215.00! | 28-Mar-18 | 1,152.00 | -6.96%, [+4.98%] | -25.84%, [+6.41%] | -25.45%, [+10.18%] |
| 9 | Bandhan Bank Limited | 44,730.19 | 375.00 | 27-Mar-18 | 499.00 | +31.81%, [3.79%] | +42.96%, [+6.26%] | +51.89%, [+9.42%] |
| 10 | Aster DM Healthcare Limited | 9801.00 | 190.00 | 26-Feb-18 | 183.00 | -13.66%, [-3.77%] | -4.97%, [+0.21%] | -8.16%, [+9.21%] |

*Source: www.nseindia.com*

* *Offer Price was 465.00 per equity share to Retail Individual Bidders and Eligible Employees*

! *Offer Price was ₹1,190.00 per equity share to Retail Individual Bidders and Eligible Employees*

^ *Offer Price was ₹ 485.00 per equity share to Eligible Employees*

*Notes:*

a. *Issue Size derived from Prospectus/final post issue reports, as available.*
b. *The CNX NIFTY is considered as the Benchmark Index.*
c. *Price on NSE is considered for all of the above calculations.*
d. *In case 30th/90th/180th day is not a trading day, closing price on NSE of the previous trading day has been considered.*
e. *Since 30 calendar days, 90 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.*

2. **Summary statement of price information of past issues(during current Fiscal and two Fiscals preceding the current Fiscal) handled by Axis**

| Financial Year | Total no. of IPOs | Total funds raised (₹ in Millions) | Nos. of IPOs trading at discount on as on 30th calendar days from listing date | | | Nos. of IPOs trading at premium on as on 30th calendar days from listing date | | | Nos. of IPOs trading at discount as on 180th calendar days from listing date | | | Nos. of IPOs trading at premium as on 180th calendar days from listing date | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% | Over 50% | Between 25%-50% | Less than 25% |
| 2019-2020* | 3 | 54,271.38 | - | - | 2 | - | - | 1 | - | - | - | - | - | - |
| 2018-2019 | 4 | 54,206.94 | - | 1 | - | 1 | - | 2 | - | - | 2 | - | - | 2 |
| 2017-2018 | 18 | 492,662.22 | - | 1 | 9 | 1 | 3 | 4 | - | 2 | 7 | 4 | 2 | 3 |

* *The information is as on the date of the document*

*The information for each of the financial years is based on issues listed during such financial year.*
*Note: Since 30 calendar days and 180 calendar days, as applicable, from listing date has not elapsed for few of the above issues, data for same is not available.*

- ***HDFC***

**1. Price information of past issues (during current Fiscal and two Fiscals preceding the current Fiscal) handled by HDFC:**

| S. No. | Issue name | Issue size (Rs. million) | Issue price (Rs.) | Listing date | Opening price on listing date | +/- % change in closing price, [+/- % change in closing benchmark] – 30th calendar day from listing | +/- % change in closing price, [+/- % change in closing benchmark] – 90th calendar day from listing | +/- % change in closing price, [+/- % change in closing benchmark] – 180th calendar day from listing |
|---|---|---|---|---|---|---|---|---|
| 1 | Metropolis Healthcare Limited | 1204.28 | 880 | April 15, 2019 | 958.00 | +3.75% [-4.01%] | +18.59% [-0.87%] | |
| 2 | Aavas Financiers Limited | 1,640.31 | 821 | October 8, 2018 | 750.00 | -19.32% [+1.76%] | 2.39% [4.09] | +38.82% [+12.74%] |
| 3. | HDFC Asset Management Company Limited | 28,003.31 | 1,100 | August 6, 2018 | 1,726.25 | +58.04% [+1.17%] | +29.60% [-7.58%] | +23.78% [-4.33%] |
| 4. | H.G. Infra Engineering Limited | 4,620 | 270 | March 9, 2018 | 270.00 | +22.96% [+1.49%] | +8.35% [+4.48%] | -12.81% [+12.65%] |
| 5. | HDFC Standard Life Insurance Company Limited | 86,950.07 | 290 | November 17, 2017 | 310.00 | +30.16% [+1.02%] | +48.93% [+2.11%] | +74.66% [+5.04%] |
| 6. | AU Small Finance Bank Limited | 19,125.14 | 358 | July 10, 2017 | 525.00 | +58.76% [+2.12%] | +65.20% [+2.23%] | +95.38% [+8.06%] |
| 7. | Shankara Building Products Limited | 3,450.01 | 460 | April 5, 2017 | 555.05 | +51.04% [+1.02%] | +80.91% [+3.78%] | +214.86% [+6.41%] |

*Source: www.nseindia.com for price information and prospectus for issue details*
1. *Opening price information as disclosed on the website of NSE*
2. *Change in closing price over the issue/offer price as disclosed on NSE*
3. *Change in closing price over the closing price as on the listing date for benchmark index i.e. NIFTY 50*
4. *In case of reporting dates falling on a trading holiday, values for the trading day immediately after the trading holiday have been considered*
5. *30th calendar day has been taken as listing date plus 29 calendar days; 90th calendar day has been taken as listing date plus 89 calendar days; 180th calendar day has been taken as listing date plus 179 calendar days*

**2. Summary statement of price information of past issues(during current Fiscal and two Fiscals preceding the current Fiscal) handled by HDFC:**

| Financial Year | Total no. of IPOs | Total amount of funds raised (Rs. million) | No. Of IPOs trading at discount - 30th calendar day from listing | | | No. Of IPOs trading at premium - 30th calendar day from listing | | | No. Of IPOs trading at discount - 180th calendar day from listing | | | No. Of IPOs trading at premium - 180th calendar day from listing | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Over 50% | Between 25-50 % | Less than 25% | Over 50% | Between 25-50 % | Less than 25% | Over 50% | Between 25-50 % | Less than 25% | Over 50% | Between 25-50 % | Less than 25% |
| 2019-20* | 1 | 1,204.28 | - | - | - | - | - | 1 | - | - | - | - | - | - |
| 2018 - 19 | 2 | 29643.62 | - | - | 1 | 1 | - | - | - | - | - | - | 1 | 1 |
| 2017 - 18 | 4 | 114,145.22 | - | - | - | 2 | 1 | 1 | - | - | 1 | 3 | - | - |

**Track record of past issues handled by the BRLMs**

For details regarding the track record of the BRLMs, as specified in Circular reference CIR/MIRSD/1/2012 dated January 10, 2012 issued by SEBI, please see the websites of the BRLMs as set forth below:

| S. No | Name of the BRLMs | Website |
|---|---|---|
| 1. | Edelweiss | www.edelweissfin.com |
| 2. | Axis | http://www.axiscapital.co.in |
| 3. | HDFC | https://www.hdfcbank.com/wholesale/info-as-per-SEBI-circular.htm |

**Redressal of Investor Grievances**

The agreement between the Registrar to the Offer, our Company and the Selling Shareholder provides for retention of records with the Registrar to the Offer for a period of at least eight years from the last date of dispatch of the letters of Allotment and demat credit to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

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

Anchor Investors are required to address all grievances in relation to the Offer to the BRLMs.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip duly received from the concerned Designated Intermediary in addition to the information mentioned hereinabove.

The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders. Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with their obligations under applicable SEBI Regulations. Investors can contact the Company Secretary and Compliance Officer or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund intimations and non-receipt of funds by electronic mode.

In terms of SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/22, dated February 15, 2018, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% per annum for any delay beyond this period of 15 days.

Our Company shall obtain authentication on the SCORES and comply with the SEBI circular (CIR/OIAE/1/2013) dated April 17, 2013 in relation to redressal of investor grievances through SCORES.

The Board has constituted a Stakeholders' Relationship Committee to review and redress the shareholders and investor grievances such as transfer of Equity Shares, non-recovery of balance payments, declared dividends, approve subdivision, consolidation, transfer and issue of duplicate shares. For further details, see the section "*Management*", beginning on page 198.

As on the date of this Draft Red Herring Prospectus, there are no pending investor complaints. Our Company has not received any investor complaint in the three years prior to the filing of this Draft Red Herring Prospectus.

Our Company has also appointed Kalpesh Punamchand Desai, Company Secretary of our Company as the Compliance Officer for the Offer and he may be contacted in case of any pre-Offer or post-Offer related problems. For details, see the section "*General Information*" beginning on page 64.

Our Company, BRLMs and the Registrar accept no responsibility for errors, omissions, commission of any acts of the Designated Intermediaries, including any defaults in complying with its obligations under the SEBI Regulations.

Our Group Companies and our Subsidiaries are not listed on any stock exchange.

**Disposal of Investor Grievances by our Company**

Our Company estimates that the average time required by our Company or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

## SECTION VII: OFFER INFORMATION

## TERMS OF THE OFFER

The Equity Shares being Allotted pursuant to this Offer shall be subject to the provisions of the Companies Act, the SEBI Regulations, the SEBI Listing Regulations, the SCRA, the SCRR, the MoA and AoA, the terms of this Draft Red Herring Prospectus, the Prospectus, the Abridged Prospectus, Bid cum Application Form, any 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 Offer. The Equity Shares shall also be subject to the applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, RBI, the RoC and/or other authorities, as in force on the date of the Offer and to the extent applicable or such other conditions as may be prescribed by SEBI, RBI, the Government of India, the Stock Exchanges, the RoC and/or any other authorities while granting their approval for the Offer.

The Equity Shares being Allotted pursuant to the Offer shall rank *pari-passu* in all respects with the existing Equity Shares, including in respect of the right to receive dividend. The Allottees upon Allotment of the Equity Shares under the Offer, will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For further details, see the section "*Main Provisions of Articles of Association*", beginning on page 356.

Our Company shall pay dividends, if declared, to the Shareholders in accordance with the provisions of Companies Act, the MoA and AoA and provisions of the SEBI Listing Regulations, and any other guidelines or directions which may be issued by the Government in this regard. Dividends, if any, declared by our Company after the date of Allotment, will be payable to the Bidders who have been Allotted Equity Shares in the Offer, for the entire year, in accordance with applicable laws. For further details, in relation to dividends, see the sections "*Dividend Policy*" and "*Main Provisions of the Articles of Association*", beginning on pages 226 and 356, respectively.

**Face Value, Offer Price and Price Band**

The face value of each Equity Share is ₹ 10 and the Offer Price at the lower end of the Price Band is ₹ [●] per Equity Share and at the higher end of the Price Band is ₹ [●] per Equity Share. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band, Retail Discount and the minimum Bid Lot size for the Offer will be decided by our Company and the Selling Shareholder in consultation with the BRLMs, and advertised in [●] editions of [●] an English national daily newspaper [●], [●] editions of a [●], Hindi national daily newspaper and [●] editions of [●], a Gujarati daily newspaper (Gujarati being the regional language of Gujarat, where the Registered Office is located), each with wide circulation, at least two Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading the same on their respective websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, shall be pre-filled in the Bid cum Application Forms available on the websites of the Stock Exchanges.

At any given point of time there shall be only one denomination of Equity Shares.

**The Offer**

The Offer comprises a Fresh Issue and an Offer for Sale by the Selling Shareholder.

Expenses for the Offer shall be shared amongst our Company and the Selling Shareholders in the manner specified in the section "*Objects of the Offer - Offer Related Expenses*" on page 101.

**Rights of the Equity Shareholders**

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy and e-voting, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;

- Right of free transferability of the Equity Shares, subject to applicable laws including any RBI rules and regulations; and

- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the SEBI Listing Regulations and the MoA and AoA.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see the section "*Main Provisions of Articles of Association*", beginning on page 356.

**Allotment only in Dematerialised Form**

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per the SEBI Regulations, the trading of the Equity Shares shall only be in dematerialised form. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated January 13, 2016 amongst NSDL, our Company and the Registrar to the Offer; and

- Agreement dated February 17, 2017 amongst CDSL, our Company and the Registrar to the Offer.

**Market Lot and Trading Lot**

Since trading of the Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment in this Offer will be only in electronic form in multiples of one Equity Share subject to a minimum Allotment of [•] Equity Shares.

**Joint Holders**

Where two or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

**Nomination facility to investors**

In accordance with Section 72 of the Companies Act, 2013 and the rules made thereunder, 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 the equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of the equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the Registrar and Share Transfer Agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

(a) to register himself or herself as the holder of the Equity Shares; or

(b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized mode there is no need to make a separate nomination with our Company. Nominations registered with respective Depository Participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective Depository Participant.

**Withdrawal of the Offer**

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right not to proceed with the Fresh Issue, and the Selling Shareholder reserves the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of the Offered Shares after the Bid/Offer Opening Date but before the Allotment. In such an event, our Company and the Selling Shareholder, in consultation with the BRLMs decide not to proceed with Offer at all, our Company would issue a public notice in the newspapers in which the pre-Offer advertisements were published, within two days of the Bid/Offer Closing Date or such other time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The Registrar to the Offer, shall notify the SCSBs and the Sponsor Bank, to unblock the bank accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. Our Company shall also inform the same to the Stock Exchanges on which the Equity Shares are proposed to be listed. The Notice of withdrawal will be issued in the same newspapers where the Pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

Notwithstanding the foregoing, this Offer is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. If our Company and the Selling Shareholder, in consultation with the BRLMs withdraw the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with the public offering of the Equity Shares, our Company shall file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

**Bid/ Offer Programme**

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

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

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

An indicative timetable in respect of the Offer is set out below:

| Event | Indicative Date |
|---|---|
| Bid/Offer Closing Date | [●] |
| Finalisation of Basis of Allotment with the Designated Stock Exchange | On or about [●] |
| Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account | On or about [●] |
| Credit of Equity Shares to demat accounts of Allottees | On or about [●] |
| Commencement of trading of the Equity Shares on the Stock Exchanges | On or about [●] |

**The above timetable is indicative and does not constitute any obligation on our Company or the Selling Shareholder or the BRLMs.**

**Whilst our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid/Offer Closing Date or such period as may be prescribed, with co-operation of the Selling Shareholder, as may be required in respect of its respective Offered Shares, the timetable may change due to various factors, such as extension of the Bid/Offer Period by our Company and the Selling Shareholder, revision of the Price Band or any delay in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.**

**The Selling Shareholder confirms that it shall extend such co-operation required by our Company and the BRLMs for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares at the Stock Exchanges within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed by SEBI.**

**Submission of Bids (other than Bids from Anchor Investors):**

| **Bid/Offer Period (except the Bid/Offer Closing Date)** | |
|---|---|
| Submission and Revision in Bids | Only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time ("**IST**")) |
| **Bid/Offer Closing Date** | |
| Submission and Revision in Bids | Only between 10.00 a.m. and 3.00 p.m. IST |

**On the Bid/Offer Closing Date, the Bids shall be uploaded until:**

(i) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

(ii) until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders.

On Bid/Offer Closing Date, extension of time will be granted by Stock Exchanges only for uploading Bids received from Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

**It is clarified that Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked in the relevant ASBA Account would be rejected.**

Due to limitation of time available for uploading the Bids on the Bid/Offer Closing Date, Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date. Any time mentioned in this Draft Red Herring Prospectus is IST. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/Offer Closing Date, some Bids may not get uploaded due to lack of sufficient time. Such Bids that cannot be uploaded will not be considered for allocation under this Offer. Bids will be accepted only during Monday to Friday (excluding any public/bank holiday). None among our Company, the Selling Shareholder or any member of the Syndicate is liable for any failure in (i) uploading the Bids due to faults in any software/hardware system or otherwise; (ii) the blocking of Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on account of any errors, omissions or non-compliance by various parties involved in, or any other fault, malfunctioning or breakdown in, or otherwise, in the UPI Mechanism.

Our Company, in consultation with the Selling Shareholder, the BRLMs, reserves the right to revise the Price Band during the Bid/Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly. The Floor Price shall not be less than the face value of the Equity Shares.

**In case of revision in the Price Band, the Bid/Offer Period shall be extended for at least three additional Working Days after such revision, subject to the Bid/Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/Offer Period for a minimum of three Working Days, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the Syndicate Members and by indication to the Designated Intermediaries.**

**Minimum Subscription**

If our Company does not receive the minimum subscription of 90% of the Fresh Issue on the date of closure of the offer; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares so offered under the Red Herring Prospectus, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and other applicable law.

In the event of under-subscription in the Offer, the Equity Shares will be Allotted in the following order:

(i) such number of Equity Shares will first be Allotted by the Company such that 90% of the Fresh Issue portion is subscribed;

(ii) next, all the Equity Shares held by the Selling Shareholder and offered for sale in the Offer for Sale will be Allotted; and

(iii) once the Equity Shares have been Allotted as per (i) and (ii) above, such number of Equity Shares will be Allotted by our Company that the balance 10% of the Fresh Issue portion is also subscribed.

The Selling Shareholder shall reimburse, in proportion to its respective Offered Shares, any expenses and interest incurred by our Company on behalf of the Selling Shareholder for any delays in making refunds as required under the Companies Act and any other applicable law, provided that no Selling Shareholder shall be responsible or liable for payment of such expenses or interest, unless the Offer is withdrawn by our Company and/or the Selling Shareholder or if the Offer is not completed for any reason whatsoever, in which case all Offer related expenses shall be borne by our Company.

Further, in terms of Regulation 49(1) of the SEBI Regulations, our Company shall ensure that the number of Bidders to whom the Equity Shares will be Allotted will be not less than 1,000.

**Arrangements for Disposal of Odd Lots**

There are no arrangements for disposal of odd lots.

**Restrictions, if any on Transfer and Transmission of Equity Shares**

Except for the lock-in of the pre-Offer capital of our Company, Promoter's contribution and the Anchor Investor lock-in as provided in "*Capital Structure*" beginning on page 71, and except as provided in the AoA, there are no other restrictions on transfer of Equity Shares in India. Further, there are no restrictions on the transmission of shares/debentures of our Company and on their consolidation/splitting, except as provided in the AoA. For details, see the section "*Main Provisions of the Articles of Association*", beginning on page 356.

## OFFER STRUCTURE

Offer of up to [●] Equity Shares for cash at price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating to ₹ [●] million, comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ 4,500 million by our Company and an Offer of Sale of up to 3,000,000 Equity Shares aggregating up to ₹ [●] million by the Selling Shareholder.

The face value of the Equity Shares is ₹ 10 each.

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement for an aggregate amount not exceeding ₹ 1,000 million. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company in consultation with the BRLMs and the Pre-IPO Placement will be completed prior to filing of the Red Herring Prospectus with the RoC. If the Pre-IPO Placement is undertaken, the amount raised from the Pre-IPO Placement will be reduced from the Fresh Issue, subject to the Offer size satisfying the minimum issue size requirements under the SCRR.

The Offer is being made through the Book Building Process.

| Particulars | QIBs(1) | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|
| Number of Equity Shares available for Allotment/ allocation* (2) | Not more than [●] Equity Shares | Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders | Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders |
| Percentage of Offer Size available for Allotment/ allocation | Not more than 50% of the Offer size shall be available for allocation to QIB. However, up to 5% of the QIB Portion (excluding the Anchor Investor Portion) will be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund Portion will be available for all QIBs. | Not less than 15% of the Offer or the Offer less allocation to QIB Bidders and Retail Individual Bidders | Not less than 35% of the Offer or Offer less allocation to QIB Bidders and Non-Institutional Bidders |
| Basis of Allotment/ allocation if respective category is oversubscribed* | Proportionate as follows (excluding the Anchor Investor Portion):<br><br>(a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and<br><br>(b) [●] Equity Shares shall be Allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above<br><br>Up to [●] Equity Shares may be allocated on a discretionary basis to Anchor Investors | Proportionate | 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 shall be allocated on a proportionate basis. |
| Minimum Bid | Such number of Equity Shares in multiples of [●] Equity Shares so | Such number of Equity Shares in multiples of [●] Equity | [●] Equity Shares |

| Particulars | QIBs(1) | Non-Institutional Bidders | Retail Individual Bidders |
|---|---|---|---|
| | that the Bid Amount exceeds ₹ 200,000 | Shares so that the Bid Amount exceeds ₹ 200,000 | |
| Maximum Bid | Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the Offer size, subject to applicable limits | Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the Offer size (excluding QIB Portion), subject to applicable limits | Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 200,000 |
| Mode of Bidding | Only through the ASBA process (except for Anchor Investors) | | |
| Bid Lot | [●] Equity Shares and in multiples of [●] Equity Shares thereafter | | |
| Mode of Allotment | Compulsorily in dematerialised form | | |
| Allotment Lot | [●] Equity Shares and in multiples of one Equity Share thereafter | | |
| Trading Lot | One Equity Share | | |
| Who can apply(4) | Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, mutual funds registered with SEBI, FPIs other than individuals, corporate bodies and family offices, VCFs, AIFs, state industrial development corporation, insurance company registered with IRDAI, provident fund (subject to applicable law) with minimum corpus of ₹ 250 million, pension fund with minimum corpus of ₹ 250 million, in accordance with applicable laws, National Investment Fund set up by the Government of India, insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India and Systemically Important NBFCs. | Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions societies and trusts | Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta) |
| Terms of Payment | **In case of Anchor Investors**: Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids(3)<br><br>**In case of all other Bidders**: Full Bid Amount shall be blocked by SCSB in the bank account of the Bidders (other than Anchor Investors), or by the Sponsor Bank through the UPI mechanism (for RIBs using the UPI mechanism) at the time of submission of the ASBA Form | | |

* *Assuming full subscription in the Offer.*

(1) *Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors.*

(2) *Subject to valid Bids being received at or above the Offer Price. This Offer is being made in accordance with Rule 19(2)(b) of the SCRR and under the SEBI Regulations.*

(3) *Full Bid Amount shall be payable by the Anchor Investors at the time of submission of the Anchor Investor Application Form, provided that any difference between the price at which the Equity Shares are allocated to the Anchor Investors and the Anchor Investor Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN.*

(4) *If the Bid is submitted in joint names, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the depository account held in joint names. The signature of only the First Bidder would*

*be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

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

In accordance with the foreign investment regulations, participation by Non-Residents in the Offer is restricted to participation by (i) FPIs through the portfolio investment scheme under Schedule 2 of the FEMA Regulations, in the Offer subject to limit of the individual holding of an FPI below 10% of the post-Offer paid-up capital of the Company and the aggregate limit for FPI investment is 49%; and (ii) Eligible NRIs only on non-repatriation basis under Schedule 4 of the FEMA Regulations. Further, other Non-Residents such as FVCIs and multilateral and bilateral development financial institutions are not permitted to participate in the Offer.

**Retail Discount**

Our Company and the Selling Shareholder may, in consultation with the BRLMs, offer discount of ₹ [●] per Equity Share to the Offer Price to Retail Individual Bidders in the Retail Category. The Retail Discount, if any, will be offered to the Retail Individual Bidders at the time of making a bid. The Retail Individual Bidders bidding at a price within the Price Band can make payment at the Bid Amount, at the time of making a Bid. The Retail Individual Bidders must ensure that the Bid Amount does not exceed ₹ 200,000. The Retail Individual Bidders must mention the Bid Amount while filing the Bid cum Application Form.

## OFFER PROCEDURE

*All Bidders should read the 'General Information Document for Investing in Public Issues' prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI and updated pursuant to the circular (CIR/CFD/POLICYCELL/11/2015) dated November 10, 2015, the circular SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016, the circular SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019 and circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 ("**General Information Document**"), which highlights the key rules, processes and procedures applicable to public issues in general, in accordance with the provisions of the Companies Act, the SCRA, the SCRR,the SEBI Regulations and which is part of the abridged prospectus accompanying the Bid cum Application Form.The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer.*

*Additionally, all Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment Instructions for ASBA Bidders; (v) issuance of Confirmation of Allocation Note ("**CAN**") and Allotment in the Offer; (vi) price discovery and allocation; (vii) general instructions (limited to instructions for completing the Bid cum Application Form); (viii) designated date; (ix) disposal of applications; (x) submission of Bid cum Application Form; (xi) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xii) applicable provisions of Companies Act, 2013 relating to punishment for fictitious applications; (xiii) mode of making refunds; and (xiv) interest in case of delay in Allotment or refund.*

*SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, has introduced an alternate payment mechanism using UPI and consequent reduction in timelines for listing in a phased manner. From January 1, 2019, the UPI Mechanism for RIBs applying through Designated Intermediaries was made effective along with the existing process and existing timeline of T+6 days. ("**UPI Phase I**"). The UPI Phase I was effective till June 30, 2019.*

*With effect from July 1, 2019, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 with respect to Bids by RIBs through Designated Intermediaries (other than SCSBs), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days will continue for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). Subsequently, the final reduced timeline will be made effective using the UPI Mechanism for applications by RIBs ("**UPI Phase III**"), as may be prescribed by SEBI.*

*Our Company, the Selling Shareholder and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of the Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.*

*Further, our Company, the Selling Shareholder and the Syndicate are not liable for any adverse occurrences consequent to the implementation of the UPI Mechanism for application in this Offer.*

### Book Building Procedure

The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI Regulations wherein not more than 50% of the Offer shall be available for allocation to QIBs on a proportionate basis, provided that our Company and the Selling Shareholder in consultation with the BRLMs may allocate up to 60% of the QIB Category to Anchor Investors on a discretionary basis in accordance with the SEBI Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. 5% of the net QIB Category (excluding the Anchor Investor Portion) shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except in the QIB Category, would be allowed to be met with spill over from any other category or combination of categories, at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange. Under-subscription, if any, in the QIB Category, would not be allowed to be met with spill over from any other category or a combination of categories.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

**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, PAN and UPI ID, for RIBs Bidding using the UPI Mechanism, shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. However, they may get the Equity Shares rematerialised subsequent to Allotment of the Equity Shares in the Offer.**

**Phased implementation of Unified Payments Interface**

SEBI has issued the UPI Circulars in relation to streamlining the process of public issue of *inter alia*, equity shares. Pursuant to the UPI Circulars, the UPI Mechanism has been introduced in a phased manner as a payment mechanism (in addition to mechanism of blocking funds in the account maintained with SCSBs under ASBA) for applications by RIBs through Designated Intermediaries with the objective to reduce the time duration from public issue closure to listing from six Working Days to upto three Working Days. Considering the time required for making necessary changes to the systems and to ensure complete and smooth transition to the UPI payment mechanism, the UPI Circulars have introduced the UPI Mechanism in three phases in the following manner:

Phase I: This phase was applicable from January 1, 2019 until March 31, 2019 or floating of five main board public issues, whichever was later. Subsequently, the timeline for implementation of Phase I was extended till June 30, 2019. Under this phase, an RIB had the option to submit the ASBA Form with any of the Designated Intermediary and use his/ her UPI ID for the purpose of blocking of funds. The time duration from public issue closure to listing continued to be six Working Days.

Phase II: This phase has become applicable from July 1, 2019 and will continue for a period of three months or floating of five main board public issues, whichever is later. Under this phase, submission of the ASBA Form without UPI by RIBs to Designated Intermediaries (other than SCSBs) for blocking of funds will be discontinued. However, the time duration from public issue closure to listing would continue to be six Working Days during this phase.

Phase III: The commencement period of Phase III is yet to be notified. In this phase, the time duration from public issue closure to listing would be reduced to three Working Days.

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

**Bid cum Application Form**

Copies of the Bid cum Application Form (other than for Anchor Investors) and the abridged prospectus will be available with the Designated Intermediaries at the Bidding Centers, and our Registered Office. An electronic copy of the Bid cum Application Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to the Bid/ Offer Opening Date.

All Bidders (other than Anchor Investors) shall mandatorily participate in the Offer only through the ASBA process. The RIBs can additionally Bid through the UPI Mechanism.

RIBs bidding using the UPI Mechanism must provide the UPI ID in the relevant space provided in the Bid cum Application Form and the Bid cum Application Form that does not contain the UPI ID are liable to be rejected. ASBA Bidders must provide either (i) the bank account details and authorisation to block funds in the ASBA Form, or (ii) the UPI ID (in case of RIBs), as applicable, in the relevant space provided in the ASBA Form. RIBs submitting ASBA Forms with the Syndicate, sub-syndicate, Registered Brokers, RTAs or with CDPs are required to utilize the UPI Mechanism. It is clarified that RIBs may continue to submit physical ASBA Forms with SCSBs without using the UPI Mechanism. The ASBA Forms that do not contain such details will be rejected. Applications made by the RIBs using third party bank account or using third party linked bank account UPI ID are liable for rejection. Anchor Investors are not permitted to participate in the Offer through the ASBA process.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centers only (except in case of electronic ASBA Forms). ASBA Forms not bearing such specified stamp will be rejected. RIBs using UPI Mechanism, may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs. RIBs authorising an SCSB to block the Bid Amount in the ASBA Account may submit their ASBA Forms with SCSBs. Further, QIBs and NIBs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate, Registered Brokers, CDPs and RTAs. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB.

For Anchor Investors, the Anchor Investor Application Form will be available at the offices of the BRLMs.

The prescribed colour of the Bid cum Application Form for the various categories is as follows:

| Category | Colour of Bid cum Application Form* |
|---|---|
| Resident Indians, including resident QIBs, Non-Institutional Investors, RIBs and Eligible NRIs applying on a non-repatriation basis | White |
| FPIs applying on a repatriation basis<br><br>For restrictions on participation in the Offer, see the sections "*Offer Procedure*" and "*Restrictions on Foreign Ownership of Indian Securities*", beginning on pages 504 and 545, respectively | Blue |
| Anchor Investors | White |

** Excluding electronic Bid cum Application Form*

*Notes:*

*(1) Electronic Bid cum Application forms and the abridged prospectus will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com)*

*(2) Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs*

In case of ASBA Forms, the relevant Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges. Subsequently, except in case of RIBs Bidding using UPI mechanism, Designated Intermediaries (other than SCSBs) shall submit / deliver the ASBA Forms to the respective SCSB where the Bidder has a bank account with ASBA facility, details of which were provided by the Bidder in his respective ASBA form, and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds.

**Participation by Promoters, and Promoter Group of our Company, the BRLMs and the Syndicate Members**

The BRLMs and the Syndicate Members shall not be allowed to purchase Equity Shares in this Offer in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the BRLMs and the Syndicate Members may Bid for Equity Shares in the Offer, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except as stated below, neither the BRLMs nor any associate of the BRLMs, Promoters and members of the Promoter Group can apply in the Offer under the Anchor Investor Portion:

(i) mutual funds sponsored by entities which are associate of the BRLMs;

(ii) insurance companies promoted by entities which are associate of the BRLMs;

(iii) AIFs sponsored by the entities which are associate of the BRLMs; or

(iv) FPIs sponsored by the entities which are associate of the BRLMs.

Further, the promoter and members of the Promoter Group will not participate in the Offer except to the extent of the offered Equity Shares.

**Bids by Mutual Funds**

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

**Bids by Eligible NRIs**

NRIs only on non repatriation basis under Schedule 4 of the FEMA Regulations are allowed to participate in the Offer. For details of restrictions on investment by Eligible NRIs, see the section "*Restrictions on Foreign Ownership of Indian Securities*", beginning on page 354.

Eligible NRIs may obtain copies of Bid cum Application Form from the Designated Intermediaries. Eligible NRI Bidders bidding on a non-repatriation basis by using resident forms should authorize their SCSB to block their Non-Resident Ordinary ("**NRO**") accounts for the full Bid Amount, at the time of the submission of the Bid cum Application Form.

NRI Applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The NRIs who intend to make payment through NRO accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents (white in colour).

**Bids by HUFs**

Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs may be considered at par with Bids from individual.

**Bids by FPIs**

In terms of the SEBI FPI Regulations, the issue of Equity Shares to a single FPI including its investor group (which means multiple entities registered as FPIs and directly or indirectly, having common ownership directly or indirectly of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Regulations, the total holding by each FPI (including its investor group) shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together shall not exceed 24% of the paid-up Equity Share capital of our Company. In case the total holding of an FPI (including its investor group) increases beyond 10% of the total paid-up equity capital of our Company, on a fully diluted basis or 10% or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by our Company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements.

The aggregate limit of 24% may be increased up to the sectoral cap by way of a resolution passed by the Board followed by a special resolution passed by the Shareholders of our Company and subject to prior intimation to RBI. In this respect, the Board at its meeting held on May 5, 2018 and the Shareholders of our Company in their meeting held on May 7, 2018, approved the increase in the said limit to 49% of the paid up Equity Share capital of our Company. In terms of the FEMA Regulations, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

FPIs are permitted to participate in the Offer subject to compliance with conditions and restrictions which may be specified by the Government from time to time.

In accordance with the foreign investment regulations, participation by Non Residents in the Offer is restrictied to participation by (i) FPIs through the portfolio investment scheme under Schedule 2 of the FEMA Regulations, in the offer subject to limit of the individual holding of an FPI (including its investor group) below 10% of the post Offer paid up capital of the Company and the aggregate limit for FPI investment is 49%; and (ii) Eligible NRIs only on non repatriation basis under Schedule 4 of the FEMA Regulations. Further, other Non Residents such as FVCIs and multilateral and bilateral development financial institutions are not permitted to participate in the Offer. As per the exixting policy of the Government, OCBs cannot participate in this Offer. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may deal in may issue, subscribe offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only by persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI) ; (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms as prescribed by SEBI; and (iii) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instrument is made by, or on behalf of it subject to, *inter alia*, the following conditions:

(a) offshore derivative instruments are transferred to persons subject to fulfilment of SEBI FPI Regulations;

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI; and

(c) An FPI shall fully disclose to the SEBI any information concerning the terms of and parties to off-shore derivative instruments, by whatever names they are called, entered into by it relating to any securities listed or proposed to be listed in any stock exchange in India, as and when and in such form as the SEBI may specify.

**Bids by SEBI registered VCFs and AIFs**

The SEBI FVCI Regulations and the SEBI AIF Regulations *inter-alia* prescribe the investment restrictions on the VCFs and AIFs registered with SEBI.

The category I and II AIFs cannot invest more than 25% of the investable funds in one investee company. A category III AIF cannot invest more than 10% of the investable funds in one investee company. A venture capital fund registered as a category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than 1/3rd of its investable funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the VCF Regulation until the existing fund or scheme managed by the fund is wound up.

**All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.**

Our Company, the Selling Shareholder or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

**Bids by limited liability partnerships**

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserves the right to reject any Bid without assigning any reason thereof.

**Bids by banking companies**

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee are required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949, as amended ("**Banking Regulation Act**"), and the Master Direction- Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, is 10% of the paid-up share capital of the investee company, not being its subsidiary engaged in non-financial services, or 10% of the bank's own paid-up share capital and reserves, whichever is lower. Further, the aggregate investment by a banking company in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company may hold up to 30% of the paid up share capital of the investee company with the prior approval of the RBI, provided that the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act.

*Bids by SCSBs*

SCSBs participating in the Offer are required to comply with the terms of the SEBI circulars nos. CIR/CFD/DIL/12/2012 and CIR/CFD/DIL/1/2013 dated September 13, 2012 and January 2, 2013, respectively. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such applications.

**Bids by insurance companies**

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the IRDAI Investment Regulations, based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDA Investment Regulations for specific investment limits applicable to them.

**Bids by provident funds/pension funds**

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹250 million, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholder in consultation with the BRLMs reserves the right to reject any Bid, without assigning any reason thereof.

**Bids under power of attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹250 million (subject to applicable law) and pension funds with a minimum corpus of ₹250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholder in consultation with the BRLMs in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form.

**Bids by Systemically Important Non-Banking Financial Companies**

In case of Bids made by NBFC-SI registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, (ii) certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor, and (iii) such other approval as may be required by the NBFC-SI, are required to be attached to the Bid cum Application Form. Failing this, our Company and the Investor Selling Shareholder, in consultation with the BRLMs, reserves the right to reject any Bid without assigning any reason thereof. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

The investment limit for NBFC-SI shall be as prescribed by RBI from time to time.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in the Red Herring Prospectus and the Prospectus.**

**General Instructions**

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form, as the case may be, in the prescribed form;

4. Ensure that you have mentioned the correct ASBA Account number if you are not an RIB bidding using the UPI Mechanism in the Bid cum Application Form and if you are an RIB using the UPI Mechanism ensure that you have mentioned the correct UPI ID in the Bid cum Application Form;

5. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Center within the prescribed time;

6. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than RIBs using the UPI mechanism) in the ASBA Form;

7. RIBs bidding shall ensure that the bank, with which it has its bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI;

8. Ensure that you have funds equal to the full Bid Amount in the ASBA Account before submitting the ASBA Form to any of the Designated Intermediaries;

9. If you are an ASBA Bidder and the first applicant is not the ASBA Account holder, ensure that the Bid cum Application Form is signed by the ASBA Account holder;

10. Ensure that you (other than the Anchor Investors) have mentioned the correct ASBA Account number or the bank account linked UPI ID (with maximum length of 45 characters including the handle), as applicable, in the Bid cum Application Form;

11. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

12. 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 the name of only the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;

13. Ensure that you request for and receive a stamped acknowledgement counterfoil of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

14. Instruct your respective banks to release the funds blocked in accordance with the ASBA process;

15. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

16. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form, or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of RIBs submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

17. Except for Bids (i) on behalf of the central or state Governments and the officials appointed by the courts, who, in terms of the SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining / specifying their PAN for transacting in the securities market, and (iii) by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempt from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the central or the state Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in "active status"; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

18. Ensure that the Demographic Details are updated, true and correct in all respects;

19. 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;

20. Ensure that the category and the investor status is indicated;

21. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

22. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

23. While applying using the UPI Mechanism, ensure that the name of your bank appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, you should also ensure that the name of the application and the UPI handle being used for making the application is also appearing in the aforesaid list;

24. Ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, available in the Depository database;

25. RIIs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIIs should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount in the RII's ASBA Account and subsequent debit of funds in case of allotment in a timely manner;

26. RIBs shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorization of the mandate using his/her UPI PIN, an RIB may be deemed to have verified the attachment containing the application details of the RBI in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorised the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form;

27. RIBs bidding using the UPI mechanism should mention valid UPI ID of only the Applicant (in case of single account) and of the first Applicant (in case of joint account) in the Bid cum Application Form;

28. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and RIIs bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in); and

29. 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. The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with. Application made using incorrect UPI handle or using a bank account of an SCSB or SCSBs which is not mentioned in the Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 is liable to be rejected.

***Don'ts:***

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹200,000 (for Bids by RIBs);

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA Account.

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

9. In case of ASBA Bidders, do not submit more than one ASBA Form per ASBA Account;

10. If you are a RIB and are using UPI mechanism, do not submit more than one ASBA Form for each UPI ID;

11. Anchor Investors should not Bid through the ASBA process;

12. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;

13. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

14. Do not submit the General Index Register (GIR) number instead of the PAN;

15. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

16. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

17. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);

18. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;

19. Do not submit a Bid using UPI ID, if you are not a RII;

20. Do not Bid on another ASBA Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;

21. Do not Bid for Equity Shares in excess of what is specified for each category;

22. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;

23. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. RIBs can revise or withdraw their Bids on or before the Bid/Offer Closing Date;

24. Do not submit Bids to a Designated Intermediary at a location other than the Bidding Centers; and

25. If you are an RIB which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

Further, in case of any pre-issue or post issue related issues regarding demat credit/refund orders/unblocking etc., investors shall reach out to the company secretary and compliance officer. For details of company secretary and compliance officer, see "*General Information*" beginning on page 59.

**Names of entities responsible for finalising the basis of allotment in a fair and proper manner**

The authorised employees of the Stock Exchanges, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI Regulations.

**Method of allotment as may be prescribed by SEBI from time to time**

Our Company will not make any allotment in excess of the Equity Shares offered through the Offer through the offer document except in case of oversubscription for the purpose of rounding off to make allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an allotment of not more than 1% of the net offer to public may be made for the purpose of making allotment in minimum lots.

The allotment of Equity Shares to applicants other than to the Retail Individual Investors and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

**Payment into Escrow Account(s) for Anchor Investors**

Our Company and the Selling Shareholder in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. For Anchor Investors, the payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

(a) In case of resident Anchor Investors: "[●]- *Anchor Escrow Account - R*"

(b) In case of Non-Resident Anchor Investors: "[●] - *Anchor Escrow Account - NR*"

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the Syndicate, the Escrow Collection Bank and the Registrar to the Offer to facilitate collections of Bid amounts from Anchor Investors.

**Pre- Offer Advertisement**

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI Regulations, in: (i) [all] editions of [●], a English national daily newspaper; and (ii) [all] editions of [●], a Hindi national daily newspaper in [●] ([●] also being the regional language of [●], where our registered office is located) each with wide circulation.

In the pre-Offer advertisement, we shall state the Bid/Offer Opening Date and the Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, shall be in the format prescribed in Part A of Schedule X of the SEBI Regulations.

**The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the members of the Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the prescribed limits under applicable laws or regulations.**

**Signing of the Underwriting Agreement and the RoC Filing**

(a) Our Company, the Selling Shareholder and the Syndicate intend to enter into an Underwriting Agreement after the finalisation of the Offer Price which shall be a date prior to the filing of the Prospectus.

(b) After signing the Underwriting Agreement, an updated Red Herring Prospectus will be filed with the RoC in accordance with applicable law, which then would be termed as the 'Prospectus'. The Prospectus will contain details of the Offer Price, the Anchor Investor Offer Price, Offer size, and underwriting arrangements and will be complete in all material respects.

**Impersonation**

**Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013, which is reproduced below:**

**"*Any person who:***

***(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or***

***(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or***

***(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."***

The liability prescribed under Section 447 of the Companies Act, 2013 includes imprisonment for a term which shall not be less than six months extending up to 10 years (provided that where the fraud involves public interest, such term shall not be less than three years) and fine of an amount not less than the amount involved in the fraud, extending up to three times of such amount.

**Undertakings by our Company**

Our Company undertakes the following:

- adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors;

- the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

- all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed shall be taken in consultation with the BRLMs within such period as may be prescribed under applicable law;

- if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, 2013, the SEBI Regulations and applicable law for the delayed period;

- the funds required for making refunds (to the extent applicable) as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

- where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

- compliance with all disclosure and accounting norms as may be specified by SEBI from time to time;

- Promoters' contribution, if any, shall be brought in advance before the Bid/Offer Opening Date and the balance, if any, shall be brought in on a pro rata basis before calls are made on the Allottees; and

- Other than the Pre-IPO Placement, no further issue of the Equity Shares shall be made till the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are unblocked in ASBA Account/refunded on account of non-listing, under-subscription, etc.

**Undertakings by the Selling Shareholder**

The Selling Shareholder undertakes severally and not jointly in respect of itself as a Selling Shareholder and its respective portion of the Equity Shares offered by it pursuant to the Offer for Sale that:

- the Equity Shares offered for sale by the Selling Shareholder in the Offer are eligible for being offered in the Offer for Sale in terms of Regulation 8 of the SEBI Regulations;

- the Equity Shares being offered for sale by the Selling Shareholder pursuant to the Offer are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or any other encumbrances and shall be in dematerialized form at the time of transfer;

- it shall deposit its Equity Shares offered for sale in the Offer in an escrow demat in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement;

- that it shall provide such reasonable assistance to our Company and the BRLMs in redressal of such investor grievances that pertain to the Equity Shares held by it and being offered pursuant to the Offer;

- it shall provide such cooperation to our Company in relation to their respective portion of the Equity Shares offered by it in the Offer for Sale for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges;

- it is the legal and beneficial owner of, and has full title to, the Equity Shares being sold in the Offer; and

- it shall not have recourse to the proceeds of the Offer until final approval for trading of the Equity Shares from the Stock Exchanges has been received.

The decisions with respect to the Price Band, the minimum Bid lot, revision of Price Band, Offer Price, will be taken by our Company and the Selling Shareholder, in consultation with the BRLMs.

**Utilisation of Offer Proceeds**

Our Board certifies that:

- all monies received out of the Fresh Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-Section (3) of Section 40 of the Companies Act, 2013; and

- details of all monies utilised out of the Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the Fresh Issue proceeds remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised.

- details of all unutilised monies out of the Fresh Issue shall be disclosed under an appropriate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested.

## RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is governed by the provisions of FEMA Regulations. The government bodies responsible for granting foreign investment approvals are the various departments of the concerned ministries or departments, in consultation with the DPIIT.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT, issued the Consolidated FDI Policy which with effect from August 28, 2017, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect as on August 27, 2017.

The Consolidated FDI Policy will be valid until the DPIIT issues an updated circular.

Subject to certain conditions, the transfer of shares by way of sale between an Indian resident and a non-resident does not require the prior approval of the RBI or the relevant ministry or department of the Government of India, 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 Consolidated FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

In accordance with the foreign investment regulations, participation by non-residents in the Offer is restricted to participation by (i) FPIs through the portfolio investment scheme under Schedule 2 of the FEMA Regulations, in the Offer subject to limit of the individual holding of an FPI (including its investor group) below 10% of the post-Offer paid-up capital of the Company and the aggregate limit for FPI investment is 49%; and (ii) Eligible NRIs only on non-repatriation basis under Schedule 4 of the FEMA Regulations. Further, other non-residents such as FVCIs and multilateral and bilateral development financial institutions are not permitted to participate in the Offer.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

The Equity Shares offered in the Offer have not been and will not be registered, listed or otherwise qualified in any jurisdiction except India and may not be offered or sold to persons outside of India except in compliance with the applicable laws of each such jurisdiction. In particular, the Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or the laws of any state of the United States and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. The Equity Shares are being offered and sold only outside the United States pursuant to Regulation S under the U.S. Securities Act ("**Regulation S**").

For further details, see "*Offer Procedure*" beginning on page 342.

**NO PERSON OUTSIDE INDIA IS ELIGIBLE TO BID FOR EQUITY SHARES UNLESS THAT PERSON HAS RECEIVED A PRELIMINARY OFFERING MEMORANDUM FOR THE OFFER, WHICH COMPRISES THE RED HERRING PROSPECTUS AND A PRELIMINARY INTERNATIONAL WRAP THAT CONTAINS, AMONG OTHER THINGS, THE SELLING RESTRICTIONS APPLICABLE TO THE OFFER OUTSIDE INDIA.**

Each purchaser of the Equity Shares in the Offer shall be deemed to:

- Represent and warrant to our Company, the Selling Shareholder, the BRLMs and the Syndicate Members that it was outside the United States (as defined in Regulation S) at the time the offer of the Equity Shares was made to it and it was outside the United States when its buy order for the Equity Shares was originated.

- Represent and warrant to our Company, the Selling Shareholder, the BRLMs and the Syndicate Members that it did not purchase the Equity Shares as result of any "directed selling efforts" (as defined in Regulation S).

- Represent and warrant to our Company, the Selling Shareholder, the BRLMs and the Syndicate Members that it bought the Equity Shares for investment purposes and not with a view to the distribution thereof. If in the future it decides to resell or otherwise transfer any of the Equity Shares, it agrees that it will not offer, sell or otherwise transfer the Equity Shares except in a transaction complying with Rule 903 or Rule 904 of Regulation S or pursuant to any other available exemption from registration under the U.S. Securities Act.

- Represent and warrant to our Company, the Selling Shareholder, the BRLMs and the Syndicate Members that if it acquired any of the Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

- Represent and warrant to our Company, the Selling Shareholder, the BRLMs and the Syndicate Members that if it acquired any of the Equity Shares for one or more managed accounts, that it was authorised in writing by each such managed account to subscribe to the Equity Shares for each managed account and to make (and it hereby makes) the representations, warranties, acknowledgements and agreements herein for and on behalf of each such account, reading the reference to "it" to include such accounts.

- Agree to indemnify and hold the Company, the Selling Shareholder, the BRLMs and the Syndicate Members harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Equity Shares.

- Acknowledge that our Company, the Selling Shareholder, the BRLMs, the Syndicate Members and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder, the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

## SECTION VIII: MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

*Capitalised terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company. Pursuant to Schedule I of the Companies Act, 2013 and the SEBI Regulations, the main provisions of the Articles of Association of our Company are detailed below:*

### Share Capital and Variation of Rights

*Article 2 provides that:*

"Subject to the provisions of the Act and these Articles, the shares in the capital of the Company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at par or at a premium or at consideration otherwise than in cash and at such time as they may from time to time think fit. The Company may issue equity with voting rights and/or with differential rights as to dividend, voting or otherwise, in accordance with the Rules and preference shares."

*Article 3 provides that:*

"Subject to the provisions of the Act and these Articles, the Board may issue, allot or otherwise dispose shares in the capital of the Company on payment or part payment for any property or assets of any kind whatsoever sold or transferred, goods or machinery supplied or for services rendered to the Company in the conduct of its business and any shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than for cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares, as the case may be.

Provided that the option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the general meeting."

*Article 10 provides that:*

"The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith."

### Alteration of Capital and Buy Back of Shares

*Article 41 provides that:*

"Subject to provisions of the Act, the Company may, from time to time, increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution."

*Article 42 provides that*:

"Subject to the provisions of the Act, the Company may, from time to time,-

(i) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(ii) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(iii) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(iv) 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."

*Article 44 provides that:*

"The Company may, subject to provisions of the Act, reduce in any manner and with, and subject to, any incident authorised and consent required by law,-

(i) its share capital;

(ii) any capital redemption reserve account; or

(iii) any share premium account."

*Article 47 provides that:*

"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 purchase its own shares or other specified securities."

**Payment of Commission and Brokerage**

*Article 8 provides that:*

"(i) The Company may exercise the powers of paying commissions conferred under the Act, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required under the Act and rules made thereunder.

(ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in the Rules.

(iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other."

**Calls**

*Article 17 provides that:*

"(i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the Company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board."

*Article 18 provides that:*

"A call shall be deemed to have been made at the time when the resolution of the Board authorising the call was passed and may be required to be paid by installments."

*Article 19 provides that:*

"The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof."

*Article 20 provides that:*

"(i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part."

*Article 21 provides that:*

"(i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations 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."

*Article 22 provides that:*

"(i) The Board—

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent per annum, as may be agreed upon between the Board and the member paying the sum in advance.

(ii) Nothing contained in this Article shall confer on the member (i) any right to participate in profits or dividends; or (ii) any voting rights in respect of the moneys so paid by him, until the same would, but for such payment, become presently payable by him."

*Article 23 provides that:*

"The provisions of these Articles relating to calls shall *mutatis mutandis* apply to the calls on debentures of the Company."

**Forfeiture, Surrender and Lien**

*Article 34 provides that:*

"If a member fails to pay any call, or installment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on him requiring payment of so much of the call or installment as is unpaid, together with any interest which may have accrued."

*Article 35 provides that:*

"The notice aforesaid shall—

(i) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(ii) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made, shall be liable to be forfeited."

*Article 36 provides that:*

"If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect."

*Article 37 provides that:*

"(i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit."

*Article 38 provides that:*

"(i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all monies which, at the date of forfeiture, were presently payable by him to the Company in respect of the shares.

(ii) The liability of such person shall cease if and when the Company shall have received payment in full of all such monies in respect of the shares."

*Article 39 provides that:*

"(i) A duly verified declaration in writing that the declarant is a Director, the manager or the secretary, of the Company, and that a share in the Company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share;

(ii) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of;

(iii) The transferee shall thereupon be registered as the holder of the share; and

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share."

*Article 40 provides that:*

"The provisions of these regulations as to forfeiture shall apply in the case of non payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified."

*Article 13 provides that:*

"(i) The Company shall have a first and paramount lien—

(a) on every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the Company:

Provided that the Board of Directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(ii) The Company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

(iii) Unless otherwise agreed by the Board, 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."

*Article 14 provides that:*

"The Company may sell, in such manner as the Board thinks fit, any shares on which the Company has a lien:

Provided that no sale shall be made—

(i) unless a sum in respect of which the lien exists is presently payable; or

(ii) until the expiration of fourteen 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."

*Article 16 provides that:*

"(i) The proceeds of the 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.

(ii) 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.

The provisions of these Articles relating to lien shall *mutatis mutandis* apply to any other Securities including debentures of the Company."

**Transfer and Transmission**

*Article 24 provides that:*

"(i) A common form of transfer shall be used and the instrument of transfer of any share in the Company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

(iii) 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."

*Article 25 provides that:*

“The Board may, subject to the right of appeal conferred by the Act decline to register—

(i) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(ii) any transfer of shares on which the Company has a lien; or

(iii) the transmission by operation of law of the right to any shares or interest of a member in the Company.

Provided that the registration of transfer of any shares shall not be refused on the ground of the transferor being alone or jointly with any other person or persons, indebted to the Company on any account whatsoever except where the Company has a lien on shares.”

*Article 26 provides that:*

“The Board may decline to recognise any instrument of transfer unless-

(i) the instrument of transfer is in the form as prescribed in rules made under the Act;

(ii) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(iii) the instrument of transfer is in respect of only one class of shares.”

*Article 27 provides that:*

“On giving not less than seven days’ previous notice in accordance with the Act and rules made there under, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.”

*Article 28 provides that:*

“The provision of these Articles relating to transfer of shares shall *mutatis mutandis* apply to any other securities including debentures of the Company.”

*Article 29 provides that:*

“(i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognised by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.”

*Article 30 provides that*:

“(i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.”

*Article 31 provides that:*

“(i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.”

*Article 32 provides that:*

“A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.”

*Article 33 provides that*:

“The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice 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 to do so, though it may have been entered or referred to in some book of the Company, but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.”

**Borrowing Powers**

Article 76(ii) provides that:

“Subject to the provisions of the Act, the Director may borrow, raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they may think fit and in particular by any mortgage or charge or other security on the undertaking of the whole of any part of the property of the Company (both present and future) including its uncalled capital for the time being, the issue of bonds, perpetual or redeemable, debenture or debenture-stock, if permissible in applicable law at a discount, premium or otherwise, 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.”

**Conversion of Shares into Stock**

*Article 43 provides that:*

“Where shares are converted into stock,—

(i) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(ii) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(iii) such of the regulations of the Company as are applicable to paid-up shares shall apply to stock and the words “share” and “shareholder” in those regulations shall include “stock” and “stock-holder” respectively.”

**Convening General Meetings**

*Article 48 provides that:*

"All General Meetings other than the Annual General Meeting shall be called Extra- ordinary General Meetings."

*Article 49 provides that:*

"The Board may, whenever it thinks fit, call an Extra-ordinary General Meeting."

*Article 50 provides that:*

"(i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in the Act."

*Article 51 provides that:*

"The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the Company."

*Article 52 provides that:*

"If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the Directors present shall elect one of their members to be Chairperson of the meeting."

*Article 53 provides that:*

"If at any meeting no Director is willing to act as Chairperson or if no Director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting."

**Votes of Shareholders**

*Article 55 provides that:*

"Subject to any rights or restrictions for the time being attached to any class or classes of shares,—

(i) on a show of hands, every member present in person shall have one vote; and

(ii) on a poll or through voting by electronic means, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company."

*Article 56 provides that:*

"A member may exercise his vote at a meeting by electronic means in accordance with the Act and shall vote only once."

*Article 57 provides that:*

"(i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members."

*Article 58 provides that:*

"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 or through voting by electronic means, by his nominee or other legal guardian, and any such nominee or guardian may, on a poll, vote by proxy."

*Article 59 provides that:*

"Any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll."

*Article 60 provides that:*

"No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the Company have been paid."

*Article 61 provides that:*

“(i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.”

**Proxies**

*Article 62 provides that:*

“The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or in the case of a poll, not less than 24 hours before the time appointed for taking of the poll; and in default the instrument of proxy shall not be treated as valid.”

*Article 63 provides that:*

“An instrument appointing a proxy shall be in the form as prescribed in the rules made under the Act.”

*Article 64 provides that:*

“A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.”

**Directors**

*Article 65 provides that:*

“Until otherwise determined by a General Meeting of the Company and subject to the provisions of the Act, the number of Directors shall not be less than three and more than fifteen.”

*Article 66 provides that:*

“Subject to provisions of the Act, the Board shall have the power to determine the directors whose period of office is or is not liable to determination by retirement of directors by rotation.”

*Article 67 provides that:*

“The same individual may, at the same time, be appointed as Chairman as well as Managing Director or Chief Executive Officer of the Company.”

*Article 68 provides that:*

“(i) The remuneration of the Directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them—

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the Company; or

(b) in connection with the business of the Company.”

*Article 72 provides that:*

“(i) Subject to the provisions of the Act, the Board shall have power at any time, and from time to time, to appoint a person as an Additional Director, provided the number of the Directors and Additional Directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(ii) Such person shall hold office only up to the date of the next Annual General Meeting of the Company but shall be eligible for appointment by the Company as a Director at that meeting subject to the provisions of the Act."

*Article 73 provides that:*

"(i) The Board may appoint an Alternate Director to act for a Director (herein after in this Article called "the Original Director") during his absence for a period of not less than three months from India. No person shall be appointed as an Alternate Director for an Independent Director unless he is qualified to be appointed as an Independent Director under the provisions of the Act.

(ii) An Alternate Director shall not hold office for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate the office if and when the Original Director returns to India.

(iii) If the term of office of the Original Director is determined before he returns to India, the automatic reappointment of retiring directors in default of another appointment shall apply to the Original Director and not the Alternate Director."

*Article 74 provides that:*

"(i) If the office of any Director appointed by the Company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, be filled by the Board of Directors at a meeting of the Board.

(ii) The Director so appointed shall hold office only upto the date till which the Director in whose place he is appointed would have held office if it had not been vacated."

*Article 75 provides that:*

"Notwithstanding anything to the contrary contained in these Articles, so long as any moneys shall be owing by the Company to any of the financial institutions, corporations, banks or such other financing entities, or so long as any of the aforesaid banks, financial institutions or such other financing entities hold any shares/debentures in the Company as a result of subscription or so long as any guarantee given by any of the aforesaid financial institutions or such other financing entities in respect of any financial obligation or commitment of the Company remains outstanding, then in that event any of the said financial institutions or such other financing entities shall, subject to an agreement in that behalf between it and the Company, have a right but not an obligation, to appoint one or more persons as Director(s) as their nominee on the Board of Company. The aforesaid financial institutions or such other financing entities may, at any time and from time to time, remove the Nominee Director appointed by it and may in the event of such removal and also in case of the Nominee Director ceasing to hold office for any reason whatsoever including resignation or death, appoint other or others to fill up the vacancy. Such appointment or removal shall be made in writing by the relevant corporation and shall be delivered to the Company and the Company shall have no power to remove the Nominee Director from office. Each such Nominee Director shall be entitled to attend all general meetings, Board Meetings and meetings of the committee of which he is a member and he and the financial institutions or such other financing entities appointing him shall also be entitled to receive notice of all such meetings."

**Key Managerial Personnel/Managing Director/Whole-time Director**

*Article 86 provides that:*

"(i) Subject to the provisions of the Act and of these Articles, the Board shall have power to appoint from time to time, any of its members, as Managing Director or Managing Directors and/or Whole Time Directors of the Company for a fixed term not exceeding five years at a time and upon such terms and conditions, including liability to retire by rotation, as the Board thinks fit, and the Board may by resolution vest in such Managing Director or Managing Directors/Whole Time Director(s), such of the powers hereby vested in the Board generally, as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such condition and subject to such restrictions as it may determine, and the remuneration of such Directors may be way of monthly remuneration and/ or fee for each meeting and/or participation in profits, or by any or all of those modes, or of any other mode not expressly prohibited by the Act.

(ii) The Directors may whenever they appoint more than one Managing Director, designate one or more of them as "Joint Managing Director" or "Joint Managing Directors" or "Deputy Managing Directors" as the case may be.

(iii) Subject to the provisions of the Act, the appointment and payment of remuneration to the above Director shall be subject to approval of the members in the general meeting and of the Central Government, if required."

*Article 87 provides that:*

Subject to the provisions of the Act,-

“(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A Director may be appointed as chief executive officer, manager, company secretary or chief financial officer.”

*Article 88 provides that:*

“A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.”

**Proceedings of the Board of Directors**

*Article 77 provides that:*

“(i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A Director may, and the manager or secretary on the requisition of a Director shall, at any time, summon a meeting of the Board.”

*Article 78 provides that:*

“(i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board shall have a second or casting vote.”

*Article 85 provides that*:

“Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, whether manually or electronically, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.”

**Dividends**

*Article 90 provides that*:

“The Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board, but the Company in a general meeting may declare a lesser dividend.”

*Article 91 provides that:*

“Subject to the provisions of the Act, the Board may from time to time pay to the members such interim dividends of such amount on such class of shares as appear to it to be justified by the profits of the company.”

*Article 92 provides that:*

(i) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.””

*Article 93 provides that:*

(i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this Article as paid on the share.

(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 share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.""

*Article 94 provides that:*

"The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the Company on account of calls or otherwise in relation to the shares of the Company."

*Article 95 provides that:*

"(i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by electronic mode or by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct."

*Article 99 provides that:*

"No dividend shall bear interest against the Company."

**Capitalisation of Profits**

Article 45 provides that:

"(i) The Company in general meeting may, upon the recommendation of the Board, resolve—

(a) that it is desirable to capitalise any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(b) paying up in full, unissued shares of the Company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(c) partly in the way specified in sub-clause (a) and partly in that specified in sub- clause (b);

(d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares;

(e) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation."

**Winding up**

*Article 102 provides that:*

"Subject to the applicable provisions of the Act and the Rules—

(i) If the Company shall be wound up, the liquidator may, with the sanction of a special resolution of the Company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability."

**Indemnity**

*Article 103 provides that:*

"Every officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal."

## SECTION IX: OTHER INFORMATION

## MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of 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 the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

**A. Material Contracts for the Offer**

1. Registrar Agreement dated September 23, 2019 entered into between our Company, the Selling Shareholder and the Registrar to the Offer.

2. Offer Agreement dated September 26, 2019 entered into between our Company, the Selling Shareholder, the BRLMs.

3. Cash Escrow Agreement dated [●] entered into between our Company, the Selling Shareholder, the Registrar to the Offer, the BRLMs, the Escrow Collection Bank, the Public Offer Account Bank, the Refund Bank and the Sponsor Bank.

4. Share Escrow Agreement dated [●] entered into between the Selling Shareholder, our Company, the BRLMs and the Share Escrow Agent.

5. Syndicate Agreement dated [●] entered into between our Company, the Selling Shareholder and the members of the Syndicate.

6. Underwriting Agreement dated [●] entered into between our Company, the Selling Shareholder, and the Underwriters.

7. Monitoring Agency Agreement dated [●], 2019 entered into between our Company and [●].

**B. Material Documents**

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.

2. Certificate of incorporation dated March 20, 1995.

3. Fresh certificate of incorporation dated April 21, 2006 pursuant to change of name from Montecarlo Construction Private Limited to Montecarlo Construction Limited.

4. Fresh certificate of incorporation dated March 21, 2012 pursuant to change of name from Montecarlo Construction Limited to Montecarlo Limited.

5. Copies of the annual reports of our Company for Fiscals 2019, 2018 and 2017;

6. Audited Consolidated Financials of our Company for Fiscals 2019, 2018 and 2017;

7. Agreement dated September 19, 2019 in respect of re-appointment of Kanubhai Mafatlal Patel as the Chairman and Managing Director.

8. Agreement dated September 19, 2019 in respect of re-appointment of Brijesh Kanubhai Patel as the Joint Managing Director.

9. Agreement dated September 19, 2019 in respect of re-appointment of Mrunal Kanubhai Patel as the Joint Managing Director.

10. Agreement dated September 19, 2019 in respect of re- appointment of Suhas Vasant Joshi as the Whole-time Director.

11. Agreement dated September 19, 2019 in respect of appointment of Nareshkumar Pranshankar Suthar as the Whole-time Director.

12. Deed of guarantee dated April 7, 2018, executed by Kanubhai Trust on behalf of the Company for its working capital facility availed from a consortium of lenders.

13. Composite Scheme of Arrangement involving *inter alia* amalgamation of Montecarlo Projects, Montecarlo Infrastructure, Montecarlo Engineering and Montecarlo Energy with our Company and demerger of the 'Consolidated Business Support Undertaking' (as defined in the said scheme) of Montecarlo Infrastructure and our Company in to Montecarlo Realty and demerger of the 'Real Estate Undertaking' (as defined in the said scheme) of our Company and transfer of the same to Montecarlo Construction.

14. Shareholders Agreement dated July 9, 2010 entered into between our Company, SEL, SIPL and BHTPL.

15. Resolution of the Board of Directors dated September 14, 2019 and Shareholders' resolution dated September 17, 2019, in relation to the Offer and other related matters.

16. Resolution dated September 18, 2019 from the Kanubhai Trust approving the Offer for Sale for the Offered Shares.

17. Resolution dated September 26, 2019 passed by the IPO Committee approving this Draft Red Herring Prospectus.

18. Resolution of the Board of Directors dated [●] approving the Red Herring Prospectus.

19. The examination report, dated September 14, 2019, of the Auditors, on our Company's Restated Financial Statements included in this Draft Red Herring Prospectus.

20. CRISIL Report of August, 2019 and consent letter from CRISIL dated September 26, 2019.

21. Consent letter from the Auditors dated September 14, 2019 for inclusion of their name as experts.

22. The Statement of Special Tax Benefits dated September 19, 2019 from the Auditors.

23. Consent letter, dated September 25, 2019, from the Surana Maloo & Co., independent chartered accountant.

24. Consents in writing of the Selling Shareholder, the Directors, our Company's Company Secretary and Compliance Officer, our Company's Auditors, Indian Legal Counsel to our Company, Indian Legal Counsel to the BRLMs, Bankers to our Company, BRLMs, the Syndicate Members, Escrow Collection Bank, Public Offer Bank, Refund Bank, the Sponsor Bank, the Registrar to the Offer, to act in their respective capacities.

25. Due Diligence Certificate dated September 27, 2019 addressed to SEBI from the BRLMs.

26. In-principle listing approvals dated [●] and [●] issued by BSE and NSE, respectively.

27. Tripartite agreement dated January 13, 2016 among our Company, NSDL and the Registrar to the Offer.

28. Tripartite agreement dated February 17, 2017 among our Company, CDSL and the Registrar to the Offer.

29. SEBI observation letter no. [●] dated [●].

## DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations or guidelines issued by the Government of India or the regulations, rules or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, SCRR, the SEBI Act or rules or regulations made or guidelines issued thereunder, as the case may be. We further certify that all disclosures and statements made in this Draft Red Herring Prospectus are true and correct.

**SIGNED BY ALL THE DIRECTORS OF OUR COMPANY**

| | |
|---|---|
| ________________________ | ________________________ |
| **Kanubhai Mafatlal Patel**<br>*(Chairman and Managing Director)* | **Brijesh Kanubhai Patel**<br>*(Joint Managing Director)* |
| ________________________ | ________________________ |
| **Mrunal Kanubhai Patel**<br>*(Joint Managing Director)* | **Nareshkumar Pranshankar Suthar**<br>*(Whole-time Director)* |
| ________________________ | ________________________ |
| **Suhas Vasant Joshi**<br>*(Whole-time Director)* | **Ajay Vasantbhai Mehta**<br>*(Independent Director)* |
| ________________________ | ________________________ |
| **Ketan Harshadrai Mehta**<br>*(Independent Director)* | **Malini Ganesh**<br>*(Independent Director)* |
| ________________________ | ________________________ |
| **Suresh Natwarlal Patel**<br>*(Independent Director)* | **Dinesh Babulal Patel**<br>*(Independent Director)* |
| ________________________ | |
| **Dipak Kamlakar Palkar**<br>*(Independent Director)* | |

**SIGNED BY THE CHIEF FINANCIAL OFFICER**

________________________

**Nigam Gautambhai Shah**
*(Chief Financial Officer)*

Place: Ahmedabad
Date: September 26, 2019

## DECLARATION

The undersigned Selling Shareholder through its trustees, hereby certifies that all statements and undertakings made by it in this Draft Red Herring Prospectus in relation to itself and the Equity Shares being offered by it in the Offer for Sale are true and correct.

**Signed by the Selling Shareholder**

For **Kanubhai M. Patel Trust (represented through its trustees)**

| **Name** |
|---|
| __________________________ |
| **Kanubhai Mafatlal Patel**<br>*(Trustee)* |
| __________________________ |
| **Mrunal Kanubhai Patel**<br>*(Trustee)* |
| __________________________ |
| **Brijesh Kanubhai Patel**<br>*(Trustee)* |

Place: Ahmedabad
Date: September 26, 2019