PROSPECTUS
Dated March 8, 2021
Please read section 32 of the Companies Act, 2013
100% Book Built Offer

MTAR TECHNOLOGIES LIMITED

Our Company was incorporated as 'MTAR Technologies Private Limited' pursuant to a certificate of incorporation dated November 11, 1999 issued by the erstwhile Registrar of Companies, Andhra Pradesh at Hyderabad, upon the conversion of 'M/s Machine Tools Aids and Reconditioning', a partnership firm, into a private limited company, in accordance with the provisions of Part IX of the Companies Act, 1956. Thereafter, pursuant to the conversion of our Company to a public limited company, the name of our Company was changed to 'MTAR Technologies Limited', and a fresh certificate of incorporation dated November 2, 2020 was issued to our Company by the RoC. For further details on the changes in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 247.

Registered and Corporate Office: 18, Technocrats Industrial Estate, Balanagar, Hyderabad 500 037, Telangana, India; **Tel:** +91 40 4455 3333
Contact Person: Shubham Sunil Bagadia, Company Secretary and Compliance Officer; **Tel**: + 91 40 4455 3333; **E-mail:** shubham.bagadia@mtar.in
Website: www.mtar.in; **Corporate Identity Number**: U72200TG1999PLC032836

OUR PROMOTERS: PARVAT SRINIVAS REDDY, P. LEELAVATHI, K. SHALINI, D. ANITHA REDDY, C. USHA REDDY, G. KAVITHA REDDY, ANUSHMAN REDDY, P. KALPANA REDDY, SARANYA LOKA REDDY, A. MANOGNA AND M. MADHAVI

INITIAL PUBLIC OFFERING OF 10,372,419 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF MTAR TECHNOLOGIES LIMITED ("OUR COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ 575 PER EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 565 PER EQUITY SHARE) ("ISSUE PRICE") AGGREGATING TO ₹ 5,964.14** MILLION. THE OFFER COMPRISES OF A FRESH ISSUE OF 2,148,149** EQUITY SHARES* AGGREGATING TO ₹ 1,235.19 MILLION** ("FRESH ISSUE") AND AN OFFER FOR SALE OF 8,224,270** EQUITY SHARES AGGREGATING TO ₹ 4,728.95** MILLION, COMPRISING OF 450,000** EQUITY SHARES BY P. LEELAVATHI, 300,000** EQUITY SHARES BY PARVAT SRINIVAS REDDY, 149,970** EQUITY SHARES BY P. KALPANA REDDY, 300,000** EQUITY SHARES BY SARANYA LOKA REDDY, 200,000** EQUITY SHARES BY C. USHA REDDY, 300,000** EQUITY SHARES BY G. KAVITHA REDDY, 125,000** EQUITY SHARES BY D. ANITHA REDDY, 225,000** EQUITY SHARES BY K. SHALINI AND 300,000** EQUITY SHARES BY A. MANOGNA (COLLECTIVELY THE "PROMOTER SELLING SHAREHOLDERS") AND 5,784,300** EQUITY SHARES BY FABMOHUR ADVISORS LLP AND 90,000** EQUITY SHARES BY P. SIMHADRI REDDY (COLLECTIVELY THE "INVESTOR SELLING SHAREHOLDERS", AND TOGETHER WITH THE PROMOTER SELLING SHAREHOLDERS, THE "SELLING SHAREHOLDERS") (THE "OFFER FOR SALE", AND TOGETHER WITH THE FRESH ISSUE, THE "OFFER"). THE OFFER WILL CONSTITUTE 33.72%** OF OUR POST-OFFER PAID-UP EQUITY SHARE CAPITAL.**

**** OUR COMPANY HAS, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, UNDERTAKEN A PRE-IPO PLACEMENT OF 1,851,851 EQUITY SHARES, AGGREGATING TO ₹ 1,000.00 MILLION ("PRE-IPO PLACEMENT"). THE SIZE OF THE FRESH ISSUE AS DISCLOSED IN THE DRAFT RED HERRING PROSPECTUS, OF UP TO 4,000,000 EQUITY SHARES, HAS BEEN REDUCED BY 1,851,851 EQUITY SHARES PURSUANT TO THE PRE-IPO PLACEMENT, AND ACCORDINGLY, THE FRESH ISSUE WAS OF 2,148,149 EQUITY SHARES.***
***** SUBJECT TO FINALISATION OF THE BASIS OF ALLOTMENT.***

This Offer was made in terms of Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended ("**SCRR**") read with Regulation 31 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "**SEBI ICDR Regulations**"). This Offer was made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer was available for allocation on a proportionate basis to Qualified Institutional Buyers ("**QIBs**") (the "**QIB Portion**"), and our Company and the Selling Shareholders in consultation with the BRLMs allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from the domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the Net QIB Portion was available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion was 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 was available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price. All Bidders, other than Anchor Investors, were mandatorily required to participate in the Offer through the Application Supported by Blocked Amount ("**ASBA**") process by providing details of their respective ASBA Account, which were blocked by the Self Certified Syndicate Banks ("**SCSBs**"), or through the UPI Mechanism. Anchor Investors were not permitted to participate in the Anchor Investor Portion through the ASBA Process. For details, see "*Offer Procedure*" beginning on page 466.

RISK IN RELATION TO THE FIRST OFFER

This being the first public issue of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10. The Offer Price, Floor Price and Price Band 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 in the Equity Shares nor regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

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 the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to "*Risk Factors*" beginning on page 29.

ISSUER'S AND SELLING SHAREHOLDERS' ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this 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 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 Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Each of the Selling Shareholders, severally and not jointly, accepts responsibility for and confirms that the statements made or confirmed by such Selling Shareholder in this Prospectus to the extent of information specifically pertaining to them and their respective portion of the Equity Shares offered in the Offer for Sale and assume 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 and this Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated January 1, 2021 and January 20, 2021, respectively. For the purposes of the Offer, the Designated Stock Exchange shall be NSE. A signed copy of the Red Herring Prospectus was filed with the RoC in accordance with Section 26(4) and 32 of the Companies Act, 2013, and a signed copy of this Prospectus shall be filed with the RoC in accordance with Section 26(4) and 32 of the Companies Act, 2013. For details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/ Offer Closing Date, see "*Material Contracts and Documents for Inspection*" beginning on page 545.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
JM FINANCIAL	IIFL SECURITIES	KFINTECH
JM Financial Limited 7th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025 Maharashtra, India **Tel:** + 91 22 6630 3030 **Email:** mtar.ipo@jmfl.com **Investor grievance e-mail**: grievance.ibd@jmfl.com **Website**: www.jmfl.com **Contact Person**: Prachee Dhuri **SEBI Registration No**: INM000010361	**IIFL Securities Limited** 10th Floor, IIFL Centre Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013 Maharashtra, India **Tel:** + 91 22 4646 4600 **Email:** mtar.ipo@iiflcap.com **Investor grievance e-mail**: ig.ib@iiflcap.com **Website**: www.iiflcap.com **Contact Person**: Devendra Maydeo / Sachin Jagad **SEBI Registration No**: INM000010940	**KFin Technologies Private Limited** *(formerly known as "Karvy Fintech Private Limited")* Selenium, Tower B, Plot No 31 and 32, Financial District, Nanakramguda, Serilingampally Hyderabad, Rangareddi 500 032 Telangana, India **Telephone**: +91 40 6716 2222 **E-mail**: mtar.ipo@kfintech.com **Website**: www.kfintech.com **Investor grievance e-mail**: einward.ris@kfintech.com **Contact Person**: M. Murali Krishna **SEBI Registration No**: INR000000221

BID / OFFER PROGRAMME	
BID / OFFER OPENED ON	Wednesday, March 3, 2021*
BID / OFFER CLOSED ON	Friday, March 5, 2021

* *The Anchor Investor Bidding Date was one Working Day prior to the Bid/Offer Opening Date, i.e. March 2, 2021.*

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SECTION I - GENERAL

DEFINITIONS AND ABBREVIATIONS

This 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, and references to any legislation, act, regulation, rules, guidelines or policies shall be to such legislation, act, regulation, rule guidelines or policy as amended from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Prospectus but not defined herein, shall have, to the extent applicable, the meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act or the rules and regulations made thereunder.

Notwithstanding the foregoing, terms in "Main Provisions of the Articles of Association", "Statement of Special Tax Benefits", "Industry Overview", "Key Regulations and Policies", "Restated Financial Statements", "Basis of Offer Price" and "Outstanding Litigation and Other Material Developments", beginning on pages 472, 105, 110, 237, 279, 103 and 425 will have the meaning ascribed to such terms in those respective sections.

General terms

Term	Description
our Company / the Company / we / us / our / the Issuer	MTAR Technologies Limited, a public limited company incorporated under the Companies Act, 1956 and having its Registered and Corporate Office at 18, Technocrats Industrial Estate, Balanagar, Hyderabad 500 037, Telangana, India

Company related terms

Term	Description
2007 Scheme	Scheme of amalgamation between MARC Manufacturers Private Limited and our Company, as approved by the High Court of Judicature at Hyderabad pursuant to its order dated October 6, 2007
2014 Scheme	Scheme of amalgamation between MMPL, MTPL, MMTSPL and our Company, as approved by the High Court of Judicature at Hyderabad pursuant to its order dated July 7, 2014
Additional Director(s)	Additional director(s) of our Company
AGM	Annual general meeting of our Shareholders, as convened from time to time
AoA / Articles of Association / Articles	The articles of association of our Company, as amended
Audit Committee	Audit committee of our Company, described in "*Our Management – Corporate Governance*" on page 261
Auditors / Statutory Auditors	The statutory auditors of our Company, currently being M/s S. R. Batliboi & Associates LLP, Chartered Accountants
Board / Board of Directors	The board of directors of our Company
Chief Financial Officer	Chief financial officer of our Company
Company Secretary	Company secretary of our Company
Compliance Officer	Compliance officer of our Company appointed in accordance with the requirements of the SEBI Listing Regulations and the SEBI ICDR Regulations
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Company, described in "*Our Management – Corporate Governance*" on page 261
Director(s)	The director(s) on our Board
EOU Unit	The manufacturing facility of our Company which is classified as a 100% export-oriented unit, and situated at survey no. 149/P CIE, Gandhinagar, Quthubullapur Medchal, Hyderabad 500 037, Telangana, India, offering advanced CNC machining, assembly, special processes and quality control facilities
Equity Shares	The equity shares of our Company of face value of ₹ 10 each
Executive Director(s)	Executive director(s) of our Company
Independent Director(s)	Independent director(s) of our Company
Investor Selling Shareholders	Fabmohur Advisors LLP and P. Simhadri Reddy
Investors	Collectively, Fabmohur Advisors LLP and Solidus Advisors LLP
IPO Committee	IPO committee of the board of directors of the Company, comprising Venkatsatishkumar Reddy Gangapatnam, Mathew Cyriac and Parvat Srinivas Reddy

Term	Description
KMP / Key Managerial Personnel	Key managerial personnel of our Company in terms of Regulation 2(1) (bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act, 2013 and as further described in "*Our Management – Key Managerial Personnel*" on page 267
Managing Director	The managing director of our Company
MASPL	Magnatar Aero Systems Private Limited
Materiality Policy	The policy adopted by our Board on December 14, 2020, for identification of material (a) outstanding litigation proceedings; (b) group companies; and (c) creditors, pursuant to the requirements of the SEBI ICDR Regulations and for the purposes of disclosure in this Prospectus
MoA / Memorandum of Association	The memorandum of association of our Company, as amended
MMPL	Montage Manufacturers Private Limited
MTPL	Modular Tools Private Limited
MMTSPL	MTAR Metal Treatment Systems Private Limited
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, described in "*Our Management – Corporate Governance*" on page 261
Non-Executive Director(s)	Non-executive directors of our Company
Previous Auditors	The previous statutory auditors of our Company, M/s Seshachalam & Co., Chartered Accountants, who have audited our financial statements for Fiscals 2018 and 2019
Promoter Group	Persons and entities constituting the promoter group of our Company, pursuant to Regulation 2 (1)(pp) of the SEBI ICDR Regulations and as disclosed in "*Our Promoters and Promoter Group*" on page 264
Promoter(s)	The Promoter(s) of our Company, namely Parvat Srinivas Reddy, P. Leelavathi, K. Shalini, D. Anitha Reddy, C. Usha Reddy, G. Kavitha Reddy, Anushman Reddy, P. Kalpana Reddy, Saranya Loka Reddy, A. Manogna and M. Madhavi. For details, see "*Our Promoters and Promoter Group*" on page 271
Promoter Selling Shareholders	P. Leelavathi, Parvat Srinivas Reddy, P. Kalpana Reddy, Saranya Loka Reddy, C. Usha Reddy, G. Kavitha Reddy, D. Anitha Reddy, K. Shalini and A. Manogna.
Registered and Corporate Office	The registered and corporate office of our Company, situated at 18, Technocrats Industrial Estate, Balanagar, Hyderabad 500 037, Telangana, India
Restated Consolidated Financial Information	Our restated Ind AS consolidated summary statement of assets and liabilities as at December 31, 2020, December 31, 2019 and March 31, 2020 and the restated Ind AS consolidated summary statement of profits and losses (including other comprehensive income) and the restated Ind AS consolidated summary statement of cash flow and the restated Ind AS consolidated summary statement of changes in equity for the nine months ended December 31, 2020 and December 31, 2019, and Fiscal ended March 31, 2020, together with the summary statement of significant accounting policies and other explanatory information thereon, each derived from our audited consolidated financial statements as at and for the nine months ended December 31, 2020 and December 31, 2019, both prepared in accordance with Ind AS 34, and the Fiscal ended March 31, 2020, prepared in accordance with Ind AS, and restated in accordance with the SEBI ICDR Regulations, as amended from time to time, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI
Restated Financial Statements	The restated financial information of our Company, comprising (i) our Restated Unconsolidated Financial Information, and (ii) our Restated Consolidated Financial Information
Restated Unconsolidated Financial Information	Our restated Ind AS unconsolidated summary statement of assets and liabilities as at December 31, 2020, December 31, 2019, March 31, 2020, March 31, 2019 and March 31, 2018 and the restated Ind AS unconsolidated summary statement of profits and losses (including other comprehensive income), the restated Ind AS unconsolidated summary statement of cash flow and the restated Ind AS unconsolidated summary statement of changes in equity of our Company for the nine months periods ended December 31, 2020 and December 31, 2019 and each of the Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018, the summary statement of significant accounting policies and other explanatory information, each derived from our audited unconsolidated financial statements as at and for the nine months ended December 31, 2020 and December 31, 2019, both prepared in accordance with Ind AS 34, and the Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018, all prepared in accordance with Ind AS, and restated in accordance with the SEBI ICDR Regulations, as amended from time to time, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI
RoC / Registrar of Companies	The Registrar of Companies, Telangana at Hyderabad
Selling Shareholders	Collectively, the Promoter Selling Shareholders and the Investor Selling Shareholders
Shareholders	The holders of the Equity Shares from time to time

Term	Description
Stakeholders Relationship Committee	The stakeholders' relationship committee of our Company, described in "*Our Management – Corporate Governance*" on page 261
Subsidiary	Subsidiary of our Company, as defined under the Companies Act, 2013 and the applicable accounting standard, namely MASPL
Unit 1	The manufacturing facility of our Company situated at 18, Technocrats Industrial Estate, Balanagar, Hyderabad 500 037, Telangana, India, offering advanced CNC machining and quality control facilities.
Unit 2	The manufacturing facility of our Company situated at Survey No. 149/P, IDA, Jagadgirigutta Road, Gandhinagar, Hyderabad 500 037, Telangana, India, offering advanced CNC machining, assembly, specialised fabrication, quality control and testing facilities
Unit 3	The manufacturing facility of our Company situated at Plot No. 97 and 100A, Co-operative Industrial Estate, (E.P.), Gandhinagar, Hyderabad 500 037 Telangana, India, offering advanced CNC machining and quality control facilities
Unit 4	The manufacturing facility of our Company situated at B-34, EEIE, Balanagar Township, Hyderabad 500 037, Telangana, India, offering rough machining facilities
Unit 5	The manufacturing facility of our Company situated at 58/C, Phase-1, IDA, Jeedimetla, Hyderabad 500 055, Telangana, India, offering heat treatment and surface treatment facilities
Unit 6	The manufacturing facility of our Company situated at Survey No. 149-A, IDA, Jagadgirigutta Road, Gandhinagar, Hyderabad 500 037, Telangana, India, offering rough machining facilities

Offer Related Terms

Term	Description
Acknowledgement Slip	The slip or document issued by a Designated Intermediary(ies) to a Bidder as proof of registration of the Bid cum Application Form
Allot / Allotment / Allotted	Unless the context otherwise requires, allotment or transfer, as the case may be of Equity Shares offered pursuant to the Fresh Issue and transfer of the Offered Shares by the Selling Shareholders pursuant to the Offer for Sale to the successful Bidders
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange
Allottee	A successful Bidder to whom the Equity Shares are Allotted
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and the Red Herring Prospectus
Anchor Investor Allocation Price	₹ 575 per Equity Share, being the price at which Equity Shares were allocated to Anchor Investors in terms of the Red Herring Prospectus and this Prospectus, which was decided by our Company and the Selling Shareholders, in consultation with the BRLMs during the Anchor Investor Bidding Date
Anchor Investor Application Form	The form used by an Anchor Investor to make a Bid in the Anchor Investor Portion and which was considered as an application for Allotment in terms of the Red Herring Prospectus and this Prospectus
Anchor Investor Bidding Date	The day, being one Working Day prior to the Bid/Offer Opening Date, on which Bids by Anchor Investors were submitted, prior to and after which the BRLMs did not accept any Bids from Anchor Investors, and allocation to Anchor Investors was completed, in this case being March 2, 2021
Anchor Investor Offer Price	₹ 575 per Equity Share, being the final price at which the Equity Shares shall be Allotted to Anchor Investors in terms of the Red Herring Prospectus and this Prospectus. The Anchor Investor Offer Price was decided by our Company and the Selling Shareholders, in consultation with the BRLMs
Anchor Investor Portion	60% of the QIB Portion (as disclosed in the Red Herring Prospectus), consisting of 3,111,725 Equity Shares, which was allocated by our Company and the Selling Shareholders in consultation with the BRLMs, to Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price
Anchor Investor Pay-In Date	With respect to Anchor Investor(s), the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, not later than two Working Days after the Bid/ Offer Closing Date

Term	Description
Application Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorize an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB or to block the Bid Amount using the UPI Mechanism
ASBA Account	A bank account maintained with an SCSB which has been blocked by such SCSB or the account of the RIBs blocked upon acceptance of UPI Mandate Request by the RIBs using the UPI Mechanism to the extent of the Bid Amount of the ASBA Bidder
ASBA Bidders	All Bidders except Anchor Investors
ASBA Form	An application form, whether physical or electronic, used by ASBA Bidders which was considered as the application for Allotment in terms of the Red Herring Prospectus and this Prospectus
Banker(s) to the Offer	Collectively, the Escrow Collection Bank(s), Refund Bank(s), Sponsor Bank and Public Offer Account Bank(s)
Basis of Allotment	Basis on which Equity Shares will be Allotted to successful Bidders under the Offer, as described in "*Offer Procedure*" beginning on page 466
Bid	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or during the Anchor Investor Bidding Date by an Anchor Investor pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares of our Company at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations. The term "**Bidding**" shall be construed accordingly
Bid Amount	The highest value of optional Bids indicated in the Bid cum Application Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidders, as the case maybe, upon submission of the Bid in the Offer, as applicable
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires
Bid Lot	26 Equity Shares and in multiples of 26 Equity Shares thereafter
Bid / Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries did not accept any Bids, being March 5, 2021
Bid / Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries started accepting Bids, being March 3, 2021
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 have submitted their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor
Bidding Centres	Centres at which at the Designated Intermediaries have accepted the ASBA Forms, i.e., Designated SCSB Branches for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made
Book Running Lead Managers / BRLMs	The book running lead managers to the Offer namely, JM Financial Limited and IIFL Securities Limited
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders could submit the ASBA Forms to a Registered Broker The details of such Broker Centres, along with the names and contact details of the Registered Broker are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
CAN / Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to Anchor Investors, who have been allocated the Equity Shares, on/after the Anchor Investor Bidding Date
Cap Price	The higher end of the Price Band, being ₹ 575 per Equity Share
Cash Escrow and Sponsor Bank Agreement	Agreement dated February 20, 2021 entered into by our Company, the Selling Shareholders, the Registrar to the Offer, the members of the Syndicate, and the Banker(s) to the Offer for the appointment of the Sponsor Bank in accordance with the UPI Circulars, the collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account(s) and where applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof
Client ID	Client identification number maintained with one of the Depositories in relation to demat account
Collecting Depository Participant / CDP	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations as per the list available on the websites of BSE and NSE

Term	Description
Collecting Registrar and Share Transfer Agents / CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of the UPI Circulars
Cut-off Price	Offer Price, finalised by our Company and the Selling Shareholders, in consultation with the BRLMs, being ₹ 575 per Equity Share Only Retail Individual Bidders were entitled to Bid at the Cut-off Price. QIBs, including Anchor Investors, and Non-Institutional Bidders were not entitled to Bid at the Cut-off Price
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father / husband, investor status, occupation and bank account details and UPI ID, where applicable
Designated CDP Locations	Such locations of the CDPs where Bidders could submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated Date	The date on which funds are transferred from the Escrow Account(s) and the amounts blocked are transferred from the ASBA Accounts, as the case may be, to the Public Offer Account(s) or the Refund Account(s), as appropriate, in terms of the Red Herring Prospectus and this Prospectus, after the finalisation of the Basis of Allotment in consultation with the Designated Stock Exchange, following which the Board of Directors may Allot Equity Shares to successful Bidders in the Offer
Designated Intermediaries	In relation to ASBA Forms submitted by RIBs by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by RIBs where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such RIB using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, sub-syndicate/agents, Registered Brokers, CDPs, SCSBs and RTAs. In relation to ASBA Forms submitted by QIBs and non-institutional Bidders, Designated Intermediaries shall mean Syndicate, Sub-Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTAs
Designated RTA Locations	Such locations of the RTAs where Bidders could submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com)
Designated SCSB Branches	Such branches of the SCSBs which collected the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time
Designated Stock Exchange	NSE
Draft Red Herring Prospectus / DRHP	The draft red herring prospectus dated December 18, 2020 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it was not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and the Red Herring Prospectus constituted an invitation to subscribe to or to purchase the Equity Shares
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank(s) and in whose favour the Anchor Investors have transferred money through direct credit / NEFT / RTGS / NACH in respect of the Bid Amount when submitting a Bid
Escrow Collection Bank(s)	The Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Escrow Account(s) will be opened, in this case being Axis Bank Limited
First Bidder	Bidder whose name has been mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name also shall appear as the first holder of the beneficiary account held in joint names
Floor Price	The lower end of the Price Band, being ₹ 574 per Equity Share

Term	Description
Fresh Issue	The fresh issue component of the Offer comprising of an issuance by our Company of 2,148,149* Equity Shares at ₹ 575 per Equity Share (including a premium of ₹ 565 per Equity Share) aggregating to ₹ 1,235.19 million.* Our Company has, in consultation with the Book Running Lead Managers, undertaken a Pre-IPO Placement of 1,851,851 Equity Shares, aggregating to ₹ 1,000.00 million. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, of up to 4,000,000 Equity Shares, accordingly has been reduced by 1,851,851 Equity Shares pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue was of 2,148,149 Equity Shares. * *Subject to finalisation of the Basis of Allotment*
General Information Document	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs
Gross Proceeds	The proceeds from the Offer, less the amount to be raised from the Offer for Sale
Mobile App(s)	The mobile applications listed on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as may be updated from time to time, which may be used by RIBs to submit Bids using the UPI Mechanism
Monitoring Agency	Axis Bank Limited
Mutual Fund Portion	5% of the Net QIB Portion, or 103,725* 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 * *Subject to finalisation of the Basis of Allotment*
Net Proceeds	The proceeds from the Fresh Issue less the Offer related expenses applicable to the Fresh Issue. For further details regarding the use of the Net Proceeds and the Offer related expenses, see "*Objects of the Offer*" beginning on page 100
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors
Non-Institutional Bidder / NIBs	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than ₹ 200,000 (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer, consisting of 1,555,863* Equity Shares, which was available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Offer Price * *Subject to finalisation of the Basis of Allotment*
Non-Resident	A person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs
Offer	The initial public offering of the Equity Shares of our Company by way of the Fresh Issue and the Offer for Sale
Offer Agreement	The agreement dated December 16, 2020 amongst our Company, the Selling Shareholders and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Offer
Offer Price	The final price at which Equity Shares will be Allotted to successful Bidders, other than Anchor Investors. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price in terms of the Red Herring Prospectus and this Prospectus. The Offer Price was decided by our Company and the Selling Shareholders, in consultation with the BRLMs on the Pricing Date, in accordance with the Book Building Process and in terms of the Red Herring Prospectus
Offer Proceeds	The proceeds of the Fresh Issue which shall be available to our Company and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further information about use of the Offer Proceeds, see "*Objects of the Offer*" beginning on page 100
Offer for Sale	The offer for sale component of the Offer, comprising of an offer for sale of 8,224,270* Equity Shares at ₹ 575 per Equity Share aggregating to ₹ 4,728.95 million,* comprising 450,000* Equity Shares by P. Leelavathi, 300,000* Equity Shares by Parvat Srinivas Reddy, 149,970* equity shares by P. Kalpana Reddy, 300,000* Equity Shares by Saranya Loka Reddy, 200,000* Equity Shares by C. Usha Reddy, 300,000* Equity Shares by G. Kavitha Reddy, 125,000* Equity Shares by D. Anitha Reddy, 225,000* Equity Shares by K. Shalini, 300,000* Equity Shares by A. Manogna, 5,784,300* Equity Shares by Fabmohur Advisors LLP and 90,000* Equity Shares by P. Simhadri Reddy * *Subject to finalisation of the Basis of Allotment*

Term	Description
Offered Shares	The Equity Shares being offered by the Selling Shareholders as part of the Offer for Sale comprising of an aggregate of 8,224,270* Equity Shares divided into 450,000* Equity Shares by P. Leelavathi, 300,000* Equity Shares by Parvat Srinivas Reddy, 149,970* equity shares by P. Kalpana Reddy, 300,000* Equity Shares by Saranya Loka Reddy, 200,000* Equity Shares by C. Usha Reddy, 300,000* Equity Shares by G. Kavitha Reddy, 125,000* Equity Shares by D. Anitha Reddy, 225,000* Equity Shares by K. Shalini, 300,000* Equity Shares by A. Manogna, 5,784,300* Equity Shares by Fabmohur Advisors LLP and 90,000* Equity Shares by P. Simhadri Reddy * *Subject to finalisation of the Basis of Allotment*
Pre-IPO Placement	Issue of 1,851,851 Equity Shares by our Company, in consultation with the BRLMS, comprising of (i) Private placement of 425,926 Equity Shares to SBI Magnum Global Fund, 425,926 Equity Shares to SBI Contra Fund and 444,444 Equity Shares to SBI Small Cap Fund, for cash, at a price of ₹ 540.00 per Equity Share aggregating to ₹ 700.00 million, pursuant to a resolution of our Board dated February 16, 2021; and (ii) private placement of 12,963 Equity Shares to Axis Regular Saver Fund, 444,444 Equity Shares to Axis Small Cap Fund and 98,148 to Axis Children's Gift Fund for cash, at a price of ₹ 540.00 per equity share aggregating to ₹ 300.00 million, pursuant to a resolution of our Board dated February 16, 2021. For further details in relation to the Pre-IPO Placement, see "*Capital Structure*" on page 77
Price Band	Price band of a minimum price of ₹ 574 per Equity Share (Floor Price) and the maximum price of ₹ 575 per Equity Share (Cap Price). The Price Band and the minimum Bid Lot for the Offer have been decided by our Company and the Selling Shareholders in consultation with the BRLMs, and have been advertised in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and the Hyderabad edition of Surya, a Telugu newspaper, Telugu being the regional language of Telangana, where our Registered and Corporate 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 were made available to the Stock Exchanges for the purpose of uploading on their respective websites
Pricing Date	The date on which our Company and the Selling Shareholders in consultation with the BRLMs, have finalised the Offer Price
Promoters' Contribution	Aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company that is eligible to form part of the minimum promoter's contribution, as required under the provisions of the SEBI ICDR Regulations, held by our Promoters, which shall be locked-in for a period of three years from the date of Allotment
Prospectus	This Prospectus dated March 8, 2021, to be filed with the RoC in accordance with the Companies Act, 2013, and the SEBI ICDR Regulations containing, *inter alia*, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto
Public Offer Account(s)	Bank account(s) opened with the Public Offer Account Bank(s) under Section 40(3) of the Companies Act, 2013, to receive monies from the Escrow Account(s) and ASBA Accounts on the Designated Date
Public Offer Account Bank(s)	The banks with which the Public Offer Account(s) is opened for collection of Bid Amounts from Escrow Account(s) and ASBA Accounts on the Designated Date, in this case being ICICI Bank Limited
QIB Category / QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer, consisting of 5,186,209* Equity Shares which shall be Allotted to QIBs (including Anchor Investors) * *Subject to finalisation of the Basis of Allotment*
Qualified Institutional Buyers / QIBs / QIB Bidders"	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations
Red Herring Prospectus / RHP	The red herring prospectus dated February 22, 2021 issued in accordance with Section 32 of the Companies Act, 2013 and the provisions of the SEBI ICDR Regulations, which did not have complete particulars of the price at which the Equity Shares have been offered and the size of the Offer including any addenda or corrigenda thereto The Red Herring Prospectus was filed with the RoC at least three Working Days before the Bid/Offer Opening Date
Refund Account(s)	The account(s) opened with the Refund Bank(s), from which refunds, if any, of the whole or part of the Bid Amount to the Anchor Investors shall be made
Refund Bank(s)	The Banker(s) to the Offer with whom the Refund Account(s) has been opened, in this case being Axis Bank Limited
Registered Brokers	Stock brokers registered with the stock exchanges having nationwide terminals, other than the BRLMs and the Syndicate Member and eligible to procure Bids

Term	Description
Registrar Agreement	The agreement dated December 12, 2020 among our Company, the Selling Shareholders and the Registrar to the Offer in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer
Registrar and Share Transfer Agents / RTAs	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 and NSE
Registrar to the Offer / Registrar	KFin Technologies Private Limited
Retail Individual Bidder(s) / RIB(s)	Individual Bidders, who have Bid for the Equity Shares for an amount not more than ₹200,000 in any of the bidding options in the Offer (including HUFs applying through their *karta* and Eligible NRIs and does not include NRIs other than Eligible NRIs)
Retail Portion	The portion of the Offer being not less than 35% of the Offer consisting of 3,630,347* Equity Shares, which shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price * *Subject to finalisation of the Basis of Allotment*
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s), as applicable QIB Bidders and Non-Institutional Bidders were 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 could revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date
Self-Certified Syndicate Bank(s) / SCSB(s)	The banks registered with SEBI, offering services: (a) in relation to ASBA (other than using the UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, as applicable or such other website as may be prescribed by SEBI from time to time; and (b) in relation to ASBA (using the UPI Mechanism), a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40, or such other website as may be prescribed by SEBI from time to time
Share Escrow Agent	Escrow agent appointed pursuant to the Share Escrow Agreement, namely, KFin Technologies Private Limited
Share Escrow Agreement	Agreement dated February 19, 2021 entered into amongst the Selling Shareholders, our Company and the Share Escrow Agent in connection with the transfer of Equity Shares under the Offer by such Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees
Specified Locations	Bidding centres where the Syndicate accepted ASBA Forms from Bidders
Sponsor Bank	The Banker to the Offer registered with SEBI, which has been appointed by our Company to act as a conduit between the Stock Exchanges and the NPCI in order to push the mandate collect requests and / or payment instructions of the RIBs, using the UPI Mechanism and carry out any other responsibilities in terms of the UPI Circulars, in this case being ICICI Bank Limited
Stock Exchanges	Collectively, BSE and NSE
Syndicate	Together, the BRLMs and the Syndicate Member
Syndicate Agreement	Agreement dated February 19, 2021 entered into among our Company, the Selling Shareholders, the BRLMs and the Syndicate Member in relation to collection of Bid cum Application Forms by Syndicate
Syndicate Member	Intermediary (other than the BRLMs) registered with SEBI who is permitted to accept bids, applications and place order with respect to the Offer and carry out activities as an underwriter, namely, JM Financial Services Limited
Systemically Important Non-Banking Financial Company / NBFC-SI	Systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations
Underwriters	The BRLMs and the Syndicate Member
Underwriting Agreement	The agreement dated March 6, 2021, entered into and among the Underwriters, our Company and the Selling Shareholders
UPI	Unified Payments Interface, which is an instant payment mechanism developed by NPCI
UPI Circulars	SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019, SEBI circular number SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019, SEBI circular number SEBI/HO/CFD/DIL2/CIR/P/2020 dated March 30, 2020 and any subsequent circulars or notifications issued by SEBI in this regard.

Term	Description
UPI ID	ID created on UPI for single-window mobile payment system developed by the NPCI
UPI Mandate Request	A request (intimating the RIB by way of a notification on the UPI Mobile App and by way of a SMS directing the RIB to such UPI Mobile App) to the RIB initiated by the Sponsor Bank to authorise blocking of funds in the relevant ASBA Account through the UPI Mobile App equivalent to the Bid Amount and subsequent debit of funds in case of Allotment
UPI Mechanism	The mechanism used by an RIB to make a Bid in the Offer in accordance with the UPI Circulars
UPI PIN	Password to authenticate UPI transaction
Wilful Defaulter	A company or person, as the case may be, categorised as a wilful defaulter by any bank or financial institution or consortium thereof, in accordance with the guidelines on wilful defaulters issued by the RBI
Working Day	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

Conventional and General Terms and Abbreviations

Term	Description
AAEC	Appreciable adverse effect on competition in the relevant market in India
AIF(s)	Alternative Investment Funds
ASME	American Society of Mechanical Engineers
ASTM	American Society for Testing and Materials
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CCI	Competition Commission of India
Category I AIF	AIFs who are registered as "Category I Alternative Investment Funds" under the SEBI AIF 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
Category III AIF	AIFs who are registered as "Category III Alternative Investment Funds" under the SEBI AIF Regulations
CDSL	Central Depository Services (India) Limited
CIN	Corporate Identity Number
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the relevant rules made thereunder
Companies Act / Companies Act, 2013	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder, as amended to the extent currently in force
Competition Act	Competition Act, 2002
Consolidated FDI Policy	The consolidated FDI Policy, issued by the Department of Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, and any modifications thereto or substitutions thereof, issued from time to time
CSR	Corporate Social Responsibility
Depositories	NSDL and CDSL, collectively
Depositories Act	The Depositories Act, 1996
DIN	Director Identification Number
DP ID	Depository Participant's identity number
DPIIT	The Department for Promotion of Industry and Internal Trade (earlier known as Department of Industrial Policy and Promotion)
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortization
EPA	Environment Protection Act, 1986
EPF Act	Employees' Provident Fund and Miscellaneous Provisions Act, 1952
EPS	Earnings per share
ERP	Enterprise resource planning
ESI Act	Employees' State Insurance Act, 1948
ESIC	Employees' State Insurance Corporation
ESOP	Employee stock option plan
EUR / Euro	Euro, the official currency of the European Union
Explosives Act	Explosives Act, 1884

Term	Description
FCNR Account	Foreign Currency Non Resident (Bank) account established in accordance with the FEMA
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999 read with rules and regulations thereunder
FEMA NDI Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
FEMA Regulations	Foreign Exchange Management (Transfer of Issue of Security by a Person Resident outside India) Regulations, 2017
Financial Year / Fiscal / Fiscal Year	The period of 12 months commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year
FPIs	Foreign Portfolio Investors, as defined under SEBI FPI Regulations
FVCI	Foreign Venture Capital Investors (as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000) registered with SEBI
GAAR	General Anti-Avoidance Rules
GDP	Gross Domestic Product
GoI / Government / Central Government	Government of India
GST	Goods and services tax
HUF(s)	Hindu Undivided Family(ies)
IAS Rules	Companies (Indian Accounting Standards) Rules, 2015, as amended
ICAI	Institute of Chartered Accountants of India
ICDS	Income Computation and Disclosure Standards
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
IFSC	Indian Financial System Code
Income Tax Act	Income Tax Act, 1961
Ind AS	The Indian Accounting Standards notified under Section 133 of the Companies Act, 2013 read with the IAS Rules
Ind AS 24	Indian Accounting Standard 24, notified by the Ministry of Corporate Affairs under Section 133 of the Companies Act, 2013 read with IAS Rules
Indian GAAP	Accounting standards notified under section 133 of the Companies Act, 2013, read with Companies (Accounting Standards) Rules, 2006, as amended) and the Companies (Accounts) Rules, 2014, as amended
INR / Rupee / ₹ / Rs.	Indian Rupee, the official currency of the Republic of India
IT	Information Technology
KYC	Know Your Customer
MAT	Minimum Alternate Tax
MCA	The Ministry of Corporate Affairs, Government of India
Mn	Million
MoU	Memorandum of Understanding
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
MT	Metric Tonne
Negotiable Instruments Act	The Negotiable Instruments Act, 1881
NAV	Net Asset Value
NEFT	National Electronic Fund Transfer
NPCI	National Payments Corporation of India
NR / Non-resident	A person resident outside India, as defined under the FEMA and includes an NRI
NRI	Non-Resident Indian as defined under the FEMA Regulations
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB	Overseas Corporate Body
P/E Ratio	Price/Earnings Ratio
PAN	Permanent account number
PAT	Profit after tax
Payment of Bonus Act	Payment of Bonus Act, 1965
Payment of Gratuity Act	Payment of Gratuity Act, 1972
PPE	Property, plant and equipment
R&D	Research and development
RBI	The Reserve Bank of India
Regulation S	Regulation S under the U.S. Securities Act
RTGS	Real Time Gross Settlement
SCRA	Securities Contract (Regulation) Act, 1956
SCRR	The Securities Contracts (Regulation) Rules, 1957

Term	Description
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014
SEBI FVCI Regulations	The Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Insider Trading Regulations	The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI VCF Regulations	The Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996
STT	Securities Transaction Tax
Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
Trademarks Act	Trademarks Act, 1999
TSPCB	Telangana State Pollution Control Board
US$ / USD / US Dollar	United States Dollar, the official currency of the United States of America
USA / U.S. / US	United States of America and its territories and possessions, including any state of the United States of America, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia
U.S. GAAP	Generally Accepted Accounting Principles in the United State of America
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VAT	Value Added Tax
VCFs	Venture capital funds as defined in and registered with the SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996 or the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as the case may be

Technical/ Industry Related Terms

Term	Description
Bloom Energy	Bloom Energy Inc., United States
BOM	Bill of materials
CHAS	Channel Health Assessment System
CMM	3D co-ordinate measuring machines
CNC	Computerized numerical control
Company Commissioned CRISIL Report	The report released in December 2020 and titled "*Assessment of global and Indian engineering equipment industry*" prepared by CRISIL, upon our Company's request, pursuant to a commercial engagement
CRISIL	CRISIL Limited
DRDO	Defence Research and Development Organisation
EB	Electron-beam
EDM	Electrical discharge machining
EOU	Export-oriented unit
GSLV	Geosynchronous satellite launch vehicle
HFTC	Hydraulic fin tip control
HMC	Horizontal machining centres
ISRO	Indian Space Research Organisation
LCA	Light combat aircraft
LSRV	Latchable series redundant valves
MIG	Metal inert gas
NDT	Non-destructive testing
NPCIL	Nuclear Power Corporation of India Limited
OEM	Original equipment manufacturer
Order Book	As of a certain date, the total value of contracts that have not been executed as of such date
PSLV	Polar satellite launch vehicle
QAP	Quality assurance plans
SITVC	Secondary injection thrust vector control

Term	Description
SPM	Special purpose machines
SSLV	Small satellite launch vehicle
TIG	Tungsten inert gas
VMC	Vertical machining centers

CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references in this Prospectus to "India" are to the Republic of India and its territories and possessions and all references herein to the "Government", "Indian Government", "GoI", "Central Government" or the "State Government" are to the Government of India, central or state, as applicable.

All references herein to the "US", the "U.S." or the "United States" are to the United States of America and its territories and possessions, including any state of the United States of America, Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands and the District of Columbia.

Unless indicated otherwise, all references to page numbers in this Prospectus are to page numbers of this Prospectus.

Financial Data

Unless stated or the context requires otherwise, the financial information in this Prospectus is derived from our Restated Financial Statements. Our Restated Financial Statements comprise our Restated Consolidated Financial Information and our Restated Unconsolidated Financial Information, which have been prepared in terms of the requirements of Section 26 of the Companies Act, the SEBI ICDR Regulations, as amended from time to time, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI. For further information on our Company's financial information, see "*Financial Information*" beginning on page 281.

The Restated Consolidated Financial Information for the nine months ended December 31, 2020 and December 31, 2019 is not indicative of full year results, and accordingly, such information is not comparable to the Restated Consolidated Financial Information for Fiscal ended March 31, 2020. Similarly, the Restated Unconsolidated Financial Information for the nine month periods ended December 31, 2020 and December 31, 2019 is not indicative of full year results, and is not comparable to the Restated Unconsolidated Financial Information for the Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018.

Additionally, our Company did not have any subsidiary or associate company or joint venture in the Fiscals ended March 31, 2019 and March 31, 2018, and accordingly, our Company has not prepared consolidated financial statements for any of those Fiscals. Accordingly, no comparative financial information for prior periods has been presented to the Restated Consolidated Financial Information for the Fiscal ended March 31, 2020. Further, the Restated Consolidated Financial Information for Fiscal 2020 and the nine months ended December 31, 2020 and December 31, 2019 is not directly comparable with the Restated Unconsolidated Financial Information for Fiscals 2018, 2019 and 2020 and the nine months ended December 31, 2019 and December 31, 2020, given that we incorporated a subsidiary in such later period.

In this 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. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

Further, any figures sourced from third party industry sources may be rounded off to other than to the second decimal to conform to their respective sources.

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

Non-GAAP Financial Measures

Certain non-GAAP measures like EBITDA, EBITDA margin, net worth, return on net worth, Net Asset Value per Equity Share, debt equity ratio, return on capital employed, earnings before interest and tax, total capital employed and total borrowings / equity ("**Non-GAAP Measures**") presented in this Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. See "*Risk Factors - Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA have been included in this Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable*." on page 56.

Industry and Market Data

Unless stated otherwise, industry and market data used throughout this Prospectus has been obtained from publicly available information, as well as various government publications and industry sources. Further, the information has also been derived from a report dated December 2020 and titled 'Assessment of global and Indian engineering equipment industry' (the "**Company Commissioned CRISIL Report**") that has been prepared by CRISIL upon our Company's request, pursuant to a commercial engagement. Industry publications generally state that the information contained in such publications has been obtained from sources generally believed to be reliable, but their accuracy, adequacy, completeness or underlying assumptions are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends.

Although we believe that the industry and market data used in this Prospectus is reliable, such data has not been independently verified by us, the Selling Shareholders, the BRLMs, or any of our or their respective affiliates or advisors, and none of these parties makes any representation as to the accuracy of this information. The data used in these sources may have been reclassified by us for the purposes of presentation and may also not be comparable. Industry sources and publications may also base their information on estimates and assumptions that may prove to be incorrect. The extent to which the industry and market data presented in this Prospectus is meaningful and depends upon the reader's familiarity with, and understanding of, the methodologies used in compiling such information. There are no standard data gathering methodologies in the industry in which our Company conducts business and methodologies and assumptions may vary widely among different market and industry sources. Such information involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in "*Risk Factors - This Prospectus contains information from an industry report which we have commissioned from CRISIL Research. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.*" on page 40.

In accordance with the SEBI ICDR Regulations, the section "*Basis for the Offer Price*" on page 109 includes information relating to our peer group companies. Such information has been derived from publicly available sources, and neither we nor the BRLMs or any of their affiliates have independently verified such information. Accordingly, no investment decision should be made solely on the basis of such information.

Unless the context otherwise indicates, any percentage amounts, as set forth in "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Conditional and Results of Operations*" beginning on pages 29, 223 and 381, respectively, and elsewhere in this Prospectus have been calculated on the basis of amounts based on or derived from our Restated Financial Statements.

Disclaimer of CRISIL Limited

This Prospectus contains data and statistics from the Company Commissioned CRISIL Report, which is subject to the following disclaimer:

"*CRISIL Research, a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing the report titled 'assessment of global and Indian engineering equipment industry' (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. MTAR Technologies Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division / CRISIL Risk and Infrastructure Solutions Ltd (CRIS), which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL Research and not of CRISIL's Ratings Division / CRIS. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.*"

Currency and Units of Presentation

All references to:

- '**Rupees**' or '**₹**' or '**Rs.**' are to Indian Rupees, the official currency of the Republic of India.

- '**U.S.$**', '**U.S. Dollar**', '**USD**' or '**U.S. Dollars**' are to United States Dollars, the official currency of the United States of America.

- '**EUR**' or '**€**' are to Euro, the official currency of the European Union.

Certain data in this Prospectus has been expressed in the unit of '**microns**.' One micron represents 0.001 millimetres.

In this Prospectus, our Company has presented certain numerical information. All figures have been expressed in millions. One million represents '10 lakhs' or 1,000,000. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than millions, such figures appear in this Prospectus expressed in such denominations as provided in their respective sources.

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 Prospectus in such denominations or rounded-off to such number of decimal points as provided in such respective sources.

Time

All references to time in this Prospectus are to Indian Standard Time.

Exchange Rates

This Prospectus may contain conversions of certain other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of the SEBI ICDR Regulations. These conversions should not be construed as a representation that such currency amounts could have been, or can be converted into Indian Rupees, at any particular rate, or at all.

The exchange rates of USD and EUR into Indian Rupees for the periods indicated are provided below:

(in ₹)

Currency	Exchange Rate as on*				
	March 28, 2018[1]	**March 29, 2019[2]**	**March 31, 2020**	**December 31, 2019**	**December 31, 2020**
1 USD	65.04	69.17	75.39	71.27	73.05
1 EUR	80.22	77.70	83.05	79.88	89.79

Source: RBI / Financial Benchmark India Private Limited

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

[2] *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 a Saturday, respectively.*

FORWARD-LOOKING STATEMENTS

This Prospectus contains certain statements which are not statements of historical fact and may be described as "forward-looking statements". These forward looking statements include statements which can generally be identified by words or phrases such as "aim", "anticipate", "are likely", "believe", "continue", "can", "could", "expect", "estimate", "intend", "may", "likely", "objective", "plan", "propose", "seek to", "will achieve", "will continue", "will likely", "will pursue" or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could be materially be different from those that have been estimated. Forward-looking statements reflect our current views as of the date of this Prospectus and are not a guarantee of future performance. These statements are based on our management's belief and assumptions, current plans, estimates and expectations, which in turn are based on currently available information.

Although we believe that the assumptions on which such statements are based are reasonable, any such assumptions as well as statements based on them could prove to be inaccurate. Actual results may differ materially from those suggested by such forward-looking statements. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. This may be due to risks or uncertainties associated with our expectations with respect to, but not limited to, regulatory changes pertaining to the industries we cater 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, changes in competition in our industry and incidence of any natural calamities and/or acts of violence.

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

- We depend on Bloom Energy Inc. and a limited number of other customers for a significant portion of our revenue. The loss of one or more of our top three customers or a significant reduction in demand for our products from such top three customers, our failure to succeed in tendering for projects for them in the future despite our previous track record, or a decline in their business performance may adversely affect our business, financial condition, result of operations and cash flows.

- We depend significantly on orders from the NPCIL, ISRO and DRDO. A decline or reprioritisation of funding in the Indian budget towards the respective departments of the Government of India under which these customers operate, or delays in the budget process could adversely affect our ability to grow or maintain our sales, earnings, and cash flow. Further, the liberalisation of the defence or space sectors to allow the entry of private and foreign companies may increase the level of competition we face, and there is no assurance that we shall be able to compete effectively.

- We primarily rely on purchase orders to govern the volume and other terms of the sales of our products. We do not have long-term supply agreements with our customers. If our customers choose not to source their requirements from us or manufacture such products in-house, our business and results of operations may be adversely affected.

- We are subject to strict quality standards. Any failure to comply with such quality standards may lead to cancellation of existing and future orders which may adversely affect our reputation, financial conditions, cash flows and results of operations.

- The number of orders we have received in the past and our current Order Book may not be indicative of our future growth rate or the number of orders we will receive in the future.

- The COVID-19 pandemic and resulting deterioration of general economic conditions has impacted our business and results of operations in the past and the extent to which it will impact our future business and results of operations will depend on future developments, which are difficult to predict.

- Volatility in the supply of our raw materials may have an adverse effect on our business, financial condition and results of operations. Our raw material suppliers could fail to meet their obligations, which may have a material adverse effect on our business, results of operations and financial condition.

For a further discussion of factors that could cause our actual results to differ, see "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Position and Results of Operations*" on pages 29, 223 and 381, respectively.

Neither our Company, nor the Selling Shareholders, nor the BRLMs, nor any Syndicate Member, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the SEBI ICDR Regulations, our Company and the Selling Shareholders will ensure that investors in India are informed of material developments pertaining to our Company and the Equity Shares forming part of the Offer for Sale from the date of the Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges. The Selling Shareholders shall, severally and not jointly, ensure that investors are informed of material developments in relation to statements and undertakings specifically made or confirmed by such Selling Shareholder in the Red Herring Prospectus and this Prospectus until the grant of listing and trading permission by the Stock Exchanges.

SECTION II - SUMMARY OF THE OFFER DOCUMENT

This section is a general summary of certain disclosures included in this Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Prospectus and all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Prospectus, including the sections titled "Risk Factors", "Our Business", "Industry Overview", "Capital Structure", "The Offer" and "Outstanding Litigation and Other Material Developments" beginning on pages 29, 223, 117, 77, 66 and 437 respectively of this Prospectus.

Primary business of our Company

We are a leading precision engineering solutions company engaged in the manufacture of mission critical precision components with close tolerances (5-10 microns), and in critical assemblies, to serve projects of high national importance, through our precision machining, assembly, testing, quality control, and specialized fabrication competencies, some of which have been indigenously developed and manufactured (*Source: Company Commissioned CRISIL Report*). We primarily serve customers in the clean energy, nuclear and space and defence sectors.

Industry in which our Company operates

The domestic precision engineering industry's turnover is estimated at ₹ 4,415 billion for fiscal 2019, clocking a CAGR of 7.1% between fiscals 2016 and 2020. India's manufacturing GVA constitutes 17-18% of the total GVA; it increased from 17.4% in fiscal 2012 to 18.1% in fiscal 2020. The precision engineering industry will benefit from supportive government policies for manufacturing and engineering sectors. It will also gain from growth in the machinery and equipment industry and rise in penetration of high technology machinery for manufacturing. Precision engineering is expected to log 6-7% CAGR between fiscals 2020 and 2025 to reach ₹ 5,550-6,550 billion by fiscal 2025 (*Source: Company Commissioned CRISIL Report*).

Name of Promoters

As on the date of this Prospectus, our Promoters are Parvat Srinivas Reddy, P. Leelavathi, K. Shalini, D. Anitha Reddy, C. Usha Reddy, G. Kavitha Reddy, Anushman Reddy, P. Kalpana Reddy, Saranya Loka Reddy, A. Manogna and M. Madhavi. For further details, see "*Our Promoters and Promoter Group*" at page 271.

The Offer

The following table summarizes the details of the Offer. For further details, see "*The Offer*" and "*Offer Structure*" beginning on pages 66 and 463, respectively.

Offer[(1)]	10,372,419* Equity Shares for cash at price of ₹ 575 per Equity Share (including a premium of 565 per Equity Share), aggregating to 5,964.14* million
of which	
(i) Fresh Issue[(1)(2)]	2,148,149 Equity Shares aggregating to ₹ 1,235.19 million*
(ii) Offer for Sale[(3)]	8,224,270 Equity Shares aggregating to ₹ 4,728.95 million* by the Selling Shareholders

* *Subject to finalisation of the Basis of Allotment.*

(1) *The Offer has been authorized by a resolution of our Board dated December 5, 2020 and the Fresh Issue has been authorized by a special resolution of our Shareholders, dated December 5, 2020.*

(2) *Our Company has, in consultation with the Book Running Lead Managers, undertaken a Pre-IPO Placement of 1,851,851 Equity Shares, aggregating to ₹ 1,000.00 million. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, of up to 4,000,000 Equity Shares accordingly has been reduced by 1,851,851 Equity Shares pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue was of 2,148,149 Equity Shares.*

(3) *The Equity Shares being offered by the Selling Shareholders are eligible for being offered for sale in terms of the SEBI ICDR Regulations. Each of the Selling Shareholders has authorized the sale of its respective portion of the Offered Shares in the Offer for Sale. For details on the authorisation of the Selling Shareholders in relation to the Offered Shares, see "Other Regulatory and Statutory Disclosures" beginning on page 445.*

Objects of the Offer

Our Company proposes to utilise the Net Proceeds and the proceeds of the Pre-IPO Placement towards funding the following objects:

(in ₹ million)

Objects	Amount
Repayment / prepayment in full or in part, of borrowings availed by our Company	630.00

(in ₹ million)

Objects	Amount
Funding working capital requirements	950.00
General corporate purposes	549.23
Total	2,129.23

* *This amount has been derived by subtracting the Offer expenses apportioned to our Company (including the expenses for the Pre-IPO Placement) from the aggregate of the Gross Proceeds and the proceeds from the Pre-IPO Placement. For details, see "Objects of the Offer – Offer Related Expenses" on page 107.*

Aggregate pre-Offer Shareholding of our Promoters, the members of our Promoter Group (other than our Promoters) and the Selling Shareholders

(a) The aggregate pre-Offer shareholding of our Promoters and Promoter Group as a percentage of the pre-Offer paid-up Equity Share capital of the Company is set out below:

Sr. No.	Name of Shareholder	No. of Equity Shares	% of total pre-Offer paid up Equity Share capital
Promoters			
1.	Parvat Srinivas Reddy	1,692,903	5.92
2.	P. Leelavathi	2,168,712	7.58
3.	K. Shalini	2,316,483	8.10
4.	D. Anitha Reddy	1,204,047	4.21
5.	C. Usha Reddy	1,204,062	4.21
6.	G. Kavitha Reddy	1,204,063	4.21
7.	Anushman Reddy	267,598	0.94
8.	P. Kalpana Reddy	1,174,970	4.11
9.	Saranya Loka Reddy	1,234,265	4.31
10.	A. Manogna	1,043,913	3.65
11.	M. Madhavi	776,321	2.71
Total (A)		**14,287,337**	**49.94**
Other members of the Promoter Group			
1.	K. Vamshidhar Reddy	2,091,559	7.31
2.	P. Jayaprakash Reddy	1,204,150*	4.21
3.	Northeast Broking Services Limited	225,000	0.79
Total (B)		**3,520,709**	**12.31**
Total (A) + (B)		**17,808,046**	**62.24**

** Including 1,204,080 Equity Shares currently held in the demat account of P. Girija. P. Jayaprakash Reddy, along with certain others, have filed an application for the transmission of such Equity Shares to him. For details, please see "Risk Factors – P. Jayaprakash Reddy, a member of our Promoter Group, has filed an application for the transmission of Equity Shares held in demat account of his deceased wife, which is currently pending. We cannot assure you that such application shall be successful." on page 49.*

(b) The aggregate pre-Offer shareholding of the Investor Selling Shareholders as a percentage of the pre-Offer paid-up Equity Share capital of the Company is set out below:

Sr. No.	Name of Shareholder	No. of Equity Shares	% of total pre-Offer paid up Equity Share capital
1.	Fabmohur Advisors LLP	8,371,040	29.26
2.	P. Simhadri Reddy	90,975	0.32
Total		**8,462,015**	**29.58**

Financial Information

The following information has been derived from our Restated Financial Statements for the last three Fiscals and the nine month periods ended December 31, 2020 and December 31, 2019, all calculated on an unconsolidated basis:

(₹ in million, except per share data)

Particulars	As at and for the Fiscal ended			As at and for the nine months ended	
	March 31, 2018	March 31, 2019	March 31, 2020	December 31, 2020	December 31, 2019
Equity Share capital	282.14	282.14	267.59	267.59	282.14
Other equity	1,773.10	2,067.68	1,983.18	2,188.63	2,110.43

(₹ in million, except per share data)

Particulars	As at and for the Fiscal ended			As at and for the nine months ended	
	March 31, 2018	**March 31, 2019**	**March 31, 2020**	**December 31, 2020**	**December 31, 2019**
Net worth	2,055.24	2,349.82	2,250.77	2,456.22	2,392.57
Revenue from operations	1,595.97	1,836.71	2,137.74	1,772.68	1521.76
Restated profit for the period / year	54.23	391.99	313.18	280.69	224.53
Restated earnings per share of ₹ 10 each fully paid up (not annualised for period ended December 31, 2020 and December 31, 2019)	1.92	13.89	11.11	10.49	7.96
Net asset value (per Equity Share)*	72.84	83.29	84.11	91.79	84.80
Total borrowings^	197.86	287.31	291.33	672.61	159.96

* *Net asset value (per Equity Share) means total equity as restated divided by number of Equity Shares outstanding at the end of the year / period.*

^ *'Total borrowings' is calculated as borrowings under non-current liabilities, plus current maturities of long-term loans, plus borrowings under current liabilities.*

Further, the following information has been derived from our Restated Financial Statements for Fiscal 2020 and the nine months period ended December 31, 2020 and December 31, 2019, all calculated on a consolidated basis:

(₹ in million, except per share data)

Particulars	As at and for the Fiscal ended March 31, 2020	As at and for the nine months ended December 31, 2020	As at and for the nine months ended December 31, 2019
Equity Share capital	267.59	267.59	282.14
Other equity	1983.18	2,188.51	2,110.43
Net worth	2,250.77	2,456.10	2,392.57
Revenue from operations	2,137.74	1,772.68	1,521.76
Restated profit for the period / year	313.18	280.57	224.53
Restated earnings per share per share of ₹ 10 each fully paid up (not annualized for period ended December 31, 2020)	11.11	10.48	7.96
Net asset value (per Equity Share)*	84.11	91.78	84.80
Total borrowings^	291.33	672.61	159.96

* *Net asset value (per Equity Share) means total equity as restated divided by number of Equity Shares outstanding at the end of the year / period.*

^ *'Total borrowings' is calculated as borrowings under non-current liabilities, plus current maturities of long-term loans, plus borrowings under current liabilities.*

Auditor Qualifications or Adverse Remarks

There are no auditor qualifications which require corrective adjustments, and which have not been given effect to in the Restated Unconsolidated Financial Information or the Restated Consolidated Financial Information.

Outstanding Litigation

A summary of outstanding litigation proceedings as on the date of this Prospectus as disclosed in the section titled "*Outstanding Litigation and Other Material Developments*" in terms of the SEBI ICDR Regulations and the Materiality Policy is provided below:

(₹ in million)

Nature of cases	Number of cases	Total amount involved (to the extent quantifiable)
Litigations involving our Company		
Proceedings against our Company	**4**	**36.79**
Civil	-	-
Criminal	-	-
Tax	2	36.79
Action by Statutory or Regulatory Authorities	2	-
Proceedings by our Company	**2**	-
Civil	2	-
Criminal	-	-
Litigation involving our Subsidiary		

(₹ *in million*)

Nature of cases	Number of cases	Total amount involved (to the extent quantifiable)
Proceedings against our Subsidiary	-	-
Civil	-	-
Criminal	-	-
Tax	-	-
Action by Statutory or Regulatory Authorities	-	-
Proceedings by our Subsidiary	-	-
Civil	-	-
Criminal	-	-
Litigation involving our Promoter		
Proceedings against our Promoters	**3**	**-**
Civil	3	-
Criminal	-	-
Tax	-	-
Action by Statutory or Regulatory Authorities	-	-
Proceedings by our Promoters	-	-
Civil	-	-
Criminal	-	-
Litigation involving our Directors		
Proceedings against our Directors	-	-
Civil	-	-
Criminal	-	-
Tax	-	-
Action by Statutory or Regulatory Authorities	-	-
Proceedings by our Directors	-	-
Civil	-	-
Criminal	-	-

For further details, see "*Outstanding Litigation and Other Material Developments*" beginning on page 437.

Risk Factors

Investors should see "*Risk Factors*" beginning on page 29 to have an informed view before making an investment decision.

Contingent Liabilities

As at December 31, 2020, we had disclosed the following contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets in the Restated Unconsolidated Financial Information:

(₹ *in million)*

	Particulars	As at December 31, 2020 (Unconsolidated)
a)	Claims against the Company not acknowledged as debts (excluding interest arrears)	32.67

b) The Company has not made certain filings with the Reserve Bank of India (RBI) as per the requirements of applicable foreign exchange related laws. The Company is in the process of taking corrective action to comply with the applicable foreign exchange laws. The management of the Company, based on its internal assessment and legal advice, believes that the impact of the above non-compliance will not be material to the Restated Unconsolidated Financial Information.

As at December 31, 2020, we had disclosed the following contingent liabilities as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets in the Restated Consolidated Financial Information:

(₹ *in million*)

	Particulars	As at December 31, 2020 (Consolidated)
a)	Claims against the Company not acknowledged as debts (excluding interest arrears)	32.67

b) The Holding Company has not made certain filings with the Reserve Bank of India (RBI) as per the requirements of applicable foreign exchange related laws. The Holding Company is in the process of taking corrective action to comply with the applicable foreign exchange laws. The management of the Holding Company, based on its internal assessment and legal advice, believes that the impact of the above non-compliance will not be material to the Restated Consolidated Financial Information.

For further information on such contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets, see "*Restated Financial Statements*" on page 286.

Related Party Transactions

We have entered into related party transactions with related parties. A summary of the related party transactions entered into by our Company in the nine month periods ended December 31, 2020 and December 31, 2019, and Fiscals 2020, 2019 and 2018, as per Ind AS 24 - Related Party Disclosures, on an unconsolidated basis, are detailed below:

(₹ in million)

	Nature	**Fiscal**			**Nine months ended**	
		2018	**2019**	**2020**	**December 31, 2019**	**December 31, 2020**
Key managerial personnel^						
P. Jayaprakash Reddy	Remuneration*	7.20	7.20	-	-	-
K. Satyanarayana Reddy	Remuneration*	7.20	7.20	-	-	-
Parvat Srinivas Reddy	Remuneration*	-	-	-	-	2.80
M. Anushman Reddy	Remuneration*	0.35	0.36	2.15	1.62	1.53
Devesh Dhar Dwivedi	Remuneration*	-	-	2.51	1.33	3.85
Abhaya Shankar	Remuneration*	-	-	7.38	5.27	0.41
Sudipto Bhattacharya	Remuneration*	-	-	-	-	1.67
Shubham Sunil Bagadia	Remuneration*	-	-	-	-	0.10
Praveen Kumar Reddy Akepati#	Remuneration*	1.20	1.06	1.20	0.97	1.11
P. Jayaprakash Reddy	Professional charges	-	-	6.64	5.14	-
K. Satyanarayana Reddy	Professional charges	-	-	4.80	3.30	-
Parvat Srinivas Reddy	Professional charges	-	4.80	8.00	6.90	2.25
P. Jayaprakash Reddy	Buy back of equity shares	-	-	179.21	-	-
Dr. C. Sukesh Kumar Reddy	Sitting fees	0.02	0.04	0.03	0.02	0.01
Venkatsatishkumar Reddy Gangapatnam	Sitting fees	0.03	0.05	0.04	0.03	0.09
K. Vamshidhar Reddy	Sitting fees	0.03	0.04	0.03	0.02	0.01
Loka Manohar Reddy	Sitting fees	0.01	0.03	-	-	-
M. Anushman Reddy	Sitting fees	-	0.04	0.04	0.03	0.01
Nambi Iyengar Rangachary	Sitting fees	0.03	0.04	-	-	-
P. Simhadri Reddy	Sitting fees	0.04	0.03	0.03	0.02	0.01
Parvat Srinivas Reddy	Sitting fees	0.02	0.05	0.04	0.03	0.01
Rohith Loka Reddy	Sitting fees	-	0.03	0.03	0.02	0.01
P. Kalpana Reddy	Sitting fees	-	0.01	0.04	0.03	0.01
Praveen Kumar Reddy Akepati	Sitting fees	-	-	-	-	0.08
P. Jayaprakash Reddy	Sitting fees	-	-	0.03	0.02	-
Mathew Cyriac	Sitting fees	-	-	0.03	0.02	0.09
Padmashri Nagarajan Vedachalam	Sitting fees	-	-	-	-	0.08
B V R Subbu	Sitting fees	-	-	-	-	0.08
A. Krishna Kumar	Sitting fees	-	-	-	-	0.08
Ameeta Chatterjee	Sitting fees	-	-	-	-	0.08
U C Muktibodh	Sitting fees	-	-	-	-	0.08
V.G. Sekaran	Sitting fees	-	-	-	-	0.08
Relatives of key management personnel^						
A. Pranay Kumar Reddy	Remuneration*	0.29	0.31	1.52	1.17	1.08
Subsidiary company^						
Magnatar Aero Systems Private Limited	Investment	-	-	0.10	0.10	-
	Advances given	-	-	0.03	-	0.05

* *As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the individual is not ascertainable and, therefore, not included above.*

\# *Relative of key management personnel up to December 14, 2020, and a Director with effect from December 14, 2020.*

^ *As per Ind AS 24.*

Further, a summary of the related party transactions entered into by our Company in Fiscal 2020 and the nine month periods ended December 31, 2019 and December 31, 2020, as per Ind AS 24 - Related Party Disclosures, read with the SEBI ICDR Regulations, on a consolidated basis, is detailed below:

(₹ in million)

	Nature	Fiscal 2020	Nine months ended December 31, 2019	Nine months ended December 31, 2020
Key managerial personnel^				
Parvat Srinivas Reddy	Remuneration*	-	-	2.80
M. Anushman Reddy	Remuneration*	2.15	1.62	1.53
Devesh Dhar Dwivedi	Remuneration*	2.51	1.33	3.85
Abhaya Shankar	Remuneration*	7.38	5.27	0.41
Sudipto Bhattacharya	Remuneration*	-	-	1.67
Shubham Sunil Bagadia	Remuneration*	-	-	0.10
Praveen Kumar Reddy Akepati	Remuneration*	1.20	0.97	1.11
P. Jayaprakash Reddy	Professional charges	6.64	5.14	-
K. Satyanarayana Reddy	Professional charges	4.80	3.30	-
Parvat Srinivas Reddy	Professional charges	8.00	6.90	2.25
P. Jayaprakash Reddy	Buy back of equity shares	179.21	-	-
Dr. C. Sukesh Kumar Reddy	Sitting fees	0.03	0.02	0.01
Venkatsatishkumar Reddy Gangapatnam	Sitting fees	0.04	0.03	0.09
K. Vamshidhar Reddy	Sitting fees	0.03	0.02	0.01
M. Anushman Reddy	Sitting fees	0.04	0.03	0.01
P. Simhadri Reddy	Sitting fees	0.03	0.02	0.01
Parvat Srinivas Reddy	Sitting fees	0.04	0.03	0.01
Rohith Loka Reddy	Sitting fees	0.03	0.02	0.01
P. Kalpana Reddy	Sitting fees	0.04	0.03	0.01
Praveen Kumar Reddy Akepati	Sitting fees	-	-	0.08
P. Jayaprakash Reddy	Sitting fees	0.03	0.02	-
Mathew Cyriac	Sitting fees	0.03	0.02	0.09
Padmashri Nagarajan Vedachalam	Sitting fees	-	-	0.08
B V R Subbu	Sitting fees	-	-	0.08
A. Krishna Kumar	Sitting fees	-	-	0.08
Ameeta Chatterjee	Sitting fees	-	-	0.08
U C Muktibodh	Sitting fees	-	-	0.08
V.G. Sekaran	Sitting fees	-	-	0.08
Relatives of key management personnel^				
A. Pranay Kumar Reddy	Remuneration*	1.52	1.17	1.08
Subsidiary company$				
Magnatar Aero Systems Private Limited	Investment	0.10	0.10	-
	Advances given	0.03	-	0.05

* *As the future liability for gratuity and leave encashment is provided on actuarial basis for the group as a whole, the amount pertaining to the individual is not ascertainable and, therefore, not included above.*

\# *Relative of key management personnel up to December 14, 2020, and a Director with effect from December 14, 2020.*

^ *As per Ind AS 24.*

$ *On consolidation, following transactions with the subsidiary have been eliminated.*

For further details, see "*Related Party Transactions*" at page 285.

Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of the Draft Red Herring Prospectus, the Red Herring Prospectus or this Prospectus.

Weighted average price

The weighted average price at which the equity shares of our Company were acquired by each of our Promoters and the Selling Shareholders, in the one year preceding the date of this Prospectus, are set forth below:

S. No.	Name	Number of Equity Shares acquired in the last one year preceding the date of this Prospectus	Weighted average price of acquisition per Equity Share (in ₹)*
1.	P. Leelavathi	1,474,960	0.00
2.	K. Shalini	225,000	129.90
3.	D. Anitha Reddy	401,337	0.00
4.	C. Usha Reddy	401,336	0.00
5.	G. Kavitha Reddy	401,337	0.00
6.	Anushman Reddy	267,598	0.00

** As certified by M/s Niranjan & Narayan, Chartered Accountants, by way of their certificate dated March 8, 2021.*

Average Cost of Acquisition

The average cost of acquisition of Equity Shares by our Promoters as at the date of this Prospectus is set forth below:

S. No.	Name of the Promoter	Number of Equity Shares	Average cost of acquisition per Equity Share (in ₹) #
1.	P. Leelavathi	2,168,712	0.75
2.	Parvat Srinivas Reddy	1,692,903	0.00
3.	P. Kalpana Reddy	1,174,970	0.40
4.	Saranya Loka Reddy	1,234,265	0.40
5.	C. Usha Reddy	1,204,062	0.53
6.	G. Kavitha Reddy	1,204,063	0.53
7.	D. Anitha Reddy	1,204,047	0.53
8.	K. Shalini	2,316,483	8.04
9.	M. Madhavi	776,321	0.53
10.	A. Manogna	1,043,913	0.53
11.	Anushman Reddy	267,598	0.00

 # As certified by M/s Niranjan & Narayan, Chartered Accountants, by way of their certificate dated March 8, 2021.

For further details of the average cost of acquisition our Promoters, see "*Capital Structure – Build-up of our Promoters' shareholding in our Company*" at page 83.

The average cost of acquisition of Equity Shares held by the other Selling Shareholders is as follows:

S. No.	Name of the Selling Shareholders	Number of Equity Shares	Average cost of acquisition per Equity Share (in ₹) #
1.	Fabmohur Advisors LLP	8,371,040	38.44
2.	P. Simhadri Reddy	90,975	119.64

 # As certified by M/s Niranjan & Narayan, Chartered Accountants, by way of their certificate dated March 8, 2021.

Details of pre-Offer Placement

Our Company has, in consultation with the Book Running Lead Managers, undertaken a Pre-IPO Placement of 1,851,851 Equity Shares, aggregating to ₹ 1,000.00 million. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, of up to 4,000,000 Equity Shares accordingly has been reduced by 1,851,851 Equity Shares pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue was of 2,148,149 Equity Shares. For further details in relation to the Pre-IPO Placement, including the names of the allottees, see the section titled "*Capital Structure*" on page 77.

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 Prospectus

Split or 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 Prospectus.

SECTION III - RISK FACTORS

An investment in equity shares involves a high degree of risk. Investors should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations, cash flows and financial condition could suffer, the price of the Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer including the merits and risks involved. Investors should consult their tax, financial and legal advisors about particular consequences to them of an investment in the Offer. 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, such financial impact cannot be disclosed in such risk factors. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

This Prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Prospectus. See section "Forward-Looking Statements" beginning on page 19.

To obtain a complete understanding, prospective investors should read this section in conjunction with the sections "Our Business", "Industry Overview" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 223, 117 and 381, respectively, as well as the other financial and statistical information contained in this Prospectus.

The restated consolidated financial information for Fiscal 2020 and the nine months ended December 31, 2020 and December 31, 2019 is not directly comparable with the restated unconsolidated financial information for Fiscals 2018, 2019 and 2020 and the nine months ended December 31, 2019 and December 31, 2020 given that we incorporated a subsidiary in such later period. Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2018, 2019, and 2020 and the nine months ended December 31, 2019 and December 31, 2020 included herein is derived from on our Restated Unconsolidated Financial Information, included in this Prospectus. For further information, see "Restated Unconsolidated Financial Information" and "Restated Consolidated Financial Information" on pages 287 and 335, respectively. Further, unless otherwise indicated or the context otherwise requires, all operational information included herein for Fiscals 2018 and 2019 is on an unconsolidated basis, while all such information for Fiscal 2020 and the nine months ended December 31, 2020 and December 31, 2019 is on a consolidated basis.

INTERNAL RISKS

1. ***We depend on Bloom Energy Inc. ("Bloom Energy") and a limited number of other customers for a significant portion of our revenue. The loss of one or more of our top three customers or a significant reduction in demand for our products from such top three customers, our failure to succeed in tendering for projects for them in the future despite our previous track record, or a decline in their business performance may adversely affect our business, financial condition, result of operations and cash flows.***

A significant proportion of our revenues have historically been derived from Bloom Energy, our top customer in terms of contribution to our revenue from operations. The contribution of Bloom Energy as a percentage of the revenue from operations of our Company for the Fiscals ended March 31, 2018, March 31, 2019 and March 31, 2020, and the nine months ended December 31, 2019 and December 31, 2020 is 49.14%, 61.43%, 64.53%, 71.01% and 49.33% respectively. There is no guarantee that we shall retain the business of Bloom Energy or maintain our current levels of business with them in the future. In the event there is an adverse change in the supply chain strategies of Bloom Energy, or a reduction in their outsourcing of the products we offer, or if they choose our competitors over us, our revenues shall be impacted adversely, which may lead to a significant impact on our financial condition and cash flows.

In addition, our Company relies on a limited number of customers for a considerable portion of the remainder of our revenue. Some of our customers have been associated with us for over four decades. Our long-standing relationship with customers such as Bloom Energy, the Nuclear Power Corporation of India Limited ("**NPCIL**"), the Indian Space Research Organisation ("**ISRO**") and the Defence Research and Development Organisation

("**DRDO**") is as a result of us being continually and successfully able to supply complex products to them. We have been supplying products such as liquid propulsion engines to ISRO for over three decades and critical components to DRDO for over four decades.

As at December 31, 2020, our Company catered to 39 customers. Of these, the contribution of our top three customers as a percentage of revenue from operations of our Company during the Fiscals 2018, 2019 and 2020, and in the nine months ended December 31, 2019 and December 31, 2020 is as follows:

Fiscal 2018

S. No.	Customer	% contribution in the revenue from operations
1.	Bloom Energy	49.14
2.	Nuclear Power Corporation of India Limited	27.99
3.	Liquid Propulsion Systems Centre, Indian Space Research Organisation	8.08
TOTAL		**85.21**

Fiscal 2019

S. No.	Customer	% contribution in the revenue from operations
1.	Bloom Energy	61.43
2.	Nuclear Power Corporation of India Limited	12.29
3.	Liquid Propulsion Systems Centre, Indian Space Research Organisation	11.15
TOTAL		**84.87**

Fiscal 2020

S. No.	Customer	% contribution in the revenue from operations
1.	Bloom Energy	64.53
2.	Nuclear Power Corporation of India Limited	10.95
3.	Liquid Propulsion Systems Centre, Indian Space Research Organisation	8.07
TOTAL		**83.55**

Nine months ended December 31, 2019

S. No.	Customer	% contribution in the revenue from operations
1.	Bloom Energy	71.01
2.	Liquid Propulsion Systems Centre, Indian Space Research Organisation	8.57
3.	Nuclear Power Corporation of India Limited	7.01
TOTAL		**86.59**

Nine months ended December 31, 2020

S. No.	Customer	% contribution in the revenue from operations
1.	Bloom Energy	49.33
2.	Nuclear Power Corporation of India Limited	23.07
3.	Liquid Propulsion Systems Centre, Indian Space Research Organisation	7.63
TOTAL		**80.03**

Reliance on a limited number of customers for our business may generally involve several risks. These risks may include, but are not limited to, reduction, delay or cancellation of orders from our top three customers; failure to negotiate favourable terms with these key customers; the loss of one or more of these customers due to changes in their supply chain strategy, reduction in their outsourcing requirements or preference being given to our competitors, or otherwise; all of which would have a material adverse effect on the business, financial condition, results of operations, cash flows and future prospects of our Company. In order to retain some of our existing customers, we may also be required to offer terms to such customers which may place constraints on our resources.

In addition, we generally do not have long-term purchase agreements with any of our customers, and instead rely on short term purchase orders. Accordingly, while maintaining strong relationships with our key customers is essential, being able to consistently supply products as per the specific requirement of the customer, irrespective of our previous track record, is equally important to our business strategy and to the growth of our business.

Further, our customers may require us to commit additional resources or may require us to undertake additional obligations which have the effect of increasing our operating costs and therefore, affect our profitability. A decline in our customers' business performance may also lead to a corresponding decrease in demand for our products. In addition, our customers, especially in the nuclear, and defence and space sectors, follow the competitive bidding process and due to such procurement policy and competition, we may suffer loss of new business from existing customers. The volume of work performed for these customers may vary from period to period and we may not be the exclusive mission critical precision components supplier for such customers. If any of our major customers cease to have business dealings with us or at all, or materially reduce the level or frequency of their orders for new precision components from us and we are unable to secure new orders from other sources to replace such a loss or reduction, our business, financial condition, results of operations and prospects will be adversely affected.

The loss of any existing key customer, may significantly affect our revenues, and we may have difficulty securing comparable levels of business from other customers or secure new customers to offset any loss of revenue from the loss of any of our existing key customers. As a consequence of our reliance on such customers, any adverse change in the financial condition of these customers may also have an adverse effect on our business, financial condition, results of operations, cash flows and future benefits.

2. ***We depend significantly on orders from the NPCIL, ISRO and DRDO. A decline or reprioritisation of funding in the Indian budget towards the respective departments of the Government of India under which these customers operate, or delays in the budget process could adversely affect our ability to grow or maintain our sales, earnings, and cash flow. Further, the liberalisation of the defence or space sectors to allow the entry of private and foreign companies may increase the level of competition we face, and there is no assurance that we shall be able to compete effectively.***

We presently derive and expect to continue to derive a significant amount of our revenue from work performed for the NPCIL, ISRO and DRDO. However, their orders to us depend upon the continuing availability of budgets extended to the respective departments of the Government of India under which these customers operate. Our future revenues are reliant on the continuing availability of such budgetary appropriations and any disruptions or reductions to the availability of such appropriations or unavailability of funds to such departments, could have an adverse impact on the funding of these orders and consequently, adversely affect our revenues.

Further, continued economic challenges may place pressure on the Government budgets and allocation of spending. While we believe that our programmes are well aligned with India's national nuclear, space and defence programmes and other related priorities, shifts in domestic spending and tax policy, changes in security levels, defence, and intelligence priorities, general economic conditions and developments, and other factors may affect a decision to fund, or the amount of funding available to, existing or proposed nuclear, space or defence programmes. Under such conditions, large or complex projects are potentially subject to performance challenges. In addition, in the event the number of space launches undertaken by ISRO is reduced due to reasons including COVID-19, there would be a delay in the provision of the free issue materials to us by our customers and consequently, our business would be adversely impacted. In view of such challenges faced by us, there is no guarantee that our customers will continue to place orders at the same levels as they have in the past or if at all in the future.

While we generally procure orders through participation in open tenders, going forward and with the liberalisation of defence sector to allow private and foreign companies to participate in defence contracts, we will be required to participate in a more competitive bidding process. Such competitive bidding process shall entail managerial time to prepare bids and proposals for contracts and may require us to resort to price cuts in order to secure orders which may not be awarded to us or may be split with our competitors. Following an award, we may encounter significant expenses, delays, contract modifications, or even loss of such orders if our competitors protest or challenge the orders that are awarded to us. In addition, the commercialisation of the Indian space sector and privatisation through ISRO's commercial arm, could open up opportunities for new players (*Source: Company Commissioned CRISIL Report*). Further, according to the Company Commissioned CRISIL Report, the Government of India has sanctioned manufacture of 10 fleet reactors with a combined generation capacity of 7,000 MWe. However, if this does not materialise including due to change in any of the policies of the Government, our future Order Book from the domestic customers may be significantly affected. Our customers may face budget constraints, have availability of more affordable solutions, and reduce product and technology development cycles. To remain competitive, we must keep abreast with the modern technological practices, and consistently provide products with superior performance and capability to our customers, advanced technology solutions and service at an affordable cost. Our inability to successfully do so could have a material adverse effect on our business, prospects, financial condition and/ or our operating results.

3. ***We primarily rely on purchase orders to govern the volume and other terms of the sales of our products. We do not have long-term supply agreements with our customers. If our customers choose not to source their requirements from us or manufacture such products in-house, our business and results of operations may be adversely affected.***

We do not have long-term supply agreements with our customers and instead rely on short term purchase orders to govern the volume and other terms of our sales of products. The purchase orders we receive from our customers specify the price per unit, delivery schedule, and the quantities to be delivered. However, while such orders have not been amended or cancelled previously, they may, in future, be amended or cancelled. While we generally procure raw materials only upon receipt of purchase orders from our customers, should there be an amendment or cancellation of such purchase orders, our revenue and production schedules may be adversely impacted.

Additionally, our customers have high and stringent standards for product quantity and quality as well as delivery schedules. Any failure to meet our customers' expectations and specifications could result in the cancellation or non-renewal of contracts or purchase orders. There are also a number of factors, other than our performance that could cause the loss of a customer. Customers may demand, among others, price reductions, set-off any payment obligations, require indemnification for themselves or their affiliates, change their outsourcing strategy by moving more work in-house, or replace their existing products with alternative products, any of which may have an adverse effect on our business, results of operations and financial condition. Further, presence of major defense organizations in Hyderabad not only provides us access to the critical research and development ("**R&D**") and high-volume projects, but also allows for ease of coordination, specifically in terms of our collaborative R&D efforts, as well as for subsequent close monitoring of manufacture and quality control processes, thereby giving us an advantage over the other players located in other regions. However, any of such customers may choose to relocate to a new location for their business operations or there may be a disruption in the manufacturing operations of such customers in which case, our business, results of operations and financial condition may be adversely affected.

Accordingly, we face the risk that our customers might not place any order or might place orders of lesser than-expected size or cancel an existing order or make changes in their policies which may result in reduced quantities being manufactured by us for our customers. Reductions, cancellations, or instructions to delay production (thereby delaying delivery of products manufactured by us) by a significant customer could adversely affect our results of operations by reducing our sales volume, as well as by possibly causing delay in our customers' paying us for the order placed for purchasing the inventory with us which we would have manufactured for them. Customers may also choose to engage an alternative supplier or manufacture the products in-house. We may not find any customers or purchasers for the surplus or excess capacity, in which case we would be forced to incur a loss. Consequently, as there is no commitment on the part of the customer to continue to place new orders with us, our sales from period to period may fluctuate significantly as a result of changes in our customers' preferences.

In addition, we make significant decisions, including determining the levels of business that we will seek and accept, production schedules, personnel requirements and other resource requirements, based on our estimates of customer orders. The changes in demand for their products (which are in turn manufactured by us) could reduce our ability to estimate accurately future customer requirements, make it difficult to schedule production and limit our ability to maximize utilization of our manufacturing capacity. The requirements of our customers, while primarily for precision components and assemblies, are not restricted to one type of product and therefore variations in demand for certain types of products also requires us to make certain changes in our manufacturing processes thereby affecting our production schedules. We often increase staffing, increase capacity and incur other expenses to meet the anticipated demand of our customers, which could cause reductions in our margins if an order gets delayed, modified, or cancelled.

4. ***We are subject to strict quality standards. Any failure to comply with such quality standards may lead to cancellation of existing and future orders which may adversely affect our reputation, financial conditions, cash flows and results of operations.***

We are a precision engineering solutions company engaged in the manufacture of mission critical precision components with close tolerances (5-10 microns), and in critical assemblies, to serve projects of high national importance, through our precision machining, assembly, testing, quality control, and specialized fabrication competencies. Given the nature of our products and the sectors which we cater to, our customers have high and exacting standards for product quality as well as delivery schedules. Adherence to quality standards is a critical factor in our manufacturing process as any defects in the products manufactured by our Company or failure to comply with the technical specifications or quality standards of our customers may lead to cancellation of the orders placed by our customers. Further, any failure to make timely deliveries of products in the desired quantity as per our customers' requirements could also result in the cancellation of orders placed by our customers and may adversely affect our reputation and goodwill.

Additionally, prior to placing the orders, there is a detailed review process that is undertaken by some of our customers. This may involve inspection of the manufacturing facilities, review of the manufacturing processes, review of the raw materials, review of our financial capabilities, technical review of the designs and specification of the proposed product, review of our logistical capabilities, review of the target price by the purchase team of the customer and multiple inspection and review of prototypes of the product. The finished product delivered by us is also further subject to laboratory validation by certain customers. While there have been no material cases of rejection of our products pursuant to such validation in the past, we cannot assure you that there may not be any rejections in future. Further, typically under our purchase orders, we are solely responsible for safely delivering the products to our customers. We are therefore subject to a rigorous quality control mechanism at each stage of the manufacturing process and are required to maintain the quality and precision level for each product, including for delivery of such product. Additionally, some of our purchase orders also specify that the customer may undertake an inspection of our manufacturing facilities without prior intimation. As a result, we are required to undertake extensive and stringent measures to maintain our quality assurance systems such as periodic checking by the quality inspectors to ensure that there is no defect from the previous stage, forming a separate team of engineers responsible for quality and assurance both in the manufacturing facilities and machineries, and in the manufacturing processes. We will continue to adhere to such stringent measures to manage our product quality and to maintain our quality control, a failure of which may negatively impact our profitability.

5. ***The number of orders we have received in the past and our current Order Book may not be indicative of our future growth rate or the number of orders we will receive in the future.***

Our Order Book on hand, as of a certain date, represents the total value of contracts that have not been executed as of such date. As on December 31, 2020, our Company's aggregate Order Book was ₹ 3,361.91 million, comprising Order Book in the clean energy sector, the nuclear sector and the space and defence sectors, of ₹ 801.86 million, ₹ 931.86 million and ₹ 1,606.10 million, respectively. The successful conversion of these orders into our revenue depends on a number of factors including, among other things, absence of adverse changes in the sectors we serve, our production capacity, our research and development and our ability to deliver the products on time. Some of the factors are beyond our control and by nature, are subject to uncertainty. While there have been no instances of cancellation of purchase orders in the past, going forward, our Order Book may be affected by delays, cancellations and the renegotiations of the contracts, if any, and therefore, we cannot assure you that we will be able to deliver all of our existing orders on schedule and successfully turn them into our revenue. Therefore, you should not consider our Order Book as an accurate indicator of our future performance or future revenue. Our Company is in the process of establishing an additional manufacturing facility at Adibatla in Hyderabad which shall be a sheet metal facility and shall allow us to undertake sheet metal jobs for Bloom Energy, ISRO and certain other customers. Our Company is also planning to construct an additional shed for specialized fabrication to supply products to our domestic as well as our international customers. If our Company is unable to build up a robust Order Book or our customers do not place any significant orders with us or at all, as required for these projects, our cash flows may be significantly adversely impacted.

We have grown steadily in the last few years. Our total income and restated profit for the year have increased from ₹ 1,605.45 million and ₹ 54.23 million in Fiscal 2018, to ₹ 2,181.42 million and ₹ 313.18 million in Fiscal 2020, at a CAGR of 16.56% and 140.31%, respectively. We cannot assure you that we will be able to maintain our past growth rate or secure the same number of orders we have received in the past. Our past growth rate or secured orders should not be relied upon as indicators of our future growth rate or orders we will receive in the future. To the extent that we experience any significant decrease in demand for our products, increase in competition or increase in the prices of raw materials, equipment and components, our business, financial condition and results of operations may be materially and adversely affected. Our continuous growth depends on a number of factors, many of which are beyond our control, including the impact on demand for our products resulting from the macroeconomic policies of the Indian Government and governments in other countries, the level of competition in India and sectors in which we conduct business and the prices we pay for raw materials.

Furthermore, we face risks of a low growth rate because the orders placed by some of our customers are typically non-recurring in nature. As a result, we cannot assure you that we will receive the same number of orders as or more orders than we have received in the past or that the contract value of the Order Book will remain the same or increase in the future. Accordingly, you should not take the number of orders we have received in the past or the current value of our order book as an indicator of our performance or numbers of orders in the future.

6. ***The COVID-19 pandemic and resulting deterioration of general economic conditions has impacted our business and results of operations in the past and the extent to which it will impact our future business and results of operations will depend on future developments, which are difficult to predict.***

The recent coronavirus disease 2019 ("**COVID-19**"), which has been declared a pandemic by the World Health Organization was first reported in Wuhan, China. While COVID-19 spread to many other countries, with the number of reported cases and related deaths increasing daily and, in many countries, exponentially, India has emerged as one of the countries with highest confirmed cases of infection. The rapid spread of COVID-19 and the global health concerns relating to this outbreak have had a severe negative impact on, among other things, financial markets, liquidity, economic conditions and trade and could continue to do so or could worsen for an unknown period of time, that could in turn have a material adverse impact on our business, cash flows, results of operations and financial condition. The extent to which the COVID-19 outbreak impacts our business, cash flows, results of operations and financial condition in the future, will depend on further developments, including the timeliness and effectiveness of actions taken or not taken to contain and mitigate the effects of COVID-19 both in India and internationally by governments, central banks, healthcare providers, health system participants, other businesses and individuals, which are highly uncertain and cannot be predicted.

There is currently substantial medical uncertainty regarding COVID-19. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely may cause unprecedented economic disruption in India and in the rest of the world. The extent of the resulting impact on our business and results of operations will depend, among other things, on the duration and severity of the pandemic, the nature and scope of government actions to contain it, and the potential impact on global and national economic conditions, including inflation, interest rates, availability of capital markets, consumer spending rates, energy availability and costs (including fuel surcharges). The COVID-19 pandemic and related volatility in financial markets and deterioration of national and global economic conditions could affect our business and operations in a variety of ways. For example, on account of the nationwide lockdown, we experienced operational disruptions as a result of the following:

- a temporary shutdown of our manufacturing facilities due to government restrictions or illness in connection with COVID-19;
- a decrease in demand for our products as a result of COVID-19 on account of government restrictions imposed and additionally on account of cost control measures implemented by our customers;
- supply chain disruptions for us and our customers;
- a significant percentage of our workforce being unable to work, including because of travel or government restrictions in connection with COVID-19, including stay at home orders;
- delays in orders or delivery of orders, which will negatively impact our cash conversion cycle and ability to convert our backlog into cash;
- our strategic projects getting postponed or our planned deliveries being delayed; and
- inability to collect full or partial payments from some customers due to deterioration in customer liquidity.

In addition, the spread of COVID-19 caused us to implement significant proactive measures to protect the health and safety of our employees, and we may take further actions as may be required by government authorities or as we determine appropriate under the circumstances. However, there is no certainty that such measures will be sufficient to mitigate the risks posed by the pandemic.

We have monitored and considered the impact of known events arising from the COVID-19 pandemic, including with respect to our liquidity and going concern and recoverable values of assets. While we have not experienced significant financial losses in the past, we cannot predict the impact that the COVID-19 pandemic will have on our customers, suppliers and other business partners, and each of their financial conditions; however, any material effect on these parties could adversely impact us. Adverse consequences of, and conditions resulting from, the

COVID-19 pandemic may remain prevalent for a significant period of time and may continue to adversely affect our business, results of operations and financial condition even after the COVID-19 outbreak has subsided. The RBI estimates real GDP growth in Fiscal 2021 to remain in negative territory (*Source: RBI Governor Statement dated August 6, 2020*). It is possible that COVID-19 will lead to a prolonged global economic crisis or recession.

Further, as COVID-19 adversely affects our business and results of operations, it may also have the effect of exacerbating many of the other risks described in this "*Risk Factors*" section.

7. ***Volatility in the supply of our raw materials may have an adverse effect on our business, financial condition and results of operations. Our raw material suppliers could fail to meet their obligations, which may have a material adverse effect on our business, results of operations and financial condition.***

The principal raw materials used for manufacture of products catered to customers in the clean energy sector are inconel sheets of various grades, to customers in the nuclear sector are specialised steels such as 17-4 PH, SS 410, 13-8 MO PH and to customers in the space and defence sectors are alloy steels and aluminium including bearing and seals. Our cost of materials consumed, for the Fiscals ended 2018, 2019 and 2020, for the nine months ended December 31, 2019 and for the nine months ended December 31, 2020 was ₹ 659.77 million, ₹ 655.32 million, ₹ 872.55 million, ₹ 638.54 million and ₹ 748.07 million, which represented 41.34%, 35.68%, 40.82%, 41.96% and 42.20%, of our revenue from operations, respectively. The aggregate amount spent for the procurement of raw materials towards our top five suppliers as a percentage of our total cost of raw materials, was 62.31%, 67.56%, 73.25%, 68.80% and 57.24%, in the Fiscals ended 2018, 2019, 2020, and in the nine months ended December 31, 2019 and in the nine months ended December 31, 2020. The individual contribution of our top five suppliers as a percentage of our total cost of raw materials for such periods is set out below:

Fiscal 2018

S. No.	Supplier	% contribution in the total cost of raw materials
1.	Supplier 1	28.46
2.	Supplier 2	12.85
3.	Supplier 3	8.57
4.	Supplier 4	6.87
5.	Supplier 5	5.56
TOTAL		**62.31**

Fiscal 2019

S. No.	Supplier	% contribution in the total cost of raw materials
1.	Supplier 1	27.00
2.	Supplier 2	17.60
3.	Supplier 3	8.15
4.	Supplier 4	7.88
5.	Supplier 5	6.93
TOTAL		**67.56**

Fiscal 2020

S. No.	Supplier	% contribution in the total cost of raw materials
1.	Supplier 1	30.72
2.	Supplier 2	12.42
3.	Supplier 3	11.67
4.	Supplier 4	9.43
5.	Supplier 5	9.01
TOTAL		**73.25**

Nine months ended December 31, 2019

S. No.	Supplier	% contribution in the total cost of raw materials
1.	Supplier 1	32.81
2.	Supplier 2	13.05
3.	Supplier 3	10.75
4.	Supplier 4	8.58
5.	Supplier 5	3.61
TOTAL		**68.80**

Nine months ended December 31, 2020

S. No.	Supplier	% contribution in the total cost of raw materials
1.	Supplier 1	23.83
2.	Supplier 2	16.52
3.	Supplier 3	7.25
4.	Supplier 4	5.65
5.	Supplier 5	3.99
TOTAL		**57.24**

We are, accordingly, significantly reliant on such suppliers to meet their obligations in supplying raw material to us.

While we source materials from third party suppliers depending upon the requirement of a project that we undertake, in certain instances, some of the raw material for the manufacture of products are sourced from our customers, especially where such raw material is critical and sensitive. Accordingly, we are obligated to utilise such raw materials carefully, and our failure to do so, may result in us incurring significant expenses. In the event the rejection rate exceeds the stipulated thresholds, our profitability may be adversely impacted. For projects where we procure raw materials, our cash flows may still be adversely affected because of any gap in time between the date of procurement of any raw material from a third party supplier, and the date on which we can reset the component prices for our customers, to account for the increase in the prices of such raw materials. Though price escalation clauses are included in a majority of orders in the nuclear sector and the space and defence sector, there can be no assurance that we will be successful in negotiating with our customers in all its projects on an agreed price increase that will fully cover the increase in the costs. In addition, there can be no assurance that our third-party suppliers shall continually be able to provide us with the optimum quality of raw materials, or at all. For certain products that we manufacture, we also face the risk of a limited number of suppliers for our raw materials. Further, in a number of instances, we are specifically required to get our raw material suppliers approved by our customers for the manufacture of certain of the components.

Raw material supply and pricing can be volatile due to a number of factors beyond our control, including global demand and supply, general economic and political conditions, transportation and labour costs, labour unrest, natural disasters, restrictions on the import of raw material, competition, import duties, tariffs and currency exchange rates and there are inherent uncertainties in estimating such variables, regardless of the methodologies and assumptions that we may use. For instance, failure of our suppliers to adhere to the delivery schedule or the required quality could hamper our production schedule and therefore affect our business and results of operations. There can be no assurance that capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. If we were to experience a significant or prolonged shortage of raw materials from any of our suppliers, and we are unable to procure the raw materials from other sources on commercially acceptable terms or at all, we would be unable to meet our production schedules for our key products and to deliver such products to our customers in a timely manner, which would adversely affect our sales, margins and customer relations.

Further, as we import certain raw materials, payments are carried out in foreign currencies. This exposes us to currency fluctuation risk. We may not be able to effectively hedge ourselves, since we have not taken any hedging policy for fluctuations in raw material prices and foreign exchange rate and this may have an adverse impact on our profitability.

8. ***We could make investments and acquisitions in the future that involve considerable integration costs. We may be unable to sustain, manage or realize the expected benefits of such growth or may not be able to fund that growth.***

Our growth strategy will require significant capital expenditures, which we intend to fund through a combination of cash flow from operations and financing sources. For instance, our Company is in the process of establishing an additional manufacturing facility at Adibatla in Hyderabad which shall be a sheet metal facility and shall allow us to undertake sheet metal jobs for Bloom Energy, ISRO and certain other customers. Our Company is also planning to construct an additional shed for specialized fabrication to supply products to our domestic as well as our international customers. Further expansion and acquisitions may require us to incur or assume new debt, or expose us to future funding obligations or integration risks, and we cannot assure you that such expansion or acquisitions will contribute to our profitability. It is possible that we may not generate sufficient cash flow from operations or investments and that future borrowings may not be available to us on favourable terms or in an amount sufficient to enable us to realize our growth strategy.

In particular, continued expansion increases the challenges involved in:

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

If we are unable to increase our production capacity in a timely manner or at all, we may not be able to successfully execute our growth strategy.

Further, our future growth is dependent on our success in making the right investments at the right time to support product development and manufacturing capacity in areas where we can support our customer base. If we are unable to deepen existing relationships and/or to develop additional customer relationships, we may not only fail to realize expected rates of return on our existing investments, but we may incur losses on such investments and will be unable to timely redeploy the invested capital to take advantage of other markets, potentially resulting in losing market share to our competitors. The success of our strategy also depends in large part on the continued growth and stable economic conditions in these target markets. Any of these challenges, and the failure or delay by our management in responding to them, could have a material adverse effect on our business, financial condition and results of operations.

9. ***We may face claims and incur additional rectification costs for delays and/or defects in respect of our precision components and equipment. Further, imposition of liquidated damages and invocation of performance bank guarantees / indemnity bonds by our customers could impact our results of operations and we may face potential liabilities from lawsuits and claims by customers in the future. We may not be able to secure new contracts if we are unable to issue the requisite performance guarantees.***

Through our product offerings, we serve customers such as the NPCIL, ISRO and the DRDO on programs of high national importance. Accordingly, ensuring that our products are faultless and conform to the specific requirements of these customers, becomes extremely critical. While our manufacturing facilities employ modern technology with extensive and stringent quality control mechanism at each stage of the production process to ensure that our finished product conforms to the exact requirement of our customers, in the event that our products are found by our customers to be defective, our contracts may be terminated.

We may face claims by our customers in respect of such defects, poor workmanship or non-conformity to our customers' specifications or expected quality in respect of precision components and equipment manufactured by us and such claims could be substantial. Such claims could also adversely affect our reputation and ability to grow our business. For some projects / orders, we generally extend a warranty period of 12 months to our customers for new products from the date of delivery. We are also generally required to give additional warranties for the time period between the completion of products and their expected deliveries. Due to the length of the warranty period extended by us, we may be subject to claims from our customers and we may incur additional costs if rectification work is required in order for us to satisfy our obligations during the warranty period. While we have not incurred any significant warranty costs in the past, if the costs of any rectification works exceed the warranty provisions we have made, our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, our contracts with customers typically provide for liquidated damages for delays in delivery. We have not incurred significant liquidated damages, but were required to pay certain liquidated damages for delays. The maximum extent of such liquidated damages range between 5.00% and 10.00% of the value of the delayed portion, of the supplies of the purchase order.

Moreover, the precision component and equipment manufacturing industry is a capital intensive industry and as the contract prices for such products are generally high, we are usually required to furnish some of our customers with performance guarantees as security for the fulfilment of our contractual obligations under our contracts, against which payments and mobilization advances are released by our customers upon our execution of the contracts. In order for us to secure performance guarantees, banks and financial institutions review, among other things, our financial standing and creditworthiness. Generally, we arrange for banks to issue performance guarantees to our customers from our available banking facilities. If we do not have available banking facilities to issue the performance guarantees, we approach other banks or financial institutions to issue the performance guarantee. While we have been able to procure performance guarantees for new contracts to date, in the event that we are unable to do so and we are unable to satisfy the financial requirements prescribed by banks and financial institutions, we will not be able to procure the requisite performance guarantees and as a result, we may be unable to secure new contracts, which would have a material adverse effect on our business, financial condition, results of operations and prospects.

Further, these performance bank guarantees and indemnity bonds require us to incur liabilities for and on behalf of our customers against all losses and damages incurred by them due to any breach of the terms and conditions of such contracts by us or due to the acts and omissions of our vendors and suppliers. We have in the past been required to incur such liabilities for our customers.

We cannot assure you that future contracts (entered / to be entered into by us) can be completed profitably. Any time and/ or cost overruns on our contracts could have a material adverse effect on our business, financial condition and results of operations. The incurring of liabilities pursuant to the imposition of liquidated damages as well as invocation of performance bank guarantees and indemnity bonds could have an adverse effect on our business, operations, revenues and earnings.

10. ***We are unable to trace some of our historical corporate records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in future in relation to the missing corporate records which may impact our financial condition and reputation.***

Our records date back to 1999 when our Company was originally incorporated. On May 28, 2014, there was a fire in our Registered and Corporate Office, in the office premises on the 2nd floor at Unit I of our Company, in which our corporate and secretarial records, including statutory records, form filings, share transfer deeds and signed minutes of Board and Shareholders' meetings were destroyed. Accordingly, we had commissioned a physical and electronic search of the RoC records through an independent company secretary firm, S. S. Reddy & Associates, to retrieve missing documents and provide us with a list of secondary documents relied upon for issuances / buyback of Equity Shares undertaken by the Company and transfers between shareholders of our Company, and the independent company secretary firm has issued a report dated December 13, 2020 in this regard. While we have obtained several documents through the search conducted, we have not been able to retrieve all documents sought, such as annual returns and Form 23s containing relevant Board and Shareholders' resolutions, among others. Specifically, we are unable to trace certain old secretarial and other corporate records in relation to certain allotments and corporate actions by our Company from 1999 to 2014, including (i) board and shareholders' resolutions with respect to a preferential allotment of equity shares of a face value of ₹ 100 each of our Company dated March 30, 2002; (ii) certain pages of the list of shareholders and annexure of transfers for the annual return for the year 2001; (iii) annual returns of our Company for the year 2003; (iv) board resolutions authorizing bonus issuances of equity shares of a face value of ₹ 100 each of our Company dated February 7, 2005 and March 6, 2006; (v) board resolution authorizing the sub-division of equity shares of face value of ₹ 100 into 10 Equity Shares of a face value of ₹ 10 each; (vi) shareholder resolutions approving the allotment of Equity Shares dated November 3, 2007 pursuant to the merger of MARC Manufacturers Private Limited with our Company; (vii) Board resolution authorising the allotment of Equity Shares pursuant to issuance dated November 29, 2007 and (viii) statutory registers for all Fiscals prior to the fire. Accordingly, we have relied on other documents, including Form 2s, Form 23s, annual returns and annual reports, for the years mentioned above. We cannot assure you that such records will be available in the future or that we had filed these forms in a timely manner, without irregularities, or at all.

Further, there have been irregularities in certain forms filed by our Company from 1999 to 2014, including the (i) annual return for the year 2000, which does not indicate the number of equity shares held by each shareholder and (ii) the Form 2 filed with respect to the issuance of equity shares of the Company made pursuant to merger of MARC with the Company indicating the consideration paid as being cash.

In addition, we have been unable to locate share transfer forms, depository instruction slips or gift deeds for various transfers involving our Promoters and members of our Promoter Group. For further details of these transfers, see "*Capital Structure - Build-up of our Promoters' shareholding in our Company*" on page 78. Despite reaching out to the Promoters and members of our Promoter Group involved in these transfers regarding any documentation which may be available with them and conducting searches of the records maintained by the jurisdictional RoC for the aforesaid secretarial and other corporate documents and records, we have not been able to trace the aforementioned documents. Accordingly, we have relied on other documents, including annual returns, statement of transactions and holdings and certifications in the form of letters, issued by transferors (where alive) and transferees for all such transfers.

While no legal proceedings or regulatory action has been initiated against our Company in relation to untraceable secretarial and other corporate records and documents as of the date of this Prospectus, we cannot assure you that such legal proceedings or regulatory actions will not be initiated against our Company in future. We cannot assure you that such untraceable secretarial and other corporate records and documents will be available with us in future.

11. ***Pricing pressure from customers may adversely affect our gross margin, profitability and ability to increase our prices, which in turn may materially adversely affect our business, results of operations and financial condition.***

Our Company has strived to maintain a combination of developmental as well as volume-based production. While we have not faced pricing pressure in the past in relation to our developmental orders, we do anticipate such pressure in the future. However, pricing pressure from customers is characteristic of the volume-based production that we undertake. Our customers pursue aggressive but systematic price reduction initiatives and objectives each year with their suppliers, and such actions are expected to continue in the future. Our Company is prepared to address such pricing pressure by adopting lean practices as it grows its business in terms of volumes with its customers every year. For instance, our Company has reduced its pricing with one of its international customers by undertaking certain manufacture in-house, instead of sourcing from outside, and by process optimisation to reduce man power. However, if we are to pursue cost-cutting measures, such measure while maintaining rigorous quality standards may lead to an erosion of our margins, which may have a material adverse effect on our business, results of operations and financial condition.

In addition, estimating amounts of such price reductions is subject to risk and uncertainties, as any price reduction is the result of negotiations and other factors. Accordingly, suppliers must be able to reduce their operating costs in order to maintain profitability. Such price reductions may affect our sales and profit margins. If we are unable to offset customer price reductions in the future through improved operating efficiencies, new manufacturing processes, sourcing alternatives and other cost reduction initiatives, our business, results of operations and financial condition may be materially adversely affected.

12. ***We own a large range of equipment, resulting in increased fixed costs to our Company. In the event we are not able to generate adequate cash flows it may have a material adverse impact on our operations.***

We own a large range of sophisticated and modern equipment, resulting in increased fixed costs to our Company. The significant end-to-end capabilities of our manufacturing facilities are set forth below:

- Manufacturing of precision components with close tolerances to the extent of 5-10 microns supported by a series of high-end machines such as 7 axis Mill-turns, 5 axis vertical machining centers ("**VMCs**"), 4.5 axis machining centres, milling centres, turning centres, grinding centres, tool room machines, deep hole boring and honing machines, among others;
- Assembly and testing capabilities supported by 10,000 class clean rooms with facilities for high as well low temperature, vibration, flow and helium leak tests;
- Specialized fabrication facilities supported by conventional and orbital welding facilities, vacuum brazing, water jet and plasma cutting facilities to meet American Society of Mechanical Engineers ("**ASME**") standards / American Society for Testing and Materials ("**ASTM**") standards; and
- Surface treatment, heat treatment facilities and special processes facilities.

While we have ordinarily used new equipment for our operations, we also, from time to time, use second-hand equipment to undertake our business. Accordingly, the cost of maintaining and keeping such capital equipment in proper working condition constitutes a significant portion of our operating expenses. We will not be able to quantify or segregate the actual expense incurred towards the maintenance of capital equipment from the accounting records. Other than the expense incurred on account of 'repairs and maintenance of plant and machinery', the expense incurred on the maintenance of capital equipment are towards the payment of salary and wages of permanent and contract labour, employed full-time and engaged in the maintenance activities of such equipment. Further, there are also other consumables issued in stores that are captured in various expense heads such as 'repair and maintenance of buildings' and 'miscellaneous expenses', for maintenance of such capital equipment. In the event, we are unable to generate or maintain adequate revenues or recover payments from our customers in a timely manner or at all, it could have a material adverse effect on our financial condition and operations.

13. ***Failure or disruption of our IT and/or ERP systems may adversely affect our business, financial condition, results of operations and prospects.***

We have implemented various information technology ("**IT**") solutions and/or enterprise resource planning ("**ERP**") solutions to cover key areas of our operations, procurement, dispatch, accounting and other business functions. For details relation to the IT systems implemented by us please see "*Our Business – Information Technology*" on page 241. These systems are potentially vulnerable to damage or interruption from a variety of sources, which could result in a material adverse effect on our operations. Disruption or failure of our IT systems could have a material adverse effect on our operations. A large-scale IT malfunction could disrupt our business or lead to disclosure of sensitive company information, particularly since our Company caters to sectors such as nuclear and space and defence, which are of national importance and involve dealing in highly sensitive information. Our ability to keep our business operating depends on the proper and efficient operation and functioning of various IT systems, which are susceptible to malfunctions and interruptions (including those due to equipment damage, power outages, computer viruses and a range of other hardware, software and network problems). A significant or large-scale malfunction or interruption of one or more of our IT systems could adversely affect our ability to keep our operations running efficiently and wider or sustained disruption to our business cannot be excluded. In addition, it is possible that a malfunction of our data system security measures could enable unauthorized persons to access sensitive business data, including information relating to our intellectual property or business strategy or those of our customers. Such malfunction or disruptions could cause economic losses for which we could be held liable. A failure of our IT systems could also cause damage our reputation which could harm our business. Any of these developments, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations.

Further, unavailability of, or failure to retain, well trained employees capable of constantly servicing our IT and/or ERP systems may lead to inefficiency or disruption of IT system thereby adversely affecting our ability to operate efficiently.

Any failure or disruption in the operation of these systems or the loss of data due to such failure or disruption (including due to human error or sabotage) may affect our ability to plan, track, record and analyze work in progress and sales, process financial information, meet business objectives based on IT initiatives such as product life cycle management, manage our creditors, debtors, manage payables and inventory or otherwise conduct our normal business operations, which may increase our costs and otherwise adversely affect our business, financial condition, results of operations and prospects.

14. ***This Prospectus contains information from an industry report which we have commissioned from CRISIL Research. There can be no assurance that such third-party statistical, financial and other industry information is either complete or accurate.***

This Prospectus includes industry-related information that is derived from an industry report dated December, 2020 titled "Assessment of global and Indian engineering equipment industry" ("**Company Commissioned CRISIL Report**"), prepared by CRISIL Research, a research house, pursuant to an engagement with the Company. We commissioned this report for the purpose of confirming our understanding of the precision component and equipment manufacturing industry in India. Neither we, nor any of the Book Running Lead Managers, nor any other person connected with the Offer has verified such information in the commissioned report. CRISIL Research 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 commissioned 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 Research's assumptions are correct or will not change and, accordingly, our position in the market may differ, favourably or unfavourably, from that presented in this Prospectus. Further, the commissioned report is not a recommendation to invest or disinvest in our Company. CRISIL Research has disclaimed all financial liability in case of any loss suffered on account of reliance on any information contained in the Company Commissioned CRISIL Report. Prospective Investors are advised not to unduly rely on the commissioned report or extracts thereof as included in this Prospectus, when making their investment decisions.

15. ***We have experienced negative cash flows from operating, investing and financing activities in previous periods and cannot assure you that we will not experience negative cash flows in future periods. Negative cash flows may adversely affect our financial condition, results of operations and prospects.***

The following table sets forth certain information relating to our cash flows on an unconsolidated basis for the periods indicated:

(*₹ in million*)

Particulars	Fiscal			Nine months ended December 31	
	2018	2019	2020	2019	2020
Net cash flow (used in) / from operating activities	144.18	421.06	561.89	346.54	(64.28)
Net cash flow (used in) investing activities	(13.23)	(327.69)	(120.63)	(108.50)	(159.52)
Net cash flows from / (used in) financing activities	(137.91)	(74.86)	(413.49)	(324.67)	198.53
Net increase / (decrease) in cash and cash equivalents	**(6.96)**	**18.51**	**27.77**	**(86.63)**	**(25.27)**
Cash and cash equivalents at the beginning of the period / year	**97.66**	**90.68**	**107.67**	**107.67**	**135.44**
Effect of exchange differences on cash & cash equivalents held in foreign currency	**(0.02)**	**(1.52)**	**-**	**0.83**	**0.03**
Cash and cash equivalents at the end of the period / year	**90.68**	**107.67**	**135.44**	**21.87**	**110.20**

We may in the future experience negative cash flows as well. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. This situation may have an adverse effect on our cash flows, business, future financial performance and results of operations.

For more information, see "*Restated Financial Statements*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 286 and 381, respectively.

16. ***We are subject to stringent labour laws or other industry standards and any strike, labour unrest, work stoppage or increased wage demand by our employees or any other kind of disputes with our employees could adversely affect our business, financial condition, results of operations and cash flows.***

Our manufacturing activities are labour intensive, require our management to undertake significant labour interface, and expose us to the risk of industrial action. As on December 31, 2020, we had 891 permanent employees and 248 contractual workmen. We are also subject to a number of stringent labour laws that protect the interests of workers, including legislation that sets forth detailed procedures for dispute resolution and employee removal and legislation that imposes financial obligations on employers upon retrenchment. As such, we believe our relations with our employees to be amicable. Our Company has two recognised labour unions, (i) MTAR Group of Employees Union, Unit –I, II, III, IV, V and EOU with registration number B - 2883, and our Company has entered into a memorandum of settlement dated March 5, 2020 with the union regarding the wages and other terms of employment of our employees, in response to a charter of demands presented to us by the union and (ii) MTAR Technologies Pvt. Ltd. Unit – I, II, III, IV, V and 100% EOU Employees Union with registration number B – 2042. If we are unable to renew these wage settlement agreements or negotiate favourable terms, we could experience a material adverse effect on our business, financial condition and results of operations.

While there has been no labour unrest in the recent past, there can be no assurance that we will not experience any future disruptions to our operations due to disputes or other problems with our work force including strikes, labour unrests, work stoppages or increased wage demands, which may adversely affect our business.

If labour laws become more stringent, it may become difficult for us to maintain flexible human resource policies, discharge employees or downsize, any of which could have an adverse effect on our business, financial condition, results of operations and cash flows. We also enter into contracts with independent contractors who, in turn, engage on-site contract labour to perform certain operations.

17. ***We face competition in our product line, including from competitors that may have greater financial and marketing resources. Failure to compete effectively may have an adverse impact on our business, financial condition, results of operations and cash flows.***

Presently, we manufacture and supply mission critical precision components with critical tolerances to our customers in the clean energy, nuclear and space and defence sectors. We primarily compete based on product quality and features, innovation and product development time, and ability to control pricing pressures. We face competition in our business, and our customers evaluate their suppliers based on, among other things, manufacturing capabilities, speed, quality, engineering services, flexibility, product design and innovation, scope and quality and reliability of service, and costs. Further, while we believe that we have a diversified supplier base, some of our Company's competitors may have better access to raw material suppliers compared to us which may enable them to obtain materials at favourable rates.

According to the Company Commissioned CRISIL Report, our competitors in nuclear sector are Larsen & Toubro Heavy Engineering and Godrej & Boyce Manufacturing Company Limited and in the space and defence sectors are Larsen & Toubro, Godrej & Boyce Manufacturing Company Limited, Hindustan Aeronautics Limited, and Walchandnagar Industries. For further details, see "*Industry Overview*" on page 117. While we believe that competition in relation to the products that we manufacture is limited, in the event we wish to scale up and capitalise on the opportunities, including in the defence sector owing to the Governmental policies such as Make in India and Atmanirbhar Bharat, our peers could have an advantage over us in that they may have greater financial, technical and/or marketing resources than we have along with longer operating histories and greater market penetration (*Source: Company Commissioned CRISIL Report*). This could enhance their ability to finance acquisitions, fund international growth and/ or respond more quickly to technological changes. Some of our competitors may be able to produce similar or superior products at lower costs, which could have a material adverse effect on our business, financial condition and results of operations. Additionally, as we will look to further expand our presence in emerging markets, we may face competitive price pressures from low-cost producers in these markets, and we expect such price pressures to increase as our customers continue to expand their manufacturing footprints in these markets. In addition, manufacturers that do not currently compete with us could expand their product portfolios to include products that would compete directly with ours. Changes in the product focus of larger manufacturers could also result in such manufacturers establishing relationships with our customers that reduce or replace entirely our business with those customers. Larger manufacturers could also encourage price competition or acquire small manufacturers in an effort to displace smaller manufacturers.

Any of these developments, alone or in combination, could have a material adverse effect on our business, financial condition and results of operations.

18. ***We have working capital requirements, and the actual amount and timing of our working capital requirements may differ from our estimates for the same. We may require additional financing to meet those requirements, which could have an adverse effect on our business, results of operations and financial condition.***

Our Company requires working capital to finance the purchase of materials and for manufacture and other related work before payment is received from customers. The actual amount and timing of our future working capital requirements may differ from estimates as a result of, among other factors, unforeseen delays or cost overruns, unanticipated expenses, regulatory changes, economic conditions, engineering design changes, weather related delays, technological changes and additional market developments. 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. For further details on our working capital requirements, please see "*Objects of the Offer*" on page 100.

It is customary in the industry in which we operate to provide bank guarantees or performance bonds in favor of customers to secure obligations under contracts. For further details, see "*– We may face claims and incur additional rectification costs for delays and/or defects in respect of our precision components and equipment. Further, imposition of liquidated damages and invocation of performance bank guarantees / indemnity bonds by our customers could impact our results of operations and we may face potential liabilities from lawsuits and claims by customers in the future. We may not be able to secure new contracts if we are unable to issue the requisite performance guarantees.*" on page 37. If we are unable to provide sufficient collateral to secure the bank guarantees or performance bonds, our ability to enter into new contracts or obtain adequate supplies could be limited. Providing security to obtain bank guarantees and performance bonds increases our working capital needs. We may not be able to continue obtaining new bank guarantees, and performance bonds in sufficient quantities to match our business requirements. Our expansion plans require significant expenditure and if we are unable to obtain necessary funds for expansion, our business may be adversely affected.

Our sources of additional financing, required to meet our working capital requirements and capital expenditure plans, may include the incurrence of debt or the issue of equity or debt securities or a combination of both. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, could result in a dilution of your shareholding. Accordingly, continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations.

19. ***Our Company may face negative publicity in the event that any of the missions or projects of certain of our customers are not accomplished, which may adversely affect our business prospects and reputation.***

The reputation of our Company is, to a large extent, reliant on the reputation of our customers for undertaking their missions or implementing their projects successfully. The missions and projects that many of our customers undertake are highly complex, require technically advanced equipment and involve major risks. Our customers routinely carry out their operations under extreme conditions with a low margin for error, and any defects, even if minor, may result in a complete failure of the missions or projects they undertake, and result in personal injury, death and damage to property. Any failure in the missions or projects of our customers is likely to attract considerable publicity. Even an isolated incident of failure in the missions or projects of any of our customers, particularly one resulting in widespread negative publicity, could adversely influence the perceptions of our potential customers and erode trust and confidence in our capabilities, whether or not such failure has arisen from defects in the products that we have supplied. Additionally, such negative publicity may even highlight deficiencies or flaws in the products that we have supplied as having resulted in the failure of the mission or project, which may greatly hamper the trust placed in our Company, and cause existing customers to withdraw their business or to reconsider doing business with us. Moreover, in the event of such a failure, we may be subject to claims arising from alleged, suspected or actual defects in the products that we manufacture, which may result in considerable legal liability, including punitive damages, and diminish our reputation among our customers, suppliers, lenders, investors and the public. Accordingly, any negative publicity or disputes that we are involved in could materially adversely affect our business, financial condition and results of operations.

20. ***Expansion into new market segments may subject us to various challenges, and our inability to successfully diversify our product offerings may adversely affect our growth and negatively impact our profitability.***

We may attempt to diversify and expand our business operations by manufacturing and supplying novel engineering products or catering to customers in newer sectors. For instance, we intend to undertake sheet metal jobs and penetrate further into specialised fabrication jobs, and are attempting to manufacture electrolysers to produce methane free hydrogen in the clean energy sector and roller screws with applications in sectors such as nuclear and space and defence. We have limited experience and knowledge of carrying out such operations, and our foray into the same may be subject to high barriers to entry, including existing competition and market dynamics. Due to our limited experience, our entry into new business segments may not be successful, which could hamper our growth and damage our reputation. Venturing into a new product line may also require methods of operations and marketing and financial strategies different from those currently employed in our Company. We will be subject to the risks generally associated with new product introductions and applications, including unproven know-how, unreliable technology, inexperienced staff, delays in product development and possible failure of products to operate properly. We may also encounter other additional anticipated risks and significant competition in such markets. We cannot assure you that we will be able to successfully develop our new product lines, and may not be able to successfully develop or introduce new products on a timely basis or at all, or ensure that they are less costly than those of our competitors; or to offer customers payment and other commercial terms as favourable as those offered by our competitors. If our competitors outperform our business and develop superior products at a lesser cost in a timely manner, our growth and financial results could be adversely affected.

Furthermore, our new business or projects may turn out to be disruptive and may cause an interruption to our existing business as a result. We cannot assure you that the transition of our manufacturing facilities and resources to fulfil production under new product programs will not impact production rates or other operational efficiency measures at our facilities. We also cannot assure you that we will succeed in effectively implementing new technology in manufacturing new products or that we will recover our investments. Any failure in the development or implementation of our operations is likely to adversely affect our business, results of operations and cash flows.

21. ***We are dependent on a number of key management personnel, senior management personnel and persons with technical expertise, and the loss of such persons, or our inability to attract and retain key management personnel and senior management personnel in the future, could adversely affect our business, growth prospects, results of operations and cash flows.***

Our ability to meet future business challenges depends on our ability to attract, recruit and retain talented and skilled personnel. We are highly dependent on our Promoters, our Directors, senior management and other key managerial personnel, including skilled project management personnel. Our management and technical personnel are supported by other skilled workers who benefit from regular in-house training initiatives and they are also supported by external consultants with significant industry experience who are not permanent employees of our Company. Further, our Company has not obtained any directors and officers liability insurance for our Directors and senior management. The loss of any of our Promoters, our Directors, senior management, external consultants or other key management personnel, or an inability to manage the attrition levels in different employee categories may materially and adversely impact our business, growth prospects, results of operations and cash flows.

We face competition to recruit and retain skilled and professionally qualified staff. Due to the limited availability of skilled personnel, competition for senior management and skilled engineers in our industry is intense. We may experience difficulties in attracting, recruiting and retaining an appropriate number of managers and engineers for our business needs. We may also need to increase our pay structures to attract and retain such personnel. Our future performance will depend upon the continued services of these persons.

22. ***Our Company may not be successful in innovating or developing technologically advanced products or may be unable to add to its existing capabilities, which could adversely affect our business, results of operations and future prospects.***

Successful execution of our business strategies in the past may not be an assurance that we will be able to execute our plans on time and within the estimated budget, or that we will meet the expectations of our customers. We expect our plans and strategies to place significant demand on our management and other resources and require us to continue developing technologically advanced products and improving our operational, financial and other internal efficiencies. Further, our aim of developing technologically advanced products involves understanding different product specifications, technology and other factors, which we may currently, be unfamiliar with. In addition, change in the product mix manufactured by us may lead to an increase in costs on account of cost of raw materials that may be higher than those required for our existing products.

In order to achieve future growth, we may be required to innovate and develop new products, identify diverse customer base including international customers, accurately assess new markets, obtain sufficient financing for our expected capital expenditures, contain our input cost and fixed costs, maintain sufficient operational and financial controls and make additional capital investments to take advantage of anticipated market conditions. With growing concerns over climate change, hydrogen is emerging as a clean solution that can help curb carbon emissions globally and while support for hydrogen is steadily increasing within the United States, many other nations are taking an active approach by implementing hydrogen-focused strategies and investments, according to the Company Commissioned CRISIL Report. Further, the Company Commissioned CRISIL Report states that Bloom Energy, which is one of the major players in solid oxide fuel cell space, has installed majority of the solid oxide fuel cell space installation in the United States, and is now targeting the South Korean market. These, either individually or combined, we believe, provide an opportunity for a significant revenue stream to our Company.

In addition, we also supplied and expect to continue to supply critical defence products such as aluminium weldments and other machined components to our international customers including an Israeli defence technology company. However, if we are unable to innovate and develop technologically advanced products, or execute or manage our international expansion plans effectively, our business and financial results will be adversely affected. Also, see "*Our Business – Our Business Strategies*" on page 230.

In addition, we also face the risk that certain of our international customers may set up their facilities in India through offsets. Offsets encourage foreign investors and private participants to form joint ventures and sign memoranda of understandings, thereby providing opportunities for further expansion of manufacturing capabilities. Any such offsets by any of our foreign customers may consequently result in an adverse impact on our business, financial results, and our future prospects.

23. Exchange rate fluctuations may adversely affect our results of operations.

Our financial statements are presented in Indian Rupees. However, our expenditure and revenue are influenced by the currencies that we export in as well as by currencies of countries from where we procure our raw materials and plant and machinery. For the year ended March 31, 2020 and as on the nine months ended December 31, 2020, the revenue from contracts with customers located in India amounted to ₹ 675.76 million and 804.47 million, reflecting 32.42% and 46.18% of our revenue from contracts with customers, respectively, whereas the revenue from contracts with customers located outside India amounted to ₹ 1,408.82 million and ₹ 937.71 million, reflecting 67.58% and 53.82% of our revenue from contracts with customers, respectively during the same period.

The exchange rate between the Indian Rupee and these currencies has fluctuated in the past and our results of operations have been impacted by such fluctuations and may be impacted by such fluctuations in the future. Appreciation or depreciation of the Indian rupee against the U.S. Dollar and other foreign currencies may affect our results of operations.

24. Our failure to keep our technical knowledge confidential could erode our competitive advantage.

We possess extensive technical knowledge about our products. Such technical knowledge has been built up through our own experiences and through our research and development. Our technical knowledge is a significant independent asset, which may not be adequately protected by intellectual property rights such as patent registration. Some of our technical knowledge is protected only by secrecy. As a result, we cannot be certain that our technical knowledge will remain confidential in the long run.

Certain proprietary knowledge may be leaked, either inadvertently or wilfully, at various stages of the production process. A significant number of our employees have access to confidential design and product information and there can be no assurance that this information will remain confidential. Moreover, certain of our employees may leave us and join our various competitors. Although we may seek to enforce non-disclosure agreements in respect of research and development with our key employees, we cannot guarantee that we will be able to successfully enforce such agreements. In the event that the confidential technical information in respect of our processes and products or business becomes available to third parties or to the general public, any competitive advantage we may have over our peers could be harmed. If a competitor is able to reproduce or otherwise capitalise on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects.

25. Our research and development efforts may not produce successful products or enhancements to our products that result in significant revenue or other benefits in the near future, if at all.

We have invested a significant amount in research and development in recent years. We expect to continue to dedicate significant financial and other resources to our research and development efforts in order to maintain our competitive position.

However, investing in research and development, developing new products and enhancing existing processes is expensive and time consuming, and there is no assurance that such activities will result in significant new marketable products or enhancements to our products, design improvements, cost savings, revenues or other expected benefits. If we spend significant time and effort on research and development, but are unable to generate an adequate return on our investment, our business and results of operations may be materially and adversely affected.

26. Our failure to identify and understand evolving industry trends and preferences and to develop new products to meet our customers' demands may materially adversely affect our business.

Changes in customer preferences, regulatory or industry trends or requirements or in competitive technologies may render certain of our products obsolete or less attractive. Our ability to anticipate changes in technology and regulatory standards and to successfully develop and introduce new and enhanced products on a timely basis is a significant factor in our ability to remain competitive. However, there can be no assurance that we will be able to secure the necessary technological knowledge, through research and development or otherwise, that will allow us to develop our product portfolio in this manner. If we are unable to obtain such knowledge in a timely manner, or at all, we may be unable to effectively implement our strategies, and our business and results of operations may be adversely affected. Moreover, we cannot assure you that we will be able to achieve the technological advances that may be necessary for us to remain competitive or that certain of our products will not become obsolete.

To compete effectively, we must be able to develop, upgrade and manufacture new products to meet our customers' demand in a timely manner. In order to do so, we need to identify and understand the key market trends and address our customers' evolving needs proactively and on a timely basis. For instance, we are involved in the manufacture of power units, specifically hot boxes, and in the development and manufacture of hydrogen boxes and electrolyzers, to serve Bloom Energy. While such hot boxes use methane to generate power, the hydrogen boxes shall use hydrogen instead, which will be produced by the electrolyzers that we manufacture. In addition, we have developed import substitutes such as ball screws, components that are highly specialized and extensively used in the nuclear and space and defence sectors and water lubricated bearings that are used in the nuclear sector. Further, our Company is in the process of establishing an additional manufacturing facility at Adibatla in Hyderabad which shall be a sheet metal facility and shall allow us to undertake sheet metal jobs for Bloom Energy, ISRO and certain other customers. Our Company is also planning to construct an additional shed for specialized fabrication to supply products to our domestic as well as our international customers. As a result, we may incur, and have in the past incurred, capital expenditures for development of products to meet the demands of our customers. In Fiscals 2018, 2019 and 2020, and in the nine months ended December 31, 2019 and in the nine months ended December 31, 2020, our capital expenditure towards additions to property, plant and equipment and intangible assets was ₹ 80.01 million, ₹ 227.30 million, ₹ 49.60 million, ₹ 47.20 million and ₹ 101.25 million, respectively. We cannot assure you, however, that we will be able to install and commission the equipment needed to manufacture products for our customers on time. Our failure to successfully and timely develop and manufacture new products in order to cater to the requirements of our customers and industry trends could have a material adverse effect on our business, financial condition, results of operations and future prospects.

27. Our indebtedness and the conditions and restrictions imposed on us by our financing agreements could adversely affect our ability to conduct our business.

As on December 31, 2020, we had total indebtedness of ₹ 1,488.63 million. We may incur additional indebtedness in the future. Our indebtedness could have several important consequences, including but not limited to the following:

- a portion of our cash flow will be used towards repayment of our existing debt, which will reduce the availability of cash to fund working capital needs, capital expenditures, acquisitions and other general corporate requirements;
- our ability to obtain additional financing in the future at reasonable terms may be restricted;
- fluctuations in market interest rates may affect the cost of our borrowings, as some of our loans are at variable interest rates; and
- we may be more vulnerable to economic downturns, may be limited in our ability to withstand competitive pressures and may have reduced flexibility in responding to changing business, regulatory and economic conditions.

Our financing arrangements are secured by our movable assets and by certain immovable assets. Our financing agreements also include various conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions. Typically, restrictive covenants under financing documents of our Company relate to obtaining prior consent of the lender for, among others:

(a) effectuating any change in our capital structure, where the shareholding of the Promoters in our Company is diluted;

(b) formulation of any scheme of amalgamation, reconstruction, merger or demerger;

(c) entering any borrowing arrangement with any other bank or financial institution, which increases our borrowing above limits stipulated by our lenders;

(d) undertaking any trading activity other than the sale of products arising out of our manufacturing operations; and

(e) any transfer of a controlling interest in our Company, drastic changes in our management set-up (including our Key Managerial Personnel), or resignation of Promoter-Directors from our board.

For further details of the restrictive covenants under financing documents of our Company, see "*Financial Indebtedness*" on page 281. Failure to meet these conditions or obtain these consents could have significant consequences on our business.

Further, any failure to service our indebtedness, perform any condition or covenant or comply with the restrictive covenants could lead to a termination of our credit facilities, default and acceleration of amounts due under such facilities, any of which may adversely affect our ability to conduct our business and have a material adverse effect on our financial condition and results of operations.

28. We are subject to various law and regulations, including environmental and health and safety laws and regulations. Any non-compliance with, or changes in, regulations applicable to us, or any failure on our part to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required to operate our business, may adversely affect our business, results of operations and financial condition.

Our operations are subject to various national, state and local laws and regulations relating to the protection of the environment and occupational health and safety, including those governing the generation, handling, storage, use, management, transportation and disposal of, or exposure to, environmental pollutants or hazardous materials resulting from our manufacturing processes. For instance, we require certain material approvals including approvals under the Factories Act, 1948, as amended, Water (Prevention and Control of Pollution) Act, 1974, as amended, the Air (Prevention and Control of Pollution) Act, 1981, as amended and the Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, as amended in order to establish and operate our manufacturing facilities in India, and registrations with the relevant tax, labour and municipal authorities in India. There can be no assurance that the relevant authorities will issue such permits or approvals in the timeframe anticipated by us or at all. A majority of these approvals are granted for a limited duration. Some of these approvals, licenses and permits have expired and we have either made or are in the process of making applications for renewing these approvals.

We cannot assure you that we shall be able to obtain such approvals, or that our applications for renewal of these approvals will be issued or granted to us in a timely manner, or at all. For instance, we have applied for no-objection certificates for fire safety from the Telangana State Disaster Response and Fire Services Department for some of our units, while we are yet to make such applications for some of our remaining units. As on the date of this Prospectus, we do not possess such certificates for any of our units. Further, our Company had made an application dated March 2, 2019 to the Telangana State Pollution Control Board ("**TSPCB**") for the renewal of a consolidated consent for operation and authorization under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2006, which was previously rejected by the TSPCB since the application was made earlier than the statutorily-prescribed application period. The consent for operation and authorization was subsequently received by our Company on November 19, 2020. Failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and may have a material adverse effect on our business, financial condition, results of operations and cash flows. For details of material approvals for which our applications are pending before relevant authorities, and for which we are yet to make applications, see "*Government and Other Approvals*" on page 441.

The approvals required by our Company are subject to numerous conditions and we cannot assure you that these would not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. If there is any failure by us to comply with the applicable regulations or if the regulations governing our business are amended, we may incur increased costs, be subject to penalties, have our approvals and permits revoked or suffer a disruption in our operations, any of which could adversely affect our business.

Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. 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. While as of the date of this 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 could divert management 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.

For details of our material permits and approvals, see "*Government and Other Approvals*" on page 441.

29. ***We, and some of our Promoters are involved in certain legal proceedings any adverse developments related to which, could adversely affect our reputation, business and cash flows.***

There are outstanding legal proceedings involving our Company and some of our Promoters. These proceedings are pending at different levels of adjudication before various courts, tribunals and appellate tribunals. We cannot assure you that these proceedings will be decided in our favour. Brief details of material outstanding litigation that have been initiated by and against our Company, our Directors, our Promoters and our Subsidiary, as applicable, are set forth below:

(₹ in million)

Nature of cases	Number of cases	Total amount involved (to the extent quantifiable)
Litigations involving our Company		
Proceedings against our Company	**4**	**36.79**
Civil	-	-
Criminal	-	-
Tax	2	36.79
Action by Statutory or Regulatory Authorities	2	-
Proceedings by our Company	**2**	-
Civil	2	-
Criminal	-	-
Litigation involving our Subsidiary		
Proceedings against our Subsidiary	-	-
Civil	-	-
Criminal	-	-
Tax	-	-
Action by Statutory or Regulatory Authorities	-	-
Proceedings by our Subsidiary	-	-
Civil	-	-
Criminal	-	-
Litigation involving our Promoter		
Proceedings against our Promoters	**3**	-
Civil	3	-
Criminal	-	-
Tax	-	-
Action by Statutory or Regulatory Authorities	-	-
Proceedings by our Promoters	-	-
Civil	-	-
Criminal	-	-
Litigation involving our Directors		
Proceedings against our Directors	-	-
Civil	-	-
Criminal	-	-
Tax	-	-
Action by Statutory or Regulatory Authorities	-	-
Proceedings by our Directors	-	-
Civil	-	-
Criminal	-	-

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 that could increase our expenses and current liabilities. Further, such legal proceedings could divert our management's time and attention and cause us to incur significant expenses. Any adverse decision in any of these proceedings may have an adverse effect on our business, results of operations and financial condition.

For further information, see "*Outstanding Litigation and Material Developments*" on page 435.

30. P. Jayaprakash Reddy, a member of our Promoter Group, has filed an application for the transmission of Equity Shares held in demat account of his deceased wife, which is currently pending. We cannot assure you that such application shall be successful.

P. Jayaprakash Reddy, a member of our Promoter Group, along with certain of our Promoters, namely. C. Usha Reddy, G. Kavitha Reddy and D. Anitha Reddy, has filed an application before the Senior Civil Judge, City Civil Court, Hyderabad, for the transmission of Equity Shares held in the demat account of P. Girija, his deceased wife. P. Girija passed away on July 29, 2019 and held 1,204,080 Equity Shares in our Company at the time of her death. We have been informed by P. Jayaprakash Reddy that, in terms of such application, he has sought that such Equity Shares, currently held in the demat account of P. Girija, be transferred to him. Accordingly, in reliance upon the same, certain disclosures in this Prospectus state that these Equity Shares are held by P. Jayaprakash Reddy. There can be no assurance that the application shall be successful. In the event the application is unsuccessful, depending on the final order of the court on the matter, the disclosures made in this Prospectus shall stand amended to this extent.

31. We retain a large number of contract labour, resulting in increased costs to our Company. In the event of non-availability of such contract labour or any adverse regulatory orders, it may have a material adverse impact on our operations.

We operate in a labour-intensive industry and accordingly, are required to employ labour as well contractual labour. This results in a significant labour as well as contractual labour costs for our Company. As on December 31, 2020, we have 891 permanent employees and 248 contractual workmen.

Our dependence on contract labour may result in significant risks for our operations, relating to the availability and skill of such contract labourers, as well as contingencies affecting availability of such contract labour during peak periods in labour intensive sectors such as ours. There can be no assurance that we will have adequate access to skilled and unskilled workmen at reasonable rates. For instance, our manufacturing process is dependent on a technology driven production system and any inability of our labour to successfully familiarise with such technology will adversely affect our business, financial condition, result of operations and cash flows.

Further, our Company appoints independent contractors who in turn engage significant number of on-site contract labourers for performance of our business operations. Although our Company does not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition.

32. Our operations involve the operation of machinery. These activities can be dangerous and any accident, including any mechanical and operational failures could cause serious injury to people or property and in certain circumstances, even death, and this may adversely affect our production schedules, costs, sales and ability to meet customer demand.

Our operations require individuals to work under potentially dangerous circumstances and exposes them, among others, to the risk of mechanical and operational failures of machines that they may work with. Despite compliance with requisite safety requirements and standards, our operations are subject to significant hazards, including:

- explosions;
- fires;
- mechanical failures and other operational problems;
- inclement weather and natural disasters;
- discharges or releases of hazardous substances, chemicals or gases; and
- other environmental risks.

For instance, on May 28, 2014, we experienced a fire in our Registered and Corporate Office, in the office premises on the 2nd floor at Unit I of our Company. While there was no loss of life as a result of this incident, it resulted in the destruction of fixed assets of our Company, amounting to losses of fixed assets of our Company worth ₹ 27.25 million and inventory worth ₹ 12.00 million, as well as the destruction of various books and records of our Company. Although we employ safety procedures during our operations and maintain what we believe to be adequate insurance, there is a risk that any hazard including an accident during manufacturing operations, may result in personal injury to our employees or other persons, destruction of property or equipment, environmental damage, manufacturing or delivery delays, or may lead to suspension of our operations and/or imposition of civil or criminal liabilities. The loss or shutting down of our facilities could disrupt our business operations and adversely affect our results of operations, financial condition and reputation. We could also face claims and litigation, in India filed on behalf of persons alleging injury predominantly as a result of occupational exposure to hazards at our facilities, the outcome of which is difficult to assess or quantify, and the cost to defend such litigation could be significant. These claims and lawsuits, individually or in the aggregate, may be resolved against us inflicting negative publicity and consequently, our business, results of operations and financial condition could be adversely affected.

In particular, if operations at our manufacturing facilities were to be disrupted as a result of any significant workplace accident, fire, explosion or other connected reasons, our financial performance may be adversely affected as a result of our inability to meet customer demand or committed delivery schedules for our products. Interruptions in production may also increase our costs and reduce our sales, and may require us to make substantial capital expenditures to remedy the situation or to defend litigation that we may become involved in as a result, which may negatively affect our profitability, business, reputation, financial condition, results of operations, cash flows and prospects.

33. Our continued operations are critical to our business and any disruption to power or fuel sources or any shutdown of our manufacturing facilities may have an adverse effect on our business, results of operations, financial condition and cash flows.

Our manufacturing facilities are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of efficiency, obsolescence of equipment or machinery, labour disputes, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. As we serve programs of high national importance, our customers rely significantly on the timely delivery of our products, and accordingly, our ability to provide an uninterrupted and timely supply of our products is critical to our business. In addition, certain of our customers can impose significant penalties on us for any delayed delivery of products or a defect in the products delivered. We have, in the past, been required to pay such liquidated damages for delays to our customers.

We also require substantial electricity for our manufacturing facilities most of which is sourced from state electricity boards. If supply is not available for any reason, we will need to rely on alternative sources, which may not be able to consistently meet our requirements. The cost of electricity purchased from alternative sources could be significantly higher, thereby adversely affecting our cost of production and profitability. The cost of supplies may otherwise increase in the future. Interruptions of electricity supply can also result in production shutdowns, increased costs associated with restarting production and the loss of production in progress.

Additionally, we require substantial fuel for our manufacturing facilities, and energy costs represent a significant portion of the production costs for our operations. For Fiscals ended 2018, 2019, 2020, and for the nine months ended December 31, 2019 and for the nine months ended December 31, 2020, our power and fuel expense was ₹ 63.30 million, ₹ 64.68 million, ₹ 72.35 million, ₹ 53.58 million and ₹ 49.44 million, constituting 3.97%, 3.52%, 3.38%, 3.52% and 2.79%, respectively, of our revenue from operations.

Therefore, if access to these supplies is not available for any reason, our production may be disrupted and profitability could be adversely affected. If energy or water costs were to rise, or if electricity or water supplies or supply arrangements were disrupted, our profitability could decline. Our business and financial results may be adversely affected by any disruption of operations of our product lines, including as a result of any of the factors mentioned above.

34. Damage to our brand and reputation could have a material adverse effect on our results of operations.

Our business depends to a significant extent on our customers' trust in our brand and associated reputation as a reliable supplier, as well as in our ability to support our customers' key performance targets. Certain of our products are subject to express and implied warranty claims. We cannot assure you that we will be successful in maintaining or reducing the historical level of warranty claims or that claims in relation to our products will not increase significantly. Actual or alleged instances of inferior product quality or of damage caused or allegedly caused by our products, could damage our reputation and brand and could lead to new or existing customers becoming less willing to conduct business with us. In addition, events or allegations of malfunctioning products could lead to legal claims against us, and we could incur substantial legal fees and other costs in defending such legal claims. The materialization of any of these risks, alone or in combination with each other, could damage our reputation and could have a material adverse effect on our business, financial condition and results of operations.

35. We are required to obtain and maintain quality and product certifications for certain customers as well as in respect of certain products that we manufacture.

Typically, in case of exports, especially to customers in the aerospace sector, we are required to obtain product certification from local regulators before our products can be delivered to such international customers. In some countries, certain certifications for products with regard to specifications and quality standards are necessary or preferred in order for these products to be accepted by customers. As such, we need to be able to obtain and maintain the relevant certifications so that our customers are able to appropriately utilise the products that are manufactured by us, in their respective countries.

If we are unable to meet or maintain the requirements needed to secure or renew such certifications, this could have a material adverse effect on our business, prospects and results of operations.

36. Delay in schedule of our expansion into new territories or expanding our existing manufacturing capacity to meet future demands may subject our Company to risks related to time and cost overrun which may have a material adverse effect on our business, results of operations and financial condition.

Our Company is in the process of establishing an additional manufacturing facility at Adibatla in Hyderabad which is expected to become operational in Fiscal 2022. Our Company may face risks relating to the commissioning of any new such manufacturing facilities in newer territories or failure to expand our existing manufacturing capacity to meet future demand for our products on account of reasons including but not limited to changes in the general economic and financial conditions in India. We may also encounter various setbacks such as delay in receiving required government approvals, construction defects and delivery failures by suppliers, unexpected delays in obtaining permits and authorizations, or legal actions brought by third parties. Further, as and when we commission our planned manufacturing facilities, our raw material requirements and costs as well as our staffing requirements and employee expenses may increase and we may face other challenges in extending our financial and other controls to our new manufacturing facilities as well as in realigning our management and other resources and managing our consequent growth.

37. Our management will have broad discretion in how we apply the Net Proceeds, including interim use of the Net Proceeds and the Pre-IPO Placement, 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 or the Pre-IPO Placement in the manner intended by us will result in any increase in the value of your investment.

We intend to use the Net Proceeds and the proceeds of the Pre-IPO Placement for the purposes described under "*Objects of the Offer*" on page 100. The objects of the Offer include repayment/ prepayment in full or in part, of borrowings availed by our Company amounting to approximately ₹ 630.00 million, funding working capital requirements amounting to approximately ₹ 950.00 million, and general corporate purposes. Our funding requirements and the deployment of the Net Proceeds and the Pre-IPO Placement are based on management estimates and have not been appraised. In response to the dynamic nature of our business, our management will have broad discretion to revise our business plans, estimates and budgets from time to time. Consequently, our funding requirements and deployment of funds may change, which may result in rescheduling of the proposed utilization of the Net Proceeds and the proceeds of the Pre-IPO Placement, and increasing or decreasing expenditure for a particular activity, subject to compliance with applicable law and the investment policies approved by our management. Furthermore, pursuant to Section 27 of the Companies Act, 2013, any variation in the objects would require a special resolution to be passed by the shareholders of our Company and the promoter 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 in accordance with the Articles of Association of our Company and as may otherwise be prescribed by SEBI.

In the case of increase in actual expenses or shortfall in requisite funds, additional funds for a particular activity will be met by means available to us, including internal accruals and additional equity and/or debt arrangements.

If actual utilization towards the objects of the Offer is lower than the proposed deployment, such balance will be used for future growth opportunities, and general corporate purposes. If estimated utilization of the Net Proceeds and the proceeds of the Pre-IPO Placement is not completely met in a fiscal year, it shall be carried forward.

Our management will have significant flexibility in temporarily investing the Net Proceeds and the proceeds of the Pre-IPO Placement and there can be no assurance that we will earn significant interest income on, or that we will not suffer unanticipated diminution in the value of, such temporary investments.

38. ***Our business could be adversely affected by any delays or increased costs resulting from issues that our carriers may face in transporting our raw materials, components or finished products.***

We rely on a variety of carriers to transport our raw materials and components from our suppliers to us, and to transport our products to our customers. Problems suffered by any of these carriers, whether due to a natural disaster, labour problems, increased energy prices, inadequacies in transport infrastructure, or any other issue, could result in shipping delays, supply chain disruptions and increased costs, and could therefore have a material adverse effect on our operations.

Moreover, many of the products we produce are bulky and difficult to efficiently pack and transport over long distances, and our customers often demand just-in-time and just-in-sequence component deliveries. As a result, we rely on the close proximity of our facilities to our customers to the extent possible, to minimize the freight costs associated with transporting our products. Any failure to pass through these increased transportation costs to our customers, or any increase in delivery lead times resulting from long-distance transport of our products, could adversely affect our business, financial condition and results of operations.

39. ***We are subject to risks arising from interest rate fluctuations, which could reduce the profitability of our projects and adversely affect our business, financial condition and results of operations.***

Interest rates for borrowings have been volatile in India in recent periods. Our operations are partly funded by debt and increases in interest rate and a consequent increase in the cost of servicing such debt may have an adverse effect on our results of operations and financial condition. Changes in prevailing interest rates affect our interest expense in respect of our borrowings. Our current debt facilities carry interest at variable rates. Although we may in the future engage in interest rate hedging transactions or exercise any right available to us under our financing arrangements to terminate the existing debt financing arrangement on the respective reset dates and enter into new financing arrangements, there can be no assurance that we will be able to do so on commercially reasonable terms or that these agreements, if entered into, will protect us adequately against interest rate risks. Further, if such arrangements do not protect us adequately against interest rate risks, they would result in higher costs.

40. ***Employee misconduct could harm us and is difficult to detect and deter.***

Although we closely monitor our employees, misconduct, including acts of theft and fraud by employees or executives, such acts could include binding us to transactions that exceed authorized limits or present unacceptable risks or they may hide unauthorized or unlawful activities from us, which may result in substantial financial losses and damage to our reputation and loss of business from our customers. Employee or executive misconduct could also involve the improper use or disclosure of confidential information, which could result in regulatory sanctions and serious reputational or financial harm, including harm to our brand. It is not always possible to deter employee or executive misconduct and the precautions taken and systems put in place to prevent and detect such activities may not be effective in all cases. Any instances of such misconduct could adversely affect our reputation.

41. ***We may be subject to counter party credit risk from our operating activities and our financing activities.***

We are subject to the risk that our counterparties may not meet their obligations under various financial instruments. Our credit risk exposure relates to our financing activities, including deposits with banks and financial institutions, as well as to operating activities, primarily from trade receivables. We typically have credit terms ranging from 30 to 90 days with our customers. In Fiscal 2018, 2019, 2020, and in the nine months ended December 31, 2019 and in the nine months ended December 31, 2020, our trade receivables were ₹ 489.66 million, ₹ 504.17 million, ₹ 616.37 million, ₹ 588.78 million and ₹ 731.19 million, respectively. Accordingly, in the event that our counterparties do not meet their financial obligations, we may face financial loss and this may thereby adversely affect our business, results of operations and cash flows.

42. If we fail to maintain an effective system of internal controls, we may not be able to successfully manage, or accurately report, our financial risks.

Effective internal controls are necessary for us to prepare reliable financial reports and effectively avoid fraud. Moreover, any internal controls that we may implement, or our level of compliance with such controls, may deteriorate over time, due to evolving business conditions. There can be no assurance that deficiencies in our internal controls will not arise in the future, or that we will be able to implement, and continue to maintain, adequate measures to rectify or mitigate any such deficiencies in our internal controls. Any inability on our part to adequately detect, rectify or mitigate any such deficiencies in our internal controls may adversely impact our ability to accurately report, or successfully manage, our financial risks, and to avoid fraud.

43. Security breach in classified government systems could adversely affect our business.

A significant number of designs we develop, and products we manufacture and maintain involve managing and protecting information involved in intelligence, national security and other classified government functions. While we have programmes designed to comply with relevant security laws, regulations and restrictions, a security breach in one of these systems could cause serious harm to our business, damage our reputation and prevent us from being eligible for further work on such critical classified designs for the various ministries of the Government that we associate with. Damage to our reputation or limitations on our eligibility for additional work resulting from such security breach, could materially reduce our revenue.

We may experience cyber security threats, threats to our information technology infrastructure and attempts to gain access to our Company's sensitive information. We have installed anti-virus software to prevent our systems and infrastructure from being infected and crippled by computer viruses. All our internet facing servers installed at all our data centres as well as at all our offices are also secured with firewalls and intrusion preventions systems to prevent hacking. The threats we may face, may vary from attacks common to most industries to more advanced and persistent, highly organised adversaries who could target us because we protect national security information. If we are unable to protect sensitive information, our customers or governmental authorities could question the adequacy of our threat mitigation and detection processes and procedures. Due to the evolving nature of these security threats, however, the impact of any future incident cannot be predicted.

The costs related to cyber or other security threats or disruptions may not be fully insured or indemnified by other means. Occurrence of any of these events could adversely affect our internal operations, the services we provide to our customers, loss of competitive advantages derived from our research, design and development efforts or other intellectual property, early obsolescence of our products and services, our future financial results, our reputation or our stock price.

44. Our ability to pay dividends in the future will depend on our future cash flows, working capital requirements, capital expenditures and financial condition.

Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and subsequent approval of shareholders and will depend on factors that our Board and shareholders deem relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We may decide to retain all of our earnings to finance the development and expansion of our business and, therefore, may not declare dividends on our Equity Shares. We cannot assure you that we will be able to pay dividends at any point in the future. For details of dividend paid by our Company in the past, see "*Dividend Policy*" on page 280.

45. A downgrade in our credit rating could adversely affect our ability to raise capital in the future.

Our Company currently has a credit rating of 'BBB+ (Stable)' for long term fund based / cash credit facilities, long term fund based term loans, and long term unallocated facilities and a credit rating of 'BBB+ (Stable) / A2' for long term / short term non fund based facilities from ICRA. Further, our Company has a long term credit rating of 'BBB+ / Stable' and short term credit rating of 'A2' from CRISIL Ratings. Our credit ratings, which are intended to measure our ability to meet our debt obligations, are a significant factor in determining our finance costs. The interest rates of certain of our borrowings may be significantly dependent on our credit ratings. A downgrade of our credit ratings could lead to greater risk with respect to refinancing our debt and would likely increase our cost of borrowing and adversely affect our business, financial condition, results of operations and prospects.

46. ***We have, in the past, entered into certain transactions with related parties and may continue to do so in the future. Any related party transactions that are not on an arm's length basis may adversely affect our business, results of operation and financial condition.***

We have, in the past, entered into certain transactions with related parties and may continue to do so in the future. For further details, see "*Related Party Transactions*" on page 285. While we believe that all such transactions have been conducted on an arms-length basis, we cannot assure you that we would not have achieved more favourable commercial terms had such transactions not been entered into with related parties. Further, we may enter into related party transactions in the future, and such transactions may potentially involve conflicts of interest. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our results of operations and financial condition.

47. ***The auditors' report issued by the Previous Auditor on the unconsolidated financial statements of our Company as on and for the year ended March 31, 2018 contains an emphasis of matter.***

The auditors' report issued by the Previous Auditor on the unconsolidated financial statements of our Company as on and for the year ended March 31, 2018, contains the following emphasis of matter: "We draw attention to the users of Ind AS financial statements that the entity has recognised deferred tax asset of Rs.54.53 million only on unused tax losses of Rs.189.06 million as against available unused tax losses of Rs.531.48 million due to uncertainity of taxable profits in subsequent years."

There can be no assurance that our audit reports for any future Fiscals will not contain reservations, qualifications, emphasis of matters, or other adverse observations which may affect our results of operations in such future periods.

48. ***Our insurance coverage could prove inadequate to satisfy potential claims and our insurance policies may not protect us against all potential losses, which could adversely affect our business and results of operations.***

Our business operations are subject to various risks inherent in the manufacturing industry. While we believe that the insurance coverage which we maintain is in keeping with industry standards and would be reasonably adequate to cover the normal risks associated with the operation of our businesses, we cannot assure you that any claim under the insurance policies maintained by us will be covered entirely, in part or on time, or that we have taken out sufficient insurance to cover all our losses. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all.

Our total insurance coverage as of December 31, 2020 was ₹ 2,467.21 million and our insurance coverage as a percentage of our total net fixed assets on a consolidated basis, was 159.15%.

To the extent that we suffer loss or damage, or successful assertion of one or more large claims against us for events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial performance and cash flows could be adversely affected. For further information on our insurance arrangements, see "*Our Business – Insurance*" on page 242.

49. ***Certain of our Directors, Promoters and members of our Promoter Group have interests in our Company other than reimbursement of expenses incurred and normal remuneration or benefits.***

Certain of our Promoters and Directors may be regarded as having an interest in our Company other than reimbursement of expenses incurred and normal remuneration or benefits. Certain Promoters, Directors and members of the Promoter Group may be deemed to be interested to the extent of Equity Shares held by them, as well as to the extent of any dividends, bonuses or other distributions on such Equity Shares Additionally, we have, in the course of our business, entered into, and will continue to enter into, transactions with related parties. Certain of the key related party transactions entered into by us include the buy back of Equity Shares from P. Jayaprakash Reddy and investment in, and advances given to, MASPL.

While, in our view, all such transactions that we have entered into are legitimate business transactions conducted on an arms' length basis, we cannot assure you that we could not have achieved more favourable terms had such arrangements not been entered into with related parties or that we will be able to maintain existing terms, in cases where the terms are more favourable than if the transaction had been conducted on an arms' length basis. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, prospects, result of operations, financial condition and cash flows, including because of potential conflicts of interest or otherwise. For more information on our related party transactions, see "*Related Party Transactions*" on page 285.

50. Our Promoters and members of the Promoter Group will continue to retain significant shareholding in our Company after the Offer, which will allow them to exercise significant influence over us.

After the completion of the Offer, our Promoters and members of the Promoter Group will hold approximately 50.25% of our outstanding Equity Shares. Accordingly, our Promoters and members of the Promoter Group will continue to exercise significant influence over our business and all matters requiring shareholders' approval, including the composition of our Board of Directors, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership may also delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of our Promoters and members of the Promoter Group. Further, the Takeover Regulations may limit the ability of a third party to acquire control. The interests of our Promoter, as our Company's controlling shareholder, could conflict with our Company's interests, your interests or the interests of our other shareholders. There is no assurance that our Promoter will act to resolve any conflicts of interest in our Company's or your favour.

51. Any inability to protect our intellectual property from third party infringement may adversely affect our business and prospects.

We believe that any damage to the brand "MTAR" or to our reputation could substantially impair our ability to maintain or grow our business, or could have a material adverse effect on our overall business, financial condition, results of operations and cash flows. While we have made an application for registration of the trademark 'MTAR; Building Nation With Exceptional Engineering' we have not obtained registration for any of our intellectual property under extant intellectual property laws. Our ability to compete effectively depends in part on our ability to protect our rights in intellectual property and our efforts to protect our intellectual property (including our reliance on trade secret laws) may not be adequate. Unauthorized parties may infringe upon or misappropriate our intellectual property or proprietary information. In the absence of any intellectual property registrations, we may not be able to initiate an infringement action against any third party who maybe infringing our intellectual property. As a result, we may not be able to prevent infringement of our intellectual property and a passing off action may not provide sufficient protection until such time that this registration is granted. Any unauthorized or inappropriate use of our trademarks and other intellectual property rights by others in their corporate names or product brands or otherwise could harm our brand image, competitive advantages and business, and dilute or harm our reputation and brand recognition. Further, if a dispute arises with respect to any of our intellectual property or proprietary information, we will be required to produce evidence to defend or enforce our claims, and we may become party to litigation, which may strain our resources and divert the attention of our management. We cannot assure you that any infringement claims that are material will not arise in the future or that we will be successful in defending any such claims when they arise.

52. We might infringe upon the intellectual property rights of others, which could harm our competitive position.

While we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty as to whether we are infringing on any existing third-party intellectual property rights, which may force us to alter our technologies, obtain licenses or cease some of our operations. We may also be susceptible to claims from third parties asserting infringement and other related claims. If claims or actions are asserted against us, we may be required to obtain a license, modify our existing technology or cease the use of such technology and design a new non-infringing technology. Such licenses or design modifications can be extremely costly. Furthermore, necessary licenses may not be available to us on satisfactory terms, if at all. In addition, we may decide to settle a claim or action against us, which settlement could be costly. We may also be liable for any past infringement. Any of the foregoing could adversely affect our business, results of operations and financial condition.

53. ***The proceeds from the Offer for Sale will be paid to the Selling Shareholders, including our Promoters.***

This Offer is being undertaken as a Fresh Issue of Equity Shares as well as an Offer for Sale of Equity Shares by the Selling Shareholders. The entire proceeds from the Offer for Sale will be paid to the Selling Shareholders, namely, P. Leelavathi, Parvat Srinivas Reddy, P. Kalpana Reddy, Saranya Loka Reddy, C. Usha Reddy, G. Kavitha Reddy, D. Anitha Reddy, K. Shalini, A. Manogna, Fabmohur Advisors LLP and P. Simhadri Reddy and our Company will not receive any proceeds from the Offer for Sale. For further details, see "*The Offer*", "*Capital Structure*" and "*Objects of the Offer*" on pages 66, 77 and 100, respectively.

54. ***Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA and EBITDA margin have been included in this Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, EBITDA margin, net worth, return on net worth, Net Asset Value per Equity Share, debt equity ratio, return on capital employed, earnings before interest and tax, total capital employed and total borrowings / equity have been included in this Prospectus. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

55. ***Some of our Promoters have limited or no experience in the precision engineering and manufacturing industry.***

Some of our Promoters have limited or no experience in the precision engineering and manufacturing industry. The industry in which we operate, and the sectors which we cater to, involve various risks, including regulatory risks and environmental risks. Any failure to manage the ongoing as well as future demand could delay the process of manufacturing and supplying our products which effectively could delay our ability to meet our customers' requirements and consequently, our ability to generate revenue, which could have an adverse impact on our business and revenue.

56. ***There have been certain instances of discrepancies in relation to certain statutory filings made or required to be made by our Company with the RoC under applicable law and certain other non-compliances by our Company under Indian company and foreign exchange laws.***

There have been certain discrepancies in relation to statutory filings required to be made by us with the RoC under applicable laws as well as certain other non-compliances incurred by us under Indian company law. For example, certain of our annual returns do not reflect transfers between our Promoters and Promoter Group. For details, see "*– We are unable to trace some of our historical corporate records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in future in relation to the missing corporate records which may impact our financial condition and reputation.*" on page 38.

As of the date of this Prospectus, we have filed two applications for compounding before the Regional Director, South East Region, Hyderabad in relation to (a) delay in extinguishment of Equity Shares bought back by the Company pursuant to buyback beyond the period prescribed by the Companies Act, 2013 and (b) non-compliance with the requirement to appoint a Company Secretary in compliance with the Companies Act, 2013. Such applications are currently pending before the Regional Director. There can be no assurance that the Regional Director will not take an adverse view and impose penalties on our Company in this regard. For details in relation to the compounding applications, see "*Outstanding Litigation and Material Developments – Compounding applications and condonation of secretarial non-compliances*" on page 436.

Further, our Company has not made certain filings with the RBI as per the requirements of applicable foreign exchange related laws. While addressing the non-compliances, including delays, we may opt for compounding before RBI which may result into imposition of compounding fees, penalty or both, as may be determined by RBI.

Our Company is assessing the appropriate corrective action that we may take, including making necessary representations and compounding applications before the RBI. At this stage, our Company is unable to accurately predict the definitive compounding fee or penalty, however, we believe that it may not be significant. There can be no assurance that the representations or corrective actions we may take will be acceptable to the regulator.

57. ***Our Company has an obligation to buy-back Equity Shares allotted to investors in the Pre-IPO Placement ("Pre-IPO Shares"), in the event the Offer is not consummated within 45 business days from the date of closing of the Pre-IPO Placement***

Our Company has entered into agreements with investors in the Pre-IPO Placement, pursuant to which, our Company shall be required to buy back the Pre-IPO Shares, if they are not listed on a recognised stock exchange within 45 business days of the closing date specified in such agreements, or such other period as the parties thereto may agree upon. For details, see "*History and Certain Corporate Matters – Other agreements*" on page 251. We cannot assure you that the Offer will be consummated within this period, or that the investors shall agree to extend such period in the event the offer is not consummated within this period. In the event our Company is required to buy back the Pre-IPO Shares, we may be required to invest significant resources for the same, which may have a material adverse impact on our Company.

EXTERNAL RISK FACTORS

Risks Related to India

1. ***The outbreak of COVID-19, or outbreak of any other severe communicable disease could have a potential impact on our business, financial condition and results of operations.***

The outbreak, or threatened outbreak, of any severe communicable disease (particularly the COVID-19) could materially adversely affect overall business sentiment and environment, particularly if such outbreak is inadequately controlled. The spread of any severe communicable disease may also adversely affect the operations of our customers and suppliers, which could adversely affect our business, financial condition and results of operations. The outbreak of COVID-19 has resulted in authorities implementing several measures such as travel bans and restrictions, quarantines, shelter in place orders, and lockdowns. On account of the nationwide lockdown we experienced certain operational disruptions and we cannot predict the further impact COVID-19 may have on our workforce and operations, the operations of our customers, and those of our respective vendors and suppliers. There is currently substantial medical uncertainty regarding COVID-19. A rapid increase in severe cases and deaths where measures taken by governments fail or are lifted prematurely, may cause significant economic disruption in India and in the rest of the world. The scope, duration and frequency of such measures and the adverse effects of COVID-19 remain uncertain and could be severe. Our ability to meet our ongoing disclosure obligations might be adversely affected, despite our best efforts. If any of our employees were suspected of contracting COVID-19 or any other epidemic disease, this could require us to quarantine some or all of these employees or disinfect the facilities used for our operations. In addition, our revenue and profitability could be impacted to the extent that a natural disaster, health epidemic or other outbreak harms the Indian and global economy in general.

The outbreak has significantly increased economic uncertainty. It is likely that the current outbreak or continued spread of COVID-19 will cause further economic slowdown and it is possible that it could cause a global recession. The spread of COVID-19 has caused us to modify our business practices (including employee travel, employee work locations, and cancellation of physical participation in meetings, events and conferences), and we may take further actions as may be required by government authorities or that we determine are in the best interests of our employees, customers, partners, and suppliers. There is no certainty that such measures will be sufficient to mitigate the risks posed by the outbreak, and we cannot predict the future impact of COVID-19 on our ability to perform critical functions.

We have monitored and considered the impact of known events arising from the COVID-19 pandemic, including with respect to our liquidity and going concern and recoverable values of assets. While we have not experienced significant financial losses in the past, the extent to which the COVID-19 further impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and the actions taken globally to contain the coronavirus or treat its impact, among others. Existing insurance coverage may not provide protection for all costs that may arise from all such possible events. We are closely monitoring the impact of COVID-19 on all aspects of our business, but there can be no assurance that such monitoring will enable us to avoid part or all of any future impact from the spread of COVID-19 or its consequences, including downturns in business sentiment generally or in our sector in particular. The degree to which COVID-19 impacts our results will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the duration and spread of the outbreak, its severity, the actions taken to contain the outbreak or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. The above risks can threaten the safe operation of our facilities and cause disruption of operational activities, environmental harm, loss of life, injuries and impact the wellbeing of our people.

Further in case the lockdown is reinstated, it could result in muted economic growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect the business, prospects, results of operations and financial condition of our Company.

2. ***Financial instability in other countries may cause increased volatility in Indian financial markets.***

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business, our future financial performance and the prices of the Equity Shares.

The recent outbreak of COVID-19 has significantly affected financial markets around the world. Any other global economic developments or the perception that any of them could occur may continue to have an adverse effect on global economic conditions and the stability of global financial markets, and may significantly reduce global market liquidity and restrict the ability of key market participants to operate in certain financial markets. Any of these factors could depress economic activity and restrict our access to capital, which could have an adverse effect on our business, financial condition and results of operations and reduce the price of our Equity Shares. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of our Equity Shares.

3. ***We may be affected by competition laws, the adverse application or interpretation of which could adversely affect our business.***

The Competition Act, 2002, of India, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). 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 may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On March 4, 2011, 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 Competition Commission of India (the "**CCI**"). Additionally, on May 11, 2011, the CCI issued 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. However, since we pursue an acquisition driven growth strategy, we may be 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, cash flows and prospects.

4. Investors may not be able to enforce a judgment of a foreign court against our Company outside India.

Our Company is incorporated under the laws of India. Our Company's assets are located in India and all of our Company's Directors and Key Managerial Personnel are residents of India. As a result, it may not be possible for investors to effect service of process upon our Company or such persons in jurisdictions outside India, or to enforce against them judgments obtained in courts outside India. Moreover, it is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India or that an Indian court would enforce foreign judgments if it viewed the amount of damages as excessive or inconsistent with Indian public policy.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, which includes, the United Kingdom, United Arab Emirates, Singapore and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Civil Code. The United States and India do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by any federal or state court in a non-reciprocating territory, such as the United States, for civil liability, whether or not predicated solely upon the general securities laws of the United States, would not be enforceable in India under the Civil Code as a decree of an Indian court.

The United Kingdom, United Arab Emirates, Singapore and Hong Kong have been declared by the Government of India to be reciprocating territories for purposes of Section 44A of the Civil Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit on the judgment under Section 13 of the Civil Code, and not by proceedings in execution. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction, (ii) where the judgment has not been given on the merits of the case, (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognise the law of India in cases to which such law is applicable, (iv) where the proceedings in which the judgment was obtained were opposed to natural justice, (v) where the judgment has been obtained by fraud or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record. The Civil Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, other charges, fines or penalties. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court.

However, the party in whose favour such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within three years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered.

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

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

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

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

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

- any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;
- any scarcity of credit or other financing in India, resulting in an adverse effect on economic conditions in India and scarcity of financing for our expansions;
- prevailing income conditions among Indian customers and Indian corporations;
- epidemic or any other public health in India or in countries in the region or globally, including in India's various neighbouring countries;
- macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;
- volatility in, and actual or perceived trends in trading activity on, India's principal stock exchanges;
- decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;
- downgrading of India's sovereign debt rating by rating agencies; and
- difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and/or a timely basis.

Any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares. For example, our manufacturing facilities are located in western India, hence any significant disruption, including due to social, political or economic factors or natural calamities or civil disruptions, impacting this region may adversely affect our operations.

7. If inflation were to rise in India, we might not be able to increase the prices of our services at a proportional rate in order to pass costs on to our customers and our profits might decline.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. India has experienced high inflation in the recent past. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of salaries, and other expenses relevant to our business.

High fluctuations in inflation rates may make it more difficult for us to accurately estimate or control our costs. Any increase in inflation in India can increase our expenses, which we may not be able to pass on to our customers, whether entirely or in part, and the same may adversely affect our business and financial condition. In particular, we might not be able to reduce our costs or increase our rates to pass the increase in costs on to our customers. In such case, our business, results of operations, cash flows and financial condition may be adversely affected.

Further, the GoI has previously initiated economic measures to combat high inflation rates, and it is unclear whether these measures will remain in effect. There can be no assurance that Indian inflation levels will not worsen in the future.

8. 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. For further details, please see on "*Restrictions on Foreign Ownership of Indian Securities*" page 483.

9. A downgrade in ratings of India, may affect the trading price of the Equity Shares.

Our borrowing costs and our access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating is Baa3 with a "negative" outlook (Moody's), BBB-with a "stable" outlook (S&P) and BBB-with a "stable" outlook (Fitch). Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our control. This could have an adverse effect on our ability to fund our growth on favourable terms or at all, and consequently adversely affect our business and financial performance and the price of our Equity Shares.

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

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. For example, the Government of India implemented a comprehensive national goods and services tax ("**GST**") regime with effect from July 1, 2017, that combined multiple taxes and levies by the Central and State Governments into a unified tax structure. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented. The Government has enacted the GAAR which have come into effect from April 1, 2017.

The Government of India has announced the union budget for Fiscal 2022 and the Ministry of Finance has introduced the Finance Bill, 2021 ("**Finance Bill**") before the Lok Sabha. There is no certainty on the impact that the Finance Bill, if passed, may have on our business and operations or on the industry in which we operate. We cannot predict whether any amendments made pursuant to the Finance Bill would have a material adverse effect on our business, financial condition and results of operations. Unfavourable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. Any such changes in interpretation of laws may have an impact on our results of operations. Further, a draft of the Personal Data Protection Bill, 2019 ("**Bill**") has been introduced before the Lok Sabha on December 11, 2019, which is currently being referred to a joint parliamentary committee by the Parliament. 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 impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

Risks Related to the Equity Shares

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

We are not a publicly listed company and have not, historically, been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the SEBI Listing Regulations which will require us to file audited annual and audited / unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as promptly as other listed companies. Further, as a publicly listed company, we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our management's attention may be diverted from our business concerns, which may adversely affect our business, prospects, results of operations and financial condition. In addition, we may need to hire additional legal and accounting staff with appropriate experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely and efficient manner.

12. ***The determination of the Price Band is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer. Further, the current market price of some securities listed pursuant to certain previous issues managed by the Book Running Lead Managers is below the respective issue price.***

The determination of the Price Band is based on various factors and assumptions, and will be determined by our Company and the Selling Shareholders, in consultation with the Book Running Lead Managers. Furthermore, the Offer Price of the Equity Shares will be determined by the Company and the Selling Shareholders, in consultation with the Book Running Lead Managers through the Book Building Process. These will be based on numerous factors, including factors as described under "*Basis for Offer Price*" on page 109 and may not be indicative of the market price for the Equity Shares after the Offer.

In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the Book Running Lead Managers is below their respective issue price. For further details, see "*Other Regulatory and Statutory Disclosures – Price information of past issues handled by the Book Running Lead Managers*" on page 450. The factors that could affect the market price of the Equity Shares include, among others, broad market trends, financial performance and results of the company post-listing, and other factors beyond our control. We cannot assure you that an active market will develop or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

13. ***There is no guarantee that our Equity Shares will be listed on the BSE and NSE in a timely manner or at all.***

In accordance with Indian law and practice, permission for listing and trading of our Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer.

In accordance with current regulations and circulars issued of SEBI, our Equity Shares are required to be listed on the BSE and NSE within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in our Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares.

14. ***An investment in the Equity Shares is subject to general risks related to investments in Indian Companies.***

Our Company is incorporated in India and almost all of our assets and employees are located in India. Consequently, our business, results of operations, financial condition and the market price of the Equity Shares will be affected by changes in interest rates in India, policies of the Government of India, including taxation policies along with policies relating to industry, political, social and economic developments affecting India.

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

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions), if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. Additionally, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the Department for Promotion of Industry and Internal Trade, Government of India, investments where the beneficial owner of the Equity Shares is situated in or is a citizen of a country which shares land border with India, can only be made through the Government approval route, as prescribed in the Consolidated FDI Policy. These investment restrictions shall also apply to subscribers of offshore derivative instruments. We cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms or at all.

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

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will be subject to long term capital gains in India at the specified rates depending on certain factors, such as whether the sale is undertaken on or off the stock exchanges, the quantum of gains and any available treaty exemption. Accordingly, you may be subject to payment of long term capital gains tax in India, in addition to payment of Securities Transaction Tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares. Additionally, the Finance Act, 2020 ("**Finance Act**") does not require dividend distribution tax ("**DDT**") to be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident.

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

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

18. ***Our Promoter is selling Equity Shares in the Offer and will receive proceeds as part of the Offer for Sale.***

The Offer comprises of a fresh issue of 2,148,149 Equity Shares and an offer for sale of 8,224,270 by the Selling Shareholders. The proceeds from the Offer will be paid to Selling Shareholders, in respect of the Equity Shares offered by them in the Offer, and we will not receive any portion of such proceeds. For further details, please see "*Objects of the Offer*" on page 100.

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

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

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

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

21. ***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 Shareholders, in consultation with the Book Running Lead Managers, and through the Book Building Process. This price will be based on numerous factors, as described under "*Basis for Offer Price*" on page 109 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.

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

Any future issuance of the Equity Shares, convertible securities or securities linked to the Equity Shares by us, may dilute your shareholding in our Company, adversely affect the trading price of the Equity Shares and our ability to raise capital through an issue of our securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares. We cannot assure you that we will not issue additional Equity Shares. The disposal of Equity Shares by our Promoter and Promoter Group, or the perception that such sales may occur may significantly affect the trading price of the Equity Shares. Except as disclosed in "*Capital Structure*" on page 77, we cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares in the future.

23. ***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 rights 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. 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.

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

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

SECTION IV – INTRODUCTION

THE OFFER

The following table summarizes details of the Offer:

Offer of Equity Shares (1)(2)	10,372,419 Equity Shares, aggregating to ₹ 5,964.14 million*
of which:	
(i) Fresh Issue (1)(2)	2,148,149 Equity Shares, aggregating to ₹ 1,235.19 million*
(ii) Offer for Sale (3)	8,224,270 Equity Shares, aggregating to ₹ 4,728.95 million*
The Offer comprises of:	
A) QIB Portion (4)(5)	5,186,209 Equity Shares*
of which:	
(i) Anchor Investor Portion	3,111,725 Equity Shares*
(ii) Balance available for allocation to QIBs other than Anchor Investors	2,074,484 Equity Shares*
of which:	
(a) Available for allocation to Mutual Funds only (5% of the Net QIB Portion)	103,725 Equity Shares*
(b) Balance for all QIBs including Mutual Funds	1,970,759 Equity Shares*
B) Non-Institutional Portion	1,555,863 Equity Shares*
C) Retail Portion (6)	3,630,347 Equity Shares*
Pre and post Offer Equity Shares	
Equity Shares outstanding prior to the Offer (as at the date of this Prospectus) (7)	28,611,442 Equity Shares
Equity Shares outstanding after the Offer	30,759,591 Equity Shares *
Use of Net Proceeds and the proceeds of the Pre-IPO Placement	See "*Objects of the Offer*" on page 100 for information on the use of proceeds arising from the Fresh Issue and the Pre-IPO Placement. Our Company will not receive any proceeds from the Offer for Sale.

** Subject to finalisation of the Basis of Allotment.*

Notes:

(1) The Offer has been authorized by a resolution of our Board dated December 5, 2020 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated December 5, 2020.

(2) Our Company has, in consultation with the Book Running Lead Managers, undertaken a Pre-IPO Placement of 1,851,851 Equity Shares, aggregating to ₹ 1,000.00 million. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, of up to 4,000,000 Equity Shares accordingly has been reduced by 1,851,851 Equity Shares pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue was of 2,148,149 Equity Shares.

(3) The Equity Shares being offered by the Selling Shareholders are eligible for being offered for sale in terms of the SEBI ICDR Regulations. Each of the Selling Shareholders has authorized the sale of its respective portion of the Offered Shares in the Offer for Sale. For details on the authorisation of the Selling Shareholders in relation to the Offered Shares, see "Other Regulatory and Statutory Disclosures" beginning on page 443

(4) Our Company and the Selling Shareholders, in consultation with the BRLMs, allocated 60% of the QIB Portion to Anchor Investors on a discretionary basis. The QIB Portion was accordingly reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. 5% of the Net QIB Portion was available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion was 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. For details, see "Offer Procedure" beginning on page 464

(5) Under-subscription, if any, in the QIB Portion would not be allowed to be met with spill-over from other categories or a combination of categories. Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion, would be allowed to be met with spill over from any other category or combination of categories, as applicable, at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. In the event of under-subscription in the Offer, the Allotment for the valid Bids will be made, in the first instance, towards subscription for 90% of the Fresh Issue. If there remain any balance valid Bids in the Offer, the Allotment for the balance valid Bids will be made pro rata towards Equity Shares offered by the Investor Selling Shareholders and the Promoter Selling Shareholders, and thereafter, towards the balance Fresh Issue.

(6) Allocation to all categories, except Anchor Investors, if any and Retail Individual Bidders, was made on a proportionate basis, subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Bidder was not less than the minimum Bid

Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, were allocated on a proportionate basis. Allocation to Anchor Investors was on a discretionary basis. For details, see "Offer Procedure" on page 464.

(7) Includes 1,851,851 Equity Shares issued by our Company pursuant to the Pre-IPO Placement.

For details, including in relation to grounds for rejection of Bids, refer to "*Offer Structure*" and "*Offer Procedure*" on page 461 and 464, respectively. For details of the terms of the Offer, see "*Terms of the Offer*" on page 455.

GENERAL INFORMATION

Our Company was incorporated as 'MTAR Technologies Private Limited' pursuant to a certificate of incorporation dated November 11, 1999 issued by the erstwhile Registrar of Companies, Andhra Pradesh at Hyderabad, upon the conversion of 'M/s Machine Tools Aids and Reconditioning', a partnership firm, into a private limited company, in accordance with the provisions of Part IX of the Companies Act, 1956. Thereafter, pursuant to the conversion of our Company to a public limited company, the name of our Company was changed to 'MTAR Technologies Limited', and a fresh certificate of incorporation dated November 2, 2020 was issued to our Company by the RoC. For further details on the changes in the name and registered office of our Company, see "*History and Certain Corporate Matters*" on page 247.

For details of our business, see "*Our Business*" on page 223.

Registered and Corporate Office of our Company

The address and certain other details of our Registered and Corporate Office is as follows:

18, Technocrats Industrial Estate
Balanagar, Hyderabad 500 037
Telangana, India
Tel: +91 40 4455 3333
Website: www.mtar.in

Company Registration Number and Corporate Identity Number

The registration number and corporate identity number of our Company are as follows:

Registration number: 032836
Corporate identity number: U72200TG1999PLC032836

The Registrar of Companies

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

Registrar of Companies, Telangana at Hyderabad
2nd Floor, Corporate Bhawan
Tattiannaram, GSI Post, Nagole
Bandlaguda, Hyderabad 500 068
Telangana, India
Telephone: +91 040 2980 5427

Board of Directors

The following table sets out the brief details of our Board as on the date of this Prospectus:

Name and designation on the Board	DIN	Address
Subbu Venkata Rama Behara *Chairman and Independent Director*	00289721	House 23, Road 1, Shanti Niketan, Chanakya Puri, New Delhi 110 021, India
Parvat Srinivas Reddy *Managing Director*	00359139	House No. 7-1-214/14/12, Ameerpet, Dharam Karam Road, Secunderabad 500 016, Telangana, India
Mathew Cyriac *Nominee Director*	01903606	Imperial, 1908, North Tower, B. B. Nakashe Marg, Tardeo, Mumbai 400 034, Maharashtra, India
Venkatasatishkumar Reddy Gangapatnam *Non-Executive Director*	06535717	House No. 592, Road No. 12, Banjara Hills, Hyderabad 500 034, Telangana, India
Praveen Kumar Reddy Akepati *Additional Director*	08987107	321/A23, Road No 25A, Behind Obul Reddy School, Jubilee Hills, Shaikpet, Hyderabad 500 033, Telangana, India
Gnana Sekaran Venkatasamy *Independent Director*	02012032	12-2-505/506, Flat No. 501, Vijayasree Appartments, Santosh Nagar Colony, Gudimalkapur, Near St. Anne's College, Mehdipatnam, Asifnagar, Hyderabad 500 028, Telangana, India

Name and designation on the Board	DIN	Address
Vedachalam Nagarajan *Independent Director*	08968059	Tc 11/988-14, 3rd Cordial Corona, Nalanda Road, Nanthancode, Kaudiar, Thiruvananthapuram 695 003, Kerala, India
Udaymitra Chandrakant Muktibodh *Independent Director*	06558392	13, Shantiniketan, DAE Quarters, Anushaktinagar, Mumbai 400 094, Maharashtra, India
Krishna Kumar Aravamudan *Independent Director*	00871792	Flat No. B-603, B block, 6th Floor, Fortune Towers, Madhapur, Shaikpet, Hyderabad 500 081, Telangana, India
Ameeta Chatterjee *Independent Director*	03010772	B-38, Ahuja Towers, Plot No. 1087/1088, 37th Floor, R. D. Marg, Near Century Bazaar, Prabhadevi, Mumbai 400 025, Maharashtra, India

For further details of our Board of Directors, see "*Our Management – Board of Directors*" on page 252.

Company Secretary and Compliance Officer

Shubham Sunil Bagadia is the Company Secretary and Compliance Officer of our Company. His contact details are as follows:

Shubham Sunil Bagadia
Flat No J3, Airline Towers
P. G. Road, Sindhi Colony
Secunderabad 500 003
Telangana, India
Tel: +91 40 4455 3333
E-mail: shubham.bagadia@mtar.in

Registrar to the Offer

KFin Technologies Private Limited
(formerly known as "Karvy Fintech Private Limited")
Selenium, Tower B, Plot No 31 and 32,
Financial District, Nanakramguda, Serilingampally
Hyderabad, Rangareddi 500 032
Telangana, India
Telephone: +91 40 6716 2222
E-mail: mtar.ipo@kfintech.com
Website: www.kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com
Contact Person: M. Murali Krishna
SEBI Registration No: INR000000221

Book Running Lead Managers

JM Financial Limited
7th Floor, Cnergy
Appasaheb Marathe Marg
Prabhadevi, Mumbai 400 025
Maharashtra, India
Tel: + 91 22 6630 3030
Email: mtar.ipo@jmfl.com
Investor grievance e-mail: grievance.ibd@jmfl.com
Website: www.jmfl.com
Contact Person: Prachee Dhuri
SEBI Registration No: INM000010361

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

Syndicate Member

JM Financial Services Limited
Ground Floor, 2, 3 and 4, Kamanwala Chambers
Sir P. M. Road, Fort

Mumbai 400 001
Maharashtra, India
Tel: +91 22 6136 3400
E-mail: surajit.misra@jmfl.com / deepak.vaidya@jmfl.com / tn.kumar@jmfl.com / sona.verghese@jmfl.com
Website: www.jmfinancialservices.in
Contact Person: Surajit Misra / Deepak Vaidya / T. N. Kumar / Sona Verghese
SEBI Registration No.: INZ000195834

Statement of inter-se allocation of responsibilities among the Book Running Lead Managers

The responsibilities and coordination by the BRLMs for various activities in the Offer are as follows:

Sr. No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring, positioning strategy and due diligence of our Company including our operations/management/business plans/legal etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisements including a memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filing.	JM, IIFL	JM
2.	Drafting and approval of all statutory advertisement	JM, IIFL	JM
3.	Drafting and approval of all publicity material other than statutory advertisement as mentioned above including corporate advertising, brochure, etc. and filing of media compliance report.	JM, IIFL	IIFL
4.	Appointment of intermediaries – Bankers to the Offer, Registrar to the Offer, advertising agency, printers to the Offer including co-ordination for agreements.	JM, IIFL	IIFL
5.	Preparation of road-show presentation and frequently asked questions	JM, IIFL	IIFL
6.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy • Finalizing the list and division of domestic investors for one-to-one meetings; and • Finalizing domestic road show and investor meeting schedule.	JM, IIFL	IIFL
7.	International institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy • Finalizing the list and division of international investors for one-to-one meetings; and • Finalizing international road show and investor meeting schedule.	JM, IIFL	JM
8.	Conduct non-institutional marketing of the Issue, which will cover, *inter alia*: • Finalising media, marketing and public relations strategy; and • Formulating strategies for marketing to Non - Institutional Investors.	JM, IIFL	IIFL
9.	Conduct retail marketing of the Issue, which will cover, *inter alia*: • Finalising media, marketing, public relations strategy and publicity budget including list of frequently asked questions at retail road shows • Finalising collection centres • Finalising application form • Finalising centres for holding conferences for brokers etc. • Follow - up on distribution of publicity; and • Issue material including form, RHP / Prospectus and deciding on the quantum of the Issue material	JM, IIFL	JM
10.	Coordination with Stock Exchanges for anchor intimation, book building software, bidding terminals and mock trading, payment of 1% security deposit to the designated stock exchange.	JM, IIFL	IIFL
11.	Managing the book and finalization of pricing in consultation with our Company	JM, IIFL	IIFL

Sr. No.	Activity	Responsibility	Co-ordinator
12.	Post bidding activities including management of escrow accounts, coordinate non-institutional allocation, coordination with Registrar, SCSBs and Bankers to the Offer, intimation of allocation and dispatch of refund to Bidders, etc. Post-Offer activities, which shall involve essential follow-up steps including allocation to Anchor Investors, follow-up with Bankers to the Offer and SCSBs to get quick estimates of collection and advising the Issuer about the closure of the Offer, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, dispatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-Offer activity such as registrar to the Offer, Bankers to the Offer, SCSBs including responsibility for underwriting arrangements, as applicable. Payment of the applicable securities transactions tax on sale of unlisted equity shares by the Selling Shareholders under the Offer for Sale to the Government and filing of the securities transactions tax return by the prescribed due date as per Chapter VII of Finance (No. 2) Act, 2004. Co-ordination with SEBI and Stock Exchanges for refund of 1% security deposit and submission of all post Offer reports including the initial and final post Offer report to SEBI.	JM, IIFL	IIFL

Legal counsel to our Company

Khaitan & Co
Max Towers
7th & 8th Floors
Sector 16B Noida
Gautam Budh Nagar 201 301
Uttar Pradesh, India
Tel: +91 120 479 1000

Legal counsel to the Book Running Lead Managers as to Indian law

IndusLaw
#1502B, 15th Floor
Tower – 1C, One World Centre
Senapati Bapat Marg
Lower Parel, Mumbai 400 013
Maharashtra, India
Tel: +91 22 4920 7200

Legal counsel to the Selling Shareholders

Desai & Diwanji
Lentin Chambers, Dalal Street
Fort, Mumbai 400 001
Maharashtra, India
Tel: +91 22 3984 1000

Special purpose international legal counsel to the Book Running Lead Managers

Squire Patton Boggs (MEA) LLP
Dubai International Financial Centre (DIFC)
Burj Daman Office Tower, Level 10
P.O. BOX 111713
Dubai, United Arab Emirates

Tel: +971 4 447 8700

Statutory Auditors to our Company

M/s S. R. Batliboi & Associates LLP, Chartered Accountants
The Skyview, 10 North Block, 18th Floor
Survey 83/1, Raidurgam
Hyderabad 500 032
Telangana, India
E-mail: srba@srb.in
Telephone: +91 40 6141 6000
Firm registration number: 101049W/E300004
Peer review number: 011169

Except as mentioned below, there has been no change in our statutory auditors in the three years preceding the date of this Prospectus:

Name of statutory auditor	Date of change	Reason
M/s Seshachalam & Co., Chartered Accountants 1-11-256, 6th Floor, Street No. 1 Wall Street Plaza, 6th Floor, Lane adjacent to Begumpet Airport Begumpet Hyderabad 500016 Telangana, India **E-mail:** sesco@sesco.in **Firm registration number:** 003714S **Peer review number:** 009527	August 31, 2019	Resignation as our statutory auditor
M/s S. R. Batliboi & Associates LLP, Chartered Accountants The Skyview, 10 North Block, 18th Floor Survey 83/1, Raidurgam Hyderabad 500032 Telangana, India **E-mail:** srba@srb.in **Firm registration number:** 101049W/E300004 **Peer review number:** 011169	October 23, 2019	Appointment as our Statutory Auditor

Banker(s) to our Company

State Bank of India
IFB Branch, Raj Bhavan Road
Somajiguda, Hyderabad 500 082
Telangana, India
Tel: 040 2314 7241
Email: sbi.09103@sbi.co.in
Contact Person: Hemanth Kumar Padarthi

Axis Bank Limited
Tarnaka Branch, Plot no.12-5-149/17
Opp: Railway degree college, Hyderabad 500 017
Telangana, India
Tel: + 91 81422 00272 / +91 40 2700 2118
Email: tarnaka.operationshead@axisbank.com
Contact Person: Keti Kishore

Banker(s) to the Offer

Escrow Collection Bank and Refund Bank

Axis Bank Limited
Tarnaka Branch, Plot no.12-5-149/17,
Opp: Railway degree college
Hyderabad 500 017
Telangana, India
Tel: + 91 81422 00272 / +91 40 2700 2118
Email: tarnaka.operationshead@axisbank.com
Website: www.axisbank.com
Contact Person: Keti Kishore

Public Offer Account Bank and Sponsor Bank

ICICI Bank Limited
Capital Market Division, 1st Floor
122, Mistry Bhavan, Dinshaw Vachha Road
Backbay Reclamation, Churchgate
Mumbai 400 020
Maharashtra, India
Tel: +91 22 6681 89 11 / 23 / 24
Email: kmr.saurabh@icicibank.com
Website: www.icicibank.com
Contact Person: Saurabh Kumar

Designated Intermediaries

Self-Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available on the SEBI website 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.

A list of the Designated SCSB Branches with which an ASBA Bidder (other than an RIB using the UPI Mechanism), not Bidding through Syndicate/Sub Syndicate or through a Registered Broker, may submit the ASBA Forms, is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, and at such other websites as may be prescribed by SEBI from time to time.

Further, the branches of the SCSBs where the Designated Intermediaries could submit the ASBA Form(s) of Bidders (other than RIBs) is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 which may be updated from time to time or at such other website as may be prescribed by SEBI from time to time.

Self-Certified Syndicate Banks eligible as Issuer Banks for UPI

The list of SCSBs through which Bids can be submitted by RIBs using the UPI Mechanism, including details such as the eligible Mobile Apps and UPI handle which can be used for such Bids, is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40, which may be updated from time to time or at such other website as may be prescribed by SEBI from time to time.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors and RIBs) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35, which may be 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 https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 or any such other website as may be prescribed by SEBI from time to time.

Registered Brokers

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

Registrar and Share Transfer Agents

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

Collecting Depository Participants

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

Credit Rating

As this is an Offer consisting only of Equity Shares, there is no requirement to obtain credit rating for the Offer.

Debenture Trustee

As this is an Offer consisting only of Equity Shares, the appointment of a debenture trustee is not required for the Offer.

Appraising Entity

No appraising entity has been appointed in relation to the Offer.

Monitoring Agency

Our Company has appointed Axis Bank Limited as the Monitoring Agency in compliance with the SEBI ICDR Regulations. Their contact details are as follows:

Axis Bank Limited
Tarnaka Branch, Plot no.12-5-149/17,
Opp: Railway degree college,
Hyderabad 500 017
Telangana, India
Tel: + 91 81422 00272 / +91 40 2700 2118
Email: tarnaka.operationshead@axisbank.com
Website: www.axisbank.com
Contact Person: Keti Kishore

Grading of the Offer

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

Green Shoe Option

No green shoe option is contemplated under the Offer.

Underwriting Agreement

Our Company and the Selling Shareholders have entered into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten in the Offer are as per the Underwriting Agreement. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriting Agreement is dated March 6, 2021. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name, address, telephone and e-mail of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
JM Financial Limited 7th Floor Cnergy, Appasaheb Marathe Marg, Prabhadevi, Mumbai 400 025 Maharashtra, India **Tel:** +91 22 6630 3030 **E-mail:** mtar.ipo@jmfl.com	5,186,110	2,982.01
IIFL Securities Limited 10th Floor, IIFL Centre, Kamala City, Senapati Bapat Marg, Lower Parel (West), Mumbai 400 013, Maharashtra, India **Tel:** +91 22 4646 4600 **E-mail:** mtar.ipo@iiflcap.com	5,186,210	2,982.07
JM Financial Services Limited Ground Floor, 2, 3 and 4, Kamanwala Chambers Sir P. M. Road, Fort, Mumbai 400 001 Maharashtra, India **Tel:** +91 22 6136 3400 **Email:** surajit.misra@jmfl.com/ Deepak.vaidya@jmfl.com/ tn.kumar@jmfl.com/ sona.verghese@jmfl.com	99	0.06
Total	**10,372,419**	**5,964.14**

The abovementioned underwriting commitment is indicative and will be finalised after finalisation of the Basis of Allotment and will be subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board of Directors, the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered with the SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). Our Board, at its meeting held on March 6, 2021, has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them.

Subject to the applicable laws and pursuant to the terms of the Underwriting Agreement, the BRLMs will be responsible for bringing in the amount devolved in the event that the Syndicate Member does not fulfil its underwriting obligations.

Filing

A copy of the Draft Red Herring Prospectus was filed through the SEBI Intermediary Portal at https://siportal.sebi.gov.in, in accordance with SEBI circular bearing reference SEBI/HO/CFD/DIL1/CIR/P/2018/ 011 dated January 19, 2018 and at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "*Easing of Operational Procedure – Division of Issues and Listing – CFD*".

A copy of the Red Herring Prospectus was filed electronically on SEBI's online portal and at cfddil@sebi.gov.in, in accordance with the instructions issued by the SEBI on March 27, 2020, in relation to "*Easing of Operational Procedure – Division of Issues and Listing – CFD*".

Further, a copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed, was filed with the RoC in accordance with Section 32 of the Companies Act, 2013, and a copy of this Prospectus required to be filed under Section 26 of the Companies Act, 2013 has been filed with the RoC at its office, and through the electronic portal at http://www.mca.gov.in/mcafoportal/loginvalidateuser.do.

Book Building Process

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 was decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and was advertised in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and the Hyderabad edition of Surya, a Telugu newspaper, Telugu being the regional language of Telangana where our Registered and Corporate Office is located, each with wide circulation, over two Working Days prior to the Bid / Offer Opening Date and was made available to the Stock Exchanges for the purposes of uploading on their respective websites. The Offer Price was determined by our Company and the Selling Shareholders, in consultation with the BRLMs after the Bid / Offer Closing Date. For details, see "*Offer Procedure*" on page 464.

All investors, other than Anchor Investors, have only participated through the ASBA process by providing the details of their respective ASBA Account in which the corresponding Bid Amount has been blocked by the SCSBs. Retail Individual Bidders have participated through the ASBA process, either by (i) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs; or (ii) using the UPI Mechanism. Anchor Investors were not permitted to participate in the Offer through the ASBA process.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders were 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 state. Retail Individual Bidders could revise their Bids during the Bid / Offer Period and withdraw their Bids until the Bid / Offer Closing Date. Further, Anchor Investors could not withdraw their Bids after the Anchor Investor Bidding Date. Allocation to QIBs (other than Anchor Investors) and Non-Institutional Buyers was on a proportionate basis while allocation to Anchor Investors was on a discretionary basis. For illustration of the Book Building Process and further details, see "*Terms of the Offer*" and "*Offer Procedure*" beginning on pages 455 and 464, respectively.

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

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

For further details on the method and procedure for Bidding, see "*Offer Procedure*" beginning on page 464**.**

CAPITAL STRUCTURE

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

(In ₹ except share data)

		Aggregate value at face value	Aggregate value at Offer Price*
A	**AUTHORIZED SHARE CAPITAL**		
	66,000,000 Equity Shares of face value of ₹10 each	660,000,000	-
B	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL BEFORE THE OFFER**		
	28,611,442 Equity Shares of face value ₹ 10 each (1)	286,114,420	-
C	**PRESENT OFFER IN TERMS OF THIS PROSPECTUS***		
	Offer of 10,372,419 Equity Shares (2)(3)(4)	103,724,190	5,964,140,925
	which includes:		
	Fresh Issue of 2,148,149 Equity Shares (2)(3)	21,481,490	1,235,185,675
	Offer for Sale of 8,224,270 Equity Shares (4)	82,242,700	4,728,955,250
D	**ISSUED, SUBSCRIBED AND PAID-UP CAPITAL AFTER THE ISSUE**		
	30,759,591 Equity Shares of face value of ₹ 10 each*	307,595,910	-
E	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer		2,078,733,030
	After the Offer*		3,292,437,215

* *Subject to finalization of the Basis of Allotment.*

(1) *Includes 1,851,851 Equity Shares issued by our Company pursuant to the Pre-IPO Placement.*

(2) *The Offer has been authorized by a resolution of our Board dated December 5, 2020 and the Fresh Issue has been authorized by a special resolution of our Shareholders dated December 5, 2020.*

(3) *Our Company has, in consultation with the Book Running Lead Managers, undertaken a Pre-IPO Placement of 1,851,851 Equity Shares, aggregating to ₹ 1,000.00 million. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, of up to 4,000,000 Equity Shares accordingly has been reduced by 1,851,851 Equity Shares pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue was of 2,148,149 Equity Shares.*

(4) *Each of the Selling Shareholders has authorized the sale of its respective portion of the Offered Shares in the Offer for Sale. For details on the authorizations of the Selling Shareholders in relation to the Offered Shares, see "Other Regulatory and Statutory Disclosures" on page 443.*

For details of authorizations received for the Offer for Sale, see "*Other Regulatory and Statutory Disclosures*" beginning on page 443.

Notes to the Capital Structure

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

(a) The following table sets forth the history of the Equity Share capital of our Company:

Date of Allotment	Reason/Nature of Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Form of consideration	Cumulative No. of Equity Shares
November 11, 1999	Initial subscription to the Memorandum of Association(1)	201,000	100	-	Conversion of partnership firm to joint stock company	201,000
March 30, 2002	Preferential allotment(2)	150,000	100	100	Cash	351,000
February 7, 2005	Bonus issue(3)	526,500	100	Not applicable	Other than cash	877,500
March 6, 2006	Bonus issue(4)	731,250	100	Not applicable	Other than cash	1,608,750
Our Company sub-divided each equity share of a face value of ₹ 100 each to 10 Equity Shares of a face value of ₹ 10 each with effect from November 3, 2007						16,087,500
November 3, 2007	Allotment pursuant to the 2007 Scheme(5)	14,040,000	10	Not applicable	Other than cash	30,127,500
November 29, 2007	Private placement(6)	5,682,386	10	275.62	Cash	35,809,886
March 30, 2009	Buy-back(7)	(7,596,000)	10	14	Cash	28,213,886

Date of Allotment	Reason/Nature of Allotment	No. of Equity Shares Allotted	Face Value (₹)	Issue price per Equity Share (₹)	Form of consideration	Cumulative No. of Equity Shares
September 26, 2014	Allotment pursuant to the 2014 Scheme(8)	246	10	Not applicable	Other than cash	28,214,132
March 27, 2020	Buy-back(9)	(1,454,541)	10	123.21	Cash	26,759,591
February 16, 2021	Private placement (Pre-IPO Placement)(10)	1,296,296	10	540.00	Cash	28,055,887
February 16, 2021	Private placement (Pre-IPO Placement)(11)	555,555	10	540.00	Cash	28,611,442

(1) Allotment of 9,380 equity shares to K. Satyanarayana Reddy, 10,720 equity shares to P. Ravindra Reddy, 26,800 equity shares to P. Jayaprakash Reddy, 41,540 equity shares to K. Shalini, 44,220 equity shares to P. Leelavathi, 10,050 equity shares to P. Girija, 10,050 equity shares to C. Usha Reddy, 10,050 equity shares to G. Kavitha Reddy, 10,050 equity shares to D. Anitha Reddy, 8,040 equity shares to M. Madhavi, 8,040 equity shares to A. Monogna, 6,030 equity shares to P. Kalpana Reddy and 6,030 equity shares to Saranya Loka Reddy pursuant to their subscription to the Memorandum of Association. These allotments were made to the partners of the partnership firm, M/s. Machine Tools Aids and Reconditioning, pursuant to conversion of the firm into a public limited company in accordance with Part IX of the Companies Act, 1956. Consequently, the erstwhile partners of M/s. Machine Tools Aids and Reconditioning became the initial subscribers of our MoA. For details, see "History and Certain Corporate Matters - Conversion from a partnership firm to a public limited company" on page 247.

(2) Preferential allotment of 50,000 equity shares to P Ravindra Reddy, 50,000 equity shares to P. Jayaprakash Reddy, 25,000 equity shares to K. Shalini and 25,000 equity shares to K. Vamshidhar Reddy.

(3) Allotment of 70,830 equity shares to P. Ravindra Reddy, 57,285 equity shares to P. Leelavathi, 15,795 equity shares to P. Kalpana Reddy, 15,795 equity shares to Saranya Loka Reddy, 15,795 equity shares to N. Lavanya Reddy, 130,275 equity shares to P. Jayaprakash Reddy, 15,075 equity shares to C. Usha Reddy, 15,075 equity shares to G. Kavitha Reddy, 15,075 equity shares to D. Anitha Reddy, 45,810 equity shares to K. Shalini, 98,536 equity shares to K. Vamshidhar Reddy, 15,577 equity shares to M. Madhavi and 15,577 equity shares to A. Monogna pursuant to a bonus issue, in the ratio of 3 equity shares for every 2 equity shares held by the shareholders of the Company.

(4) Allotment of 98,375 equity shares to P. Ravindra Reddy, 79,562 equity shares to P. Leelavathi, 180,937 equity shares to P. Jayaprakash Reddy, 20,938 equity shares to C. Usha Reddy, 63,625 equity shares to K. Shalini, 20,938 equity shares to G. Kavitha Reddy, 20,937 equity shares to D. Anitha Reddy, 21,635 equity shares to A. Monogna, 21,635 equity shares to M. Madhavi, 21,938 equity shares to P. Kalpana Reddy, 21,938 equity shares to Saranya Loka Reddy, 136,855 equity shares to K. Vamshidhar Reddy and 21,937 equity shares to N. Lavanya Reddy pursuant to a bonus issue, in the ratio of 5 equity shares for every 6 equity shares held by the shareholders of the Company.

(5) Allotment of 1,872,000 Equity Shares to P. Jayaprakash Reddy, 1,731,600 Equity Shares to K. Shalini, 2,574,000 Equity Shares to P. Leelavathi, 702,000 Equity Shares to C. Usha Reddy, 702,000 Equity Shares to G. Kavitha Reddy, 702,000 Equity Shares to D. Anitha Reddy, 702,000 Equity Shares to A. Monogna, 702,000 Equity Shares to M. Madhavi, 702,000 Equity Shares to P. Kalpana Reddy, 702,000 Equity Shares to Saranya Loka Reddy, 702,000 Equity Shares to N. Lavanya Reddy, 1,544,400 Equity Shares to K. Vamshidhar Reddy and 702,000 Equity Shares to P. Girija pursuant to the amalgamation of MARC Manufacturers Private Limited into our Company.

(6) Preferential allotment of 349,791 Equity Shares to Blackstone GPV Capital Partners (Mauritius) V-E Limited, 3,464,887 Equity Shares to Blackstone GPV Capital Partners (Mauritius) V-F Limited, 1,537,183 Equity Shares to GPV Capital Partners (Mauritius) V-G Limited and 330,525 Equity Shares to GPV Capital Partners (Mauritius) V-I Limited.

(7) Buy-back of 2,229,710 Equity Shares from P. Jayaprakash Reddy, 302,290 Equity Shares from P. Girija, 1,041,133 Equity Shares from K. Vamshidhar Reddy, 928,753 Equity Shares from K. Shalini, 684,955 Equity Shares from P. Leelavathi, 1,847,045 Equity Shares from P. Ravindra Reddy, 281,057 Equity Shares from A. Manogna and 281,057 Equity Shares from M. Madhavim at a price of ₹ 14 per Equity Share.

(8) Allotment of 76 Equity Shares to K. Satyanarayana Reddy, 70 Equity Shares to P. Ravindra Reddy, 70 Equity Shares to P. Jayaprakash Reddy, 6 Equity Shares to K. Vamshidhar Reddy, 6 Equity Shares to K. Shalini, 6 Equity Shares to M. Madhavi, 6 Equity Shares to C. Usha Reddy and 6 Equity Shares to G. Kavitha Reddy pursuant to the 2014 Scheme. For further details, see "History and Certain Corporate Matters – Mergers and amalgamation" on page 249.

(9) Buy-back of 1,454,541 Equity Shares from P. Jayaprakash Reddy at a price of ₹ 123.21 per Equity Share, net of taxes.

(10) Private placement of 425,926 Equity Shares to SBI Magnum Global Fund, 425,926 Equity Shares to SBI Contra Fund and 444,444 Equity Shares to SBI Small Cap Fund.

(11) Private placement of 12,963 Equity Shares to Axis Regular Saver Fund, 444,444 Equity Shares to Axis Small Cap Fund and 98,148 to Axis Children's Gift Fund.

(b) ***Equity Shares issued for consideration other than cash or out of revaluation reserves***

Our Company has not issued any Equity Shares out of its revaluation reserves. Except as set forth below, our Company has not issued any Equity Shares for consideration other than cash:

Date of Allotment	Reason/Nature of Allotment	Issue price per Equity Share (₹)	No. of Equity Shares Allotted	Face Value (₹)	Benefits accrued to our Company
November 11, 1999	Initial subscription to the Memorandum of Association(1)	Not applicable	201,000	100	The assets, properties and liabilities of the erstwhile M/s Machine Tools Aids and Reconditioning were vested in our Company

Date of Allotment	Reason/Nature of Allotment	Issue price per Equity Share (₹)	No. of Equity Shares Allotted	Face Value (₹)	Benefits accrued to our Company
February 7, 2005	Bonus issue[(2)]	Not applicable	526,500	100	Not applicable
March 6, 2006	Bonus issue[(3)]	Not applicable	731,250	100	Not applicable
November 3, 2007	Allotment pursuant to a 2007 Scheme[(4)]	Not applicable	14,040,000	10	The erstwhile MARC Manufacturers Private Limited was amalgamated into our Company
September 26, 2014	Allotment pursuant to the 2014 Scheme[(5)]	Not applicable	246	10	The erstwhile MTAR Metal Treatment Systems Private Limited, Montage Manufacturer Private Limited and Modular Tools Private Limited were amalgamated into our Company

(1) Allotment of 9,380 equity shares to K. Satyanarayana Reddy, 10,720 equity shares to P. Ravindra Reddy, 26,800 equity shares to P. Jayaprakash Reddy, 41,540 equity shares to K. Shalini, 44,220 equity shares to P. Leelavathi, 10,050 equity shares to P. Girija, 10,050 equity shares to C. Usha Reddy, 10,050 equity shares to G. Kavitha Reddy, 10,050 equity shares to D. Anitha Reddy, 8,040 equity shares to M. Madhavi, 8,040 equity shares to A. Monogna, 6,030 equity shares to P. Kalpana Reddy and 6,030 equity shares to Saranya Loka Reddy pursuant to their subscription to the Memorandum of Association. These allotments were made to the partners of the partnership firm, M/s. Machine Tools Aids and Reconditioning, pursuant to conversion of the firm into a public limited company in accordance with Part IX of the Companies Act, 1956. Consequently, the erstwhile partners of M/s. Machine Tools Aids and Reconditioning became the initial subscribers of our MoA. For details, see "History and Certain Corporate Matters - Conversion from a partnership firm to a public limited company" on page 247.

(2) Allotment of 70,830 equity shares to P. Ravindra Reddy, 57,285 equity shares to P. Leelavathi, 15,795 equity shares to P. Kalpana Reddy, 15,795 equity shares to Saranya Loka Reddy, 15,795 equity shares to N. Lavanya Reddy, 130,275 equity shares to P. Jayaprakash Reddy, 15,075 equity shares to C. Usha Reddy, 15,075 equity shares to G. Kavitha Reddy, 15,075 equity shares to D. Anitha Reddy, 45,810 equity shares to K. Shalini, 98,536 equity shares to K. Vamshidhar Reddy, 15,577 equity shares to M. Madhavi and 15,577 equity shares to A. Monogna pursuant to a bonus issue, in the ratio of 3 equity shares for every 2 equity shares held by the shareholders of the Company.

(3) Allotment of 98,375 equity shares to P. Ravindra Reddy, 79,562 equity shares to P. Leelavathi, 180,937 equity shares to P. Jayaprakash Reddy, 20,938 equity shares to C. Usha Reddy, 63,625 equity shares to K. Shalini, 20,938 equity shares to G. Kavitha Reddy, 20,937 equity shares to D. Anitha Reddy, 21,635 equity shares to A. Monogna, 21,635 equity shares to M. Madhavi, 21,938 equity shares to P. Kalpana Reddy, 21,938 equity shares to Saranya Loka Reddy, 136,855 equity shares to K. Vamshidhar Reddy and 21,937 equity shares to N. Lavanya Reddy pursuant to a bonus issue, in the ratio of 5 equity shares for every 6 equity shares held by the shareholders of the Company.

(4) Allotment of 1,872,000 Equity Shares to P. Jayaprakash Reddy, 1,731,600 Equity Shares to K. Shalini, 2,574,000 Equity Shares to P. Leelavathi, 702,000 Equity Shares to C. Usha Reddy, 702,000 Equity Shares to G. Kavitha Reddy, 702,000 Equity Shares to D. Anitha Reddy, 702,000 Equity Shares to A. Monogna, 702,000 Equity Shares to M. Madhavi, 702,000 Equity Shares to P. Kalpana Reddy, 702,000 Equity Shares to Saranya Loka Reddy, 702,000 Equity Shares to N. Lavanya Reddy, 1,544,400 Equity Shares to K. Vamshidhar Reddy and 702,000 Equity Shares to P. Girija pursuant to the amalgamation of MARC Manufacturers Private Limited into our Company.

(5) Allotment of 76 Equity Shares to K. Satyanarayana Reddy, 70 Equity Shares to P. Ravindra Reddy, 70 Equity Shares to P. Jayaprakash Reddy, 6 Equity Shares to K. Vamshidhar Reddy, 6 Equity Shares to K. Shalini, 6 Equity Shares to M. Madhavi, 6 Equity Shares to C. Usha Reddy and 6 Equity Shares to G. Kavitha Reddy pursuant to the 2014 Scheme. For further details, see "History and Certain Corporate Matters – Mergers or amalgamation" on page 249.

(c) ***Equity Shares allotted in terms of any schemes of arrangement***

Except 14,040,000 Equity Shares issued pursuant to the 2007 Scheme, and 246 Equity Shares allotted pursuant to the 2014 Scheme, our Company has not allotted any Equity Shares in terms of any scheme approved under Section 391-394 of the Companies Act, 1956 or Section 230-232 of the Companies Act, 2013.

For further details of the 2007 Scheme and 2014 Scheme, see "*– History of the Share Capital of our Company – Equity Shares allotted for consideration other than cash or out of revaluation reserves*" and "*History and Other corporate matters – Mergers or amalgamation*" on page 78 and page 249, respectively.

(d) ***Equity Shares allotted at a price lower than the Offer Price in the last year***

The Offer Price has been determined by our Company and the Selling Shareholders, in consultation with the BRLMs after the Bid / Offer Closing Date. Except for the Pre-IPO Placement of an aggregate of 1,851,851 Equity Shares, our Company has not issued any Equity Shares at a price which may be lower than the Offer Price, during a period of one year preceding the date of this Prospectus.

2. As on the date of this Prospectus, our Company does not have outstanding preference shares.

3. **Shareholding Pattern of our Company**

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

Category (I)	Category of Shareholder (II)	Number of Shareholders (III)	Number of fully paid up Equity Shares held (IV)	Number of Partly paid-up Equity Shares held (V)	Number of shares underlying Depository Receipts (VI)	Total number of Equity Shares held (VII) =(IV)+(V)+ (VI)	Shareholding as a % of total number of shares (calculated as per SCRR, 1957) (VIII) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities (IX)				Number of Equity Shares Underlying Outstanding convertible securities (including Warrants) (X)	Shareholding as a % assuming full conversion of convertible securities (as a percentage of diluted Equity Share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	Number of Locked in Equity Shares (XII)		Number of Equity Shares pledged or otherwise encumbered (XIII)		Number of Equity Shares held in dematerialized form (XIV)
								Number of voting rights			Total as a % of (A+B+C)			Number (a)	As a % of total Equity Shares held (b)	Number (a)	As a % of total Equity Shares held (b)	
								Class eg: Equity Shares	Class eg: Others	Total								
(A)	Promoter and Promoter Group	14	17,808,046*	0	0	17,808,046	62.24	17,808,046	0	17,808,046	62.24	0	0	0	0	-		17,808,046
(B)	Public	9	10,803,396	0	0	10,803,396	37.76	10,803,396	0	10,803,396	37.76	0	0	0	0	1,337,980	4.68	10,803,396
(C)	Non Promoter-Non Public	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(C)(1)	Shares underlying DRs	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(C)(2)	Shares held by Employee Trusts	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Total (A)+(B)+(C)	**23**	**28,611,442**	**0**	**0**	**28,611,442**	**100.00**	**28,611,442**	**0**	**28,611,442**	**100.00**	**0**	**0**	**0**	**0**	**1,337,980**	**4.68**	**28,611,442**

* *Including 1,204,080 Equity Shares held in the demat account of the late P. Girija, pending transmission following her demise. P. Jayaprakash Reddy, along with certain others, has filed an application for the transmission of such Equity Shares to him. For details, please see "Risk Factors – P. Jayaprakash Reddy, a member of our Promoter Group, has filed an application for the transmission of Equity Shares held in demat account of his deceased wife, which is currently pending. We cannot assure you that such application shall be successful." on page 49.*

4. **Major shareholders**

The list of our major Shareholders and the number of Equity Shares held by them is provided below:

a) The details of our Shareholders holding 1% or more of the paid-up Equity Share capital of our Company as on the date of filing this Prospectus is set forth below:

S. No.	Name of the Shareholder	Number of Equity Shares Held	% of the share capital
1.	Fabmohur Advisors LLP	8,371,040	29.26
2.	K. Shalini	2,316,483	8.10
3.	P. Leelavathi	2,168,712	7.58
4.	K. Vamshidhar Reddy	2,091,559	7.31
5.	Parvat Srinivas Reddy	1,692,903	5.92
6.	Saranya Loka Reddy	1,234,265	4.31
7.	P. Jayaprakash Reddy	1,204,150*	4.21
8.	G. Kavitha Reddy	1,204,063	4.21
9.	C. Usha Reddy	1,204,062	4.21
10.	D. Anitha Reddy	1,204,047	4.21
11.	P. Kalpana Reddy	1,174,970	4.11
12.	A. Manogna	1,043,913	3.65
13.	M. Madhavi	776,321	2.71
14.	Solidus Advisors LLP	489,530	1.71
15.	SBI Small Cap fund	444,444	1.55
16.	Axis Small Cap Fund	444,444	1.55
17.	SBI Magnum Global Fund	425,926	1.49
18.	SBI Contra Fund	425,926	1.49
	Total	**27,916,758**	**97.57**

Note: *Details as on the date of filing of this Prospectus.*

* *Including 1,204,080 Equity Shares currently held in the demat account of P. Girija, pending transmission following her demise. P. Jayaprakash Reddy, along with certain others, has filed an application for the transmission of such Equity Shares to him. For details, please see "Risk Factors – P. Jayaprakash Reddy, a member of our Promoter Group, has filed an application for the transmission of Equity Shares held in demat account of his deceased wife, which is currently pending. We cannot assure you that such application shall be successful." on page 49.*

b) The details of our Shareholders who held 1% or more of the paid-up Equity Share capital of our Company ten days prior to the date of this Prospectus is set forth below:

S. No.	Name of the Shareholder	Number of Equity Shares Held	% of the share capital
1.	Fabmohur Advisors LLP	8,371,040	29.26
2.	K. Shalini	2,316,483	8.10
3.	P. Leelavathi	2,168,712	7.58
4.	K. Vamshidhar Reddy	2,091,559	7.31
5.	Parvat Srinivas Reddy	1,692,903	5.92
6.	Saranya Loka Reddy	1,234,265	4.31
7.	P. Jayaprakash Reddy	1,204,150*	4.21
8.	G. Kavitha Reddy	1,204,063	4.21
9.	C. Usha Reddy	1,204,062	4.21
10.	D. Anitha Reddy	1,204,047	4.21
11.	P. Kalpana Reddy	1,174,970	4.11
12.	A. Manogna	1,043,913	3.65
13.	M. Madhavi	776,321	2.71
14.	Solidus Advisors LLP	489,530	1.71
15.	SBI Small Cap fund	444,444	1.55
16.	Axis Small Cap Fund	444,444	1.55
17.	SBI Magnum Global Fund	425,926	1.49
18.	SBI Contra Fund	425,926	1.49
	Total	**27,916,758**	**97.57**

Note: *Details as on February 28, 2021, being the date ten days prior to the date of this Prospectus.*

* *Including 1,204,080 Equity Shares currently held in the demat account of P. Girija, pending transmission following her demise. P. Jayaprakash Reddy, along with certain others, has filed an application for the transmission of such Equity Shares to him. For details, please see "Risk Factors – P. Jayaprakash Reddy, a member of our Promoter Group, has filed an application for the transmission of Equity Shares held in demat account of his deceased wife, which is currently pending.*

We cannot assure you that such application shall be successful." on page 49.

c) The details of our Shareholders who held 1% or more of the paid-up Equity Share capital of our Company at the last Working Day one year prior to the date of this Prospectus is set forth below:

S. No.	Name of the Shareholder	Number of Equity Shares Held	% of the share capital
1.	Fabmohur Advisors LLP	8,371,040	29.67
2.	P. Jayaprakash Reddy	2,658,621*	9.42
3.	K. Shalini	2,091,483	7.41
4.	K. Vamshidhar Reddy	2,091,483	7.41
5.	Parvat Srinivas Reddy	1,692,903	6.00
6.	P. Kalpana Reddy	1,324,970	4.70
7.	N. Lavanya Reddy	1,324,960	4.70
8.	Saranya Loka Reddy	1,234,265	4.37
9.	C. Usha Reddy	1,204,086	4.27
10.	G. Kavitha Reddy	1,204,086	4.27
11.	D. Anitha Reddy	1,204,070	4.27
12.	M. Madhavi	1,043,919	3.70
13.	A. Manogna	1,043,913	3.70
14.	Solidus Advisors LLP	939,530	3.33
15.	P. Leelavathi	693,752	2.46
	Total	**28,123,081**	**99.68**

Note: *Details as on March 8, 2020, being the date one year prior to the date of this Prospectus.*

* *Including 1,204,080 Equity Shares currently held in the demat account of P. Girija, pending transmission following her demise. P. Jayaprakash Reddy, along with certain others, has filed an application for the transmission of such Equity Shares to him. For details, please see "Risk Factors – P. Jayaprakash Reddy, a member of our Promoter Group, has filed an application for the transmission of Equity Shares held in demat account of his deceased wife, which is currently pending. We cannot assure you that such application shall be successful." on page 49.*

d) The details of our Shareholders who held 1% or more of the paid-up Equity Share capital of our Company two years prior to the date of this Prospectus is set forth below:

S. No.	Name of the Shareholder	Number of Equity Shares Held	% of the share capital
1.	Fabmohur Advisors LLP	8,371,040	29.67
2.	K. Shalini	2,091,483	7.41
3.	K. Vamshidhar Reddy	2,091,483	7.41
4.	Parvat Srinivas Reddy	1,692,903	6.00
5.	P. Jayaprakash Reddy	1,454,541	5.16
6.	P. Kalpana Reddy	1,324,970	4.70
7.	N. Lavanya Reddy	1,324,960	4.70
8.	Saranya Loka Reddy	1,234,265	4.37
9.	C. Usha Reddy	1,204,086	4.27
10.	G. Kavitha Reddy	1,204,086	4.27
11.	P. Girija	1,204,080	4.27
12.	D. Anitha Reddy	1,204,070	4.27
13.	M. Madhavi	1,043,919	3.70
14.	A. Manogna	1,043,913	3.70
15.	Solidus Advisors LLP	939,530	3.33
16.	P. Leelavathi	693,752	2.46
	Total	**28,123,081**	**99.68**

Note: *Details as on March 8, 2019, being the date two years prior to the date of this Prospectus.*

5. Except for the allotment of Equity Shares pursuant to the Pre-IPO Placement, there has been no further issue of Equity Shares, and except for the allotment of Equity Shares pursuant to the Fresh Issue, there will be no further issue of Equity Shares, whether by way of a split or consolidation of the denomination of Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly, for Equity Shares), whether on a preferential basis, or by way of issue of bonus Equity Shares, or through a rights issue or further public issue of Equity Shares, or otherwise, in the period commencing from the filing of the Draft Red Herring Prospectus until the Equity Shares have been listed on the Stock Exchanges or all application moneys have been refunded to the Anchor Investors, or the application moneys are unblocked in the ASBA Accounts on account of non-listing, under-

subscription etc., as the case may be. Further, our Company presently does not intend or propose to alter its capital structure in such manner until a period of six months from the Bid/Offer Opening Date.

6. As on the date of this Prospectus, our Company had a total of 23 Shareholders. This does not include the late P. Girija, in the demat account of whom 1,204,080 Equity Shares are currently held. For details of an application made by P. Jayaprakash Reddy and certain others for the transmission of such Equity Shares, see "*– Risk Factors – P. Jayaprakash Reddy, a member of our Promoter Group, has filed an application for the transmission of Equity Shares held in demat account of his deceased wife, which is currently pending. We cannot assure you that such application shall be successful*" on page 49.

7. **Details of Shareholding of our Promoters and members of the Promoter Group in the Company**

(i) ***Equity Shareholding of the Promoters***

As on the date of this Prospectus, our Promoters collectively hold 14,287,337 Equity Shares, equivalent to 49.94% of the issued, subscribed and paid-up pre-Offer Equity Share capital of our Company, as set forth in the table below.

S. No.	Name of the Shareholder	Pre-Offer Equity Share Capital		Post-Offer Equity Share Capital*	
		No. of Equity Shares	% of total Share-holding	No. of Equity Shares	% of total Share-holding
1.	Parvat Srinivas Reddy	1,692,903	5.92	1,692,903	5.50
2.	P. Leelavathi	2,168,712	7.58	2,168,712	7.05
3.	K. Shalini	2,316,483	8.10	2,316,483	7.53
4.	D. Anitha Reddy	1,204,047	4.21	1,204,047	3.91
5.	C. Usha Reddy	1,204,062	4.21	1,204,062	3.91
6.	G. Kavitha Reddy	1,204,063	4.21	1,204,063	3.91
7.	Anushman Reddy	267,598	0.94	267,598	0.87
8.	P. Kalpana Reddy	1,174,970	4.11	1,174,970	3.82
9.	Saranya Loka Reddy	1,234,265	4.31	1,234,265	4.01
10.	A. Manogna	1,043,913	3.65	1,043,913	3.39
11.	M. Madhavi	776,321	2.71	776,321	2.52
	Total	**14,287,337**	**49.94**	**14,287,337**	**46.45**

** Subject to finalisation of Basis of Allotment*

(ii) All Equity Shares held by our Promoters are in dematerialized form as on the date of this Prospectus.

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

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

Date of Allotment/ Transfer / Transmission	Nature of transaction^	No. of Equity Shares	Face value per Equity Share (₹)	Issue Price/ Transfer Price per Equity Share (₹)	Percentage of pre-Offer equity share capital	Percentage of post-Offer equity share capital*
(A) Parvat Srinivas Reddy						
July 28, 2014	Gift from P. Leelavathi	1,692,833	10	-	5.92	5.50
March 5, 2016	Transmission from P. Ravindra Reddy	70	10	-	0.00	0.00
Sub-total (A)		**1,692,903**			**5.92**	**5.50**
(B) P. Leelavathi						
November 11, 1999	Initial subscription to the Memorandum of Association	44,220	100	100	1.55	1.44
*Between November 11, 1999 and September 29, 2001, P. Leelavathi transferred 6,030 equity shares of a face value of ₹ 100 each.**					(0.21)	0.20
February 7, 2005	Bonus issue	57,285	100	-	2.00	1.86
March 6, 2006	Bonus issue	79,562	100	-	2.78	2.59
March 18, 2007	Gift to P. Kalpana Reddy	(32,175)	100	-	(1.12)	(1.05)
March 18, 2007	Gift to Saranya Loka Reddy	(32,175)	100	-	(1.12)	(1.05)
March 18, 2007	Gift to N. Lavanya Reddy	(32,175)	100	-	(1.12)	(1.05)

Date of Allotment/ Transfer / Transmission	Nature of transaction^	No. of Equity Shares	Face value per Equity Share (₹)	Issue Price/ Transfer Price per Equity Share (₹)	Percentage of pre-Offer equity share capital	Percentage of post-Offer equity share capital*
Our Company sub-divided each equity share of a face value of ₹ 100 each to 10 Equity Shares of a face value of ₹ 10 each with effect from November 3, 2007, and accordingly, the 78,512 equity shares of a face value of ₹ 100 each held by P. Leelavathi as on such date were sub-divided into 785,120 Equity Shares of a face value of ₹ 10 each.					2.74	2.55
November 3, 2007	Allotment pursuant to the 2007 Scheme	2,574,000	10	-	9.00	8.37
November 29, 2007	Transfer to Blackstone GPV Capital Partners (Mauritius) V-E Limited	(287,580)	10	275.62	(1.01)	(0.93)
March 30, 2009	Buy-back	(684,955)	10	14	(2.39)	2.23
July 28, 2014	Gift to Parvat Srinivas Reddy	(1,692,833)	10	-	(5.92)	5.50
November 5, 2020	Gift from P. Kalpana Reddy	150,000	10	-	0.52	0.49
December 11, 2020	Gift from N. Lavanya Reddy	1,324,960	10	-	4.63	4.31
Sub-total (B)		**2,168,712**			**7.58**	**7.05**
(C) K. Shalini						
November 11, 1999	Initial subscription to the Memorandum of Association	41,540	100	100	1.45	1.35
*Between November 11, 1999 and September 29, 2001, K. Shalini transferred 36,000 equity shares of a face value of ₹ 100 each.**					(1.26)	(1.17)
March 30, 2002	Preferential allotment	25,000	100	100	0.87	0.81
February 7, 2005	Bonus issue	45,810	100	-	1.60	1.49
March 6, 2006	Bonus issue	63,625	100	-	2.22	2.07
March 18, 2007	Gift from K. Vamshidhar Reddy	74,525	100	-	2.60	2.42
March 18, 2007	Gift to A. Manogna	(16,088)	100	-	(0.56)	(0.52)
Our Company sub-divided each equity share of a face value of ₹ 100 each to 10 Equity Shares of a face value of ₹ 10 each with effect from November 3, 2007, and accordingly, the 198,412 equity shares of a face value of ₹ 100 each held by K. Shalini as on such date were sub-divided into 1,984,120 Equity Shares of a face value of ₹ 10 each.					6.93	6.45
November 3, 2007	Allotment pursuant to the 2007 Scheme	1,731,600	10	-	6.05	5.63
November 29, 2007	Transfer to Blackstone GPV Capital Partners (Mauritius) V-E Limited	(665,165)	10	275.62	(2.32)	(2.16)
January 23, 2008	Transfer to P. Simhadri Reddy	(30,325)	10	119.64	(0.11)	0.10
March 30, 2009	Buy-back	(928,753)	10	14	(3.25)	(3.02)
September 26, 2014	Allotment pursuant to the 2014 Scheme	6	10	-	0.00	0.00
December 2, 2020	Transfer from Solidus Advisors LLP	225,000	10	129.90	0.79	0.73
Sub-total (C)		**2,316,483**			**8.10**	**7.53**
(D) D. Anitha Reddy						
November 11, 1999	Initial subscription to the Memorandum of Association	10,050	100	100	0.35	0.33
February 7, 2005	Bonus issue	15,075	100	-	0.53	0.49
March 6, 2006	Bonus issue	20,937	100	-	0.73	0.68
March 18, 2007	Gift from P. Jayaprakash Reddy	31,750	100	-	1.11	1.03
March 18, 2007	Gift from P. Jayaprakash Reddy	2,625	100	-	0.09	0.09
Our Company sub-divided each equity share of a face value of ₹ 100 each to 10 Equity Shares of a face value of ₹ 10 each with effect from November 3, 2007, and accordingly, the 80,437 equity shares of a face value of ₹ 100 each held by D. Anitha Reddy as on such date were sub-divided into 804,370 Equity Shares of a face value of ₹ 10 each.					2.81	2.62
November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	2.45	2.28
November 29, 2007	Transfer to Blackstone GPV Capital Partners (Mauritius) V-E Limited	(302,300)	10	275.62	(1.06)	(0.98)
March 4, 2020	Gift to P. Jayaprakash Reddy	(401,360)	10	-	(1.40)	(1.30)
October 8, 2020	Gift from P. Jayaprakash Reddy	401,337	10	-	1.40	1.30
Sub-total (D)		**1,204,047**			**4.21**	**3.91**

Date of Allotment/ Transfer / Transmission	Nature of transaction^	No. of Equity Shares	Face value per Equity Share (₹)	Issue Price/ Transfer Price per Equity Share (₹)	Percentage of pre-Offer equity share capital	Percentage of post-Offer equity share capital*
(E) C. Usha Reddy						
November 11, 1999	Initial subscription to the Memorandum of Association	10,050	100	100	0.35	0.33
February 7, 2005	Bonus issue	15,075	100	-	0.53	0.49
March 6, 2006	Bonus issue	20,938	100	-	0.73	0.68
March 18, 2007	Gift from P. Jayaprakash Reddy	34,375	100	-	1.20	1.12
Our Company sub-divided each equity share of a face value of ₹ 100 each to 10 Equity Shares of a face value of ₹ 10 each with effect from November 3, 2007, and accordingly, the 80,438 equity shares of a face value of ₹ 100 each held by C. Usha Reddy as on such date were sub-divided into 804,380 Equity Shares of a face value of ₹ 10 each.					2.81	2.62
November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	2.45	2.28
November 29, 2007	Transfer to Blackstone GPV Capital Partners (Mauritius) V-E Limited	(302,300)	10	275.62	(1.06)	(0.98)
September 26, 2014	Allotment pursuant to the 2014 Scheme	6	10	-	0.00	0.00
March 4, 2020	Gift to P. Jayaprakash Reddy	(401,360)	10	-	(1.40)	(1.30)
October 8, 2020	Gift from P. Jayaprakash Reddy	401,336	10	-	1.40	1.30
Sub-total (E)		**1,204,062**			**4.21**	**3.91**
(F) G. Kavitha Reddy						
November 11, 1999	Initial subscription to the Memorandum of Association	10,050	100	100	0.35	0.33
February 7, 2005	Bonus issue	15,075	100	-	0.53	0.49
March 6, 2006	Bonus issue	20,938	100	-	0.73	0.68
March 18, 2007	Gift from P. Jayaprakash Reddy	34,375	100	-	1.20	1.12
Our Company sub-divided each equity share of a face value of ₹ 100 each to 10 Equity Shares of a face value of ₹ 10 each with effect from November 3, 2007, and accordingly, the 80,438 equity shares of a face value of ₹ 100 each held by G. Kavitha Reddy as on such date were sub-divided into 804,380 Equity Shares of a face value of ₹ 10 each.					2.81	2.62
November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	2.45	2.28
November 29, 2007	Transfer to Blackstone GPV Capital Partners (Mauritius) V-E Limited	(302,300)	10	275.62	(1.06)	(0.98)
September 26, 2014	Allotment pursuant to the 2014 Scheme	6	10	-	0.00	0.00
March 4, 2020	Gift to P. Jayaprakash Reddy	(401,360)	10	-	(1.40)	(1.30)
October 8, 2020	Gift from P. Jayaprakash Reddy	401,337	10	-	1.40	1.30
Sub-total (F)		**1,204,063**			**4.21**	**3.91**
(G) Anushman Reddy						
November 18, 2020	Gift from M. Madhavi	267,598	10	-	0.94	0.87
Sub-total (G)		**267,598**			**0.94**	**0.87**
(H) P. Kalpana Reddy						
November 11, 1999	Initial subscription to the Memorandum of Association	6,030	100	100	0.21	0.20
March 28, 2004	Gift from P. Ravindra Reddy	4,500	100	-	0.16	0.15
February 7, 2005	Bonus issue	15,975	100	-	0.56	0.52
March 6, 2006	Bonus issue	21,938	100	-	0.77	0.71
March 18, 2007	Gift from P. Leelavathi	32,175	100	-	1.12	1.05
Our Company sub-divided each equity share of a face value of ₹ 100 each to 10 Equity Shares of a face value of ₹ 10 each with effect from November 3, 2007, and accordingly, the 80,438 equity shares of a face value of ₹ 100 each held by P. Kalpana Reddy as on such date were sub-divided into 804,380 Equity Shares of a face value of ₹ 10 each.					2.81	2.62
November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	2.62	2.28
November 29, 2007	Transfer to Blackstone GPV Capital Partners (Mauritius) V-E Limited	(181,410)	10	275.62	(0.63)	(0.59)

Date of Allotment/ Transfer / Transmission	Nature of transaction^	No. of Equity Shares	Face value per Equity Share (₹)	Issue Price/ Transfer Price per Equity Share (₹)	Percentage of pre-Offer equity share capital	Percentage of post-Offer equity share capital*
November 5, 2020	Gift to P. Leelavathi	(150,000)	10	-	(0.52)	(0.49)
Sub-total (H)		**1,174,970**			**4.11**	**3.82**
(I) Saranya Loka Reddy						
November 11, 1999	Initial subscription to the Memorandum of Association	6,030	100	100	0.21	0.20
March 28, 2004	Gift from P. Ravindra Reddy	4,500	100	-	0.16	0.15
February 7, 2005	Bonus issue	15,795	100	-	0.56	0.51
March 6, 2006	Bonus issue	21,938	100	-	0.77	0.71
March 18, 2007	Gift from P. Leelavathi	32,175	100	-	1.12	1.05
Our Company sub-divided each equity share of a face value of ₹ 100 each to 10 Equity Shares of a face value of ₹ 10 each with effect from November 3, 2007, and accordingly, the 80,438 equity shares of a face value of ₹ 100 each held by Saranya Loka Reddy as on such date were sub-divided into 804,380 Equity Shares of a face value of ₹ 10 each.					2.81	2.62
November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	2.45	2.28
November 29, 2007	Transfer to Blackstone GPV Capital Partners (Mauritius) V-E Limited	(272,115)	10	275.62	(0.95)	(0.88)
Sub-total (I)		**1,234,265**			**4.31**	**4.01**
(J) A. Manogna						
November 11, 1999	Initial subscription to the Memorandum of Association	8,040	100	100	0.28	0.26
Between September 29, 2001 and September 30, 2002	Gift from K. Satyanarayana Reddy	2,345	100	-	0.08	0.08
February 7, 2005	Bonus issue	15,577	100	-	0.54	0.51
March 6, 2006	Bonus issue	21,635	100	-	0.76	0.70
March 18, 2007	Gift from K. Shalini	16,088	100	-	0.56	0.52
March 18, 2007	Gift from K. Vamshidhar Reddy	16,753	100	-	0.59	0.54
Our Company sub-divided each equity share of a face value of ₹ 100 each to 10 Equity Shares of a face value of ₹ 10 each with effect from November 3, 2007, and accordingly, the 80,438 equity shares of a face value of ₹ 100 each held by A. Manogna as on such date were sub-divided into 804,380 Equity Shares of a face value of ₹ 10 each.					2.81	2.62
November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	2.45	2.28
November 29, 2007	Transfer to Blackstone GPV Capital Partners (Mauritius) V-E Limited	(181,410)	10	275.62	(0.63)	(0.59)
March 30, 2009	Buy-back	(281,057)	10	14	(0.98)	(0.91)
Sub-total (J)		**1,043,913**			**3.65**	**3.39**
(K) M. Madhavi						
November 11, 1999	Initial subscription to the Memorandum of Association	8,040	100	100	0.28	0.26
Between September 29, 2001 and September 30, 2002	Gift from K. Satyanarayana Reddy	2,345	100	-	0.08	0.08
February 7, 2005	Bonus issue	15,577	100	-	0.54	0.51
March 6, 2006	Bonus issue	21,635	100	-	0.76	0.70
March 18, 2007	Gift from K. Vamshidhar Reddy	16,753	100	-	0.59	0.54
March 18, 2007	Gift from K. Vamshidhar Reddy	16,088	100	-	0.56	0.52
Our Company sub-divided each equity share of a face value of ₹ 100 each to 10 Equity Shares of a face value of ₹ 10 each with effect from November 3, 2007, and accordingly, the 80,438 equity shares of a face value of ₹ 100 each held by M. Madhavi as on such date were sub-divided into 804,380 Equity Shares of a face value of ₹ 10 each.					2.81	2.62
November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	2.45	2.28
November 29, 2007	Transfer to Blackstone GPV Capital Partners (Mauritius) V-E Limited	(181,410)	10	275.62	(0.63)	(0.59)

Date of Allotment/ Transfer / Transmission	Nature of transaction^	No. of Equity Shares	Face value per Equity Share (₹)	Issue Price/ Transfer Price per Equity Share (₹)	Percentage of pre-Offer equity share capital	Percentage of post-Offer equity share capital*
March 30, 2009	Buy-back	(281,057)	10	14	(0.98)	(0.91)
September 26, 2014	Allotment pursuant to the 2014 Scheme	6	10	-	0.00	0.00
November 18, 2020	Gift to Anushman Reddy	(267,598)	10	-	(0.94)	(0.87)
Sub-total (K)		**776,321**			**2.71**	**2.52**
Grand Total (A)+(B)+(C)+(D)+(E)+(F)+(G)+(H)+(I)+(J)+(K)		**14,287,337**			**49.94**	**46.45**

^ *For several of the transfers specified above, we do not possess share transfer forms indicating the date of transfer and the consideration involved. Accordingly, we have relied on annual returns submitted with the RoC and letters from the shareholders involved in order to trace such transfers. Please also see "Risk Factors – We are unable to trace some of our historical corporate records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in future in relation to the missing corporate records which may impact our financial condition and reputation." on page 56.*

* *For the transfer of these Equity Shares, our Company is unable to locate relevant forms, corporate records or secretarial records, despite undertaking a comprehensive search of the records maintained by the ROC. Please also see "Risk Factors – We are unable to trace some of our historical corporate records. We cannot assure you that no legal proceedings or regulatory actions will be initiated against our Company in future in relation to the missing corporate records which may impact our financial condition and reputation." on page 56.*

(iv) All the Equity Shares held by our Promoters were fully paid-up on the respective dates of allotment or acquisition, as applicable, of such Equity Shares.

(v) As on the date of this Prospectus, none of the Equity Shares held by our Promoters are pledged.

(vi) ***Equity Shareholding of the Promoter Group***

As on the date of this Prospectus, the members of our Promoter Group (other than our Promoters) collectively hold 3,520,709 Equity Shares, equivalent to 13.16% of the issued, subscribed and paid-up pre-Offer Equity Share capital of our Company, as set forth in the table below:

S. No.	Name of the Shareholder	Pre-Offer Equity Share Capital		Post-Offer Equity Share Capital*	
		No. of Equity Shares	% of total Share-holding	No. of Equity Shares	% of total Share-holding
1.	K. Vamshidhar Reddy	2,091,559	7.31	20,91,559	6.80
2.	P. Jayaprakash Reddy	1,204,150*	4.21	1,204,150*	3.91
3.	Northeast Broking Services Limited	225,000	0.79	2,25,000	0.73
	Total	**3,520,709**	**12.31**	**35,20,709**	**11.45**

* *Including 1,204,080 Equity Shares currently held in the demat account of P. Girija, pending transmission following her demise. P. Jayaprakash Reddy, along with certain others, have filed an application for the transmission of such Equity Shares to him. For details, please see "Risk Factors – P. Jayaprakash Reddy, a member of our Promoter Group, has filed an application for the transmission of Equity Shares held in demat account of his deceased wife, which is currently pending. We cannot assure you that such application shall be successful." on page 49.*

(vii) Except as disclosed in "– *Build-up of the Promoters' shareholding in our Company*" on page 83, and as disclosed below, none of the members of the Promoter Group, the Promoters, or the Directors and their relatives have purchased or sold any securities of our Company during the period of six months immediately preceding the date of this Prospectus:

Date of Transfer / Transmission	Nature of transaction	No. of Equity Shares	Price per Equity Share (₹)
K. Vamshidhar Reddy			
November 2, 2020	Transmission from K. Satyanaranaya Reddy	76	-
Northeast Broking Services Limited			
December 2, 2020	Transfer from Solidus Advisors LLP	225,000	129.90
N. Lavanya Reddy			
December 11, 2020	Gift to P. Leelavathi	1,324,960	-
P. Jayaprakash Reddy			
October 8, 2020	Gift to C. Usha Reddy	401,336	-
October 8, 2020	Gift to G. Kavitha Reddy	401,337	-

Date of Transfer / Transmission	Nature of transaction	No. of Equity Shares	Price per Equity Share (₹)
October 8, 2020	Gift to D. Anitha Reddy	401,337	-

(viii) There have been no financing arrangements whereby our Promoters, members of the Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company during a period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus, the Red Herring Prospectus or this Prospectus**.**

8. **Details of lock-in of Equity Shares**

(i) ***Details of Promoter's contribution locked in for three years***

Pursuant to Regulations 14 and 16 of the SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by the Promoters shall be locked in for a period of three years as minimum promoters' contribution from the date of Allotment ("**Promoters' Contribution**"), and the Promoters' shareholding in excess of 20% of the fully diluted post-Offer Equity Share capital shall be locked in for a period of one year from the date of Allotment. Details of the Equity Shares to be locked-in for three years from the date of Allotment as Promoters' Contribution are set forth in the table below:

Name of the Promoter	Date of allotment of the equity shares*	Nature of transaction	No. of equity shares	Face Value (₹)	Issue/ acquisition price per Equity Share (₹)	No. of Equity Shares locked-in	Percentage of the post-Offer paid-up capital (%)**	Date up to which the Equity Shares are subject to lock-in
Parvat Srinivas Reddy	July 28, 2014	Gift from P. Leelavathi	1,692,833	10	-	92,833	0.30	March 12, 2024
P. Leelavathi	November 3, 2007	Allotment pursuant to the 2007 Scheme	2,574,000	10	-	243,752	0.79	March 12, 2024
K. Shalini	March 18, 2007	Gift from K. Vamshidhar Reddy	74,525^	100	-	632	Negligible	March 12, 2024
	November 3, 2007	Allotment pursuant to the 2007 Scheme	1,731,600	10	-	1,731,600	5.63	March 12, 2024
D. Anitha Reddy	November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	677,710	2.20	March 12, 2024
C. Usha Reddy	November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	602,726	1.96	March 12, 2024
G. Kavitha Reddy	November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	502,726	1.63	March 12, 2024
P. Kalpana Reddy	March 18, 2007	Gift from P. Leelavathi	32,175^	100	-	222,666	0.72	March 12, 2024
	November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	702,000	2.28	March 12, 2024
Saranya Loka Reddy	March 6, 2006	Bonus issue	21,938^	100	-	200,916	0.65	March 12, 2024
	March 18, 2007	Gift from P. Leelavathi	32,175^	100	-	21,750	0.07	March 12, 2024
	November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	702,000	2.28	March 12, 2024
A. Manogna	November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	226,842	0.74	March 12, 2024
M. Madhavi	November 3, 2007	Allotment pursuant to the 2007 Scheme	702,000	10	-	226,842	0.74	March 12, 2024
Total						**6,154,995**	**20.01**	

* *All the Equity Shares were fully paid-up on the respective dates of allotment or acquisition, as the case may be, of such Equity Shares.*

** *Subject to finalisation of Basis of Allotment.*

^ *Our Company sub-divided each equity share of a face value of ₹ 100 to 10 Equity Shares of a face value of ₹ 10 each with effect from November 3, 2007. Accordingly, each equity share of a face value of ₹ 100 held by the respective promoter as on such date was sub-divided into 10 Equity Shares of a face value of ₹ 10 each.*

Our Promoters have given consent, pursuant to their letters dated December 18, 2020, to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Offer Equity Share capital of our Company as Promoters' Contribution. Our Promoters have agreed not to dispose, sell, transfer, charge, pledge or otherwise encumber, in any manner, the Promoters' Contribution from the date of filing the Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted, in accordance with the SEBI ICDR Regulations.

Our Company undertakes that the Equity Shares that are being locked-in are not and will not be ineligible for computation of Promoters' Contribution in terms of Regulation 15 of the SEBI ICDR Regulations. In this connection, we confirm the following:

(i) The Equity Shares offered for Promoters' Contribution do not include Equity Shares acquired in the three immediately preceding years (a) for consideration other than cash involving revaluation of assets or capitalisation of intangible assets; or (b) resulting from a bonus issue of Equity Shares out of revaluation reserves or unrealised profits of our Company or from a bonus issuance of equity shares against Equity Shares, which are otherwise ineligible for computation of Promoters' Contribution
(ii) The Promoters' Contribution does not include any Equity Shares acquired during the immediately preceding one year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer
(iii) Our Company has not been formed by the conversion of a partnership firm or a limited liability partnership firm into a company in the preceding one year and hence, no Equity Shares have been issued in the one year immediately preceding the date of this Prospectus pursuant to conversion from a partnership firm or a limited liability partnership firm; and
(iv) The Equity Shares forming part of the Promoter's Contribution are not subject to any pledge.

(ii) ***Details of Equity Shares locked-in for one year***

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 and Equity Shares offered by the Selling Shareholders as part of the Offer for Sale, the entire pre-Offer Equity Share capital of our Company will be locked-in for a period of one year from the date of Allotment, including any unsubscribed portion of the Offer for Sale, in accordance with Regulations 16(b) and 17 of the SEBI ICDR Regulations.

(iii) ***Lock-in of Equity Shares Allotted to Anchor Investors***

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

(iv) ***Other requirements in respect of lock-in***

(i) As required under Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

(ii) Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, as mentioned above, may be pledged as collateral security for a loan with a scheduled commercial bank, a public financial institution, Systemically Important Non-Banking Financial Company or a deposit accepting housing finance company, subject to the following:

(a) With respect to the Equity Shares locked-in for one year from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan.
(b) With respect to the Equity Shares locked-in as Minimum Promoter's Contribution for three years from the date of Allotment, the loan must have been granted to our Company for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer to the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

(iii) In terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoters and locked-in, may be transferred to any member of our Promoter Group or a new promoter, subject to continuation of lock-in applicable with the transferee for the remaining period and compliance with provisions of the Takeover Regulations.

(iv) Further, in terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by persons other than our Promoters prior to the Offer and locked-in for a period of one year, may be transferred to any other person holding Equity Shares which are locked in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock in with the transferee and compliance with the provisions of the Takeover Regulations.

9. Our Company, the Selling Shareholders, the Promoters, the Directors and the BRLMs have not entered into buyback arrangements and / or any other similar arrangements for the purchase of Equity Shares being offered through the Offer.

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

11. As on the date of this Prospectus, the BRLMs and their respective associates (determined as per the definition of 'associate company' under the Companies Act, 2013 and as per definition of the term 'associate' under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares of our Company. The BRLMs and their affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company for which they may in the future receive customary compensation.

12. As on the date of this Prospectus, our Company does not have any active employee stock option plan.

13. Except for Parvat Srinivas Reddy, who holds 1,692,903 Equity Shares, none of the Directors or Key Managerial Personnel of our Company hold any Equity Shares in our Company. For details, see "*Our Management – Shareholding of Directors in our Company*" on page 259.

14. No person connected with the Offer, including, but not limited to, our Company, the Selling Shareholders, the members of the Syndicate, our Promoters, the members of our Promoter Group or our Directors, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.

15. Except for the Promoter Selling Shareholders, who are offering Equity Shares in the Offer for Sale, none of our other Promoters or members of our Promoter Group will participate in the Offer.

16. The BRLMs and persons related to the BRLMs or Syndicate Member cannot apply in the Offer under the Anchor Investor Portion, except for Mutual Funds sponsored by entities which are associates of the BRLMs, or insurance companies promoted by entities which are associates of the BRLMs or a FPI (other than individuals, corporate bodies and family offices) sponsored by entities which are associates of the BRLMs.

17. There are no outstanding warrants, options or rights to convert debentures, loans or other convertible instruments into Equity Shares as on the date of this Prospectus.

18. All transactions in Equity Shares by our Promoters and members of our Promoter group between the date of filing of the Red Herring Prospectus and the date of closing of the Offer shall be reported to the Stock Exchanges within 24 hours of such transactions.

19. The Promoters and members of our Promoter Group will not receive any proceeds from the Offer, except to the extent of their participation as Selling Shareholders in the Offer for Sale.

20. At any given time, there shall be only one denomination of the Equity Shares of our Company, unless otherwise permitted by law.

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

SECTION V – PARTICULARS OF THE OFFER

SUMMARY FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Restated Financial Statements. The summary financial information presented below may differ in certain significant respects from generally accepted accounting principles in other countries, including IFRS. The summary financial information presented below should be read in conjunction with our Restated Financial Statements, the notes and annexures thereto and the section "Management's Discussion and Analysis of Financial Position and Results of Operations" on page 381.

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RESTATED UNCONSOLIDATED FINANCIAL INFORMATION

Unconsolidated Summary Statement of assets and liabilities

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Assets					
Non-current assets					
Property, plant and equipment	1,550.26	1,576.98	1,549.61	1,620.45	1,522.00
Capital work-in-progress	188.63	100.78	117.34	56.17	18.44
Intangible assets	8.74	1.07	1.39	1.43	0.31
Investment in subsidiary	0.10	0.10	0.10	-	-
Financial assets					
Investments	0.10	0.10	0.10	0.10	0.10
Others	71.97	23.97	32.98	226.57	113.20
Non-current tax assets (net)	14.67	14.44	6.19	15.76	22.77
Other non-current assets	46.30	46.65	39.88	41.40	38.17
	1,880.77	**1,764.09**	**1,747.59**	**1,961.88**	**1,714.99**
Current Assets					
Inventories	791.46	592.71	754.59	410.71	419.32
Financial assets					
Trade receivables	731.19	588.78	616.37	504.17	489.66
Cash and cash equivalents	110.20	21.87	135.44	107.67	90.68
Bank balances other than cash and cash equivalents	105.20	96.00	96.98	-	0.13
Others	28.07	16.88	16.66	23.72	47.34
Other current assets	172.25	191.60	95.08	43.43	48.20
	1,938.37	**1,507.84**	**1,715.12**	**1,089.70**	**1,095.33**
Total assets	**3,819.14**	**3,271.93**	**3,462.71**	**3,051.58**	**2,810.32**
Equity and Liabilities					
Equity					
Equity share capital	267.59	282.14	267.59	282.14	282.14
Other equity	2,188.63	2,110.43	1,983.18	2,067.68	1,773.10
	2,456.22	**2,392.57**	**2,250.77**	**2,349.82**	**2,055.24**
Liabilities					
Non-current liabilities					
Financial liabilities					
Borrowings	71.70	-	-	-	-
Provisions	32.99	4.26	23.81	5.57	29.92
Deferred tax liabilities (net)	99.47	40.58	53.07	0.32	87.89
	204.16	**44.84**	**76.88**	**5.89**	**117.81**
Current liabilities					
Financial Liabilities					
Borrowings	582.98	159.96	291.33	287.31	197.86
Trade payables					
– dues of micro enterprises and small enterprises	-	-	-	-	-
– dues of creditors other than micro enterprises and small enterprises	145.25	199.25	305.55	59.80	136.28
Other financial liabilities	23.72	1.72	2.13	-	-
Provisions	25.67	25.07	34.34	8.26	13.42
Current tax liabilities (net)	-	-	9.23	11.70	-
Other current liabilities	381.14	448.52	492.48	328.80	289.71
	1,158.76	**834.52**	**1,135.06**	**695.87**	**637.27**
Total equity and liabilities	**3,819.14**	**3,271.93**	**3,462.71**	**3,051.58**	**2,810.32**

Unconsolidated Summary Statement of profits and losses

(₹ in million, except share data)

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Income					
Revenue from operations	1,772.68	1,521.76	2,137.74	1,836.71	1,595.97
Other income	7.23	11.43	43.68	22.39	9.48
Total income (i)	**1,779.91**	**1,533.19**	**2,181.42**	**1,859.10**	**1,605.45**
Expenses					
Cost of materials consumed	748.07	638.54	872.55	655.32	659.77
Changes in inventories of work-in-progress	(64.10)	(133.34)	(150.88)	(29.70)	(90.49)
Excise duty on sale of goods	-	-	-	-	29.77
Employee benefits expense	374.37	377.16	516.26	435.08	446.09
Depreciation and amortisation expense	93.25	91.03	120.48	112.34	112.07
Finance costs	48.29	27.25	47.53	44.60	44.61
Other expenses	184.07	204.94	320.15	238.85	232.08
Total expenses (ii)	**1,383.95**	**1,205.58**	**1,726.09**	**1,456.49**	**1,433.90**
Restated profit before exceptional items and tax (I)	**395.96**	**327.61**	**455.33**	**402.61**	**171.55**
Exceptional items (II)	**-**	**-**	**-**	**12.94**	**-**
Restated profit before tax (III)=(I+II)	**395.96**	**327.61**	**455.33**	**415.55**	**171.55**
Tax expenses					
Current tax	70.94	56.57	78.11	92.13	43.37
Adjustment of tax relating to earlier period / year	-	1.44	1.44	20.91	0.01
Deferred tax (credit)/charge	44.33	45.07	62.60	(89.47)	73.94
Total tax expenses (IV)	**115.27**	**103.08**	**142.15**	**23.56**	**117.32**
Restated profit for the period/year (V)=(III-IV)	**280.69**	**224.53**	**313.18**	**391.99**	**54.23**
Other comprehensive income (OCI)					
OCI not to be reclassified to profit and loss in subsequent period/year:					
Re-measurement gains/(losses) on defined benefit plans	7.11	(16.52)	(33.82)	6.53	(34.36)
Income tax effect	(2.07)	4.81	9.85	(1.90)	9.91
Restated total other comprehensive income/(loss) for the period/year, net of tax (VI)	**5.04**	**(11.71)**	**(23.97)**	**4.63**	**(24.45)**
Restated total comprehensive income for the period/year (VII)=(V+VI)	**285.73**	**212.82**	**289.21**	**396.62**	**29.78**
Restated earnings per share of Rs. 10 each fully paid up (not annualised for period ended December 31, 2020 and December 31, 2019):					
Basic and diluted, computed on the basis of restated profit attributable to equity holders	10.49	7.96	11.11	13.89	1.92

Unconsolidated Summary Statement of Cash Flow

(₹ in million)

Particulars	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from operating activities					
Restated profit before tax	**395.96**	**327.61**	**455.33**	**415.55**	**171.55**
Adjustments to reconcile restated profit before tax to net cash flows					
Depreciation and amortisation expense	93.25	91.03	120.48	112.34	112.07
Provision for doubtful receivable and advances	-	9.72	14.77	-	11.91
Bad debts written off	-	0.01	1.82	9.61	8.01
Finance costs	48.29	27.25	47.53	44.60	44.61
Liabilities no longer required written back	-	(2.77)	(4.26)	(3.34)	(0.30)
Loss/(Profit) on sale of property, plant and equipment	-	-	-	(1.63)	0.07
Unrealised exchange loss/(gain)	(0.53)	(0.83)	(16.80)	14.75	(10.43)
Profit on sale of land	-	-	-	(12.94)	-
Interest income	(7.23)	(6.52)	(9.96)	(6.69)	(7.15)
Operating profit before working capital changes	**529.74**	**445.50**	**608.92**	**572.26**	**330.34**
Movements in working capital:					
Increase in trade receivables	(116.53)	(84.62)	(90.06)	(34.66)	(113.84)
(Increase)/decrease in inventories	(36.87)	(182.00)	(343.88)	8.61	(104.13)
(Increase)/decrease in current and non current financial assets	(51.73)	123.24	115.27	1.49	235.91
(Increase)/decrease in other current and non current assets	(70.70)	(148.11)	(39.29)	27.43	58.00
Increase/(decrease) in trade payables	(164.80)	142.22	250.01	(75.85)	(75.96)
Increase/(decrease) in other current liabilities	(72.36)	119.72	122.87	39.09	(151.74)
Increase/(decrease) in provisions	7.62	(1.02)	10.50	(22.98)	(9.01)
Cash generated (used in)/from operations	**24.37**	**414.93**	**634.34**	**515.38**	**169.58**
Income tax paid (net of refunds)	(88.65)	(68.39)	(72.45)	(94.32)	(25.40)
Net cash flow (used in)/from operating activities (A)	**(64.28)**	**346.54**	**561.89**	**421.06**	**144.18**
B. Cash flows from investing activities					
Purchase of property, plant and equipment, including intangible assets, capital work in progress, capital creditors and capital advances	(163.21)	(105.12)	(118.89)	(273.23)	(21.01)
Proceeds from sale of property, plant and equipment	-	-	-	29.96	0.79
Investment in subsidiary	-	(0.10)	(0.10)	-	-
Investment in bank deposits (net)	(4.88)	(9.83)	(10.81)	(91.04)	(0.13)
Interest received	8.56	6.56	9.17	6.62	7.12
Net cash flow used in investing activities (B)	**(159.52)**	**(108.50)**	**(120.63)**	**(327.69)**	**(13.23)**
C. Cash flows from financing activities					
Dividend and dividend distribution tax paid	(80.28)	(170.07)	(170.07)	(102.04)	-
Amount paid on equity shares bought back and buy back tax	(38.98)	-	(179.21)	-	-
Share issue expense paid	(23.58)	-	-	-	-
Proceeds from/(repayment of) short term borrowings	293.86	(127.35)	(4.95)	89.45	(93.30)
Proceeds from long term borrowings, including current maturities	89.63	-	-	-	-
Finance costs paid	(42.12)	(27.25)	(59.26)	(62.27)	(44.61)
Net cash flows from/(used in) financing activities (C)	**198.53**	**(324.67)**	**(413.49)**	**(74.86)**	**(137.91)**

(₹ in million)

Particulars	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(25.27)	(86.63)	27.77	18.51	(6.96)
Effect of exchange differences on cash & cash equivalents held in foreign currency	0.03	0.83	-	(1.52)	(0.02)
Cash and cash equivalents at the beginning of the period/year	135.44	107.67	107.67	90.68	97.66
Cash and cash equivalents at the end of the period/year	**110.20**	**21.87**	**135.44**	**107.67**	**90.68**
Components of cash and cash equivalents					
Cash on hand	0.37	0.11	0.21	0.19	0.17
Balance with banks:					
Current accounts	21.91	21.76	0.90	107.48	0.76
Deposits with original maturity of less than three months	87.92	-	134.33	-	89.75
Total cash and cash equivalents	**110.20**	**21.87**	**135.44**	**107.67**	**90.68**

RESTATED CONSOLIDATED FINANCIAL INFORMATION

Consolidated Summary Statement of assets and liabilities

(₹ in million)

Particulars	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Assets			
Non-current assets			
Property, plant and equipment	1,550.26	1,576.98	1,549.61
Capital work-in-progress	188.63	100.78	117.39
Intangible assets	8.74	1.07	1.39
Financial assets			
Investments	0.10	0.10	0.10
Others	71.97	23.97	32.98
Non-current tax assets (net)	14.67	14.44	6.19
Other non-current assets	46.30	46.65	39.88
	1,880.67	**1,763.99**	**1,747.54**
Current Assets			
Inventories	791.46	592.71	754.59
Financial assets			
Trade receivables	731.19	588.78	616.37
Cash and cash equivalents	110.31	21.97	135.34
Bank balances other than cash and cash equivalents	105.20	96.00	96.98
Others	28.07	16.88	16.66
Other current assets	172.17	191.60	95.05
	1,938.40	**1,507.94**	**1,715.19**
Total assets	**3819.07**	**3,271.93**	**3,462.73**
Equity and Liabilities			
Equity			
Equity share capital	267.59	282.14	267.59
Other equity	2,188.51	2,110.43	1,983.18
Equity attributable to equity holders of the parent	**2,456.10**	**2,392.57**	**2,250.77**
Non-controlling interests			-
Total equity	**2,456.10**	**2,392.57**	**2,250.77**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	71.70	-	-
Provisions	32.99	4.26	23.81
Deferred tax liabilities (net)	99.47	40.58	53.07
	204.16	**44.84**	**76.88**
Current liabilities			
Financial Liabilities			
Borrowings	582.98	159.96	291.33
Trade payables			
– dues of micro enterprises and small enterprises	-	-	-
– dues of creditors other than micro enterprises and small enterprises	145.30	199.25	305.57
Other financial liabilities	23.72	1.72	2.13
Provisions	25.67	25.07	34.34
Current tax liabilities (net)	-	-	9.23
Other current liabilities	381.14	448.52	492.48
	1,158.81	**834.52**	**1,135.08**
Total equity and liabilities	**3,819.07**	**3,271.93**	**3,462.73**

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Consolidated Summary Statement of profits and losses

(₹ in million, except share data)

Particulars	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Income			
Revenue from operations	1,772.68	1,521.76	2,137.74
Other income	7.23	11.43	43.68
Total income (i)	**1,779.91**	**1,533.19**	**2,181.42**
Expenses			
Cost of materials consumed	748.07	638.54	872.55
Changes in inventories of work-in-progress	(64.10)	(133.34)	(150.88)
Employee benefits expense	374.37	377.16	516.26
Depreciation and amortization expense	93.25	91.03	120.48
Finance costs	48.29	27.25	47.53
Other expenses	184.19	204.94	320.15
Total expenses (ii)	**1,384.07**	**1,205.58**	**1,726.09**
Restated profit before tax (I)	**395.84**	**327.61**	**455.33**
Tax expenses			
Current tax	70.94	56.57	78.11
Adjustment of tax relating to earlier period / year	-	1.44	1.44
Deferred tax charge	44.33	45.07	62.60
Total tax expense (II)	**115.27**	**103.08**	**142.15**
Restated profit for the period/year (III) = (I-II)	**280.57**	**224.53**	**313.18**
Other comprehensive income (OCI)			
OCI not to be reclassified to profit and loss in subsequent period/year:			
Re-measurement gains/(losses) on defined benefit plans	7.11	(16.52)	(33.82)
Income tax effect	(2.07)	4.81	9.85
Restated total other comprehensive income/(loss) for the period/year, net of tax (IV)	**5.04**	**(11.71)**	**(23.97)**
Restated total comprehensive income for the period/year (V) = (III + IV)	**285.61**	**212.82**	**289.21**
Profit for the period/year			
Attributed to:			
Equity holders of the parent	280.57	224.53	313.18
Non-controlling interest	-	-	-
Comprehensive income/(loss) for the period/year			
Attributed to:			
Equity holders of the parent	5.04	(11.71)	(23.97)
Non-controlling interest	-	-	-
Total comprehensive income for the period/year			
Attributed to:			
Equity holders of the parent	285.61	212.82	289.21
Non-controlling interest	-	-	-
Restated earnings per share per share of Rs. 10 each fully paid up (not annualized for period ended December 31, 2020):			
Basic and diluted, computed on the basis of restated profit attributable to equity holders of Holding Company	10.48	7.96	11.11

Consolidated Summary Statement of Cash Flow

(₹ in million)

Particulars	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
A. Cash flow from operating activities			
Restated profit before tax	**395.84**	**327.61**	**455.33**
Adjustments to reconcile restated profit before tax to cash net flows			
Depreciation and amortisation expense	93.25	91.03	120.48
Provision for doubtful receivable advances	-	9.72	14.77
Bad debts written off	-	0.01	1.82
Finance costs	48.29	27.25	47.53
Liabilities no longer required written back	-	(2.77)	(4.26)
Unrealised exchange gain	(0.53)	(0.83)	(16.81)
Interest income	(7.23)	(6.52)	(9.96)
Operating profit before working capital changes	**529.62**	**445.50**	**(608.90)**
Movement in working capital:			
Increase in trade receivables	(116.53)	(84.62)	(90.06)
Increase in inventories	(36.87)	(182.00)	(343.88)
(Increase)/ decrease in current and non current financial assets	(51.74)	123.22	115.26
Increase in other current and non current assets	(70.65)	(148.13)	(38.98)
(Decrease) / increase in trade payables	(164.77)	142.24	250.05
(Decrease) / increase in other current liabilities	(72.37)	119.72	122.88
(Decrease) / increase in provisions	7.62	(1.03)	10.49
Cash generated (used in)/from operations	**24.31**	**414.90**	**634.66**
Income tax paid (net of refunds)	(88.65)	(68.38)	(72.44)
Net cash flow (used in)/from operating activities (A)	**(64.34)**	**346.52**	**562.22**
B. Cash flows from investing activities			
Purchase of property, plant and equipment, including intangible assets, capital work in progress, capital creditors and capital advances	(163.15)	(105.11)	(119.22)
Investment in bank deposits (net)	(4.88)	(9.83)	(10.81)
Interest received	8.57	6.56	9.17
Net cash flow used in investing activities (B)	**(159.46)**	**(108.39)**	**(120.87)**
C. Cash flows from financing activities			
Dividend and dividend distribution tax paid	(80.28)	(170.07)	(170.07)
Amount paid on equity shares brought back and buy back tax	(38.98)	-	(179.21)
Share issue expenses paid	(23.58)	-	-
Proceeds from / (repayment of) short term borrowings (net)	293.86	(127.35)	(4.95)
Proceeds from long term borrowings, including current maturities	89.63	-	-
Finance costs paid	(42.11)	(27.25)	(59.26)
Net cash flows from/(used in) financing activities (C)	**198.54**	**(324.67)**	**(413.49)**
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(25.26)**	**(86.54)**	**(27.86)**
Effect of exchange differences on cash & cash equivalents held in foreign currency	0.03	0.83	-
Cash and cash equivalents at the beginning of the period / year	135.54	107.68	107.68
Cash and cash equivalents at the end of the period/year	**110.31**	**21.97**	**135.54**
Components of cash and cash equivalents			
Cash on hand	0.37	0.11	0.21
Balance with banks:			
Current accounts	22.02	21.86	1.00

(₹ in million)

Particulars	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Deposits with original maturity of less than three months	87.92	-	134.33
Total cash and cash equivalents	**110.31**	**21.97**	**135.54**

OBJECTS OF THE OFFER

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

Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale. The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale, net of their respective portion of the Offer related expenses.

Fresh Issue

Our Company proposes to utilise the Net Proceeds from the Fresh Issue and the proceeds of the Pre-IPO Placement towards funding the following objects:

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

2. Funding working capital requirements; and

3. General corporate purposes.

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

The main objects and objects incidental and ancillary to the main objects, as set out in our Memorandum of Association, enable our Company to undertake our existing business activities and the activities for which funds are being raised by us through the Fresh Issue and for which the loans proposed to be repaid from the Net Proceeds were utilised. In addition, our Company expects to receive the benefits of listing of Equity Shares on the Stock Exchanges including enhancing our visibility and our brand image among our existing and potential customers and creating a public market for our Equity Shares in India.

Net Proceeds

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

(₹ in million)

Particulars		Amount
Gross Proceeds from the Fresh Issue^		1,235.19*
Less:	Estimated Offer related expenses in relation to the Fresh Issue (only those apportioned to our Company)*	74.75**
Net Proceeds		**1,160.44**

** Subject to finalisation of the Basis of Allotment.*

^ After adjusting for the proceeds received pursuant to the Pre-IPO Placement of 1,851,851 Equity Shares, aggregating to ₹ 1,000.00 million. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, of up to 4,000,000 Equity Shares accordingly has been reduced by 1,851,851 Equity Shares pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue was of 2,148,149 Equity Shares. Further, the aggregate proceeds of the Pre-IPO Placement and the Fresh Issue are ₹ 2,235.19 million and the Offer expenses apportioned to our Company (including the expenses for the Pre-IPO Placement) are ₹ 105.96 million and accordingly, the aggregate of the Net Proceeds and the proceeds of the Pre-IPO Placement is ₹ 2,129.23 million.

** See "– Offer Related Expenses" below.*

*** The estimated expenses in relation to the Pre-IPO Placement have not been considered while calculating this amount.*

Utilization of Net Proceeds and the proceeds of the Pre-IPO Placement and Schedule of Implementation and Deployment

The Net Proceeds and the proceeds of the Pre-IPO Placement are currently expected to be deployed in accordance with the schedule set forth below:

(₹ in million)

Particulars	Amount which will be financed from Net Proceeds and the Pre-IPO Placement	Estimated Utilization of Net Proceeds and the Pre-IPO Placement	
		Fiscal 2022	**Fiscal 2023**
Repayment or prepayment in full or part of borrowings availed by our Company	630.00	630.00	-
Funding working capital requirements	950.00	620.00	330.00
General corporate purposes	549.23	549.23	-
Aggregate of Net Proceeds and proceeds	2,129.23*	1,799.23	330.00

from the Pre-IPO			

* *This amount has been derived by subtracting the Offer expenses apportioned to our Company (including the expenses for the Pre-IPO Placement) from the aggregate of the Gross Proceeds and the proceeds from the Pre-IPO Placement. For details, see "– Offer Related Expenses" on page 106.*

The deployment of funds indicated above is based on management estimates, current circumstances of our business and the prevailing market condition. The deployment of funds described herein has not been appraised by any bank or financial institution or any other independent agency. See "*Risk Factors – Our management will have broad discretion in how we apply the Net Proceeds, including interim use of the Net Proceeds and the Pre-IPO Placement, 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 or the Pre-IPO Placement in the manner intended by us will result in any increase in the value of your investment.*" on page 51. Given the nature of our business, we may have to revise our funding requirements and deployment on account of a variety of factors such as our financial condition, business strategy and external factors such as market conditions, competitive environment and interest or exchange rate fluctuations and other external factors which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure, implementation schedule and funding requirements, including the expenditure for a particular purpose, at the discretion of our management. Subject to applicable law, if the actual utilisation towards any of the Objects is lower than the proposed deployment, such balance will be used for general corporate purposes to the extent that the total amount to be utilized towards general corporate purposes will not exceed 25% of the gross proceeds from the Fresh Issue and the proceeds of the Pre-IPO Placement in accordance with Regulation 7(2) of the SEBI ICDR Regulations. In case of a shortfall in raising requisite capital from the Net Proceeds, business considerations may require us to explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls. Further, in case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Offer. To the extent our Company is unable to utilise any portion of the Net Proceeds towards the aforementioned Objects, per the estimated scheduled of deployment specified above, our Company shall deploy the Net Proceeds in subsequent Fiscals towards the aforementioned Objects.

Details of the Objects of the Fresh Issue

The details in relation to Objects of the Fresh Issue are set forth herein below.

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

Our Company has entered into various financing arrangements including borrowings in the form of long-term loans and working capital demand loans, among others. As at December 31, 2020, our total indebtedness amounted to ₹ 1,488.63 million. For disclosure of borrowings in the last three Fiscals as per Schedule III of the Companies Act, see "*Restated Financial Statements*" on page 286. Our Company proposes to utilize an aggregate amount of ₹ 630.00 million from the Net Proceeds and the proceeds of the Pre-IPO Placement towards full or partial repayment/ prepayment of certain borrowings availed by our Company.

The selection of borrowings proposed to be prepaid, repaid (earlier or scheduled) out of the borrowings provided below, shall be based on various factors including (i) cost of the borrowings to our Company, including applicable interest rates; (ii) any conditions attached to the borrowings restricting our ability to prepay the borrowings and time taken to fulfil such requirements; (iii) intimating the lenders prior to undertaking the Issue, wherever necessary; (iv) levy of any prepayment penalties and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan. Payment of interest, prepayment penalty or premium, if any, and other related costs shall be made by us out of the Net Proceeds and the proceeds of the Pre-IPO Placement. If the Net Proceeds and the proceeds of the Pre-IPO Placement are insufficient for making payments for such pre-payment penalties or premiums, such excessive amount shall be met from our internal accruals.

The repayment/ prepayment of loans by utilizing the Net Proceeds and the proceeds of the Pre-IPO Placement will help reduce our outstanding indebtedness, debt-servicing costs and improve our debt to equity ratio and enable utilization of internal accruals for further investment in business growth and expansion. In addition, we believe that the improved debt to equity ratio will enable us to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business.

The amounts outstanding against the loans disclosed below may vary from time to time, in accordance with the amounts drawn down, repayment, pre-payment and the prevailing interest rates. In addition to the above, we may, from time to time, enter into fresh financing arrangements with banks and financial institutions. In such cases or in case any of the borrowings proposed to be repaid/ pre-paid out of Net Proceeds and the proceeds of the Pre-IPO Placement, are repaid, refinanced or pre-paid or further drawn-down or freshly drawn-down, within existing limits or enhanced limits, prior to the completion of the Issue, we may utilize the Net Proceeds and the proceeds of the Pre-IPO Placement towards repayment or pre-payment of the additional borrowings. However, the aggregate amount to be utilised from the Net Proceeds and the proceeds of the Pre-IPO Placement towards prepayment or repayment of borrowings (including refinanced or additional borrowings availed, if any or otherwise), in part or full, would not exceed ₹ 630.00 million. The amounts proposed to be prepaid and / or repaid against each borrowing facility below is indicative and our Company may utilize the Net Proceeds and the proceeds of the Pre-IPO Placement to prepay and / or repay the facilities disclosed below in accordance with commercial considerations, including amounts outstanding at the time of prepayment and / or repayment. For further details, see "*Financial Indebtedness*" on page 433.

The following table provides details of certain borrowings availed by our Company as on December 31, 2020, out of which we propose to prepay or repay, in full or in part, from the Net Proceeds and the proceeds of the Pre-IPO Placement:

(₹ in million)

<table>
<tr><th>Name of the Lender</th><th>Nature of the borrowing</th><th>Sanctioned amount</th><th>Amount outstanding as at December 31, 2020</th><th>Rate of interest#</th><th>Repayment Date / Schedule</th><th>Prepayment penalty</th><th>Purpose for which the loan was sanctioned</th></tr>
<tr><td rowspan="3">State Bank of India</td><td>Cash credit and export packing credit (with a foreign bill discounting facility as a sub-limit)</td><td>Cash credit: 300.00^

Export packing credit: 280.00^</td><td>Cash credit: 544.07

Export packing credit: 0.00</td><td>Cash credit: 2.75% above 8.05 MCLR – 1 year per annum

Export packing credit: 0.55% above 8.05 MCLR – 1 year per annum</td><td>Facilities are valid for 12 months from the date of sanction, or payable on demand</td><td>-</td><td>To meet our working capital requirements</td></tr>
<tr><td>COVID-19 emergency credit line</td><td>58.00</td><td>38.91</td><td>7.75% per annum</td><td>6 monthly instalments from November 30, 2020 to March 31, 2021</td><td>-</td><td>To meet our working capital requirements</td></tr>
<tr><td>Term loan</td><td>250.00</td><td>89.63</td><td>2.25% above the 1 year MCLR per annum</td><td>20 quarterly instalments from March 31, 2021 to March 31, 2025</td><td>2% on the entire outstanding amount if fully drawn, or on the sanctioned limit, if not fully disbursed</td><td>For purchase of new machinery</td></tr>
</table>

 # MCLR: Marginal cost of fund-based lending rate.
^ As per the arrangement letter dated November 11, 2020, the cash credit and export packing credit facility can be utilised interchangeably.

Our Company has obtained the requisite certificate in accordance with Clause 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations, which requires a certificate from the statutory auditor, certifying the utilization of loan for the purposes availed.

For further details in relation to the terms and conditions under the aforesaid loan agreements as well as restrictive covenants in relation thereto, see "*Financial Indebtedness*" on page 433.

2. Funding Working Capital Requirements

We fund a majority of our working capital requirements in the ordinary course of business from banks and internal accruals. As on December 31, 2020, our Company has total sanctioned limit of working capital facilities of ₹ 1,738.00 million, including fund-based and non-fund based limits, and the aggregate amounts sanctioned under the fund based and non-fund based working capital facilities of our Company are ₹ 638.00 million and ₹ 1,100.00 million, respectively. For details, see "*Financial Indebtedness*" on page 433. We propose to utilise ₹ 620.00 million and ₹ 330.00 million from the Net Proceeds and the proceeds of the Pre-IPO Placement to fund the working capital requirements of our Company in Fiscal Years 2022 and 2023, respectively.

Basis of estimation of long-term working capital requirement

The details of our Company's working capital as at March 31, 2018, March 31, 2019 and March 31, 2020, and as at the nine months ended December 31, 2020, on an unconsolidated basis, derived from the Restated Financial Statements, and source of funding of the same are provided in the table below:

(₹ in million)

S. no	Particulars	Notes	Amount as on March 31, 2018	Amount as on March 31, 2019	Amount as on March 31, 2020	Amount as on the nine months ended December 31, 2020
1	**Current Assets**					
A	Trade Receivables		489.66	504.17	616.37	731.19
B	Inventories		419.32	410.71	754.59	791.46
C	Other financial and current assets		186.35	174.82	344.16	415.72
	Total current assets	**(A)**	**1,095.33**	**1,089.70**	**1,715.12**	**1,938.37**
2	**Current Liabilities**					
A	Trade Payables		136.28	59.80	305.55	145.24
B	Advances from customers		263.75	308.33	438.68	367.87
C	Other financial and current liabilities		39.38	40.43	99.50	62.66
	Total current liabilities	**(B)**	**439.41**	**408.56**	**843.73**	**575.77**
3	**Net working capital requirements**	**(C) = (A) - (B)**	**655.92**	**681.14**	**871.39**	**1,362.60**
4	**Existing funding pattern**					
	Borrowings from banks, financial institutions and non-banking financial companies (including bill discounting)		197.86	287.31	291.33	582.98
	Internal accruals / Equity		458.08	393.83	580.06	779.62
	Total		**655.92**	**681.14**	**871.39**	**1,362.60**

Note: *Pursuant to the certificate dated February 15, 2021, issued by M/s Niranjan & Narayan, Chartered Accountants.*

On the basis of our existing working capital requirements and the projected working capital requirements, our Board, pursuant to their resolutions dated November 2, 2020 and December 14, 2020, has approved the business plan for the Fiscal Years 2021, 2022 and 2023, and the projected working capital requirements for Fiscal Years 2021, 2022 and 2023 as stated below:

(₹ in million)

S. no	Particulars	Notes	Estimated Amount as on March 31, 2021	Estimated Amount as on March 31, 2022	Estimated Amount as on March 31, 2023
1	**Current Assets**				
a	Trade Receivables		751.40	1,081.40	1,458.10
b	Inventories		751.40	1,081.40	1,458.10
c	Other financial and current assets		250.50	360.50	486.00
	Total current assets	**(A)**	**1,753.30**	**2,523.30**	**3,402.20**
2	**Current Liabilities**				
a	Trade Payables		250.50	360.50	486.00
b	Provisions		375.70	540.70	729.10

(₹ in million)

S. no	Particulars	Notes	Estimated Amount as on March 31, 2021	Estimated Amount as on March 31, 2022	Estimated Amount as on March 31, 2023
c	Other financial and current liabilities		125.20	180.20	243.00
	Total current liabilities	**(B)**	**751.40**	**1,081.40**	**1,458.10**
3	**Net working capital requirements**	**(C) = (A) - (B)**	**1,001.90**	**1,441.90**	**1,944.10**
4	**Source of finance**				
	Proceeds from the Offer		-	620.00	950.00
	Borrowings from banks, financial institutions and non-banking financial companies (including bill discounting) *or* internal accruals		1,001.90	821.90	944.10
	Total source of finance		**1,001.90**	**1,441.90**	**1,944.10**

Note: *Pursuant to the certificate dated February 15, 2021, issued by M/s Niranjan & Narayan, Chartered Accountants*

Our Statutory Auditors have provided no assurance on the prospective financial information, working capital estimates or projections and have performed no service with respect to it.

Our Company proposes to utilize ₹ 950.00 million from the Net Proceeds and the proceeds of the Pre-IPO Placement towards funding the long-term working capital requirements of the Company.

The table below contains the details of the holding levels (in number of days or relevant matrix as applicable) considered and is derived from the Restated Unconsolidated Financial Information for Fiscal 2018, Fiscal 2019 and Fiscal 2020 and for the nine months ended December 31, 2020, the projections for Fiscal 2021, Fiscal 2022 and Fiscal 2023, and the assumptions based on which the working plan projections has been made and approved by our Board of Directors:

Particulars	Amount as on March 31, 2018	Amount as on March 31, 2019	Amount as on March 31, 2020	Amount as on the nine months ended December 31, 2020	Estimated Amount as on March 31, 2021	Estimated Amount as on March 31, 2022	Estimated Amount as on March 31, 2023
Trade receivables	114	100	105	113	110	110	110
Inventories	98	82	129	123	110	110	110
Other financial and current assets	63	70	33	65	37	37	37
Trade payables	32	12	52	23	37	37	37
Advances from customers	61	61	75	57	55	55	55
Other financial and current liabilities	16	9	21	10	18	18	18

Note: *Pursuant to the certificate dated February 15, 2021, issued by M/s Niranjan & Narayan, Chartered Accountants*

Key assumptions for working capital projections made by our Company:

S No.	Particulars	Assumptions
Current Assets		
1.	Trade receivables	Historically, the holding levels of trade receivables have ranged from 100-114 days in last three years. We expect the trend to continue and hence assumed 110 days of holding
2.	Inventories	Inventory levels tend to be more volatile depending upon order book status and delivery schedules. Our assumption of 110 days is based on bottom up projections of order flows and execution
3.	Other financial and current assets	The key items under this head are retention money, advances to suppliers, prepaid expenses etc. With increased share of exports in revenues, the retention money levels have come off in last few years. This is likely to continue. Hence, our assumption of 37 days holding period is closer to trends in last 1-1.5 years.
Current Liabilities		

4.	Trade payables	Towards end of FY20, due to Covid induced lockdown the company tightened its payment cycle to vendors, which resulted in significant rise in trade payable holding days at the end of FY20. A part of that practice has been retained and hence trade payable days have been projected at 37 days of sales
5.	Advances from customers	As the company diversify its client base and focus on more business from private sector customers, the advances levels are expected to come down moderately. Hence the levels are built at 55 days vs 60-75 days in last 3 years.
6.	Other current liabilities & Provisions	This holding levels under this head has ranged from 9-21 days in last three years. We have projected near the average at around 18 days

Note: *Pursuant to the certificate dated February 15, 2021, issued by M/s Niranjan & Narayan, Chartered Accountants*

The aforementioned working capital estimates and projections have been approved by the Board through their resolutions dated November 2, 2020 and December 14, 2020.

Our Company proposes to utilize ₹ 620.00 million and ₹ 330.00 million of the Net Proceeds and the proceeds of the Pre-IPO Placement in Fiscal 2022 and Fiscal 2023, respectively, towards our long term working capital requirements. The balance portion of our long term working capital requirement will be arranged from existing equity, internal accruals and borrowings from banks.

3. General corporate purposes

Our Company intends to deploy the balance Net Proceeds and the proceeds of the Pre-IPO Placement towards general corporate purposes, subject to such utilization not exceeding 25% of the Gross Proceeds and the proceeds of the Pre-IPO Placement, in accordance with Regulation 7(2) of the SEBI ICDR Regulations, to drive our business growth, including, amongst other things, (i) funding growth opportunities, including strategic initiatives; (ii) meeting any expenses incurred in the ordinary course of business by the Company, including salaries and wages, rent, administration expenses, insurance related expenses, and the payment of taxes and duties; (iii) servicing of borrowings including payment of interest; (iv) brand building and other marketing expenses; (v) meeting of exigencies which our Company may face in the course of any business; and (vi) any other purpose as permitted by applicable laws and as approved by our Board or a duly appointed committee thereof.

The quantum of utilization of funds towards any of the above purposes will be determined based on the amount actually available under this head and the business requirements of our Company, from time to time. Our Company’s management, in accordance with the policies of the Board, will have flexibility in utilizing surplus amounts, if any. Our management will have the discretion to revise our business plan from time to time and consequently our funding requirement and deployment of funds may change. This may also include rescheduling the proposed utilization of Net Proceeds and the proceeds of the Pre-IPO Placement. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of Net Proceeds and the proceeds of the Pre-IPO Placement in a Fiscal, we will utilize such unutilized amount in the subsequent Fiscals.

Interim use of proceeds

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

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

Means of finance

The fund requirements set out for the aforesaid objects of the Offer are proposed to be met entirely from the Net Proceeds and the proceeds of the Pre-IPO Placement. Accordingly, our Company confirms that there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue, existing working capital funding from the banks and internal accruals as required under the SEBI ICDR Regulations.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Prospectus, which are proposed to be repaid from the Net Proceeds or the proceeds of the Pre-IPO Placement.

Appraising Entity

The objects of the Fresh Issue for which the Net Proceeds and the proceeds of the Pre-IPO Placement will be utilised have not been appraised.

Offer Expenses

The total expenses of the Offer are estimated to be approximately ₹ 358.27 million. The Offer expenses includes listing fees, fees payable to the BRLMs, underwriting fees, selling commission, legal counsels, advisors to the Offer, Registrar to the Offer, Banker(s) to the Offer including processing fee to the SCSBs for processing ASBA Forms submitted by ASBA Bidders procured by the Syndicate and submitted to SCSBs, brokerage and selling commission payable to Registered Brokers, RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses and all other incidental expenses for listing the Equity Shares on the Stock Exchanges.

The fees and expenses relating to the Offer shall be shared in the proportion between the Company and the Selling Shareholders, in accordance with Applicable Laws. The Selling Shareholders, severally and not jointly, undertake to reimburse the Company for the expenses incurred by the Company on their behalf for the respective proportion of Equity Shares sold by each Selling Shareholders, upon successful consummation of the Offer.

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

Activity	Estimated expenses (₹ in million)*	As a % of total estimated Offer related expenses	As a % of Offer**
Fees payable to the BRLMs and commissions (including underwriting commission, brokerage and selling commission)	168.78	47.10%	2.83%
Selling commission payable to SCSBs for Bids directly procured by them and processing fees payable to SCSBs for Bids (other than Bids submitted by RIIs using the UPI Mechanism) procured by the Members of the Syndicate, the Registered Brokers, CRTAs or CDPs and submitted to SCSBs for blocking, Bankers to the Offer, fees payable to the Sponsor Bank for Bids made by RIBs (1)(2)(3)	68.28	19.06%	1.14%
Selling commission and uploading charges payable to Members of the Syndicate (including their Sub-Syndicate Members), RTAs, CDPs and Registered Brokers (3)(4)(5)(6)(7)(8)			
Processing fees payable to the Sponsor Bank (5)(8)			
Fees payable to Registrar to the Offer	0.18	0.05%	0.00%
Printing and stationery expenses	23.34	6.52%	0.39%
Advertising and marketing expenses	20.70	5.78%	0.35%
Others: (i) Listing fees; (ii) SEBI fees, BSE and NSE processing fees; (iii) Book-building software fees (iv) Other regulatory expenses (v) Fees payable to legal counsel; and (vi) Miscellaneous	76.99	21.49%	1.29%
Total estimated Offer expenses	358.27	100.00%	6.01%

* *Inclusive of applicable taxes. Offer expenses are estimates and are subject to change.*
** *For the calculation of percentage of total Offer, proceeds from the Pre-IPO Placement have not been taken into consideration.*

(1) Selling commission payable to the SCSBs on the portion for RIBs and Non-Institutional Bidders which are directly procured and uploaded by the SCSBs, would be as follows:

*Portion for Retail Individual Bidders**	*0.35% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*0.20% of the Amount Allotted (plus applicable taxes)*

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

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

The 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. Processing fees payable to the SCSBs of ₹ 10 per valid Bid cum Application Form (plus applicable taxes) 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.

(2) *The Processing fees for applications made by Retail Individual Bidders using the UPI Mechanism would be as follows: Sponsor Bank will be entitled to processing fee of ₹ 8 per each valid Bid cum Application Form for Bids made by RIBs using UPI Mechanism. The Sponsor Bank shall be responsible for making payments to third parties such as the remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, amendments, the Syndicate Agreement and other applicable laws.*

(3) *Selling commission on the portion for Retail Individual Bidders (using UPI mechanism) and Non-Institutional Bidders which are procured by the Members of syndicate (including their sub-Syndicate Members), RTAs, CDPs or for using 3-in1 type accounts- linked online trading, demat & bank account provided by some of the brokers which are members of Syndicate (including their Sub-Syndicate Members) would be as follows:*

*Portion for Retail Individual Bidders**	*0.35% of the Amount Allotted (plus applicable taxes)*
*Portion for Non-Institutional Bidders**	*0.20% 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.

The payment of Selling Commission payable to the sub-brokers / agents of Sub-Syndicate Members are to be handled directly by the respective sub Syndicate Member.

The Selling Commission payable to 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.

(4) ***Uploading Charges / Processing Charges** of ₹ 30 per valid application (plus applicable taxes) are applicable only in case of bid uploaded by the members of the Syndicate, RTAs and CDPs for applications made by Retail Individual Investors using the UPI Mechanism.*

(5) ***Uploading Charges / Processing Charges** of ₹ 10 per valid application (plus applicable taxes) are applicable only in case of bid uploaded by the members of the Syndicate, RTAs and CDPs:*

- *for applications made by Retail Individual Investors using 3-in-1 type accounts*
- *for Non-Institutional Bids using Syndicate ASBA mechanism / using 3- in -1 type accounts,*

(6) *The Bidding / uploading charges payable to the Syndicate / Sub-Syndicate Members, RTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.*

(7) *For Registered Brokers: Selling commission payable to the registered brokers on the portion for Retail Individual Bidders & Non-Institutional Bidders which are directly procured by the Registered Brokers and submitted to SCSB for processing would be as follows: Portion for Retail Individual Bidders & Non-Institutional Bidders: ₹ 10 per valid application* (plus applicable taxes)*

(8) *The commissions and processing fees shall be payable within 30 Working Days post the date of the receipt of the final invoices of the respective intermediaries by the Company.*

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

Monitoring utilization of funds from the Issue

Axis Bank Limited has been appointed as the Monitoring Agency for monitoring the utilisation of net proceeds, the proceeds of the Pre-IPO Placement and Offer related expenses as our Offer size (excluding the Offer for Sale by the Promoter Selling Shareholder) exceeds ₹1,000 million, in accordance with Regulation 41 of the SEBI ICDR Regulations. Our Audit Committee and the Monitoring Agency will monitor the utilisation of the Net Proceeds, the proceeds of the Pre-IPO Placement and Offer related expenses. Our Company undertakes to place the report(s) of the Monitoring Agency upon receipt before the Audit Committee without any delay.

Pursuant to the SEBI Listing Regulations, our Company shall on a quarterly basis disclose to the Audit Committee the uses and application of the Net Proceeds and the proceeds of the Pre-IPO Placement. Additionally, the Audit Committee shall review the report submitted by the Monitoring Agency and make recommendations to our Board for further action, if appropriate. Our Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in the Red Herring Prospectus and this Prospectus and place it before the Audit Committee. Such disclosure shall be made only till such time that all the Net Proceeds and the proceeds of the Pre-IPO Placement have been utilised in full. The statement shall be certified by the statutory auditors of our

Company. Furthermore, in accordance with Regulation 32 of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement including deviations, if any, in the utilization of the Net Proceeds of the Offer and the proceeds of the Pre-IPO Placement from the objects of the Offer as stated above. The information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee. We will disclose the utilization of the Net Proceeds and the proceeds of the Pre-IPO Placement under a separate head along with details in our balance sheet(s) until such time as the Net Proceeds and the proceeds of the Pre-IPO Placement remain unutilized, clearly specifying the purpose for which such Net Proceeds and the proceeds of the Pre-IPO Placement have been utilized. In the event that we are unable to utilize the entire amount that we have currently estimated for use out of the Net Proceeds and the proceeds of the Pre-IPO Placement in a Financial Year, we will utilize such unutilized amount in the next Financial Year.

Variation in Objects

In accordance with Sections 13(8) and 27 of the Companies Act, 2013 and the applicable rules, and the SEBI ICDR Regulations, our Company shall not vary the objects of the Fresh Issue without our Company being authorised to do so by the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution ("**Notice**") shall specify the prescribed details as required under the Companies Act. The Notice shall simultaneously be published in the newspapers, one in English and one in Telugu the vernacular language of the jurisdiction where our Registered and Corporate Office is situated. Our Promoters will be required to provide an exit opportunity to such Shareholders who do not agree to the above stated proposal, at a price as prescribed by SEBI, in this regard.

Other confirmations

There is no proposal whereby any portion of the Net Proceeds or the proceeds of the Pre-IPO Placement will be paid to our Promoters, Promoter Group, Directors and Key Managerial Personnel, except in the ordinary course of business. Further, there are no existing or anticipated transactions in relation to the utilisation of the Net Proceeds or the proceeds of the Pre-IPO Placement entered into or to be entered into by our Company with our Promoters, Promoter Group, Directors and/or Key Managerial Personnel.

BASIS FOR THE OFFER PRICE

The Price Band, Floor Price and Offer Price will be determined by our Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of assessment of market demand for the Equity Shares offered through the Book Building Process and on the basis of the qualitative and quantitative factors as described below. The face value of the Equity Shares is ₹ 10 and the Offer Price is 57.4 times the face value at the lower end of the Price Band and 57.5 times the face value at the higher end of the Price Band. Some of the financial information for Fiscals 2018 and 2019 included herein is derived from on our Restated Unconsolidated Financial Information, and some of the financial information for Fiscal 2020 and the nine months ended December 31, 2020 included herein is derived from our Restated Consolidated Financial Information. Investors should also refer to "*Our Business*", "*Risk Factors*", "*Restated Financial Statements*", "*Management's Discussion and Analysis of Financial Position and Results of Operations*" and "*Financial Information*" on pages 223, 29, 286, 381 and 281, respectively, to have an informed view before making an investment decision.

Qualitative factors

Some of the qualitative factors and our strengths which form the basis for computing the Offer Price are:

- Precision engineering expertise with complex product manufacturing capability
- Wide product portfolio leading to long-standing relationships with our customers
- Modern technology at our state-of-the-art manufacturing facilities
- Strong and diversified supplier base for sourcing of raw materials
- Track record of growth in financial performance
- Experienced and qualified management team

For further details, see "*Our Business – Our Competitive Strengths*" on page 225.

Quantitative factors

Some of the information presented below relating to our Company is based on the Restated Financial Statements. For details, see "*Financial Information*" beginning on page 281.

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

I. Basic and diluted earnings per share ("EPS")

Fiscal Year ended	Basic EPS (in ₹)(1)	Diluted EPS (in ₹)(2)	Weight
March 31, 2020(4)	11.11	11.11	3
March 31, 2019(4)	13.89	13.89	2
March 31, 2018(4)	1.92	1.92	1
Weighted Average	10.51	10.51	-
Nine months ended December 31, 2020(3) (4)	10.48	10.48	-

(1) *Basic EPS (₹) = Net Profit as restated attributable to the owners of our Company divided by the weighted average number of equity shares outstanding during the year.*

(2) *Diluted EPS (₹) = Net profit as restated attributable to the owners of our Company divided by the weighted average number of diluted Equity Shares outstanding during the year.*

(3) *The basic and diluted EPS for the nine months ended December 31, 2020 has not been annualized.*

(4) *The Basic and Diluted EPS for Fiscals 2018 and 2019 is computed based on amounts derived from Restated Unconsolidated Financial Information and the Basic and Diluted EPS for Fiscal 2020 and the nine months ended December 31, 2020 included herein is computed based on amounts derived from the Restated Consolidated Financial Information.*

Notes:

1. *Basic and diluted earnings per Equity Share are computed in accordance with Indian Accounting Standard 33 'Earnings per Share', notified accounting standard by the Companies (Indian Accounting Standards) Rules of 2015 (as amended).*
2. *Weighted average number of Equity Shares is the number of Equity Shares outstanding at the beginning of the period adjusted by the number of Equity Shares issued during the period multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares are outstanding as a proportion of total number of days during the period.*
3. *The above statement should be read with significant accounting policies and notes on Restated Financial Statements as appearing in the Restated Financial Statements.*

II. Price/Earning ("P/E") ratio in relation to Price Band of ₹ 574 to ₹ 575 per Equity Share:

Particulars	P/E at the Floor Price (number of times)	P/E at the Cap Price (number of times)
Based on basic EPS for Fiscal 2020	51.67	51.76
Based on diluted EPS for Fiscal 2020	51.67	51.76

Industry Peer Group P/E ratio

There are no listed entities in India whose business portfolio is comparable with that of our business.

III. Return on Net Worth ("RoNW")

Derived from Restated Financial Statements:

Fiscal Year ended	RoNW (%)(1)	Weight
March 31, 2020(3)	13.91%	3
March 31, 2019(3)	16.68%	2
March 31, 2018(3)	2.64%	1
Weighted Average	12.96%	-
Nine months ended December 31, 2020(2)(3)	11.42%	-

(1) *Return on net worth (%) = Restated profit for the period / year as divided by total equity as at the end of the period / year. Net Worth means the aggregate value of the paid-up share capital of our Company and all reserves created out of profits and securities premium account, as per the restated statement of assets and liabilities of our Company in the Restated Financial Statements.*

(2) *The RoNW for the nine months ended December 31, 2020 has not been annualized.*

(3) *The RoNW for Fiscals 2018 and 2019 is computed based on amounts derived from Restated Unconsolidated Financial Information and the RoNW for Fiscal 2020 and the nine months ended December 31, 2020 included herein is computed based on amounts derived from Restated Consolidated Financial Information.*

IV. Net asset value per Equity Share (face value of ₹ 10 each)

Fiscal year ended/ Period ended	NAV per Equity Share (₹)(1)
As on December 31, 2020(2)	91.78
As on March 31, 2020(2)	84.11
After the completion of the Offer:	
(i) At Floor Price	152.44
(ii) At Cap Price	152.51
Offer Price(3)	152.51

(1) *Net asset value per equity share is calculated by dividing total equity by number of equity shares outstanding at the end of the period / year.*

(2) *Net asset value per Equity Share is computed based on amounts derived from Restated Consolidated Financial Information*

(3) *Offer Price per equity share has been determined on conclusion of the Book Building Process.*

V. Comparison with listed industry peers

We believe that none of the listed companies in India are engaged in a portfolio of business similar to ours.

The Offer Price of ₹ 575 has been determined by our Company in consultation with the BRLMs, on the basis of market demand from investors for Equity Shares, as determined through the Book Building Process, and is justified in view of the above qualitative and quantitative parameters. Investors should read the above mentioned information along with "*Risk Factors*", "*Our Business*", *Management Discussion and Analysis of Financial Position and Results of Operations*" and "*Financial Information*" on pages 29, 223, 381 and 281, respectively, to have a more informed view. The trading price of the Equity Shares could decline due to the factors mentioned in the "*Risk Factors*" and you may lose all or part of your investments.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO MTAR TECHNOLOGIES LIMITED AND ITS SHAREHOLDERS UNDER THE APPLICABLE TAX LAWS IN INDIA

The Board of Directors
MTAR Technologies Limited
18, Technocrats Industrial Estate,
Balanagar, Hyderabad,
Telangana - 500034

Dear Sirs,

Statement of Possible Special Tax Benefits available to MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited) and its shareholders under the Indian tax laws

1. We hereby confirm that the enclosed Annexures 1 and 2 (together, the "Annexures"), prepared by MTAR Technologies Limited (the "Company"), provides the possible special tax benefits available to the Company and to the shareholders of the Company as stated in those Annexures, under:

   - the Income-tax Act, 1961 (the "Act") as amended by the Finance Act, 2020 applicable for the Financial Year 2020-21 relevant to the Assessment Year 2021-22, presently in force in India and the amendments proposed in Finance Bill, 2021.

   - the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 ("GST Acts"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2020 applicable for the Financial Year 2020-21, Foreign Trade Policy 2015-20 ("FTP") as extended till 31.03.2021 vide Notification No 57/2015-20 dated 31.03.2020 (unless otherwise specified) ("FTP"), presently in force in India.

   The Act, the GST Acts, the Customs Act, the Tariff Act and the FTP, as defined above, are collectively referred to as the "Relevant Acts".

2. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Relevant Acts. Hence, the ability of the Company to derive the tax benefits is dependent upon their fulfilling such conditions which, based on business imperatives the Company faces in the future, the Company or its shareholders may or may not choose to fulfil.

   The benefits discussed in the enclosed Annexures are not exhaustive and the preparation of the contents stated in the Annexures is the responsibility of the Company's management. We are informed that these Annexures are 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 Offer of equity shares of face value of Rs. 10 each of the Company (the "Issue").

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

   i) the Company or its shareholders will continue to obtain these benefits in future;
   ii) the conditions prescribed for availing the benefits have been / would be met with; and
   iii) the revenue authorities/courts will concur with the views expressed herein.

4. The contents of the enclosed Annexures are based on information, explanations and representations obtained from the Company and on the basis of their understanding of the business activities and operations of the Company.

5. This Statement is issued solely in connection with the Issue of the Company and is not to be used, referred to or distributed for any other purpose.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

Navneet Rai Kabra
Partner
Membership Number: 102328
UDIN: 21102328AAAABM9800

Place of Signature: Hyderabad
Date: February 15, 2021

ANNEXURE 1

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA – INCOME-TAX ACT, 1961

Outlined below are the possible special tax benefits available to MTAR Technologies Limited (the "Company") and its Shareholders under the Income-tax Act, 1961 (the "Act") as amended by the Finance Act, 2020 applicable for the Financial Year 2020-21 relevant to the Assessment Year 2021-22, presently in force in India and the amendments proposed in Finance Bill, 2021.

I. Special tax benefits available to the Company

As per Section 2 of chapter II of Finance Act, 2020 (rates of Income-tax), income-tax shall be charged at the rates specified in Part III of the First Schedule. Since the Company's turnover is less than INR 400 crore in the previous year 2018-19, it can avail special tax rate of 25% (plus applicable surcharge and health and education cess) on the total income.

Further, the Company also has an option as per the provisions of Section 115BAA of the Act to opt for reduced tax rate of 22% (25.168% along with surcharge and health and education cess) subject to fulfilment of certain conditions specified in the said Section. Under this option, the Company will not be eligible to claim some special exemptions and deductions. Further, in order to avail the benefit of lower tax rate, the Company has to opt for the same on or before the filing of Income-tax return for respective year. It is pertinent to note that in case where a Company does not opt for the lower tax rate, the Company would be liable to pay tax at the rate of 25% (plus applicable surcharge and health and education cess).

II. Special tax benefits available to the Shareholders of the Company

There are no special tax benefits available to the Shareholders of the Company for investing in the shares of the Company.

Notes:

1. This Annexure is as per the Income-tax Act, 1961 as amended by the Finance Act, 2020 read with relevant rules, circulars and notifications applicable for the Financial Year 2020-21 relevant to the Assessment Year 2021-22, presently in force in India and the amendments proposed in Finance Bill, 2021.

2. This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

3. This Annexure is intended only 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 tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax arising out of their participation in the Issue.

4. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant Double Tax Avoidance Agreement(s), if any, between India and the country in which the non-resident has fiscal domicile.

5. No assurance is provided 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 changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For **MTAR Technologies Limited**

Parvat Srinivas Reddy
Managing Director

Place: Hyderabad

Date: February 15, 2021

ANNEXURE 2

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS UNDER THE APPLICABLE LAWS IN INDIA – OTHERS

Outlined below are the possible special tax benefits available to the Company and its Shareholders under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 ("GST Acts"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2020 applicable for the Financial Year 2020-21, Foreign Trade Policy 2015-20 as extended till 31.03.2021 vide Notification No. 57/2015-20 dated 31.03.2020 (unless otherwise specified), presently in force in India.

I. Special tax benefits available to the Company

The Company is availing the following benefits under Indirect Taxes:

1. In accordance with Section 54 of the Central Goods and Services Tax Act 2017, input tax credit paid on inputs and input services used in manufacture of exported goods/ IGST paid at the time of export of goods are eligible for refund, subject to prescribed conditions.

2. Duty credit scrips under Merchandise Export from India Scheme ("MEIS") covered in Chapter 3 – Exports from India Scheme in Foreign Trade Policy 2015-20 as extended till 31.12.2020 *vide.* Notification No. 30/2015-20 dated 01.09.2020. Further, the MEIS benefit for export of goods during 01.09.2020 to 31.12.2020 would not exceed INR 2 crore basis the recent update *vide.* Notification no. 30/2015-2020 dated 01.09.2020. However, the Cabinet has approved a WTO compliant scheme Remission of Duty and Taxes on Exported Products ("RODTEP") to determine mechanism for reimbursement of taxes, duties/levies at central, state and local level. The said scheme is replacing MEIS in a phased manner. As per the Press Release dated 31st December 2020, the benefit of RoDTEP scheme is extended to all export goods with effect from 1st January 2021. However, the RoDTEP declarations in Shipping Bills specifically disallow the benefit for EOUs, Advance Authorization holders, etc.

3. The Directorate General of Foreign Trade ("DGFT") are yet to notify extension of Service Export from India Scheme for FY 2020-21 on which the decision will be taken and notified subsequently.

4. In terms of Notification No. 18/2015 – Customs dated 1st April 2015 (and as amended from time to time), materials imported against Advance Authorisation License under Foreign Trade Policy 2015-20, are exempt from payment of customs duty, additional duty, safe-guarding duty and anti-dumping duty as levied under Tariff Act. Further, the said exemption has been extended till 31.03.2021 vide Notification No. 18/ 2020 dated 30.03.2020. Similar extension till 31.03.2021 under FTP has been provided vide Notification No. 57/2015-20 dated 31.03.2020.

5. In line with Notification No. 79/2017 – Customs dated 13th October 2017 (and as amended from time to time), exemption is available from payment of IGST and Compensation Cess on goods imported under Advance Authorisation License scheme. Further, the said exemption under Customs has been extended till 31.03.2021 vide Notification No. 18/ 2020 – Customs dated 30.03.2020.

II. Special tax benefits available to the Shareholders of the Company

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

Notes:

1. This Annexure sets out only the possible special tax benefits available to the Company and its Shareholders under the Central Goods and Services Tax Act, 2017 / the Integrated Goods and Services Tax Act, 2017 and applicable State Goods and Services Tax Act, 2017 ("GST Acts"), the Customs Act, 1962 ("Customs Act") and the Customs Tariff Act, 1975 ("Tariff Act"), as amended by the Finance Act 2020 applicable for the Financial Year 2020-21, Foreign Trade Policy 2015-20 as extended till 31.03.2021 vide Notification No. 57/2015-20 dated 31.03.2020 (unless otherwise specified), presently in force in India.

2. This Annexure is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the Issue.

3. This annexure covers only indirect tax laws benefits and does not cover any income tax law benefits or benefit under any other law.

4. These comments are based upon the provisions of the specified indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.

5. 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 changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For **MTAR Technologies Limited**

Parvat Srinivas Reddy
Managing Director

Place: Hyderabad
Date: February 15, 2021

SECTION VI - ABOUT OUR COMPANY

INDUSTRY OVERVIEW

Unless otherwise indicated, the information in this section is obtained or extracted from dated December 2020 and titled 'Assessment of the global and Indian engineering equipment industry' prepared and issued by CRISIL. Neither we nor any other person connected with the Offer have independently verified industry related information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Industry sources and publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry sources and publications may also base their information on estimates, projections, forecasts and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The recipient should not construe any of the contents in this report as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

MACROECONOMIC OVERVIEW

Global GDP Review and Outlook

Global gross domestic product (GDP) to decline sharply in 2020 owing to the Covid-19 pandemic, but expected to rebound strongly by end of 2021

According to the World Bank, global real GDP growth ranged 2.5-3.5% during 2014-19, dipping to 2.4% in 2019. In 2020, it is expected to de-grow 4.4% owing to the pandemic, which has disrupted businesses across the world. However, by end of 2021, global GDP growth is expected to rebound strongly and grow by 5.2% on-year. Almost all major economies of the world have started witnessing recovery in the second half of the year and have announced stimulus packages to give the economies a new lease of life.

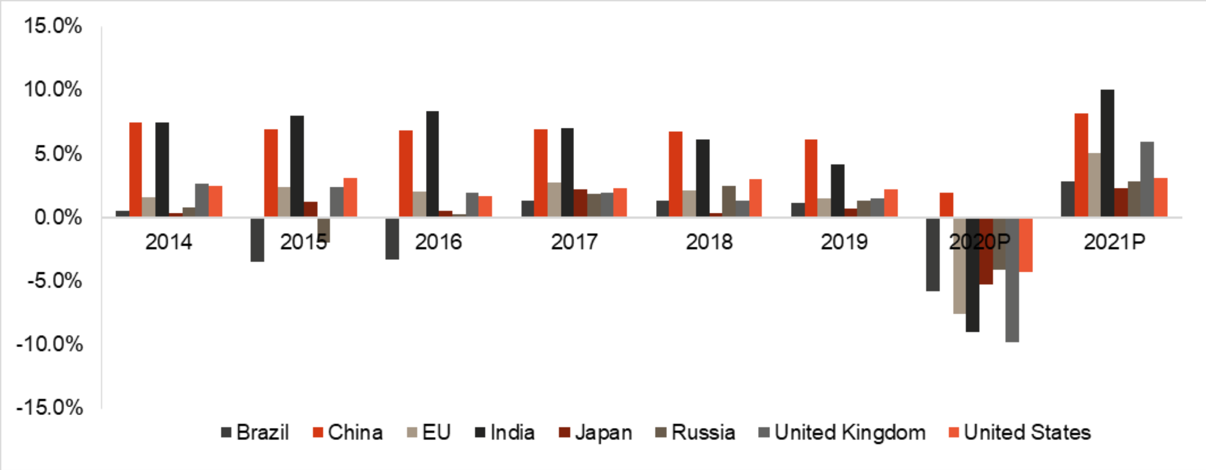
Real GDP growth rates

India is expected to regain the top spot as world's fastest growing economy in year 2021

India was one of the fastest growing economies in 2018 and 2019. In 2020, except for China, GDP of all other countries is expected to de-grow including developed economies such as the US and the UK primarily due to the negative economic impact of COVID-19 pandemic. Further, GDP growth rate for all the major economies of the world is expected to rebound within a year in CY 2021 as growth resumes post-pandemic and has added benefit from low base effect of CY 2020. Among the major economies, India is expected to be the fastest growing economy in year 2021 with GDP growth rate of ~10%, followed by China with GDP growth rate of 8.2%.

India's real GDP growth over the past 5 years (from 2014 to 2019) has outpaced all the other peers (including China). India grew at a 6.9% CAGR in the review period as against the key competitor viz. China (whose growth was attributed at 6.7% in the same period). All other major (advanced) economies have witnessed a compounded growth of 1-2% CAGR, lower when compared to India and China.

Trend of real GDP growth rate (%) for key economies of the world (CY2014-2021P)



Note: Data for India represents financial year, forecasts for India are CRISIL Research forecasts
Source: IMF, CRISIL Research

Read GDP Growth %	Brazil	China	EU	India	Japan	Russia	United Kingdom	United States
2014	0.5%	7.4%	1.6%	7.4%	0.4%	0.7%	2.6%	2.5%
2015	-3.5%	6.9%	2.4%	8.0%	1.2%	-2.0%	2.4%	3.1%
2016	-3.3%	6.8%	2.1%	8.3%	0.5%	0.2%	1.9%	1.7%
2017	1.3%	6.9%	2.7%	7.0%	2.2%	1.8%	1.9%	2.3%
2018	1.3%	6.7%	2.1%	6.1%	0.3%	2.5%	1.3%	3.0%
2019	1.1%	6.1%	1.5%	4.2%	0.7%	1.3%	1.5%	2.2%
2020P	-5.8%	1.9%	-7.60%	-9.0%	-5.27%	-4.1%	-9.8%	-4.3%
2021P	2.8%	8.2%	5.04%	10.0%	2.32%	2.8%	5.9%	3.1%

Note: Data for India represents financial year, forecasts for India are CRISIL Research forecasts
Source: IMF, CRISIL Research

Review of per capita GDP and population

India's per capita GDP growing at ~3x global per capita GDP growth rate

As per the World Bank data, global GDP per capita clocked a compound annual growth rate (CAGR) of 1.7% between fiscals 2014 and 2019. During the period, the on-year per capita GDP growth rate consistently fell in the range of 1.4-2.1%. India's per capita GDP has clocked a CAGR of ~5.8% during the same corresponding period, growing ~3 times faster than the global per capita GDP.

Per-capita GDP – Global and India (constant 2010 US$) (CY2014-2019)

	2014	2015	2016	2017	2018	2019	CAGR
Per capita GDP – **Global**	10,175	10,347	10,493	10,713	10,919	11,070	**1.7%**
On-year growth (%)	1.6%	1.7%	1.4%	2.1%	1.9%	1.4%	
Per capita GDP – **Brazil**	12,013	11,487	11,020	11,077	11,131	11,170	**-1.4%**
On-year growth (%)	0%	-4%	-4%	1%	0%	0%	
Per capita GDP – **China**	6,104	6,500	6,908	7,347	7,807	8,254	**6.2%**
On-year growth (%)	7%	6%	6%	6%	6%	6%	
Per capita GDP – **EU**	33,640	34,358	34,988	35,890	36,608	37,104	**2.0%**
On-year growth (%)	1%	2%	2%	3%	2%	1%	
Per capita GDP – **India**	1,640	1,752	1,876	1,987	2,086	2,169	**5.7%**
On-year growth (%)	6%	7%	7%	6%	5%	4%	
Per capita GDP - **Japan**	46,484	47,103	47,403	48,511	48,766	49,188	**1.1%**
On-year growth (%)	1%	1%	1%	2%	1%	1%	
Per capita GDP - **Russia**	11,595	11,344	11,346	11,548	11,848	12,010	**0.7%**

On-year growth (%)	-1%	-2%	0%	2%	3%	1%	
Per capita GDP – **UK**	41,377	42,017	42,500	43,011	43,324	43,688	**1.1%**
On-year growth (%)	2%	2%	1%	1%	1%	1%	
Per capita GDP – **US**	51,029	52,117	52,556	53,383	54,659	55,670	**1.8%**
On-year growth (%)	2%	2%	1%	2%	2%	2%	

Source: IMF, World Bank, CRISIL Research

USA Economic Review and Outlook

Attributes	Units	2014	2015	2016	2017	2018	2019	2020 F	2021 F
GDP Growth	% yoy	2.5%	2.9%	1.6%	2.2%	2.9%	2.3%	-4.3%	3.1%
GDP per capita	Constant 2010 US$	51,029	52,117	52,556	53,383	54,659	55,670	53,007	54,405
Population	Mn	318	321	323	325	327	328	330	331
Unemployment rate	% of GDP	6.2	5.3	4.9	4.3	3.9	3.7	8.9	7.3
Inflation, average consumer prices	% yoy	1.6	0.1	1.3	2.1	2.4	1.8	1.5	2.8
General government revenue	USD Bn	5,508	5,763	5,831	6,005	6,098	6,298	5,924	6,307
General government total expenditure	USD Bn	6,219	6,411	6,649	6,902	7,290	7,659	9,819	8,209
Current account balance	% of GDP	-2.1	-2.2	-2.1	-1.9	-2.2	-2.2	-2.1	-2.1
Gross national savings	% of GDP	20.4	20.1	18.7	19.2	19.1	18.6	17.7	17.8

Source: IMF economic database, World Bank national accounts, CRISIL Research

Economic Review

USA was in the midst of longest economic expansion in history which then suddenly got derailed due to the occurrence of COVID-19 which resulting in unprecedented nation-wide lockdowns. Despite gradual lifting of restrictions since April, the economic activity is yet to resume completely. The COVID-19 cases are again resurging and the risk of a second wave of infections and partial lockdown persists.

The impact of COVID-19 comprised of ~15 Mn people losing their jobs (especially the labour force) and several small-mid scale businesses reeling under financial duress and facing an uncertain and gloomy future.

Unemployment rate was consistently on a downward trajectory and was at 50-year low in 2019 (3.7%) with rising labor force participation and improving wages. The unemployment rate surged to 14.7% in April 2020 on account of COVID-19 enforced lockdown which gradually eased to 8% in Sep 2020. Even though USA has been facing some economic challenges over the past few years, comprising of social unrest on account of rising poverty levels; increasingly polarized income distribution; rising barriers to trade and foreign investment; and rising public debt, the economic activity grew at a robust pace of 2.9% in 2018 and 2.2% in 2019 with a steady decline in unemployment rate, inflation and improvement in government expenditure.

Economic Outlook

The US economy is slated to recover at a faster pace over the near term and the outlook is subject to uncertainties and downside risks. The economic activities have been garnering pace following the easing of lockdown restrictions and cushioning from the fiscal stimulus. The US GDP is projected to decline by 4.3% in 2020 and post a recovery of 3.1% in 2021 as the negative impact of pandemic fades.

The principal risk to this outlook comprises of resurgence in the number of COVID-19 cases which could potentially lead to a renewed, partial lockdown to conserve the spread.

Despite green shouts in the economic activity, the unemployment levels are slated to remain high as businesses are hiring cautiously in wake of an impending second wave of infections and uncertain future. Thus, policy interventions, resumption in private consumer confidence and healthcare infra support shall be an imperative to accelerating the pace of recovery.

MACROECONOMIC OVERVIEW OF INDIA

A review of India's GDP growth

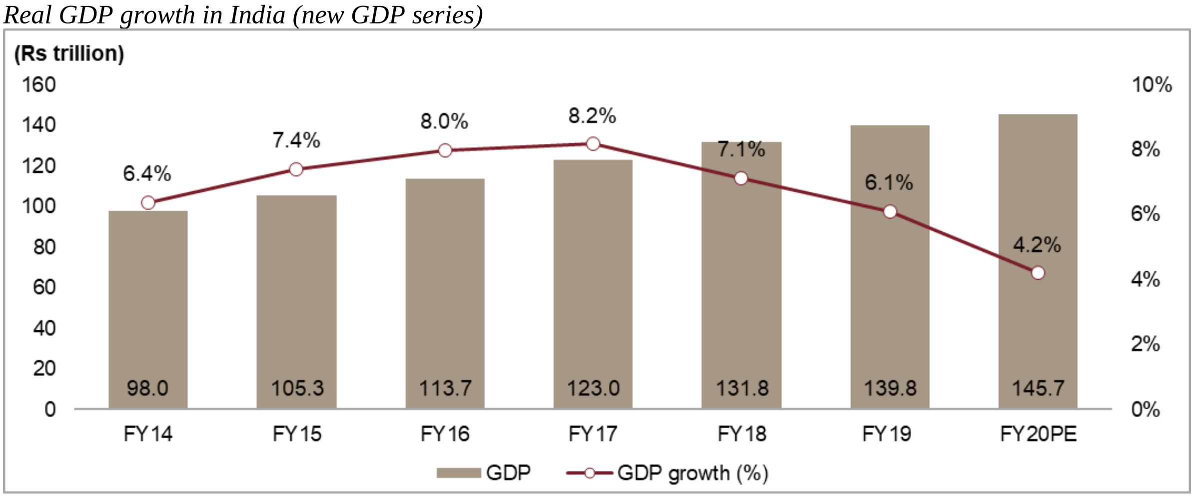
GDP increased at 6.6% CAGR between fiscals 2012 and 2020

In 2015, the Ministry of Statistics and Programme Implementation (MoSPI) changed the base year for calculating the GDP to fiscal 2012 from fiscal 2005. Based on this, India's GDP increased at a CAGR of 6.6% to ₹ 146 trillion from ₹ 87 trillion between fiscals 2012 and 2020.

Fiscal 2020 estimates show investment decline has added to the economy's woes

India's GDP growth in fiscal 2020 was 4.2% as per provisional estimates. Private consumption was down to a decadal low of 5.3% from 7.2% in fiscal 2019. The dip is clearly a fallout of the slowdown in spending by the central and state governments and a muted private sector appetite for fresh investments. Over the past four years, a sharp increase in government spending, especially on infrastructure, such as roads, railways and highways, had kept the overall investment spending growth at 8% average. In fiscal 2020, though, government investment spending took a backseat. Meanwhile, weak consumption demand and low capacity utilisation kept investments in the manufacturing sector in the lull.

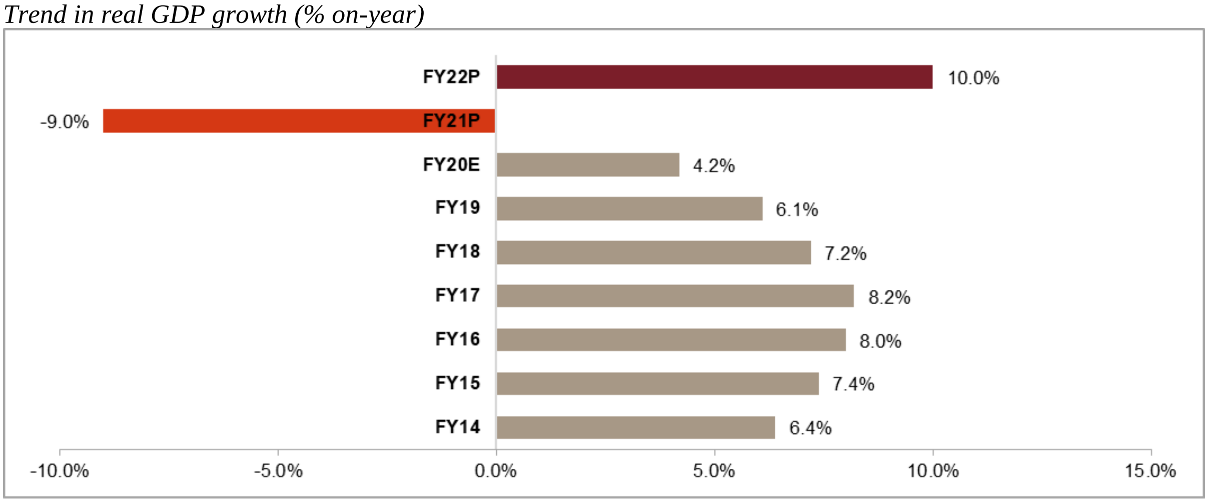
Real GDP growth in India (new GDP series)



PE: Provisional estimates
Source: Provisional Estimates of Annual National Income, 2019-20, Central Statistics Office (CSO), MoSPI, CRISIL Research

GDP outlook for fiscals 2021 and 2022

Trend in real GDP growth (% on-year)



E: Estimated; P: Projected by CRISIL Research
Source: Provisional Estimates of Annual National Income, 2019-20, CSO, MoSPI, CRISIL Research

CRISIL forecasts India's GDP growth to contract 9% in fiscal 2021

With the ongoing pandemic and the government not providing adequate direct fiscal support, CRISIL sees the Indian economy contracting 9% this fiscal. We expect agricultural GDP to grow 2.5% on-year this fiscal, given normal and a largely well-distributed monsoon, and healthy sowing and groundwater situation. The non-agriculture economy represents two-thirds of the rural economy and though affected by the pandemic, appears to have held up better than its urban counterpart. This is reflected in demand for products with rural footprint such as tractors, motorcycles and fast-moving consumer goods (FMCG). But rural wages remain depressed and remittances are likely to have been hit due to reverse migration. Moreover, the pandemic's rapid spread to rural areas could mean an increase in restrictions on activity there, which could challenge the rural story.

Pent-up demand, corporate cost savings and 'learning to live' attitude stoke Q2 revival

India's second quarter (Q2) gross domestic product (GDP) growth data print for fiscal 2021 came in at -7.5% yoy -- better than -23.9% in the first quarter (Q1) and our expectation of -12%.

Four drivers stand out: pent-up demand; support from agriculture and select export sectors; cost savings for corporates; and a 'learning to live' attitude that have aided faster revival.

This has lent a positive bias to our full-year call of -9%. Any upward revision, however, will have to be dealt with caution. There are some signs of flattening of economic activity in the third quarter (Q3), even as the Covid-19 caseload has picked up once again.

A state-wise analysis of high-frequency indicators also suggests that states with a larger share in overall GDP are the ones seeing moderate-to-slow recovery. The services sector (particularly contact-based) will be more vulnerable than manufacturing in the second half, in the event of Covid-19 resurgence. Despite this, we see this fiscal as a story of two halves - with better growth performance and higher government revenue, both supporting spending, in the second.

Transient and durable factors behind the Q2 numbers

The Covid-19 pandemic sharply slowed the Indian economy in Q1 of fiscal 2021, but the huge economic costs that it extracted, forced the economy to open up and get back on its feet in Q2. What also helped was a sharp cutback in operating costs for corporates due to job and salary cuts, employees exercising work from home options, low input costs due to benign interest rates, crude and commodity prices. Though these costs would have somewhat risen compared with Q1, containment of these costs on an on-year basis have made growth in GDP – a value-added measure - look better. Many of these cost cuts, however, are only one-time in nature and would return once the economy starts picking up. Two other factors have been supportive: The agriculture sector which recorded 3.4% growth on-year, and exports, which only posted a contraction of 1.5% versus -19.8% in Q1. Since imports fell much sharper than exports, net trade was less of a drag on the economy compared to the past.

Private sector play seems stronger in Q2

Public sector spending took a setback in Q2 – government consumption fell 22.2% on-year (versus 16.4% growth in Q1, while from the supply side public administration, defence and services were seen declining 12.2% (versus -10.3% in Q1). There is not enough data to extract government spending details from fixed investments, but if we exclude government consumption, GDP (that is, from the demand side) would have contracted only 5.4%. Similarly, excluding public administration, defence and services, gross value added, or GVA (that is from the supply side) shows a decline of 6.1%. This very roughly indicates that the private sector might have played a bigger role in Q2.

Highlights of Improvement in Q2

On the demand side, the 22.2% contraction on-year in government consumption is the most striking. While it was the big saviour in Q1 (when it rose 16.4%), it appears to have taken a backseat in Q2 as revenue collections shrunk. Meanwhile, despite a lower contraction in private consumption, the decline of 11.3% remains stark. Fixed investments in the economy also posted a lower decline of 7.3% (versus 47.1% in Q1) but is alarming given that the base was already low. This head had recorded a contraction of 3.9% in Q2 previous fiscal, which marks this the fifth straight quarter that investments have collapsed. Exports did much 4 better led by an improvement in both merchandise and services exports. Though imports contracted at a slower pace in Q1, net trade stayed in the positive region for the second quarter in a row

On the supply side, industry showed faster improvement than services, with the latter lagging due to sectors such as public administration and defence and financial services, real estate and professional services. Overall, the three sectors that posted positive growth were agriculture, followed by electricity, gas and water supply and manufacturing. Rising profitability of corporates during Q2 could be one reason that explains the stark divergence between IIP manufacturing and GVA manufacturing. Industrial GVA saw a much lesser decline of -2.1% in Q2 (versus -38.1% in Q1). Other than utilities and manufacturing, an improvement was seen in mining (at -9.1% versus -23.3%) and construction (at -8.6% versus -50.3%). The services sector showed slow recovery contracting 11.4% in Q2 (versus -20.6% in Q1). Within services, trade, hotels, transport and communication was surprisingly the fastest to recover.

In nominal terms, GDP contracted 4% and GVA, 4.2% on-year. The GVA deflator-based inflation rate rose to 3.1% for Q2 from 2.9% in Q1.

With this, the first half (H1) GDP has contracted 15.7% on-year: private final consumption expenditure by -18.9%; government consumption, -3.9%; fixed investment, -28.1%; exports, -10.7%; and imports, -29.1% Viewed from the supply-side, agriculture recorded 3.4% growth (marginally higher than H1 of previous fiscal), industry contracted -20.5% (manufacturing, -19.4% and construction, -30.2%) and services by -15.9%.

Fiscal 2022 GDP growth to rebound to 10% due to weak base and rising-global-tide effect

CRISIL sees India's GDP growth rate rebounding to 10% in fiscal 2022 on the back of a very weak base and some benefit from the rising-global-tide-lifting-all-boats effect. Even with that, real GDP will only merely catch up to the fiscal 2020 level by fiscal 2022.

With capital and labour constrained by their own set of challenges, the push will have to come from efficiency improvements. For this, economic reforms are critical. These need to be relentlessly pursued to create an upside to medium-term growth. The government needs to take more steps to address the current pain in the economy. It should stretch itself fiscally to support vulnerable households and small businesses that have been hit hard by the pandemic. CRISIL believes this will also help preserve productive capacity in the economy and coupled with reforms can create a sustainable push to growth over the medium run.

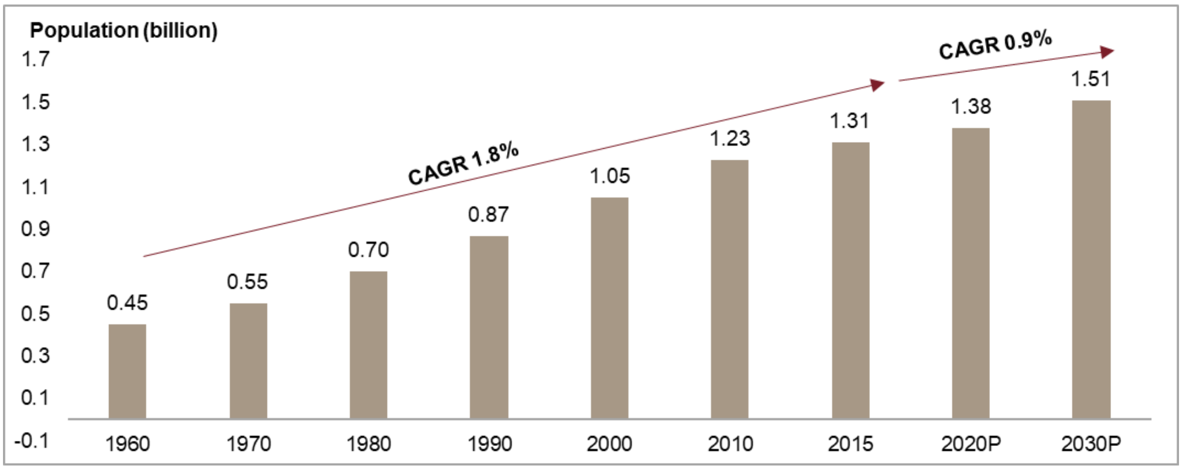
Fundamental growth drivers of GDP

India's population is projected to touch 1.5 billion by 2030

India's population clocked 1.8% CAGR from 2001 to 2011 to reach ~1.2 billion and comprised nearly 246 million households, as per Census 2011.

According to the World Urbanization Prospects: The 2018 Revision by the United Nations, India and China, the top two countries in terms of population, accounted for nearly 37% of the world's population in 2015.The report projects India's population to increase at 1% CAGR to 1.5 billion by 2030, making it the world's most populous country, surpassing China (with 1.4 billion people by 2030).

India's population growth



P: Projected
Source: World Urbanization Prospects: The 2018 Revision, United Nations, CRISIL Research

Index of Industrial Production (IIP)

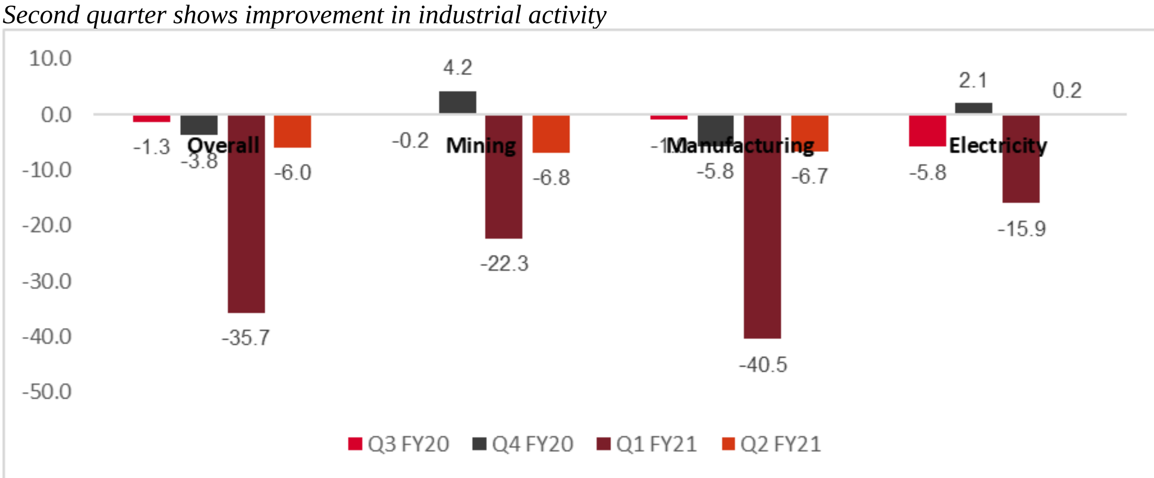
Industrial activity gains pace

- Industrial activity - measured by the Index of Industrial Production (IIP) - rose 0.2% in September led by a weak base and higher electricity and mining output
- Core infrastructure sector continued to contract
- The second quarter shows an improvement with IIP at -6.1% compared with -35.6% in the first quarter

Industrial output – measured by the Index of Industrial Production (IIP) – scored a mild positive after being in negative territory for six consecutive months. Output rose 0.2% in September on the back of last year's weak base and higher output in the electricity and mining (especially coal mining) sectors. For the core infrastructure sector, overall output continued to contract in September despite an expansion in the coal, electricity and steel sectors. Energy-related sectors were the worst performers.

The second quarter showed an improvement in industrial activity as the pace of decline in output slowed to 6.1% from 35.6% in the first quarter. From a sectoral perspective, the electricity sector performed better. As per the use-based classification, consumer non-durables (most of which would be essential goods) turned positive. Among others, consumer durables, capital goods and infrastructure and construction goods showed a somewhat faster improvement in the second quarter. Other indicators such as the purchase managers' index (PMI) for manufacturing, railway freight transport, auto sales, exports and very high frequency unconventional indicators like google mobility, GST collections and power consumption also mirrored the improvement in IIP. Overall, partial resumption in domestic economic activity, led by India crossing the peak of the Covid-19 caseload, pent-up demand, and a better-than-expected pick-up in the global economy (and hence exports), supported the improvement in industrial activity.

Second quarter shows improvement in industrial activity



Source: Central Statistical Office, CEIC, CRISIL

IIP Outlook

Going forward, early indicators for the third quarter suggest that the pace of recovery was sustained in October. The Nikkei Markit Manufacturing PMI recorded a high of 58.9, petroleum consumption by industry turned positive (at 6.8% growth on-year), railway freight cargo transport continued to rise 15.4% on-year and auto sales also remained strong. Similarly, unconventional indicators such as google mobility and GST collections also showed steady improvement. However, it remains to be seen if the pick-up in demand seen so far is sustained especially after the festive season in October and November, and continues to grow at a healthy pace through the rest of the quarter, given that the hit to consumer incomes, the relatively low level of fiscal support and high inflation could have a bearing on demand.

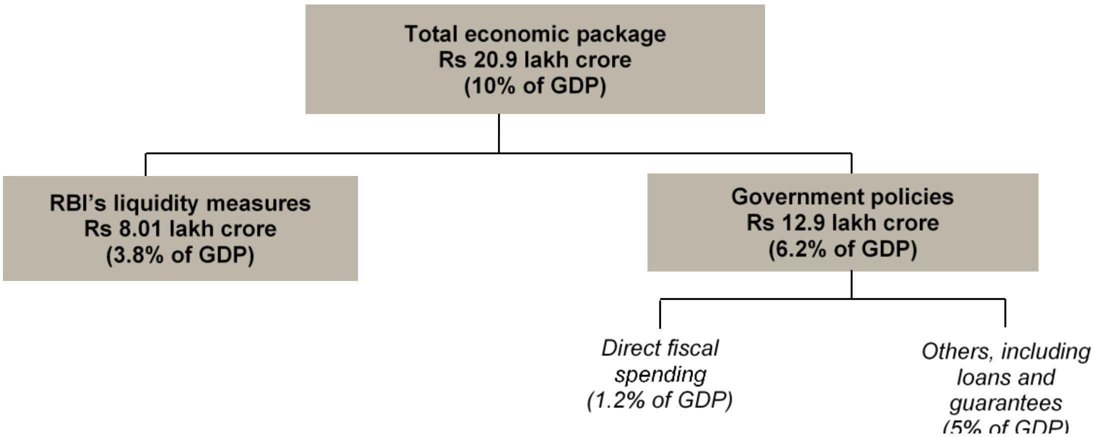
Key highlights of Atmanirbhar package amidst COVID-19 pandemic

Atmanirbhar Package 1.0

Indeed, no response to a crisis of such proportions seems adequate. The situation needs generous fiscal support, as downside risks will dominate until a vaccine or a reliable cure becomes available. The other monetary and non-monetary measures may also need topping up.

Demystifying the government's economic package

INR 20.9 lakh crore economic package by the govt is a mix of short-term measures (fiscal and monetary) and reforms to boost long-term economic prospects. The immediate fiscal cost to be borne by the government, however, would be a much smaller at ~Rs 2.6 lakh crore, or 1.2% of GDP.



Source: Ministry of Finance, CRISIL Research

- Moreover, about two-thirds of this fiscal cost was already accounted for in the Pradhan Mantri Garib Kalyan Yojana announced in March.
- While the new stimulus measures – announced in five tranches – are estimated to represent a booster shot worth Rs 11 lakh crore, ~65% of this is in the form of liquidity and credit support. This will not result in immediate fiscal cost, since the government support is mostly in the form of guarantees and the credit would be facilitated through banks.
- About 11% of the total allocation is for strengthening agricultural and allied-related infrastructure, but the fiscal spending under these segments will depend on the pace of implementation. Moreover, many reforms have been announced that entail no fiscal cost.

Atmanirbhar Package 2.0

The second tranche of the Atmanirbhar package was unveiled by the government in October 2020 to focus on the COVID-19 led economic slowdown and incentivizing government employees to spend under the stimulus package. It is expected to create demand of INR 73,000 Cr. The main aspects of the package are given below.

Target	Demand Infusion	Scheme Highlights
Consumer Spending	**Rs 28,000 Crore**	**Leave Travel Concession (LTC) Cash Voucher Scheme** The Government has decided to give cash payment in lieu of one LTC

		during 2018-21. This amount must be spent on non-essentials.
	Rs 8,000 Crore	**Special Festive Advance Scheme** The government will as a one-time measure give INR 10,000 salary loan to all its officers and employees as festival advance. This will be an interest free advance. This would be recovered in max. 10 installments
Capital Expenditure	**Rs 12,000 Crore**	**Special Assistance to States** 50 year interest free loan to States, totaling 12,000 Cr. These must be spent on capital projects by end of fiscal 2021. o Part 1: INR 1,600 Cr to 8 North East States and INR 450 Cr, to each Uttarakhand and Himachal Pradesh o Part 2: INR 7,500 Cr to remaining states o Part 3: INR 2000 Cr given to those states that fulfill 3 of 4 reforms under ANBP vide expenditure letter.
	Rs 25,000 Crore	**Enhanced Budget Provisions** Additional union budget of INR 25,000 Cr will be provided for capex on roads, defence, water supply, urban development and domestically produced capital goods.

Source: CRISIL Research

Atmanirbhar Package 3.0

The government unveiled measures worth Rs 2.65 lakh crore under Aatmanirbhar Bharat 3.0 to provide further fillip to the Covid-19-hit economy.

Add to this the earlier announced measures of Rs 11 lakh crore under Aatmanirbhar Bharat 1.0, Rs 0.7 lakh crore under Aatmanirbhar Bharat 2.0, measures worth Rs 12.7 lakh crore from the Reserve Bank of India (RBI), and Rs 2.8 lakh crore in Pradhan Mantri Anna Yojana and Pradhan Mantri Garib Kalyan together, and the cumulative financial support works out to ~Rs 30 lakh crore, or 15% of India's GDP.

Of the Rs 2.65 lakh crore announced in Aatmanirbhar Bharat 3.0, Rs 1.46 lakh crore is Production Linked Incentive (PLI), to be spent over the next five years to encourage domestic manufacturing across 10 sectors – namely, textiles, food, pharma, consumer durables, auto, telecom, speciality steel, solar, electronic, and battery.

That leaves us with Rs 1.2 lakh crore, of which the bigger elements include additional outlays for affordable housing, Garib Kalyan Rozgar Yojana and fertiliser subsidy as well as equity infusion in National Investment and Infrastructure Fund (NIIF).

These additional allocations and measures are a step in the right direction and will provide much-needed momentum.

How Aatmanirbhar Bharat 3.0 will benefit key sectors

Sector	Govt spend allocation	Key scheme highlight
Fertiliser	Rs 65,000 crore	• Rs 65,000 crore additional subsidy allocated for the fertiliser industry over the budgeted Rs 71,300 crore
Affordable housing	Rs 18,000 crore	• Government spend over and above the budgetary allocation of Rs 8,000 crore for 2020-21 under Prime Minister Awaas Yojana - Urban (PMAY-U)
Rural	Rs 10,000 crore	• Government spend over and above budgetary allocation of Rs 61,500 crore for this fiscal under Prime Minister Garib Kalyan Rozgar Yojana as well as additional allocation of Rs 40,000 crore in Aatmanirbhar Bharat 1.0
Infrastructure	Rs 6,000 crore	• Equity infusion by government in NIIF
Exports	Rs 3,000 crore	• Release of Rs 3,000 crore to EXIM Bank for promotion of project export through lines of credit

Source: CRISIL Research

Becoming the factory of the world

Global companies have stepped up efforts to implement the 'China Plus One' strategy of diversifying their supply chains in the wake of the Covid-19-induced disruptions and US-China trade tensions.

This provides a second chance for India to emerge as a global manufacturing hub. While India has managed to capture the services outsourcing wave to become quite the back office of the world, the ability to expand the manufacturing sector – with its trickle-down effect -- will be critical to job creation and balanced growth.

India has to become a 'Plus One' destination while simultaneously reducing its own dependence on China.

China accounted for 16% of manufactured goods exports globally – and a fifth of imports of both the US and the European Union (EU) – between 2015 and 2019.

Manufacturing accounted for 31% of China's GDP in 2006, when its per capita GDP was around $2,000 – similar to what India's per capita GDP is currently. A quick push on four fronts have been identified by CRISIL –

Hasten structural reforms that foster competitive ecosystems

India's manufacturing sector's share of GDP has stagnated at ~15% for the past three decades, reducing the contribution of merchandise exports to GDP to 12%. The comparable numbers for China are ~30% and 20% (of a nearly 5x bigger economy).
Even Vietnam stole a march over India and emerged as a manufacturing hub for goods such as electronics, leather and textiles because of lower labour costs and free trade agreements (FTA) with China, which also exports goods for manufacturing and assembly in Vietnam.

China, Japan and Korea account for over half of the gross value added in Vietnam's exports. The country attracted $38.2 billion foreign direct investment (FDI) in 2019, or 7% more than 2018 and nearly 80% of the total capital invested.

The manufacturing opportunity opening up is huge. Large tech companies like HP have taken steps to diversify their supply chain to mitigate the impact of tariffs in the US as revealed in their 2019 annual call. The US has slapped tariffs on $500 billion worth of Chinese imports in the past two years.

India has moved up 14 places to the 63rd position on the World Bank's Ease of Doing Business ranking in 2019 following structural reforms like the Goods and Services Tax and fast-tracking of environmental clearances. But it still lags far behind countries like South Korea and China.

To seize the opportunity, CRISIL Research has analysed India's competitive strengths and weaknesses and identified gaps that must be plugged – and the sectors that must be targeted.

India remains uncompetitive on labour, infrastructure and logistics. Logistics efficiency is poor with ~70% of freight moving by road, which, at Rs 2.58 per tonne-km, is expensive compared with Rs 1.41 per tonne-km for railways and Rs 1.06 per tonne-km for waterways. Plus, critical inter-linkages between different modes of transport is weak.

Implement immediate reforms to boost competitiveness

While reforms such as the recent amalgamation of 44 labour laws into four codes are welcome, some immediate-term measures could help expand the manufacturing base and attract investments. Increasing the number of working hours -- around five Indian states have adopted this so far – and ensuring the ability to fire workers could help enhance competitiveness on labour.

Land reforms are also crucial. The government could borrow a leaf from Vietnam's playbook and redistribute large parcels on lease along with the right to rent, sub-contract and mortgage.

Improve contract enforcement and dispute resolution timelines

India takes almost 1,440 days to implement a contract versus 150 days in Singapore because of huge pendency of court cases. Crunching this timeline is essential to ease of doing business. CRISIL Research's look at various public domain documents shows India at 63 on this parameter, well below China's 31 and South Korea's 3. The Economic Survey 2019 said delays in contract enforcement and disposal resolution are "the single biggest hurdle to the ease of doing business in India".

The government has promoted a culture of resolution with the Insolvency and Bankruptcy Code and Arbitration and Conciliation (Amendment) Act, 2019. But a lot more can be done to quicken out-of-court dispute resolution, thereby reducing costs. To wit, interest and penalties account for 75% of the Rs 92,641 crore adjusted gross revenue dues of telecom companies. A swifter resolution could have resulted in huge savings besides enhancing the sector's viability.

Adopt multi-pronged approach to boost sectoral-level manufacturing

The government should take a long-term view and provide tax and other incentives to build manufacturing ecosystems in new-age sectors such as mobile, defence equipment and lithium ion batteries.

Simultaneously, it should pick the low-hanging fruit by capitalising on established strengths in sectors like textiles, leather, auto components and pharmaceuticals to spawn scale-ups.

In readymade garments (RMG), India has ceded ground to Bangladesh and Vietnam, largely because the latter enjoy FTAs. For instance, India's RMG exports to the European Union, its biggest market, carry a 9.6% import levy versus zero from Bangladesh, Vietnam and Pakistan.

In both RMG and leather, India should focus on entering FTAs apart from resolving issues related to the Merchandise Export from India Scheme.

Replicate the pharma success of last-mile facilitations

After the pandemic, global pharma majors are securing supply chains and reducing dependence on China. China's huge economies of scale account for the 25-30% cost difference between Chinese and Indian APIs and intermediates. India imports 68% of its requirements from China.

To be sure, the government has launched a Rs 3,000 crore scheme for setting up bulk drug parks. It has also announced a production-linked incentive (PLI) scheme of Rs 7,000 crore, targeting domestic manufacturing of 53 APIs with high dependence on imports. While this is great, drug-makers expect more anti-dumping duties and strategic manufacturing incentives – as do chemicals exporters.

The Indian government has undertaken steps to boost domestic manufacturing through various schemes -

The Make in India initiative hopes to raise the share of manufacturing sector to 25%, out of India's GDP by 2025 After reviewing the foreign trade policy (2015-20), exports incentives for labour intensive MSME sectors have been increased by 2%. In 2020, the foreign trade policy has been extended till the end of the current fiscal year

In 2020, Production Linked Incentive (PLI) scheme was sanctioned. This scheme introduces production-linked incentive and aims to attract private and foreign investments on a larger scale. Government has sanctioned INR 1,500 Bn to support domestic manufacturing in 10 sectors viz automobile, advanced chemistry cell batteries, pharmaceuticals, telecom and networking products, food products, manmade fibre and technical textiles, speciality steel, white goods (ACs and LED), electronics, high efficiency PV modules.

Under contract manufacturing, 100% FDI is allowed under the automatic route, as of 2019.

The 2020 FDI policy increased the permissible FDI from 49% to 74%, under the automatic route for the defence manufacturing sector.

Modified Electronics Manufacturing Clusters (EMC2.0) received sanction to provide financial aid by the Cabinet in 2020. The scheme aims to reduce issues faced by electronics industries for quality infrastructure.

During 2016-20, 73 lakh people were trained for the manufacturing sector by the Pradhan Mantra Kaushal Kendras. As of January 2020, the number of such centers were 723. Number of ITIs as of February 2020 were 14,602.

More people were brought under Employee provident scheme. The number of new subscribers stood at about 4 lakh, as of March 2020.

ASSESSMENT OF INDIA'S PRECISION ENGINEERING INDUSTRY

Overview of India's precision engineering industry

India's engineering sector is divided into two segments: heavy and light engineering. The classification is based on the nature of the product and the technology used for processing. Heavy engineering includes manufacturing and assembly of industrial machinery and plant equipment for various end-use sectors. Equipment are designed and manufactured to suit end-use applications for process industries such as fertiliser, textile, chemical, refinery, petrochemical, and oil & gas, as well as for the thermal and nuclear power sector. On the other hand, light engineering includes sub-sectors, manufacturing everything from basic to sophisticated equipment. Light engineering products (components, parts and small equipment) find application in automobiles, industrial machinery, power, oil and gas, fertilisers, steel, refineries, petrochemicals, cement, and railways sectors; and also serve as inputs for the heavy engineering and capital goods sectors.

Sub-sectors

Engineering products	
Heavy engineering	**Light engineering**
Automotive machinery	Rolling bearing
Textile machinery	Gearing manufacturing
Cement machinery	Medical and surgical instruments
Sugar machinery	Process control instruments
Rubber machinery	Industrial fasteners
Material handling equipment	Ferrous castings
Oil field equipment	Steel forgings
Metallurgical	Steel pipes and tubes
Mining machinery	Bicycle industry
Dairy machinery	Sheet metal structures
Machine tool	

Source: CRISIL Research

Precision engineering: subdiscipline of manufacturing with high accuracy, stress on low tolerance for error

Precision engineering is a sub-discipline of engineering and is concerned with manufacturing and assembling items that have exceptionally low tolerance and are required to perform consistently over longer repeat cycles. The American Society for Precision Engineering defines precision engineering as research and development, design, manufacture and measurement of high accuracy components and systems. It includes manufacturing and assembly and covers materials, machining and fabrication processes, to produce machinery and equipment of perfect dimension and size.

Accuracy and margin of error are extremely important parameters for engineering and production. Any deviation in dimensions can lead to loss of performance or even catastrophic failure of the system. Engineering components are fitted and welded together to form equipment and machinery to perform critical tasks and precision movements. Any error in fitting can lead to leakage issues, material chipping and failure, or loss of desired precision for machine movement. Thus, accuracy not only in machining, but also surface finish and heat treatment for metal structure are important.

Precision engineering is more critical in sectors such as nuclear, defence, space

Precision engineering products and components are especially important for critical applications such as aviation, aerospace, space, defence and nuclear power plants, control equipment for process plants, where errors can cause greater damage. In nuclear sector a failure of small fitting components may led to catastrophic long term effect, so component tolerance and fit is very critical from safety and operational point of view. Even in space sector, the quantum of investments and length of projects are very large and long, receptively, making it critical for to have high quality error-proof products. Otherwise a small fit error may render years of effort and R&D cost to not achieve the desired output because of improper machining. To avoid such mishaps and error, precision engineering is very critical for strategic sectors such as Defence, nuclear, space, aviation and others.

Typical tolerance in dimension for various engineering products ranges from millimeters (10^{-3} meter) to microns (10^{-6} meter). Precision engineering products have tolerance in the range of less than 10 microns. Low tolerance is important for precise fit, accuracy and efficiency in performance along with consistency over several repeat cycles.

Precision engineering products

End-use sectors	Products
Automobiles	Engine parts - piston and piston parts, fuel injection equipment and carburetors, powertrain components, engine bearings and valves, gaskets and liners Suspension and braking parts Drive transmission and steering parts - axle assembly, axle pins and clutch assembly Other parts – sheet metal parts, ball and roller bearings
Power	Hydro-turbines, pumps and valves
Wind turbines	Generator parts for gearless wind turbines
Defence	Artillery systems, land and naval weapon systems, fire control systems, naval equipment and systems, underwater platforms, engineering systems for land and marine forces, Unmanned Aerial Vehicles (UAVs), Remotely Piloted Vehicles, autonomous programmable vehicles - C4I (Command, Control, Communications, Computers and Intelligence) systems, and missile systems, ball screws as electro-mechanical actuator
Aerospace	Radar systems, missile carriers and launchers, hull equipment, and steering gear systems, spacecraft components, blades, fins, spars, aerospace structural components, complex mechanical components, and soft-turned bearings, ball screws as electro-mechanical actuator
Plant and Industrial (part of engineering and capital goods)	Catalyst baskets for nitric acid plants Hydraulic fittings High precision machine spare parts Hydro-processing reactors, high-pressure heat exchangers components, gasifiers, pressure vessels, process plant internals and other critical equipment for process plants
Other Engineering and capital goods	Steel plant and machinery, Textile machinery – drawing and texturing operations, Material handling equipment, cement machinery, agro-based machinery, Tooling machine parts and components, etc.
Nuclear power	Steam generators, reactor components (end shield assembly and fittings) and pressurisers
Railways	Diesel and electric locomotives
Space	Satellite and launch systems parts and components, ball screws as electro-mechanical actuator
Fuel cell (Clean Energy)	Electrolyser, Electrodes, fuel cell membrane, Bipolar plates, Anode and Cathode seal, stacks

Source: CRISIL Research

Machining operations for engineering products

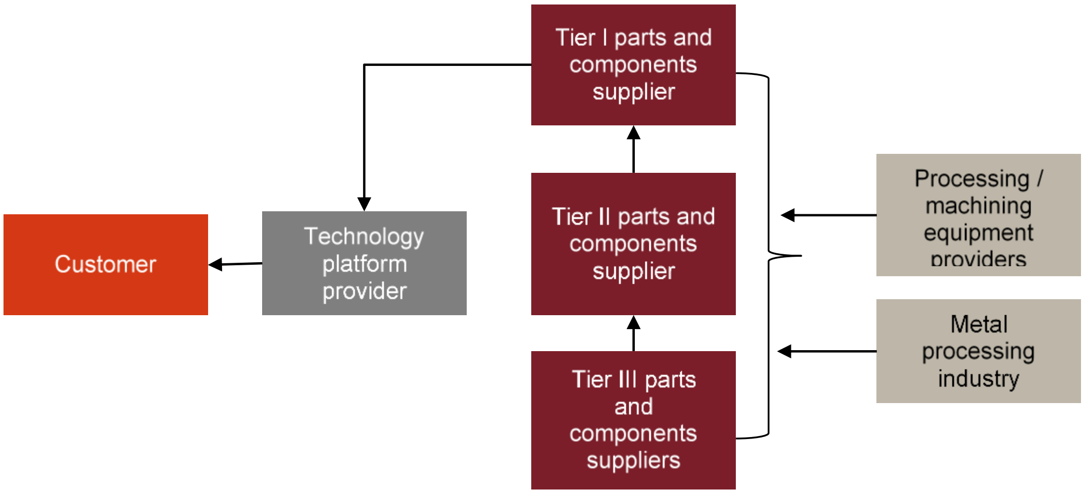
Machining capabilities	5- and 6-axis milling, multi-spindle long-bed milling CNC turning up to 9-axis, vertical machining center, horizontal machining center Drilling and Boring Grinding Planning Honing Broaching
Surface treatments	Anodizing Hard chrome plating Nickel plating Induction hardening
Heat treatment and cooling facilities	Annealing, case hardening, precipitation strengthening, tempering, carburising, normalising and quenching
Assembly	Special application tools for each type. Assemblies and sub-assemblies are built at the assembly station which requires precise fitting operations and clean rooms to avoid contamination due dust and other external particles that may impact fitting. Error-proof structure assembly is very critical for precision components.
Other special process	Coating processes such as bonding, plating or painting, pre-treatment before coating, Finishing processes to remove machining marks, scaling or pitting, deburring, burnishing, abrasive blasting to improve hardness, etc.
Quality control and measurement	Inspection and calibration tools - precision, measuring and marking, non-destructive testing (fluorescent and magnetic), universal compression rig for shock absorber testing, universal hydraulic test rigs, specific tooling for testing actuators and nose-wheel steering (aircraft)

Source: CRISIL Research

Catering to several industries, heavy engineering is the predominant sector in the entire capital goods industry, which includes machine tools, industrial machinery, process plant equipment, construction and mining equipment, electrical equipment, textile machinery, printing and packaging machinery.

Precision engineering players cater to select end-use sectors and have developed expertise in that space. The value chain comprises three broad segments of suppliers – automotive, industrial and niche applications (defence, nuclear, aviation, and marine). Players exclusively cater to automobile sector's requirements due to the scale of volume and location preference near the assembly or automobile plant/ cluster. Applications such as defence and aerospace, nuclear, aviation and marine that have requirements of high material performance and special material properties are serviced by suppliers who have developed expertise for these niche applications. Other industrial end-use segments are catered to by technology providers and respective suppliers.

Value chain in industry

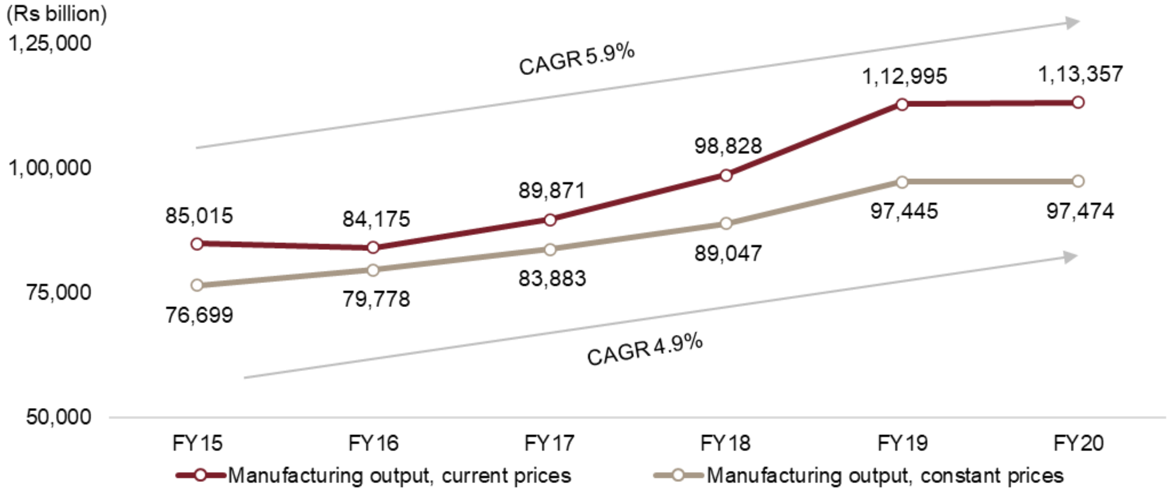


Source: CRISIL Research

Precision engineering contributes 3-4% of total manufacturing output

The Rs 4,098 billion precision engineering industry (CRISIL Research's estimate for fiscal 2020), as defined by the products listed above, mainly caters to automobile components and industrial plant and equipment segments. The industry is estimated to contribute 3-4% of overall manufacturing output. India's manufacturing output increased at a CAGR of 4.9% in nominal terms between fiscals 2015 and 2020. Manufacturing gross value added (GVA) accounts for 14-15% of India's gross domestic product (GDP).

Manufacturing gross output

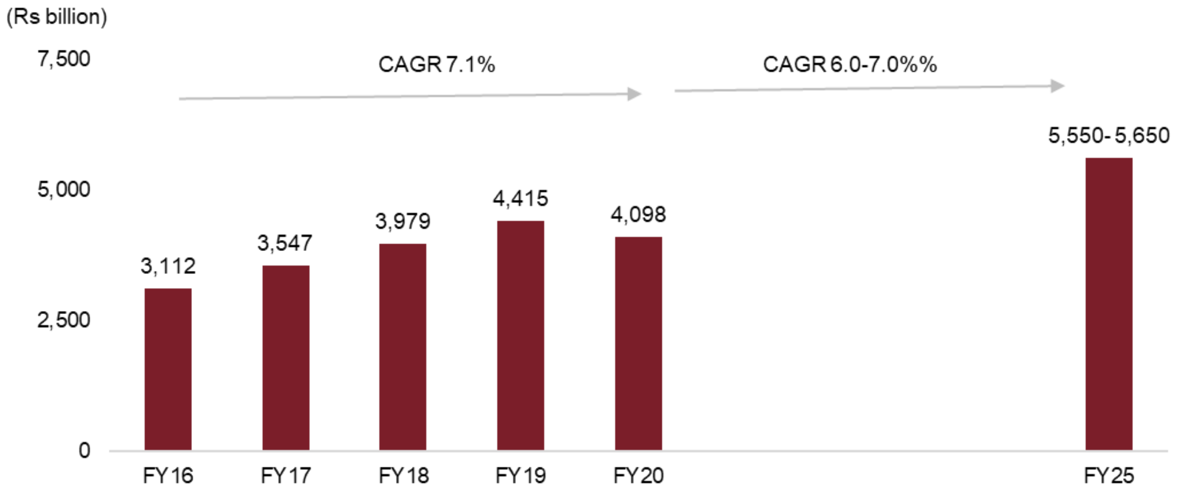


Source: CRISIL Research

The domestic precision engineering industry's turnover is estimated at Rs 4,415 billion for fiscal 2019, clocking a CAGR of 7.1% between fiscals 2016 and 2020. India's manufacturing GVA constitutes 17-18% of the total GVA; it increased from 17.4% in fiscal 2012 to 18.1% in fiscal 2020. Within manufacturing GVA, machinery and equipment (capital goods and engineering) GVA has grown faster than other segments. GVA at basic current prices from the manufacturing sector in India logged a CAGR of 9.8% (current prices) and 6.5% (constant fiscal 2012 prices) during fiscals 2016-2020. This growth was supported by the Make in India initiative and sector-specific initiatives to boost manufacturing.

To cite few examples, components such as ball screws, which are electro-mechanical actuators are imported by India. Globally ball screws are manufactured by Japanese based THK group, Taiwan based Hiwin technologies, who are the leaders in ball screw in terms of accuracy standard, several other players included Rexroth (Bosch company), NSK America (application in machine tools, injection molding machines, general machinery and special environments, such as semi-conductor and LCD production equipment), SKF (machine tool application). Ball screws are manufactured in India by MTAR Technologies and CNC ballscrews and bearing (industrial applications), as an import substitute product as India focuses on local manufacturing. The balls screw manufacture by MTAR technologies are of accuracy with JIS standard C1 to C7 and are used across end-use sectors such as machine- tools, defence, space / aerospace programs, numerical control machines (CNC). CNC ballscrews and bearing established in 1987 manufacturers ball screws for industrial application in variety of machines and machine-tools across manufacturing plants.

Precision engineering industry



Source: CRISIL Research

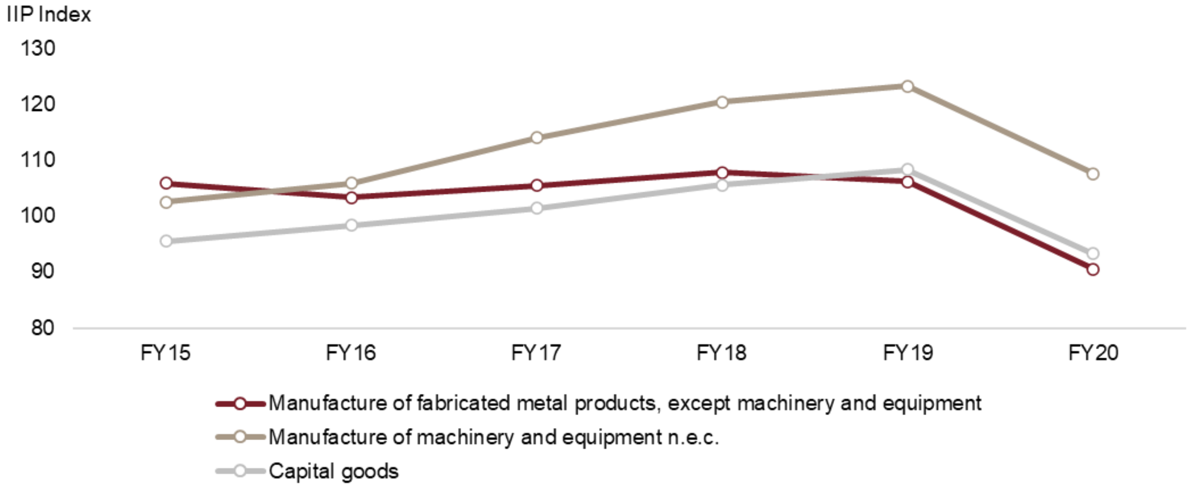
Parameters	FY15	FY16	FY17	FY18	FY19	FY20	CAGR FY16-FY20
Manufacturing GVA share in total GVA (constant)	17.3%	18.1%	18.1%	18.1%	18.1%	-	-
GVA at current prices	115,043	125,745	139,652	155,131	171,400	183,432	9.8%
GVA at constant prices	97,121	104,919	113,283	120,744	128,031	133,011	6.5%

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

Manufacturing IIP clocked 3.9% CAGR between fiscals 2015 and 2019

Manufacturing Index of Industrial Production (IIP) clocked 3.9% CAGR between fiscals 2015 and 2020 because of growing investments in the manufacturing sector supported by rise in domestic consumption. IIP for machinery and equipment grew at a faster clip of 4.7% during fiscals 2015-2010, while IIP for capital goods grew at 3.2% during the same period. Production was hit in fiscal 2020 by the Covid-19 pandemic and decline in exports demand.

Review of IIP

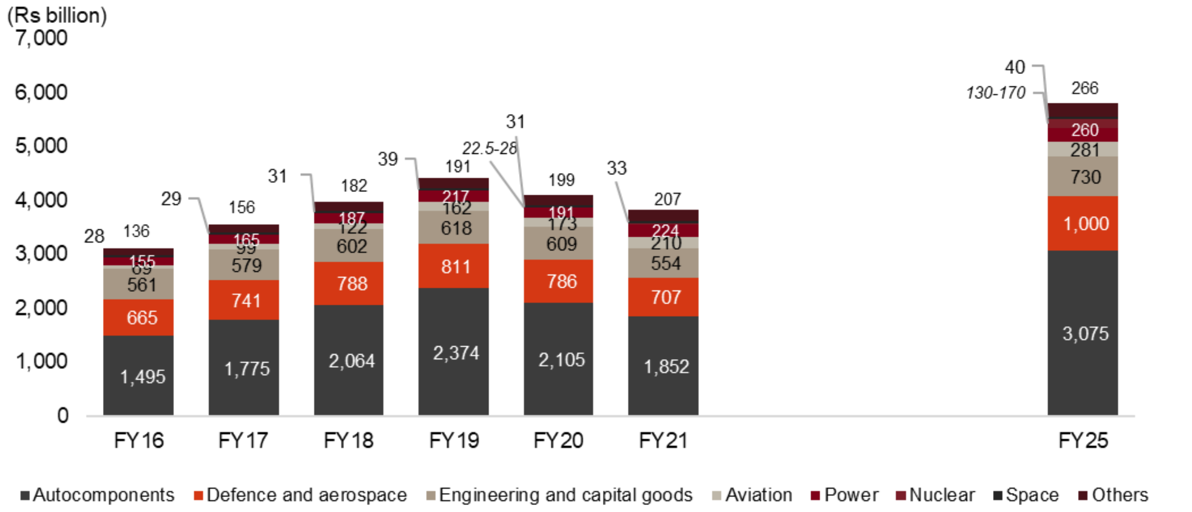


Source: MoSPI, CRISIL Research

Precision engineering industry is projected to log 6-7% CAGR between fiscals 2020 and 2025

The precision engineering industry will benefit from supportive government policies for manufacturing and engineering sectors. It will also gain from growth in the machinery and equipment industry and rise in penetration of high technology machinery for manufacturing. Precision engineering is expected to log 6-7% CAGR between fiscals 2020 and 2025 to reach Rs 5,550-6,550 billion by fiscal 2025. The growth in the industry will be driven by growth in auto-components domestic as well as export demand, and indigenous manufacturing in defence segment.

End-use segments



Engineering and capital goods includes machinery and equipment components demand from industrial segments such as textile, metallurgy, process controls equipment, cement, mining, agro equipment, and others. Others include equipment and components demand from, medical, construction equipment, railway locomotives, refinery segments, and others.
Note: Numbers for nuclear segments are considered over the five year period given the nature of projects and procurement. For representation purpose we have showed it for end of five year period i.e for FY20 Rs. 22.5 – 28 Bn is over FY16-20 and for FY25 Rs. 130-170 Bn is over FY21-25.
Source: CRISIL Research

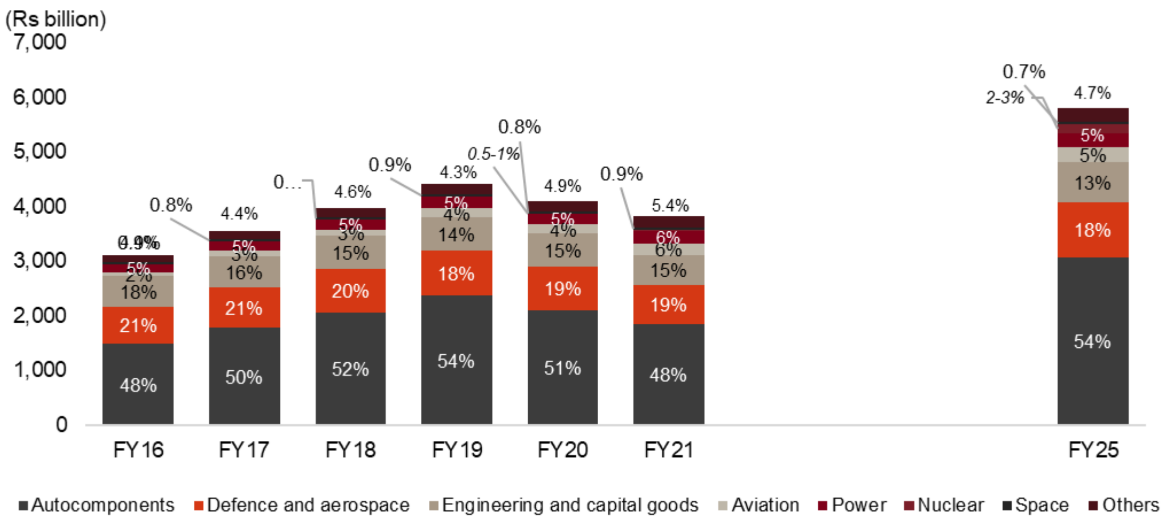
Auto components has large share in precision engineering market, followed by defence and aerospace

Auto components has the highest share in the precision engineering market, followed by defence and aerospace and aviation sectors. On account of growing demand for automobiles, domestic consumption as well as export potential, the share of auto components in overall precision engineering is expected to rise. Defence, aerospace, aviation, power and engineering and capital goods segments are also expected to grow steadily with rise in investments in these sectors. Defence and aerospace segment forms 18-20% of the precision engineering market and is values at Rs. 786 Bn in fiscal 2020. It is the largest segment after auto components.

Engineering and capital goods (excluding power) is the next largest segment with share of 9-10% and is valued at Rs. 609 Bn in fiscal 2020. Engineering and capital goods segments consists of equipment and machinery components that is used across various industries such as textile, metallurgy, process controls equipment, cement, mining, agro-industries, consumer product manufacturing and others plant and industrial applications. Within engineering and capital goods, the process plant and industrial segment contributes to 10-15% of the engineering and capital goods market.

Space equipment industry is estimated at Rs. 31.2 Bn for fiscal 2020 contributing to 0.8% of the overall precision engineering market. Demand for precision products from nuclear segment is estimated at Rs. 140-175 Bn between fiscals 2020 and 2025 as compared to Rs. 22.5-28 Bn between fiscals 2016 and 2020.

End-use segments



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Source: CRISIL Research

Overview of sheet metal fabrication in precision engineering sector

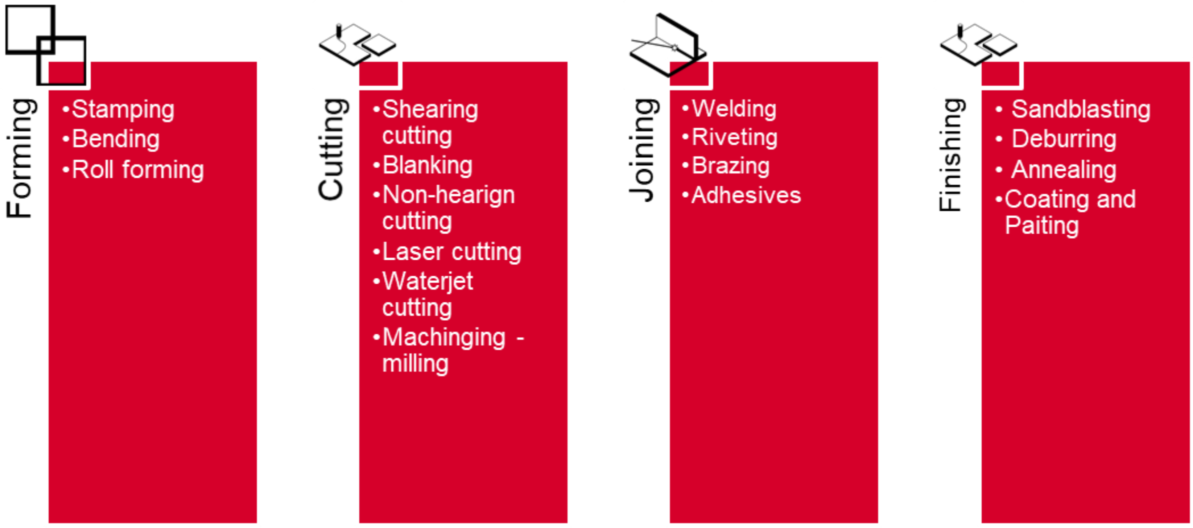
Sheet metal fabrication is a sub-segment of processes that use sheet metal to build machines and structures. It involves complex processes with bending and shaping of different sheet metal techniques. It can be used to make various hollow shapes and sections. Equipment used for sheet metal fabrication ranges from handy tools to highly gift-operated automatic machinery. Sheet metal find application across various segments from niche as space launch vehicle or satellite to as simple as metal rack structure. Sheet metal fabrication is used in equipment manufacturing to provide shape and structure as well in aircraft manufacturing for the same purpose. But precision required in aircraft manufacturing is more critical and sealing and fitting needs to be without errors. Thus sheet metal is used to structures and machines of complex, critical as well as regular industrial application as well.

Sheet metal fabrication is used across different types of metals. Fabrication can adapt the metal as the requirement of the application. Types of metals used in sheet metal fabrication are as follows:

Steel is commonly used metal for fabrication

Steel is used for its durabitly and strength depending on various types of steel for all sorts of purposes. Aluminum is more lightweight with some of steel's strength. It is preferred for lower temperatures and hence used in aerospace and refrigeration. Magnesium, Brass, Bronze, and Copper are other metals used in sheet metal fabrication of structures and machines Steel is the most commonly used metal for sheet fabrication structures. Demand for finished steel products in India is expected to clog 3-4% CAGR between fiscals 2020 and 2025 (elaborated in details towards the end of the section)

Sheet Metal Fabrication Processes consists of three types of main process: forming, cutting, and joining. Forming includes processes like stamping, bending, stretching, and roll forming. While cutting subtracts material from a piece of sheet metal, forming simply reshapes it to the desired contours.



Sheet Metal Fabrication Tools

Sheet metal fabrication uses special set of tools and machines across its cutting, forming, and joining processes to shape the metal into the desired shape and structure. Along with other categories of tools used for semi-automated fabrication, CNC (Computer Numerically Controlled) machines have become a popular tool. CNC machines are computers that are programmed to perform specific tasks and achieve the exact specifications required to manufacture many products. They have gained enormous popularity for their precision and reduction of labor costs. Their use has contributed to the increasing need for CAD files, which can be loaded into the computer to perform turning, bending, or welding.

For the cutting processes, sheet metal fabrication uses band, miter, and chop saws, as well as cutting torches. Band saws have special hardened blades and a feed to ensure even cutting. Chop and miter saws are also used, which have an abrasive disk specifically made for cutting sheet metal (chop saws move up and down, while miter saws can cut at an angle). Cutting torches (which use flame and a stream of oxygen) are also used in sheet metal fabrication. They can cut large pieces of sheet metal without much effort.

Sheet metal fabrication also involves the use of hydraulic breaks and rolling machines, as well as oxy-acetylene torches, in its forming processes. With breaks, sheet metal fabrication is simplified as they help create bends at predetermined angles. Rolling machines are also used in sheet metal fabrication to form steel into rolls, creating a more finished product in a shape like a roll of paper towels. Straightening warped steel during sheet metal fabrication is accomplished with an Oxy-acetylene torch. With straightening, heat is applied to the metal in a slow, linear fashion. Using this method, a highly skilled welder can remove even significant warpage.

Joining sheet metal often involves welding. After the sheet metal parts are formed, they are assembled and tack welded into place. Various welding techniques can be used in sheet metal fabrication to avoid warping or other visual defects. These include using a stout fixture, welding in a staggered manner, covering the metal with sand during the cooling process, and special straightening processes. Other joining technology includes rivet guns and brazing equipment.

Industries and Applications for Sheet Metal Fabrication

Sheet metal fabrication is a flexible and customized process, and it can be used in most industries to create everything from components to automotive bodies. Some industries that rely on it include the aerospace, construction, automotive, HVAC, consumer goods, robotics, electronics, and energy sectors, but that is far from an exhaustive list. That’s because the need for industrial products from metal is everywhere, from housings to gears to containers. Metal is a strong and lasting material used in every industry. A product made from sheet metal is generally easier or faster (and therefore less expensive) to make than a product made from casting or additive manufacturing.

Niche applications –

Aerospace : Apart from the Aero skin for fuselage, wing and other aero form items sheet metal fabrication is also used for building internal brackets, racks, structures,. Aerospace and defence application requires higher precision, and better overall performance from fabricated structure. The parts' dimensions must be precise and should be long lasting, regardless of temperature, humidity and mechanical stresses . Aerospace structure exposed to external environment requires tight tolerance and precise finishing. Airbus and Boeing, together procure around $ Rs. 1.75 Bn value for aircraft manufacturing. Airbus has proposed projects initiate a defence-focused industrial ecosystem in India, including plan to build the C295 military transport aircraft with Tata, as well as a partnership with Mahindra Defence to locally manufacture military helicopters. Airbus is also planning to add new suppliers from its 45+ supplier base in India and looking at developing a supplier base to support its partnership with Indian Air force along with Tata for supplying transport aircrafts.

Boeing procure from over 200 Indian suppliers, that are involved in manufacturing of critical systems and components, such as aero-structures, avionics mission systems, composites, forgings, wire harness, and ground support equipment, for some of Boeing's commercial and defence aircraft. Boeing is planning to increase its supply from USD 1.1 Bn in 2019 to double its value to USD 2.0 Bn over the next five years. Tata Boeing Aerospace Limited (TBAL) in Hyderabad has been delivering AH-64 Apache fuselages since May 2018 for Boeing customers across the world. Tata Advanced Systems Ltd. (TASL) manufactures the CH-47 Chinook Crown & Tailcone Assembly, AH-64 Apache Secondary Structures, AH-64 Vertical Stabilizer and 777 Uplock Box.

With support from government initiatives and Make in India efforts, defence and aerospace domestic production is expected to rise. This will generate demand for sheet metal fabrication for niche applications which will benefit the precision fabrication industry.

Fuel cell – Under stationary power application fuel cell are used as modules consisting of fuel cell stack, control panel, power conditioning system, and other safety systems. External casing structure as well as internal rack structure of fuel cell module requires metal fabrication. Apart from stationary application, even transportation applications require mounting structure for fuel cell stack. Stationary application has higher requirement of metal fabrication than transportation application considering only fuel cell module.

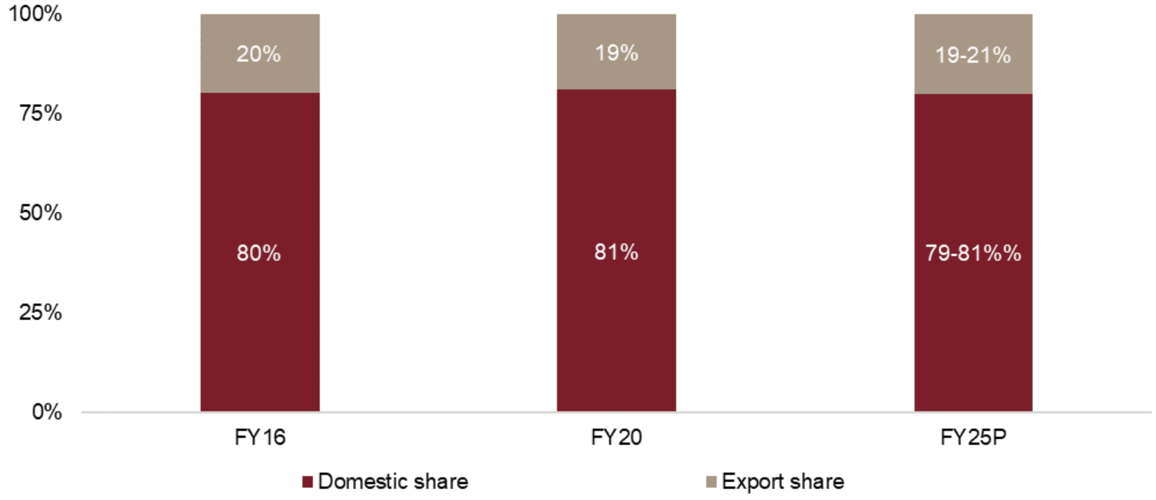
Stationary application is still in nascent stage in India, but is gaining tractions. In 2019, GoI unveiled the first indigenous high temperature fuel cell system (IHTFCS) developed by council of scientific and industrial research (CSIR) in partnership with two Indian companies M/s Thermax Limited, Pune and M/s Reliance Industries Limited under India's flagship program named "new millennium indian technology leadership initiative (NMITLI). This consists of 5.0 kW fuel cell system generates power using methanol or bio-methane. This fuel cell system are more suitable for distributed stationary power applications like; for small offices, commercial units, data centers etc. Reliance Industries Ltd is focusing on PEMFC for stationary applications and SOFC technology for R&D in fuel cell area.

In 2019, U.S.-based Bloom Energy in partnership with real estate developer Atelier Global, GAIL India limited and Indian Oil Corporation, and US-India Strategic Partnership Forum (USISPF), announced a commercial real estate development in Bangalore powered by clean reliable electricity generated on-site using natural gas and fuel cell technology. Intel office in Bangalore (SRR campus) has set up a SOFC based fuel cell power generation unit for powering its data center servers. IIT Delhi and BHU have also developed a small capacity ICE-based generation set that is operated using hydrogen and fuel cell technology. With increased application of fuel cell stationary application, the demand for metal fabrication for fuel cell units and modules will increase.

Exports have 19-20% share in the precision engineering industry

Exports contributed 19% of precision engineering turnover in fiscal 2020. Exports have been growing at par with domestic industry demand for precision engineering products as players have made huge investments in India for manufacturing. Exports were hit in fiscal 2020 by decline in global economic growth, trade tensions and lastly the pandemic's impact. The share of exports is expected to increase to 19-21% of industry turnover going forward, as India focuses more on manufacturing. Rapid rise in exports will be limited by longer maturation period for the

manufacturing sector and competition from other south Asian countries for cost competitive production.
Share of export and domestic sales in precision engineering industry



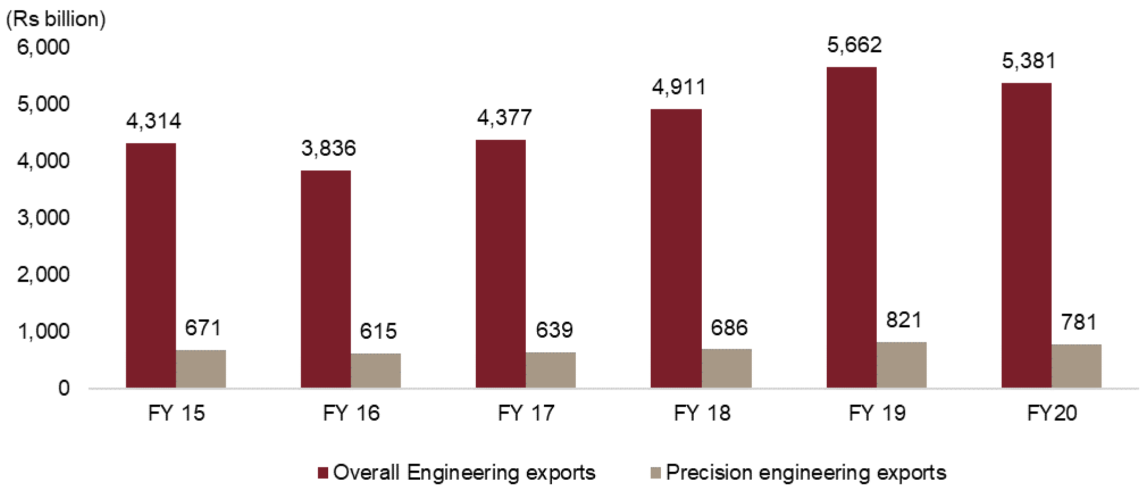
Source: CRISIL Research

Precision engineering exports make up 3-4% of total exports

The engineering sector has maintained 23% share in overall exports from India over the past five years, which is the highest share by any one sector. Engineering exports grew 8.8% from Rs 3,836 billion in fiscal 2016 to Rs 5.381 billion in fiscal 2020. Exports were impacted in fiscal 2020 by the pandemic and the resultant restriction on movement across the globe.

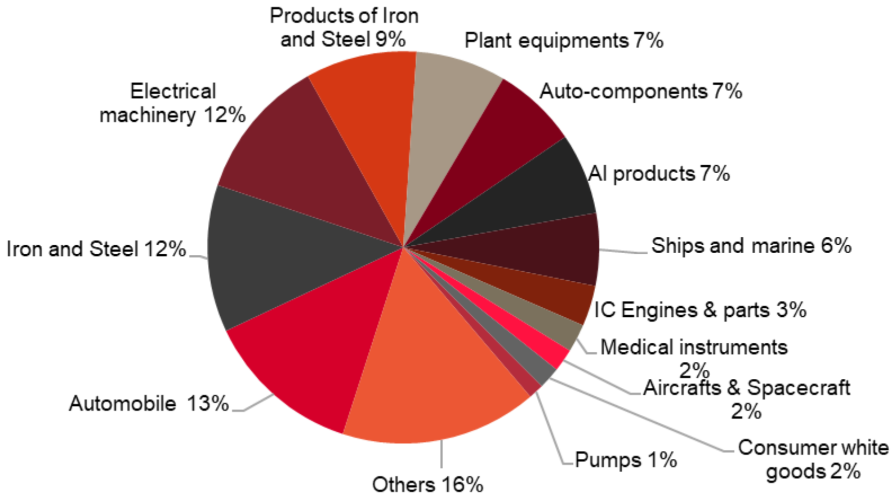
Precision engineering exports comprise 30-35% of overall engineering exports. Precision engineering exports increased at 6.1% CAGR from Rs 671 billion in fiscal 2016 to Rs 781 billion in fiscal 2020. Precision engineering includes exports of industrial heavy machinery, aircraft and spacecraft parts, nuclear reactors, industrial boilers and parts, pumps, auto components, internal combustion engine parts, railways transport and locomotives.

India's engineering exports



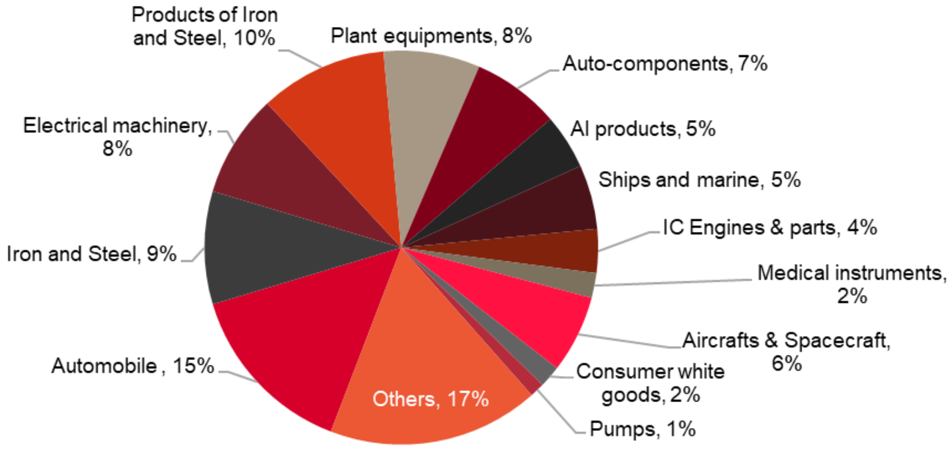
Source: CRISIL Research

Share of end-use segments in exports in FY20



Source: CRISIL Research

Share of end-use segments in exports in FY16



Source: CRISIL Research

Country-wise share of engineering exports

Countries	FY16	FY20
United States	12%	16%
UAE	7%	6%
Germany	4%	4%
Nepal	2%	3%
Bangladesh	3%	3%
United Kingdom	4%	3%
Mexico	3%	3%
Indonesia	1%	2%
Italy	3%	3%
Singapore	3%	3%
Top 10	42%	46%

Others	58%	54%

Source: DGFT, EEPC (Engineering Export Promotion Council) data, CRISIL Research

Growth drivers

The precision engineering industry will continue to expand as India increases its focus on manufacturing. Government of India is aiming to raise the contribution of manufacturing to 25% of GDP by 2025 from current 17-18%. Technological advancements, foreign direct investment and strong government initiatives are the key growth drivers of the manufacturing sector. We expect demand for precision engineering components to get a boost from end-use sector growth on account of improvement in ease of doing business, investments in infrastructure and supportive government policies, growth in the automotive and auto components industry, and the government's focus on strategic sectors such as defence and aerospace.

As precision engineering segment requires high accuracy in machining, positional and dimensions, technology investments in plant and machinery and past experience plays a very critical role. Especially in sectors such as defence, space, nuclear where accuracy and quality are extremely important. This creates entry barriers for new players in the precision engineering market and growth for new entrants is slow as compared to established players.

Auto component and defence sector to drive demand for precision engineering components

Industry	Growth forecast and reasons
Auto components	CRISIL Research expects the sector to grow at 7-9% CAGR between fiscals 2020 and 2025, to ~Rs 4,730 billion. The pace of growth is higher than the 6% CAGR during fiscals 2015 to 2020. The industry, along with automobiles, is among the 27 champion manufacturing sectors identified by the Indian government.
Nuclear	India's nuclear power installed capacity was 6.78 GW in August 2020. By 2022, ~3,300 MW of capacities are expected to be commissioned. This translates into a business opportunity of ~Rs 150 billion for the manufacturing industry.
Defence and aerospace	India plans to spend $130 billion on military modernisation over the next 7-8 years, while reducing import dependency. The government's Make in India policy is being pursued to achieve greater self-sufficiency in the area of defence equipment, including aircraft manufacturing. The Ministry of Defence has also eased its procurement norms, making it easier for Indian companies and start-ups to provide equipment and other products to the Indian armed forces. To achieve self-sufficiency, the government is investing in defence industrial corridors in northern and southern regions of the country, as well. Aerospace and defence are among the 27 champion manufacturing sectors identified by the government.
Power generation, transmission and distribution (T&D)	While conventional capacity additions are expected decline, primarily because of increase in nuclear capacity additions, CRISIL Research expects investments of Rs 9.5-10.0 trillion in the space over fiscals 2021 to 2025, which is still higher than the spend during the past five years. Within the conventional power space, a large portion of this investment is expected in the generation segment, at Rs 3.5-4.0 trillion. T&D expenditure is set to increase as well, owing to increase in power generation and privatisation of the distribution segment. Rising private sector participation and ultra-high capacity green energy corridors, with expected investments of Rs 430 billion, will also support investments in the transmission segment.
Material handling equipment	The material handling equipment sector is expected to gain from robust demand from the steel, power, mineral, and other infrastructure industries.
Commercial aviation	The commercial aircraft fleet is expected to increase from the current 600-700 aircrafts to over 1,000 aircrafts over the next 4-8 years. This is to address the rising passenger traffic – the International Air Transport Association expects India's air passenger numbers to, from and within India to increase 3.3x over the next 20 years.
Space Equipment	Recent policy changes such as the introduction of draft SPACECOM policy and the Cabinet's nod for private sector involvement in end-to-end development of launch vehicles and satellites are expected to drive the domestic industry's growth. ISRO has plans for 31 satellite missions over the next two financial years i.e FY21 and FY22. These include earth observation, communication and navigation satellites. A total of 32 launch missions have been planned. In the forecast period, ISRO will take a back seat and gradually retract from commercial operations to solely focus of research and development. ISRO has announced that over the next five years, the private sector will receive the mandate for ~70% of all the upcoming space missions
Clean Energy	Government of India is supporting growth in fuel cell energy generation. MNRE and ministry of roads and national highway have signed MOUs and set standards, respectively for hydrogen fuel cell cars in India. MNRE are supporting investments in hydrogen fuel cell transportation such as passenger cars, 2 wheelers, mini-buses and public buses and hydrogen infrastructure. Also with rise in fuel cell installations and fuel cell based cars in Asian continent by countries such as Japan, Korea, China, India

	will eventually adopt the technology on commercial viable scale as it is currently exploring the area. At the same-time India can cater to the manufacturing demand for fuel cell in Asia market.

Source: CRISIL Research

Investment in capacity augmentation to drive demand for precision components used in machinery and equipment up to fiscal 2025

The engineering sector, being closely associated with the manufacturing and infrastructure sectors, is of strategic importance to gauge the health of the economy. Growth in the manufacturing sector is tied to sectors such as infrastructure, power, steel, automotive, oil and gas, consumer durables, etc. Demand for engineering plant and equipment components are from capacity additions in textile, consumer product manufacturing, power, mining, oil and gas, refinery, steel, and automotive and other industrial segment.

But, CRISIL Research forecasts the pace of investment to improve only at a tepid rate between fiscals 2020 and 2024. This is because, key sectors such as automobiles and petrochemicals have substantial capacity overhang. However, oil and gas, and power, which continue to dominate the industrial construction expenditure pie, will buck the trend. Here too, though, based on an analysis of end-use sectors, the industrial and power sectors' construction investment between fiscals 2021 and 2025 are expected to increase only moderately as compared with the previous five years.

Sector	Construction spends in FY16-FY20 (Rs. Bn)	Construction spends in FY21-FY25 (Rs. Bn)	Change in construction spend over next five years (x times)
Automobiles	335	330-340	1.0
Power	1,432	1,870-1,880	1.0
Metals	305	290-300	1.0
Textiles	42	20-22	0.5
Paper	34	15	0.4
Fertilisers	43	125-135	3.0
Petrochemicals	65	35-40	0.6
Oil and gas	1050	1040-1050	1.0
Cement	128	140	1.1
Railways	2,400	3,200-3,400	1.4
Industrial construction	5,850	7,000-7,200	1.2
Defence and aerospace Equipment	3,750 – 3,850	4,250-4,350	1.2
Space	465-485	560-580	1.2
Nuclear energy	22.5-28.0	130-170 (350-435)	5.5-6.0

Note: Figure in bracket for nuclear sectors in equipment investment as per planned reactors over medium to long term.
Source: CRISIL Research

In the current fiscal, construction spend across industries is expected to plunge 30-35% on-year this fiscal, before recovering in the next fiscal, owing to the pandemic. The depressed utilisation and stretched financials of players amid challenges heaped by the pandemic would defer planned capex for fiscal 2021 to fiscal 2022, as companies look to conserve cash in uncertain times. Manufacturers, such as Maruti Suzuki, CEAT, Hero MotoCorp, Lumx Auto, Brakes India, UltraTech Cement, ACC, JSW Steel, and Tata Steel, have announced cuts ranging from 25-70% of planned capex for fiscal 2021.

Investments in fiscal 2022, though, are projected rise 15-20% on-year, owing to the spillover of deferred capex on a low base, led by brownfield projects by cement, steel, and auto component manufacturers. Increase in capex will led to demand for equipment and machinery parts and components which will add to demand for precision engineering components.

The government is aiming at more self-reliance in the defence sector which aims to boost local manufacturing by PSU's, joint ventures and private participation. The larger goal is to facilitate development of new technology in India, maximise expansion of private sector and become self-reliant with regards to equipment and arms. The Indian government's funding for the next 5 years is expected to be USD 130 Bn for defence procurement. The government is looking to achieve a target revenue of USD 25 Bn in terms of country's defence manufacturing.

The nuclear equipment industry in India is set to grow rapidly with the government sharpening its focus on the sector. NPCIL is expected to roll out tenders for 14 reactors (planned expansion market) in the near to medium term in a phased manner. The total investment for building these reactors would be Rs 1,760-1,800 billion. Of this, Rs 350-435 billion would be equipment market as per planned reactors and Rs. 130-170 Bn for under construction reactors.

Robust foreign direct investment to boost India's engineering and manufacturing industries

The engineering and manufacturing industries in India have attracted the interest of foreign players, as these enjoy advantages, in terms of production cost, technology and innovation, as well as consumer demand. Foreign direct investment (FDI) to India has risen over the last five years, with sectors such as automobiles, electrical equipment and infrastructure cornering a higher share. FDI, which brings in long term capital for capex and supports revenue growth, increased 1.65 times during fiscals 2016 to 2020 as compared with fiscals 2011 to 2015.

The government has encouraged foreign investments by permitting 100% FDI under the automatic route for manufacturing companies, petroleum, greenfield pharmaceuticals, ports and shipping, and civil aviation and 74% for defence manufacturing. Also, with government approval, FDI is being encouraged into sectors, such as defence, telecom, media, brownfield pharmaceuticals, and insurance. FDI investments in manufacturing segments will add on to demand for engineering and capital goods segment of precision engineering.

Parameters	FY11-FY15	FY16-FY20	Increase in FDI inflow (times)
Automobiles	8,003	11,673	1.46
Industrial machinery	2,787	2,178	0.78
Power	5,233	5,381	1.0
Textile	794	1,809	2.3
Electrical equipment	1,625	4,712	2.9
Metallurgical industries	5,277	5,481	1.0
Mechanical & engineering industries	1,968	1,444	0.7
Defence Industries	5.0	4.5	0.9
FDI inflows	134,157	221,486	1.65

Source: CRISIL Research

Supportive government policies translating into higher domestic investments

India's manufacturing sector has evolved from the industrialisation and protectionism phases, with high regulation and licence requirement, to liberalisation, and the current global competitiveness phase. Today, Indian manufacturing companies across sectors are targeting global markets, and also catering to the expanding domestic demand.

Indian companies have a competitive advantage vis-à-vis peers in developing and advance economies, in terms of manufacturing and labour costs, market knowledge, technology, and large demand potential. The Government of India has also taken several initiatives to promote the manufacturing sector. Under the Make in India initiative, the government aims to increase the share of the manufacturing sector in the country's GDP to 25% by 2025. Defence manufacturing is one of major sector under Make in India initiative among the other 25 sectors that include electrical machinery, automobile, space, auto-components, aviation, chemicals, food processing, and others.

Some of the other initiatives supporting the precision engineering sector are:

- In May 2020, the government increased FDI in defence manufacturing under the automatic route from 49% to 74%. Based on approval basis in the case of modern technology transfer, the government allowed 100% FDI in defence in 2014
- Defence Acquisition Procedure (DAP 2020) is implemented to streamline the process of defence procurement. Under this reform, with regards to the 101 banned defence import items, only companies incorporated in India shall be eligible for bidding.
- Under Atma nirbhar 2.0 package, part of GoI response to COVID pandemic crisis, it was announced under Enhanced Budget Provisions a package of Rs. 250 Bn as additional union budget that will be provided for capex on roads, defence, water supply, urban development and domestically produced capital goods.
- In August 2019, the government permitted 100% FDI in contract manufacturing via the automatic route
- In fiscal 2019, the government released a Draft Defence Production Policy 2018 to develop self-reliance in the manufacture of fighter aircrafts, medium lift and utility helicopters, and missile systems. This policy, along with the Strategic Partnership Model unveiled in fiscal 2018, is expected to boost the domestic precision

engineering industry. Additionally, a thrust on indigenisation at the component level is expected to reduce reliance on imports in defence equipment
- The National Capital Goods Policy 2016 aims to increase the share of capital goods contribution from the current 12% to 20% of total manufacturing activity by 2025, and increase domestic contribution in the demand pie from 60% to 80% by 2025

Domestic components demand from defence to rise with focus on indigenous defence procurement

With the government's thrust on Make in India, defence public sector companies, such as Hindustan Aeronautics Ltd (HAL) and Bharat Dynamics Ltd, have been taking initiatives to increase domestic sourcing across components. This is expected to boost domestic production of tier II suppliers in the engineering production industry. Also, recently, global aerospace manufacturers, Boeing and Lockheed Martin, have shown interest in manufacturing aircraft in India, based on the outcome of India's aircraft acquisition plans. This could boost domestic production and exports at the tier I level as well.

Defence Acquisition Procedure (DAP 2020) is implemented to streamline the process of defence procurement. Under this reform, with regards to the 101 banned defence import items, only companies incorporated in India shall be eligible for bidding. These can be subsidiaries of foreign companies but incorporated in India under the new FDI norms. The government estimates that the Armed forces will likely spend around Rs. 4,000 Bn over the next 5-7 years for procurement of these 101 items through the domestic route.

Further, the Defence Procurement Policy (DPP) of 2016 has provided higher priority of indigenously developed equipment. Moreover, to promote Make in India in defence, the government introduced the Strategic Partnership Model for acquisitions of aircrafts, helicopters, submarines, and armoured fighting vehicles/main battle tanks. The partnership model aims for incentivising the transfer of niche technology and higher indigenous content to Indian players, and for developing the country as a regional / global manufacturing hub for the platforms. For outright purchase deals of a certain number of equipment, such as the Rafale aircrafts, Chinhook and Apache helicopters, etc, also included are offset contracts with foreign manufacturers to ensure that 30% of the contract value is spent on components/sourcing from Indian companies.

Because of the government push towards indigenisation through the DPP, several foreign players have tied up with Indian manufacturers to participate in the bidding for various aircraft and related components. Among these, the Adani Group with Swedish aircraft manufacturer, Saab; Tata Group with Lockheed Martin; Reliance Group with Dassault Aviation; and Mahindra Group and HAL with Boeing have tied up to bid for defence orders through the technology transfer/offset route.

Government is also attracting companies by simplifying taxation and providing incentives

The Indian government lowered the corporate tax rate to 22% from 30% (before levies, surcharge and cess) for companies that choose not to seek exemptions. The effective new tax rate, hence, is 25.2%. In addition, some new manufacturing companies are eligible for lower corporate tax rate of 15%. The lowering of the corporate tax rate is to boost corporate profit, kick-start the private investment cycle, and make the country a more competitive investment destination.

Also, with the passage of the Goods and Service Tax (GST) in 2016, the government has brought a number of indirect taxes under one umbrella, simplifying the taxation for service and commodity businesses; industry experts believe that the cost of products and services as well as compliance will be reduced in the long run with the introduction of GST. The GST provisions will also help streamline the process of online compliances and payments, and, thereby, help in regulation of the unorganised sector. Implementation of the GST has brought in supply chain efficiency as well, and helped improve the competitiveness of the India's manufacturing and business sectors.

Other steps taken by the government in the recent past to aid the manufacturing industries are:

- Passage of the Insolvency and Bankruptcy Code for easier exits and better insolvency procedures
- Liberalisation of regulations in agriculture, power, aviation, defence, coal and mining sectors
- Government policies favouring locally produced goods
- Free flow of import and export of goods with simplified custom procedures and upgradation of port infrastructure
- Introduction of digital payments across value chain

- Large investments in infrastructure segments, such as roads, railways and ports, to improve supply chain and reduce logistic costs - India aims to invest $1.4 trillion in infrastructure over 2020 to 2025
- Integrated infrastructure projects, such as dedicated freight corridors, Delhi–Mumbai Industrial Corridor project, and Amritsar Kolkata Industrial Corridor, which will allow the setting up of industrial hub and ease logistic issues

Machine tools industry shifting to computer numerical control

The domestic machine tools industry comprises the entire range of metal-cutting and -forming tools. Metal-cutting, which accounts for nearly 90% of the domestic machine tools output, includes key machines, such as turning centres, machining centres, grinding centres, hobbing machines, and a few special-purpose machines. Based on the degree of customisation, the products comprise conventional and numerically-controlled (NC) machines.

In fiscal 2019, the machine tool industry is estimated to have grown ~15% on-year vis-à-vis ~18% on-year in fiscal 2018, led by a similar growth in imports and domestic production. NC machines, particularly computer numerical control (CNC) machine tools, which have better productivity, precision and accuracy, comprise majority of the machine tools industry; the machine tools industry is reinventing as demand shifts to CNC machines - CNC machine tools' demand rose at a rapid pace in the past two of years. Other NC machine variants are robotics, handling systems, and total production maintenance machines.

In the long run, the rise in the machine tooling industry will continue to grow amid rising production from end-use sectors, such as automobiles, railways, consumer durables, aerospace and infrastructure – the automotive industry accounts for ~45%, the machine tools industry; but the share in other key end-user segments, such as aerospace, defence and railways, is rising. Demand is expected to rise at a healthy rate in volume terms, considering the industry's demand for higher productivity, superior precision and accuracy, as well as low-cost manufacturing solutions, and diversification into other sectors, such as aerospace, defence, space, power, railways and heavy engineering.

Competitive landscape in precision engineering industry

CRISIL Research has compared key players in the precision engineering and components industry across sectors, such as automotive components, defence, aerospace, and space. The data is obtained from publicly available sources, including annual reports and investor presentations of listed players, regulatory filings, rating rationales, and/or company websites. The engineering manufacturing industry is very fragmented, but established players with developed technological expertise create entry barriers for new players, especially in precision engineering sectors such as defence, aerospace nuclear, space, and aviation.

Business overview

Company	Year of establishment	Location	Business description
MTAR Technologies	1999	Hyderabad, Telangana	Nuclear equipment, defence and aerospace equipment, fabrication facilities, Fuel cells manufacturing
Mahindra Defence Systems	2012	Mumbai, Maharashtra	Armoured solutions for military and paramilitary forces, and aircraft mobile surveillance, and modern defence equipment for the army, navy and air force
Alpha Design Technologies	2003	Bengaluru, Karnataka	Defence electronics, avionics and space satellite systems
Vem Technologies	1993	Hyderabad, Telangana	Manufacturing parts and systems for missiles, bombs, UAVs, helicopters, aircrafts, and radar
CIM Tools	1997	Bengaluru, Karnataka	Manufacturing aircraft parts and equipment
Sika Interplant Systems	1985	Bengaluru, Karnataka	Manufacturing engineering products and systems for aerospace and defence - Aircraft landing gear, hydraulic LRUs/assemblies, and actuators
Schaeffler India	1962	Mumbai, Maharashtra	Ball bearings and roller bearings
SKF India	1961	Mumbai, Maharashtra	Manufacturing bearings and its components
Timken India	1966	Bengaluru, Karnataka	Manufacturing bearings, components and accessories

Company	Year of establishment	Location	Business description
Shanti Gears	1972	Coimbatore, Tamil Nadu	Manufacture of gearboxes and geared motors
Godrej & Boyce	1932	Mumbai, Maharashtra	Diversified product profile in consumer appliances, office and home furniture, storage solutions, locks and security equipment, aerospace, construction, process equipment, tooling and precision engineering
L&T	1946	Mumbai, Maharashtra	Engineering and construction (E&C) segment such as infrastructure, Power, hydrocarbons, heavy engineering, defence engineering, electrical and automation, information technology and technology services (ITeS), metallurgical and material handling, and machinery and industrial products.

Note: Comparison across competitor landscape is not directly comparable given difference in products offered and others segments of business. Source: CRISIL Research

Observations

- MTAR Technologies Ltd, Larsen & Turbo (L&T) (defence, aerospace engineering segment), Godrej & Boyce (aerospace and precision engineering segment), Mahindra Defence Systems Limited, Tata group (aerospace and defence segment) and Vem technologies are some of the leading players in the nuclear, space and defence and aerospace equipment manufacturing in India.
- MTAR Technologies ltd is a supplier to companies such as BHEL (Bharat Heavy Electricals Limited), HAL (Hindustan Aeronautics Limited), Advance system laboratory (DRDO) Godrej and Boyce, Liquid Propulsion Systems Centre (ISRO), and Nuclear Power Corporation of India (NPCIL). MTAR is one of the key suppliers to Bloom Energy, which is the largest players in fuel energy space as per 2019 revenues.
- MTAR Technologies Ltd is engaged in manufacture and assembly of critical precision components with close tolerances of 5-10 microns through their competencies in precision machining, assembly, testing, quality control, and specialized fabrication. MTAR Technologies Ltd cater to end-use segments such as clean energy (fuel cell), nuclear, space, and defence and aerospace industries.
- MTAR Technologies Ltd focuses on indigenously manufactured import substitute components such as ball screws, roller screws, and water lubricated bearings. These are specialized components used in space, nuclear, and defence and aerospace sectors.
- MTAR Technologies Ltd other offerings in the segment include fuel machine head (fuel bundles) for nuclear reactors, liner tube and end fittings, sealing plug, shielding plug in nuclear reactor segment, precision components for liquid propulsion engines (Space), actuators for LCA Tejas, critical front and rear shafts for fighter aircrafts, turbine nozzles and discs, landing gear pistons, other critical components for defence and aerospace segment.
- MTAR Technologies Ltd manufactures ball screw of accuracy of JIS standard C1 to C7 that are used across end-use sectors such as machine- tools and numerical control machines (CNC), defence, aerospace, and space programs.
- MTAR Technologies Ltd is also establishing facilities for roller screws, which is used as actuating mechanisms of aircrafts and missiles. MTAR Technologies Ltd will be the first manufacturer of precision engineering roller screws in India for nuclear, defence and space segments. MTAR is also planning to set up a specialized sheet metal fabrication facility, in 2021, for defence, aerospace and fuel cell sectors.
- Another company, CNC ball screws and bearings Ltd established in 1987 manufacturers ball screws in India for industrial applications in variety of machines and machine-tools used across manufacturing industries.
- L&T's engineering offerings in the defence segment include weapon systems, naval platforms and systems, land systems, missiles and aerospace offerings, and defence infrastructure. L&T's range of engineering systems under defence comprises of steering gear, stabiliser, ship lift and transfer system, and helicopter handling suite, shiplift and propulsion systems for aerospace segment. L&T nuclear segment offerings include steam generators, reactor end shields, reactors vessels, spent fuel handling equipment.
- Godrej & Boyce offerings in the defence and space segment include space engines and satellite thrusters, composites for space industry, land based systems such as missiles carriers, land mine, missile launchers, mixer bowls, aerospace offerings such as air frame system for defence, sheet metal brackets and complex fabrication and composites. Godrej & Boyce also have presence in manufacturing of process equipment for petrochemical, chemicals, fertilizer, power, water and oil and gas segments.

Financial performance

Company	Year	Operating income	OPBDIT	PAT	Op margin	Net margin	RoCE	Gearing	Interest coverage	Current ratio
		Rs. Mn			%			Times		
Mahindra Defence	FY20	3,073	420	190	13.7	6.2	16.3	0.0	33.4	2.2
Alpha Design Technologies	FY19	2,325	299	65	12.9	2.8	9.4	0.2	2.5	1.9
Vem Technologies	FY19	1,555	355	86	22.8	5.5	15.1	0.9	2.5	1.1
CIM Tools	FY19	1,516	336	153	22.1	10.1	17.8	1.7	3.9	1.2
MTAR Technologies	FY20	2,138	609	300	28.5	14.0	19.2	0.1	13.1	1.5
Schaeffler India	2019	43,668	6,407	3,676	14.7	8.4	18.8	0.0	154.8	3.6
SKF India	FY20	28,494	3,570	2,890	12.5	10.1	21.7	0.0	48.0	3.4
Timken India	FY20	16,215	3,731	2,461	23.0	15.2	20.3	0.0	140.5	3.7
Godrej & Boyce	FY20	114,078	8,441	2,241	7.4	2.0	4.7	0.4	4.0	1.2
L&T	FY20	1,460,368	236,535	108,942	16.2	7.5	18.1	2.2	2.5	1.2

Note: L&T and Godrej & Boyce are diversified businesses with several other business units. The financials of these companies represent all the business units under the company.

1. *L&T reported a revenue of Rs. 32,050 Mn from heavy engineering segment and Rs. 22,330 Mn from defence segment in FY20. L&T has presence in infrastructure, power, heavy engineering, defence, hydrocarbon, IT and ITeS, financial services, development projects and others including realty, construction and mining machinery, rubber processing machinery and valves businesses.*
2. *Godrej and Boyce reported a revenue of ~37,400 mn from industrial products segments. Industrial products segment includes process plant and equipment, toolings, special purpose machines, precision components/engineering, electricals and electronics, electric motors, storage solutions and material handling equipment.*

Source: CRISIL Research

Revenue and profitability

Company	Year	Operating income	OPBDIT	PAT	Op margin	Net margin	CAGR FY16-FY20 OI	CAGR FY16-FY20 OPBDIT	CAGR FY16-FY20 PAT
		Rs. Mn					%		
Alpha Design%	FY15	**2,289**	223	121	9.7%	5.3%	-3%	0%	-19%
	FY19	**2,325**	299	65	13%	2.8%			
Mahindra Defence	FY16	385	(43)	-24.8	-11%	-6.5%	68%	N.A	N.A
	FY20	3,073	420	190	13.7 %	6.2%			
MTAR Technologies	FY16	815	123	2.0	15%	0%	27%	49%	258%
	FY20	2,138	609	300	28.5%	14.0%			
Sika Interplant Systems%	FY15	412	32	19	8%	5%	11%	28%	39%
	FY19	628	88	72	14%	11%			
VEM technologies%	FY15	1.823	338	235	19%	9%	-4%	1%	-12%
	FY19	1,555	355	139	22.8%	5.5%			
Schaeffler India	2016	17,946	3,026	1,951	17%	11%	25%	21%	17%
	2019	43,668	6,407	3,676	14.7 %	8.4%			
SKF India	FY16	30,025	3,783	2,472	13%	8%	-1%	-1%	4%
	FY20	28,494	3,570	2,890	12.5 %	10.1 %			
Timken India	FY16	10,468	1,518	918	15%	9%	12%	25%	28%
	FY20	16,215	3,731	2,461	23.0 %	15.2 %			

% - financials are for fiscal 2019 due to non-availability of data for fiscal 2020 N.A: Not applicable / not meaningful.
Source: CRISIL Research

Observations

- Auto component players, such as Schaeffler India, SKF India and Timken India, have higher revenue as compared with players present in aerospace and defence sectors, given the nature of industry
- Mahindra Defence revenue grew at a faster clip of 68% between fiscal 2016 and 2020 albeit lower base, followed by MTAR technologies that saw a rise of 27% CAGR during the same period

- MTAR Technologies has higher OPBIT margin as compared with peers – has OPBDIT margin of 28.5% in fiscal 2020
- Timken India has higher net margin of 15.2% in fiscal 2020, followed by MTAR Technologies, with net margin of 14.0%
- MTAR Technologies' OPBDIT rose at 49% CAGR over fiscals 2016 to 2020, highest among the peers mentioned above.
- SKF India, Timken India and MTAR Technologies have superior ROCE, 21.7, 20.3 and 19.2 respectively, in fiscal 2020 among peers listed above.

NUCLEAR EQUIPMENT INDUSTRY

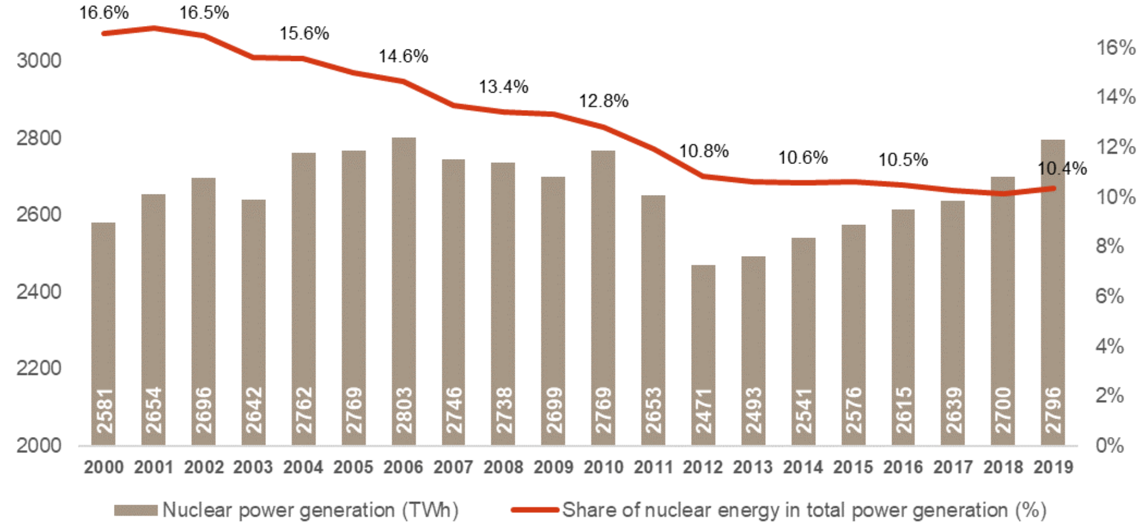
Global Nuclear equipment industry

Electricity generated from nuclear energy in the past two decades (2000-2019)

Currently, nuclear power plants account for 10% of the world's total generated power. This is supplied by about 440 reactors across the globe. Around 50 more nuclear reactors are also under construction, which equals to 15% of the world's current capacity.

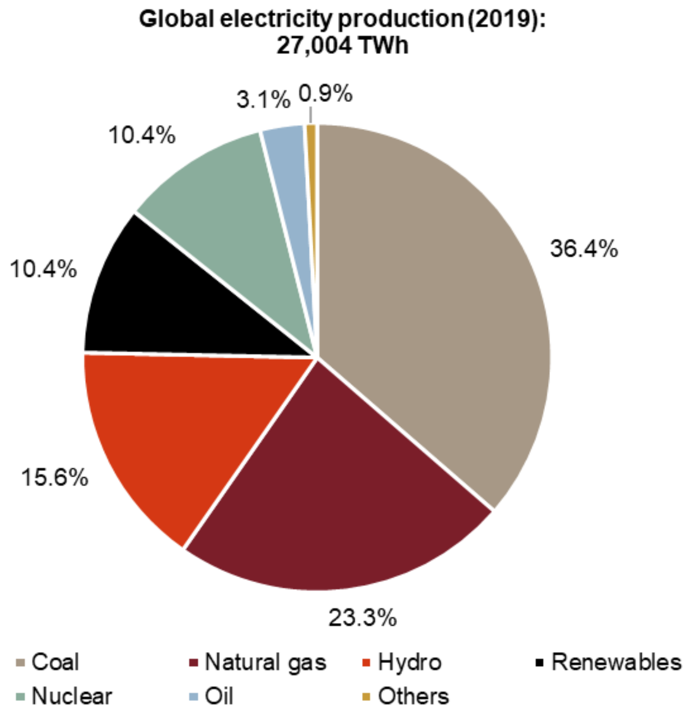
In the past two decades, the share of nuclear power has been dwindling, largely on account of rising capital cost, safety concerns (post the Fukushima disaster in Japan in 2011), long construction cycle and greater focus on low-cost renewable sources. However, some developing countries such as India, China, the UAE, etc., have continued to focus on their nuclear power programmes. Thus, their share in the overall nuclear power pie has been on the rise.

Nuclear energy generation trend (2000-2019)



Source: BP Statistical Review, CRISIL Research
Note: TWh – Terawatt-hour

Global electricity generation (2019) by source



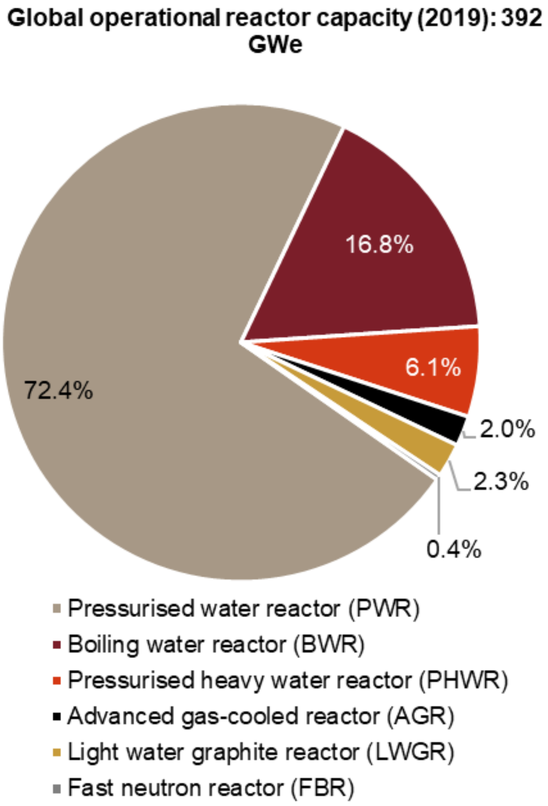
Source: BP Statistical Review, CRISIL Research
Note: TWh – Terawatt-hour

Global market segmentation by type of reactor (2019)

The most widely-used reactor is the pressurised water reactor (PWR), which accounts for nearly three-fourths of the overall operational reactor capacity. These reactors are preferred because of better controllability and superior environmental benefits compared with their peers. The second most widely-used reactor is the boiling water reactor, which has major presence in the US, Japan and Sweden. These two are termed as light water reactors.

The pressurised heavy water reactors (PHWR) are mainly preferred in India and Canada. The PHWR currently used in India are based on Canadian technology and have been improved upon indigenously. The currently operational advanced gas cooled reactors are second-generation British reactors.

The light water graphite reactor (LWGR) is designed on the basis of the Soviet RBMK reactors. These are only operational in Russia as they have a positive feedback problem and hence were never constructed outside of the Soviet Union. The fast neutron reactors produce electricity from plutonium, which is the by-product of uranium fission.



Source: World Nuclear Association, CRISIL Research
Note: GWe – Gigawatt electric

Overview of operational reactor types

Reactor type	Main countries	Fuel	Coolant	Moderator
Pressurized Water Reactor (PWR)	USA, France, Japan, Russia, China, South Korea	Enriched UO_2	Water	Water
Boiling Water Reactor (BWR)	USA, Japan, Sweden	Enriched UO_2	Water	Water
Pressurized Heavy Water Reactor (PHWR)	Canada, India	Enriched UO_2	Heavy Water	Heavy Water
Advanced Gas-Cooled Reactor (AGR)	UK	Natural U (Metal), Enriched UO_2	Carbon Dioxide	Graphite
Light Water Graphite Reactor (LWGR)	Russia	Enriched UO_2	Water	Graphite
Fast Neutron Reactor (FBR)	Russia	PuO_2 & Enriched UO_2	Liquid Sodium	None

Source: World Nuclear Association, CRISIL Research

Country-wise nuclear energy capacity (2019) by reactor type and number of reactors

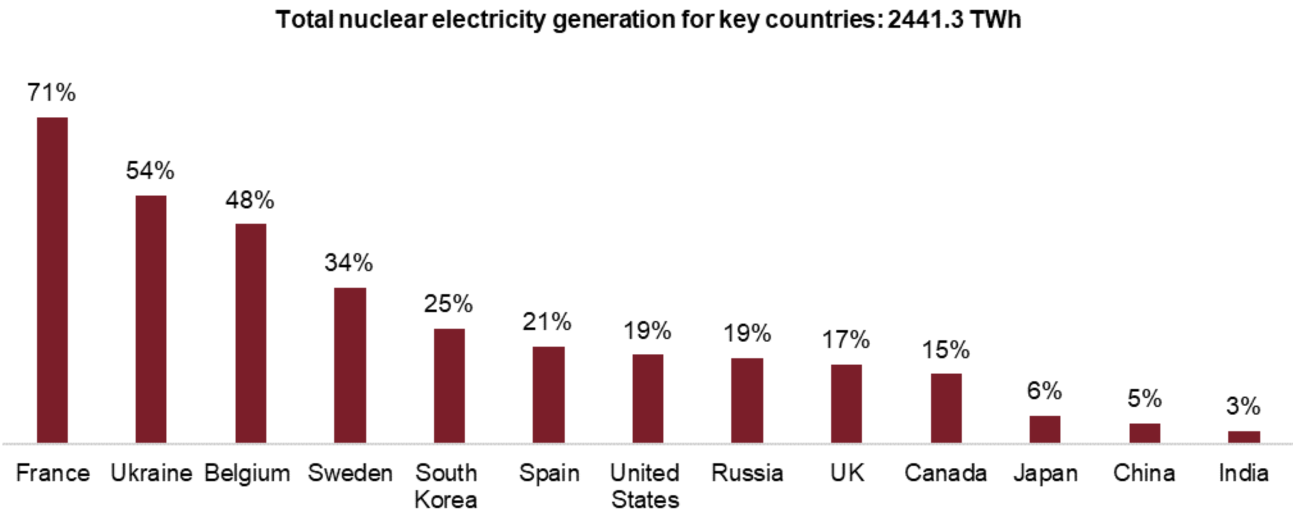
Country	No. of reactors (#)	Nuclear power capacity (GWe)	Capacity share by reactor type (%)					
			BWR	PWR	GCR	LWGR	PHWR	FBR
Belgium	7	5.9	-	100.0%	-	-	-	-
Canada	19	13.6	-		-	-	100.0%	-

Country	No. of reactors (#)	Nuclear power capacity (GWe)	Capacity share by reactor type (%)					
			BWR	PWR	GCR	LWGR	PHWR	FBR
China	48	46.5	-	97.0%	-	-	2.9%	-
France	56	61.4	-	100.0%	-	-	-	-
India	22	6.3	4.8%	29.8%	-	-	65.4%	-
Japan	33	31.7	55.4%	44.6%	-	-	-	-
Russia	38	28.5	-	62.5%	-	32.6%	-	4.9%
South Korea	24	23.2	-	92.0%	-	-	8.0%	-
Spain	7	7.1	14.9%	85.1%	-	-	-	-
Sweden	7	7.7	71.8%	28.2%	-	-	-	-
Ukraine	15	13.1	-	100.0%	-	-	-	-
United Kingdom	15	8.9	-	13.4%	86.6%	-	-	-
United States	95	97.2	33.9%	66.1%	-	-	-	-

Source: IAEA, BP Statistical Review, World Nuclear Association, CRISIL Research
Note: GWe – Gigawatt electric

The above countries together account for ~87% of the total nuclear electricity generated across the globe. France, Ukraine, Belgium and Sweden are at the forefront of capitalising on power generation through nuclear technology. Developing countries, especially India are at a very nascent stage of nuclear power generation. Nuclear power in India accounts for only 3% share in overall power generation.

Share (%) of nuclear electricity in total power generation (2019) for key countries



Source: IAEA, BP Statistical Review, World Nuclear Association, CRISIL Research
Note: TWh – Terawatt-hour

Planned expansion and construction of nuclear power plants

As of mid-2020, about 50 nuclear reactors are under construction across the world. The countries that are expanding their nuclear capacity are based in Asia largely. These include China, India, Russia and the United Arab Emirates.

More than 100 nuclear reactors are on order or planned, whose total gross capacity is 110 GWe. Most of these projects are based in Asia, largely on account of rising electricity needs, especially for countries with a vast population. Apart from constructing new reactors, many countries such as the US, Switzerland, Sweden, Spain and Finland are looking to ramp up the nuclear capacity of their existing power plants.

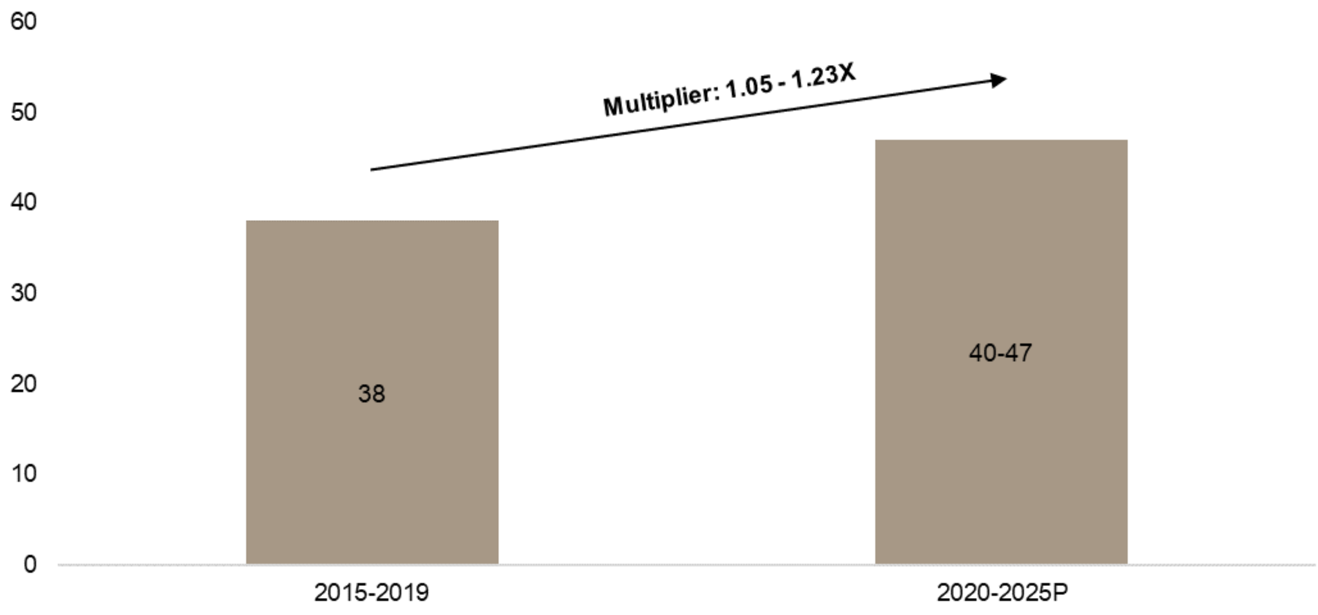
Many countries are working towards refurbishing their nuclear plants' lifespan. Most of the plants were designed to operate for 25-40 years, but subsequent modifications and upgrades have helped to extend their operating life. In the US, towards the end of 2016, 85 reactors were granted lifetime extensions by the Nuclear Regulatory Commission. Their lifespans have increased from ~40 years to ~60 years.

That said, while developing nations are pursuing expansion of installed power capacity through nuclear technology, advanced economies are aligning their energy policy towards reduction of nuclear capacity and increasing preference for renewable sources of power. It is estimated that by 2040, 154 reactors would be closed due to end of their lifespan. Advanced economies are distancing themselves from nuclear power, largely on account of economic considerations (declining cost of renewable power generation), regulatory constraints (higher safety requisites, rising cost of compliance) and political scenario (negative public sentiment). For instance, France aims to drop its existing nuclear generation share from 70% to 50% by 2035.

Projected increase in installed capacity (2020-2025)

The growth in nuclear capacity is expected to be fuelled by the Asia-Pacific nations. The installed capacity base is forecast to increase by ~5% - ~23% compared with the previous five years. The advanced economies are expected to gradually reduce their dependence on nuclear power. Countries such as China, the UAE, South Korea and India together represent more than ~45% - ~50% of future expected capacity additions. PWR technology shall continue to be preferred for majority of the planned expansions.

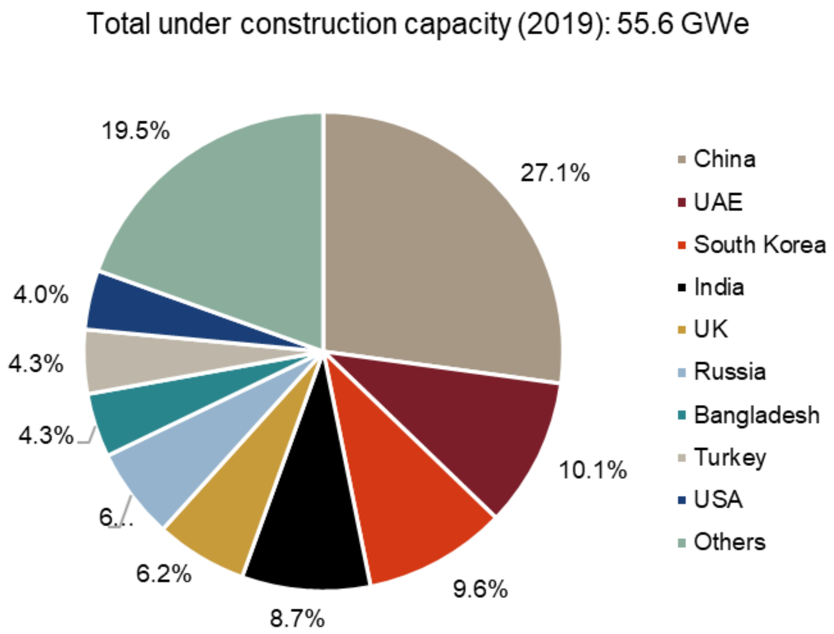
Projected increase in global nuclear capacity additions in GWe (2020-2025)*



P: Projection
Source: IAEA, World Nuclear Association, WNISR, OECD-NEA, CRISIL Research
Note: GWe – Gigawatt electric
**Only under-construction nuclear reactors have been considered*

Regional segmentation for planned expansion

Share (%) of under-construction nuclear capacity by country in global pie (as of 2019)



Source: IAEA, World Nuclear Association, WNISR, CRISIL Research
Note: GWe – Gigawatt electric

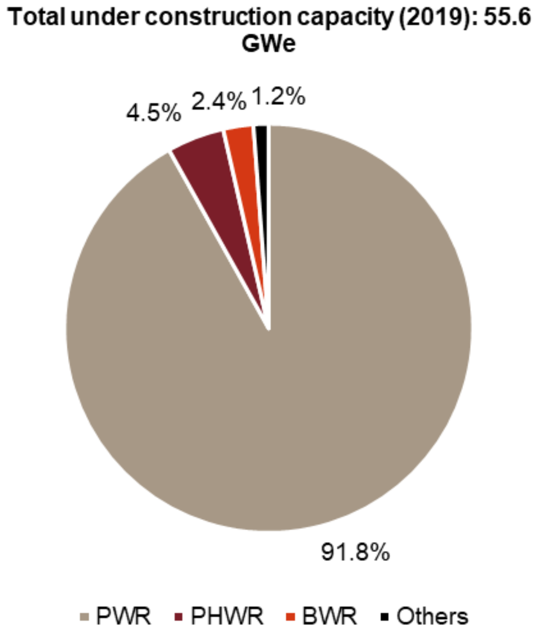
China	• The growth of China's nuclear sector has slowed in the recent past. Over the past 3 three years, the number of under- construction projects are is declining • The slowdown in China's nuclear power programme is largely on account of expensive technology, overcapacity in power market, and dwindling public sentiment after the Fukushima incident. • Currently, the cost of solar power and wind power are approximately 20% cheaper than nuclear power in China and are likely to decline further • Regardless of the slowdown, China will continue to hold the top spot in nuclear capacity additions. Nuclear energy is also expected to play a major role in China's ambition to attain carbon neutrality by 2060. Price differentials are the drivers for of preference of for other technologies
India	• India currently has 22 operational nuclear plants and additional 7 are under construction. These expansion plans are progressing at a slow pace • The safety costs for nuclear plants have risen for nuclear plants post the 2011 Fukushima disaster • Price differentials are forcing the government to prefer renewable energy, whose share in total power generation capacity is expected to rise to ~35% to ~40% by 2025,whereas the nuclear capacity will remain largely range-bound at 2% • Despite challenges, India continues to be one of the few nations aggressively pursuing the expansion of nuclear power
South Korea	• The government of South Korea is planning to implement a regulation which that will halt the expansion of the nuclear power sector in the country. This bill is targeted towards ensuring that only 10% of the total power generation generated comes from a nuclear source by 2034 as against 25% in 2019 • The country aims to reduce dependence on nuclear and fossil fuels from the 46.3% in 2020 to 25% by 2034, while expanding the renewables sector from 15% to 40% at the same time. • As per their draft energy plan, the number of units would peak at 26 in 2024. By 2034, there would be 17 reactors still operating with a total of 19.4 GWe installed capacity and generating 10% of South Korea's electricity
Russia	• Russia had announced addition of 11 nuclear reactors by 2030 in August 2016 • Their objective was to have a 25-30% nuclear share in electricity production by 2030, 45-50% by 2050 and 70-80% by 2100 • Russia is a major exporter of nuclear reactors and other related equipment. Rosatom, one of the key manufacturers, has ~36 projects under construction. However, rising competition in the exports market from China is expected to reduce their dominance

UAE	• The UAE inaugurated its first nuclear power plant in August 2020. It has sub-contracted South Korea's Korean Electric Power Corp (KEPCO) to build their nuclear reactors. The development of four APR-1400 reactors with a total capacity of 5.6 GWe at the Barakah site in Abu Dhabi is under construction • The expansion of nuclear energy is facing stiff competition from solar energy in the UAE on the cost front • However, given the rising demand for electricity in the UAE, there is a possibility that additional nuclear power capacity will come up. The UAE Energy Plan (January 2017) involves investment of $163 billion by 2050 to achieve half of its energy being from nuclear power and renewables sources

Nuclear capacity expansion based on reactor type

Majority of under-construction nuclear reactors are employing the PWR technology. However, these are the advanced third generation reactors with enhanced safety. Other under-construction reactors include fast breeder reactors (FBR), high temperature gas reactors (HTGR) and small modular reactors (SMR).

Share (%) of global under-construction nuclear capacity by reactor type, as of 2019



Source: IAEA, World Nuclear Association, WNISR, CRISIL Research
Note: GWe – Gigawatt electric

Growth drivers and trends in nuclear energy and nuclear equipment industry

The global expansion of civil nuclear capacity was largely driven by the need for reducing carbon footprint and increasing electricity demand. Further, the demand for fresh water is also increasing and the corresponding requirement for power-intensive desalination facilities (which can be met through nuclear power) is also rising, providing an impetus to employ nuclear energy for industrial water production.

The 2011 Fukushima disaster led to suspension of nuclear power plant construction in several advanced countries on account of safety concerns. Nuclear power technology is prone to construction and operational risks which can potentially result in safety and security concerns. The process has thus been modified to incorporate more safety norms which shall increase the capital cost for the plant.

The increase in cost has made nuclear electricity expensive, deterring many government authorities, especially in advanced economies, from nuclear expansion. Simultaneously, the cost of wind and solar power projects has been declining as the technology to harness these sources has enhanced significantly. The government's support in the form of subsidies has also pushed adoption of these technologies.

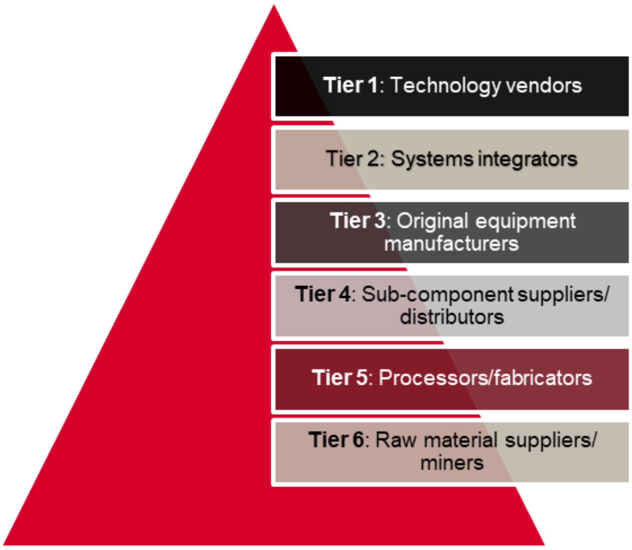
In some countries, financial stress has also led to the premature retirement of plants, especially in the US, where falling electricity prices and low prices of fossil fuel are working against nuclear power.

By contrast, some advanced economies are halting their plans to expand nuclear power capacity. On the other hand, several developing nations (especially in Asia) continue to pursue nuclear expansion at a gradual pace to meet their rising electricity demand through technology, which is considered carbon-neutral. While these developing Asian countries are adding nuclear capacity, several advanced nations are modifying their existing plants to extend their lifespan though plant technology upgrades, part replacement / refurbishment and enhanced safety assessments. Owing to the above, the nuclear power capacity is expected to increase by 1.05 -1.23 times in 2020-2025 compared with 2015-2020.

Overview of global supply chain of nuclear equipment industry

At the start of civil nuclear program in several countries, the first and the second generation reactors were largely made by integrated suppliers. Westinghouse (USA) was one such supplier. But over many years, the supply chain is being diversified. In the current scenario, the supply chain involves greater international cooperation. Moreover, countries with key expansion plans are demanding that technology suppliers sourced components locally which provides an impetus to the domestic industry.

Global nuclear equipment supply chain hierarchy



Source: World Nuclear Association, CRISIL Research

The global nuclear supply chain has six levels. The first tier is technology vendors who provide reactors and nuclear steam supply systems. Some of the key global technology vendors are Westinghouse, Toshiba, Mitsubishi Heavy Industries, Korea Electric Power Corporation, Rosatom etc. The second tier is systems integrators. They provide reactor pressure vessels. It involves heavy forging and fabrication. The third is original equipment manufacturers (OEMs). Their contribution is in the rod cluster control assembly involving tube bundles. The fourth tier is suppliers of heat transfer tubes for control rods. Finally, at the bottom of the hierarchy are suppliers of complex alloys and ores.

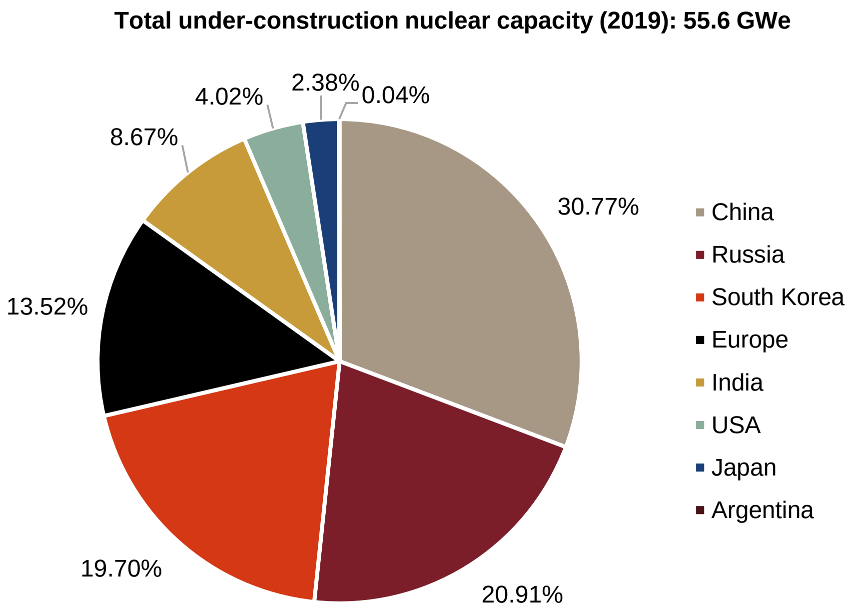
Apart from this, equipment supply chain is another value chain which handles the supply of nuclear fuel. Mined uranium cannot be directly used in reactors. This supply chain involves uranium mining, conversion, enrichment, de-conversion, fuel fabrication and finally disposal. Some of the fuel is also reprocessed and fed back into the fuel cycle. At the end of the plant lifetime, the reactor is decommissioned and this is a whole different value chain which ends with waste disposal.

The World Nuclear Association estimates that 20-25% of the cost of building a new power plant would be global sourcing/ procurement and the balance would be local / domestic sourcing. This is true especially in the key nations that are gradually increasing nuclear generation in the power mix. The association also estimates that the market for long-term operations of existing reactors would be valued at $50-100 billion per year and decommissioning of reactors by dismantling could be worth $150 billion by 2020.

It is crucial to manage quality and capability in order to acquire a secure position in the international supply chain.

Over the years, suppliers from the US lost their leadership position to those from China, Russia, South Korea and India. These countries are constantly adding capacity to their heavy manufacturing industry

Share (%) of various supplier countries in under-construction reactor capacity, as of 2019



Source: IAEA, World Nuclear Association, WNISR, CRISIL Research
Note: GWe – Gigawatt electric

Indian nuclear equipment industry

Currently, India has 22 operational reactors and an additional seven are under construction. Even though, the country's civil nuclear programme started decades ago, its growth has been lacklustre compared with other nations. This was largely on account of exclusion from the international trade of nuclear industry owing to its nuclear weapons programme. Another impediment was the lack of availability of uranium. India has been striving to develop indigenous technology to make use of its large thorium reserves.

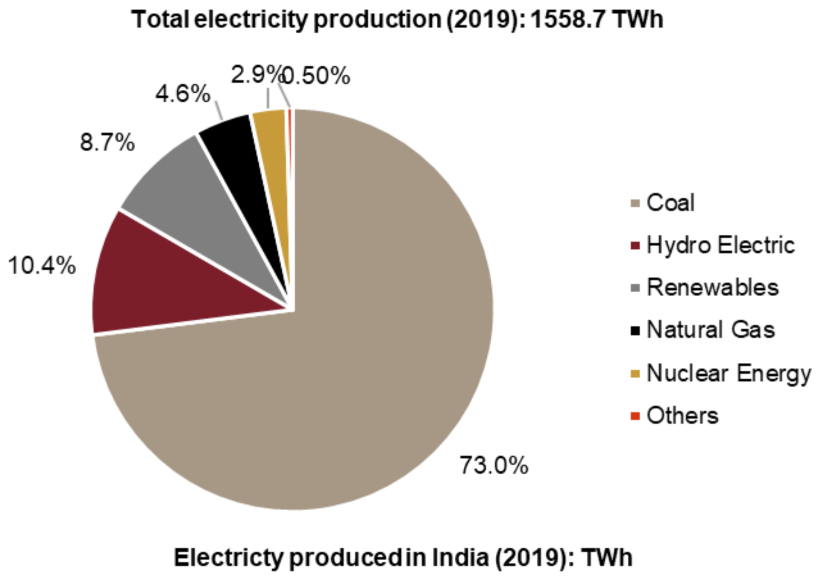
Overview of nuclear energy generation and planned expansion

India's operational nuclear capacity is 6.255 GWe. Currently the share of nuclear power in India's total generation is 2.9%. This is significantly less compared with more advanced nations such as France, the US and China where the share of nuclear energy is 70.6%, 19.4% and 4.6%, respectively. After the 2009 nuclear deal, India's standing as a non-proliferating country has improved. India's reactors have come under the International Atomic Energy Agency's (IAEA) safety protocols and subsequently India's trade in nuclear-related items has increased. The country's nuclear energy production logged 6.94% CAGR over 2010-2019, while electricity generation itself registered 5.22% CAGR.

With international cooperation, nuclear energy outlook has improved and the Indian government is working towards its investments to achieve its nuclear power generation target. Traditionally, India has been meeting its energy requirements by importing fossil fuels. Reducing the dependence on these imports is one of the major driving forces behind investment in nuclear power. The target now is to bring net nuclear power capacity to 26.2

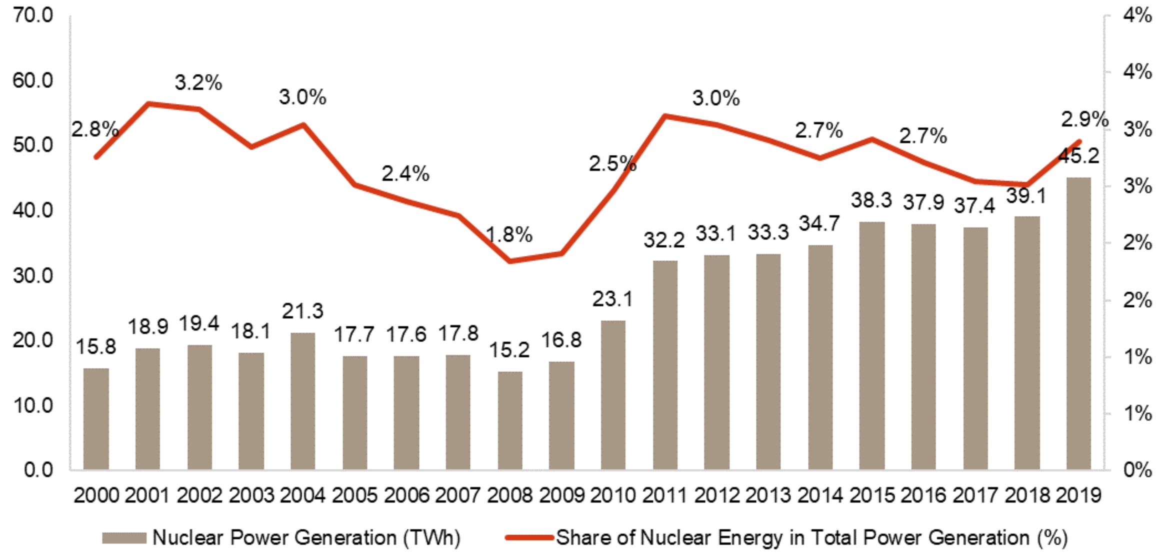
GWe by 2031.

India's electricity production by source, as of 2019



Source: BP Statistical Review, CRISIL Research
Note: TWh – Terawatt-hour

India's nuclear energy generation over 2000-2019



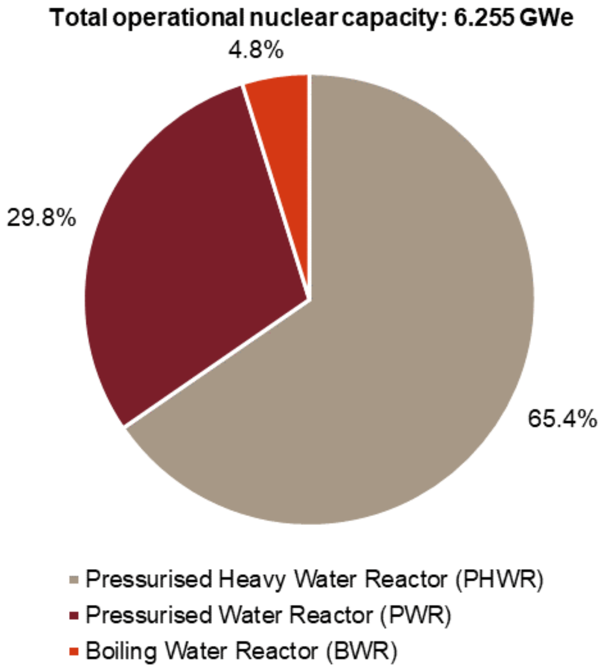
Source: BP Statistical Review, CRISIL Research
Note: TWh – Terawatt-hour

Market segmentation based on type of reactor in operation and under-construction, 2019

The focus of India's nuclear programme has been promotion of indigenisation. PHWRs used earlier in the country were developed with support from Canada and could work with unenriched natural uranium as India was banned from accessing enriched uranium due to its nuclear weapons programme. Hence, the country developed indigenous expertise in the PHWR technology. The 2009 nuclear agreement signed with international community permitted India to produce nuclear energy from imported fuel under the guidelines of IAEA. Since then, the country has been expanding its nuclear fuel complex. The upcoming nuclear power projects are largely using PHWRs as local suppliers have developed expertise in this technology and the government is also keen on protecting the domestic industry.

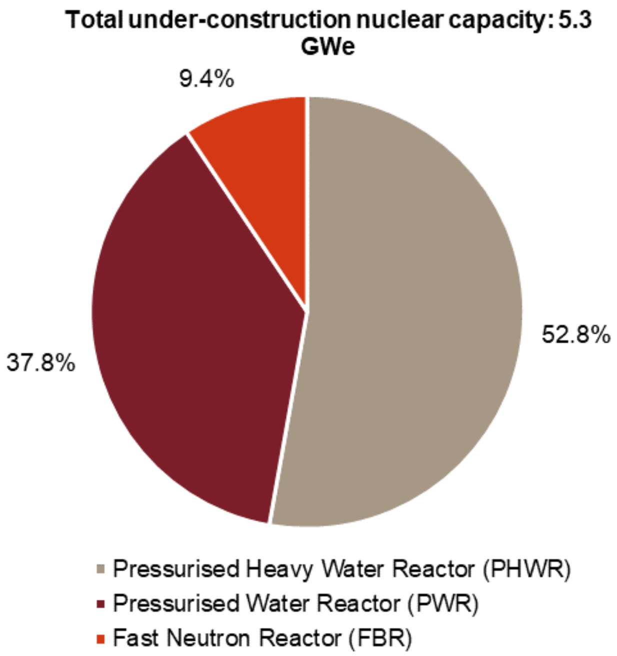
There are a number of other types of reactors too with foreign technology vendors providing the reactor technology. VVER by Russia and EPR by France are examples. But these are fundamentally PWRs. Indigenously developed fast neutron reactors are gradually gaining traction as well.

Share (%) of various reactors in India's operational nuclear capacity as of 2019



Source: World Nuclear Association, CRISIL Research
Note: GWe – Gigawatt electric

Share (%) of various reactors in India's under-construction nuclear capacity, as of 2019



Source: World Nuclear Association, CRISIL Research
Note: GWe – Gigawatt electric

Market size of nuclear equipment industry: Review and outlook

The nuclear equipment industry is divided into three parts:

a. **Maintenance market**: It includes regular maintenance and site orders on an annual basis

b. **Refurbishment market**: It includes change of parts and assemblies that are due for replacement post completion of sub-product lifecycles

c. **New-build market**: It involves contracts regarding new and under-construction of power plants

India doesn't allow private participation in the nuclear power programme. Hence, state-run Nuclear Power Corporation of India (NPCIL) controls all the operational, under construction and planned reactors in the country. It rolls out maintenance contracts annually while refurbishment contracts are given away every two years for reactors that have remained operational for 17-18 years.

India has commissioned only one reactor during 2015-2019. However, during the same period, there were nearly seven reactors under construction which are expected to become operational over medium to long term. These reactors together have a capacity of 5.3 GWe. CRISIL research estimates that over the forecast period (2020-2025), ~3 to ~4 GWe nuclear capacity would become operational out of the currently 5.3 GWe under-construction capacity.

The government is planning to initiate work on fleet of nuclear reactors in the near term in a bid to enhance its nuclear power generation capacity. There are nearly 14 new reactors planned with a total capacity of 10.5 GWe. Tenders for these are expected to be released in the near term in phases.

Under-construction reactors

Under-construction reactors	Construction Start	State	Type	Gross capacity (GWe)
Kakrapar - 3 & 4	2010	Gujarat	PHWR	0.7x2
Kudankulam - 3 & 4	2017	Tamil Nadu	PWR	1.0x2
PFBR	2004	Tamil Nadu	FBR	0.5
Rajasthan - 7 & 8	2011	Rajasthan	PHWR	0.7x2
		Total	7 units	5.3

Source: NPCIL, World Nuclear Association, CRISIL Research
Note: GWe – Gigawatt electric

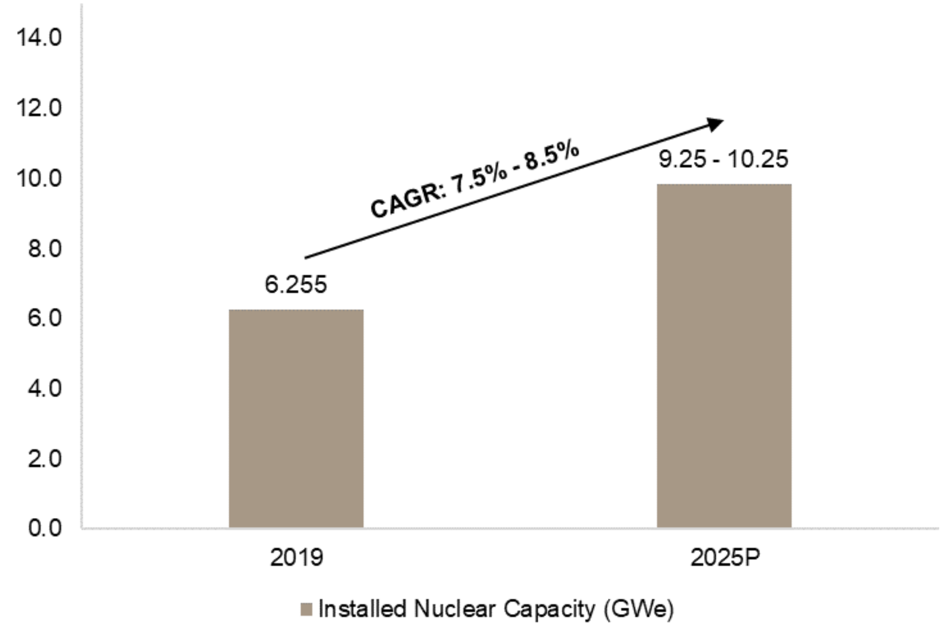
Planned reactors

Reactor	State	Type	Gross capacity (GWe)
Gorakhpur - 1, 2, 3 & 4	Haryana	PHWR	0.7x4
Chutka - 1 & 2	Madhya Pradesh	PHWR	0.7x2
Mahi Banswara - 1, 2, 3 & 4	Rajasthan	PHWR	0.7x4
Kaiga - 5 & 6	Karnataka	PHWR	0.7x2
Kudankulam - 5 & 6	Tamil Nadu	PWR	1.05x2
	Total	14 units	10.5

Source: NPCIL, World Nuclear Association, CRISIL Research
Note: GWe – Gigawatt electric

India's installed nuclear capacity as of 2019 is 6.255 GWe and it is expected to rise to approximately ~9.255 to ~10.255 GWe by 2025. Over the forecast period, the country's nuclear power capacity is estimated to register a CAGR of 7.5 – 8.5%.

Increase in India's nuclear capacity, for 2019-2025P

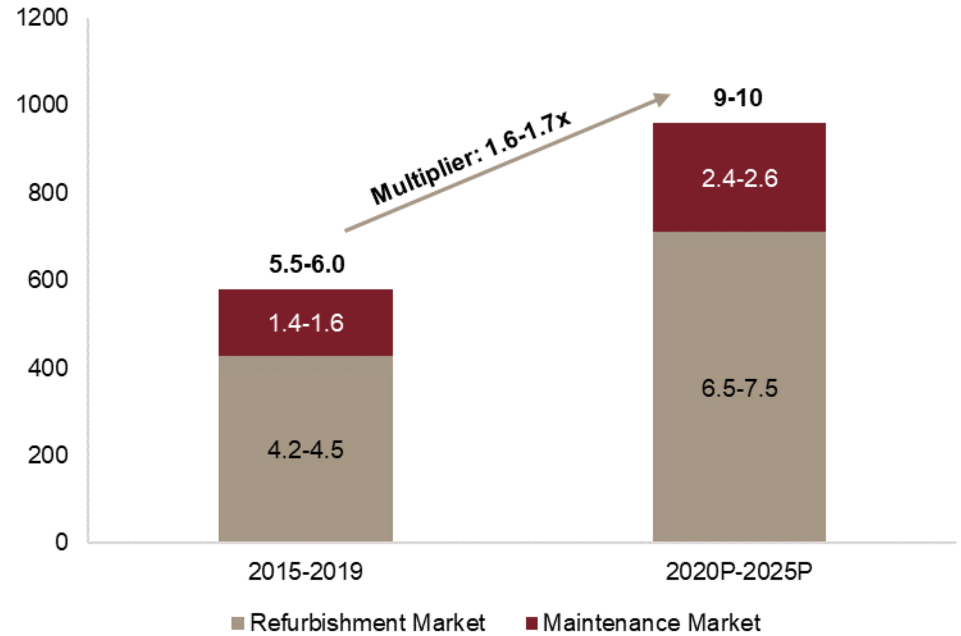


Source: CRISIL Research
Note: GWe – Gigawatt electric

The combined Maintenance and Refurbishment market during the period 2015-2019 was Rs 5.5-6 billion and is estimated to reach Rs 9-10 billion in the period 2020-2025.

Over the next five years, the maintenance and refurbishment market is expected to expand 1.6-1.7 times on account of more reactors completing 18 years of lifespan. As of 2019, nuclear power plants with 2.6 GWe capacity were in the refurbishment stage. This is expected to rise to ~3.5 - ~4.0 GWe by 2025.

India nuclear power plant Refurbishment & Maintenance market (Rs billion), for review and forecast period



P: Projected

Source: CRISIL Research

The new-build market consists of contracts for new and under construction nuclear reactors. During the review period, only one reactor was commissioned entailing a total investment of Rs 110-120 billion. Of the overall expenditure, Rs 22-28 billion was equipment cost.

The seven reactors which are under construction are expected to be commissioned over this decade. Since the start of these projects, it is estimated that these seven reactors together have entailed a total investment of Rs 680-720 billion. The equipment market share of this has been Rs 130-170 billion.

The nuclear equipment industry in India is set to grow rapidly with the government sharpening its focus on the sector. NPCIL is expected to roll out tenders for 14 reactors (planned expansion market) in the near to medium term in a phased manner. The total investment for building these reactors would be Rs 1,760-1,800 billion. Of this, Rs 350-435 billion would be equipment market. However, NPCIL's orders to its suppliers depend on the continued availability of budgets extended to the Department of atomic energy, under which it operates.

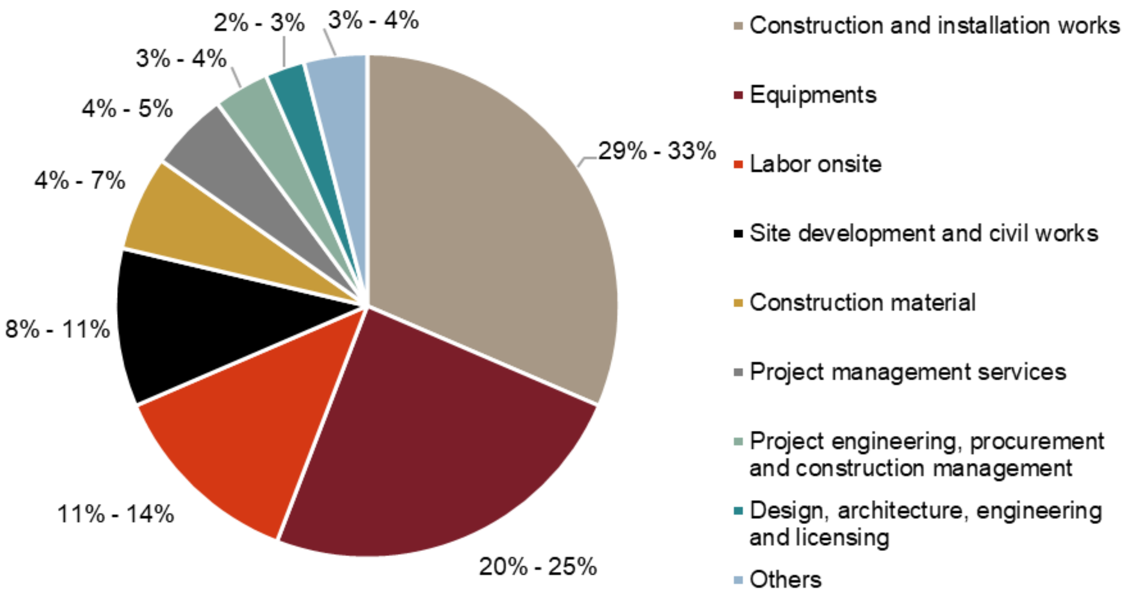
New-build market

New-build market (Rs billion)	Overall capital cost	Equipment cost
Operational reactors*	110-120	22-28
Under-construction reactors**	680-720	130-170
Planned expansion (medium to long term)	1,760-1,800	350-435

Source: NPCIL, CRISIL Research
Note: Projects associated with the overall new-build market are rolled out in a phased manner
*** There potentially could be an overlay of projects in the forecast period*
**In the review period only one reactor became operational in India*

Capital cost segmentation based on a 700 MWe of nuclear power plant

Break-up (%) of reactor capital cost



Source: World Nuclear Association

Majority cost incurred while building a nuclear power plant comprises of construction cost, equipment and labour which together comprise nearly two-third of the total expenditure

Key industry growth drivers and trends

One of the major growth drivers for India's nuclear programme is the consistently increasing demand for electricity. CRISIL Research expects the demand to clock a CAGR of 3-4% over 2020-2025, with Covid-19 weighing heavily on the power sector in 2020. Power consumption is likely to improve once the pandemic subsides and economy revives gradually.

With lockdown relaxations in second half of 2020, power demand is gradually starting to pick up to near pre-COVID levels. With factories slowly restarting, industrial demand is expected to slowly revive, even as issues such as supply chain disruption, labour shortage, and additional burden of safety measures are slowly ironed out. Power demand from commercial segment is likely to be on the lower end due to cautious reopening of offices, and gradual opening of retail, entertainment, travel, and hospitality sectors.

In the long term, power demand is expected to be supported by economic growth recovery, expansion in reach via strengthening of transmission and distribution (T&D) infrastructure, and improved power quality, thereby registering a 3-4% CAGR over the next 5 years.

The current capacity of the fossil fuel driven power plants is prone to supply chain interruption largely as India is a net importer of coal. Additionally, the conventional power generation technologies are highly polluting in nature. With rising carbon neutrality goals and targets, India is focussing on clean power generation through renewables and nuclear technology. Even with regards to nuclear fuel, the cost of uranium out of the total nuclear electricity production cost is miniscule.

To benefit from large thorium reserves, India has been developing indigenous reactor technology to reduce its dependence on imported uranium. India wishes to become largely self-reliant in terms of nuclear fuel requirements. Even in the case of uranium, India has been aggressive with its plans and possible construction of Nuclear Fuel Complex across the country. These facilities would help lower the cost of nuclear fuel as India would enrich it domestically.

The 2009 nuclear deal and the subsequent adoption of IAEA safety norms boosted the outlook for India's nuclear industry and made authorities confident of aggressively expanding nuclear energy capacities. India plans to nearly double its nuclear capacity from 6.255 GWe to 11.5 GWe with the currently under-construction reactors and has projects planned to further augment India's nuclear capacity by another 10.5 GWe in the medium to long term. The government of India has sanctioned 10 fleet reactors and in the near term, NPCIL is expected to float tenders for these 10 fleet reactors with a combined generation capacity of 7000 MWe.

The Parliamentary Standing Committee on Science & Technology, Environment, Forests and Climate Change made recommendations to DAE in its 2020 report that even though the Indo-US nuclear agreement of 2005 helped India gain access to natural uranium, it did not result in new nuclear projects with foreign help. Also, negotiations with French and American companies have been going on for a decade. In light of these facts, the report recommended DAE to pursue aggressive nuclear expansion based on standardised 700 MWe PHWRs designs.

To strengthen the domestic nuclear supply chain in line with the government's 'Atmanirbhar Bharat' initiative, the government has devised a policy to construct a fleet of reactors with a single timeframe. This is expected to increase opportunities for domestic suppliers such as L&T, Godrej, MTAR etc. With rising contract volume, new entrants would plan to make in-roads into the industry. But entry barriers are very high especially in technology, reliability, and manufacturing capability.

The disadvantages of nuclear power are the higher cost of energy compared with solar or wind and the health and safety concerns. Several nuclear projects have faced backlash/ protests from local communities resulting in construction delay (examples are Maharashtra, Tamil Nadu).

Overview of government policies and regulations for nuclear sector

Three major bodies oversee the domestic nuclear power sector: Atomic Energy Commission (AEC), Department of Atomic Energy (DAE) and the Atomic Energy Regulatory Board (AERB). India's nuclear programme was launched soon after its independence and subsequently the AEC was formed as a policy body in 1948 with regards to the Atomic Energy Act. The 1962 Act prohibits private ownership of nuclear power generation, but the 2016 amendments to this act led to relaxation of some norms to aid the expansion of the sector, allowing only public sector joint ventures. This act also prohibits foreign investment in nuclear power, but permits investments in supply chain. Following the amendment, NTPC, NALCO, ONGC and IOC announced joint ventures with NPCIL.

DAE, which is responsible for research, technology growth and commercial operations of the plants, was formed in 1954. It includes NPCIL, Uranium Corporation of India Ltd (UCIL, mining and processing), Atomic Minerals Directorate for Exploration and Research (AMD, exploration), Electronics Corporation of India Ltd (reactor control and instrumentation), BHAVINI (for setting up fast reactors), Heavy Water Board (for production of heavy water), and Nuclear Fuel Complex (NFC) for fuel and component manufacture.

AERB was set up in 1983 under the authority of AEC and independent of DAE. Its responsibilities include regulation and licensing of all nuclear facilities and their safety. It holds power obtained by the Atomic Energy Act for radiation safety and by the Factories Act for industrial safety in nuclear plants. Following expert opinions and international norms of IAEA, the Indian government proposed a bill in 2011 that an autonomous body named Nuclear Safety Regulatory Authority (NSRA) would replace AERB. The bill is yet to be passed by the government.

The 2010, Civil Liability for Nuclear Damage Act also has considerable check on the operation of nuclear power plants in India. It assigns no-fault liability in the event of an accident on operators and gives them a right of legal recourse against certain persons (suppliers). It limits the liability of the operator to Rs 5 billion.

Since the beginning of India's nuclear programme, the nuclear power plants have been void of the IAEA safeguard standards as the country was excluded from the Non-Proliferation Treaty and the Nuclear Suppliers Group because of its nuclear weapons programme. In 2009, after the relaxation of sanctions, India's safeguard agreement with IAEA become functional. As a result, India's 14 nuclear power plants came under the purview of this agreement in 2014 and the rest were ratified under these new norms by the end of that year. This agreement is similar to the one IAEA has with non-nuclear countries, but the clauses are more restrictive in the case of India. The additional protocol that came into effect in mid-2014 gave IAEA improved access to India's civil nuclear facilities.

The Indian government has long maintained the view that to enhance the nuclear sector (even though for decades the country was isolated from global nuclear trade), it needs to pursue an indigenous route to improve its nuclear facilities with the development of reactors, fuel-enriching technology, exploration of technology to exploit its thorium reserves, and mining of uranium and thorium. Even though the nuclear sector is not price competitive to coal and renewables, the government aims to quadruple India’s nuclear capacity by 2031.

Overview of Indian supply chain for nuclear equipment industry

India’s nuclear programme operated in isolation prior to 2009, owing to its nuclear weapons programme. During this period, the domestic nuclear industry rose to the challenge of development of top-notch quality nuclear equipment. Many players forayed into this industry but they have not been able to sustain on account of complexities involved in the manufacturing operations, quality assurance and production capabilities. NPCIL has developed an ecosystem of suppliers that are stringently evaluated for quality and reliability. This has led to industry consolidation with only a few major players supplying critical components to NPCIL. This key players comprise of L&T, Godrej & Boyce, MTAR Technologies. These players have developed state of the art manufacturing capabilities and have been integral in the construction of the 22 operational and 7 under-construction reactors in India. Following the lifting of trade restrictions, the domestic industry has invested significantly in the capacity expansion and developed JVs with international technology vendors.

The production capabilities can be inferred from the trade scenario of India with regards to nuclear equipment. The industry is a net exporter to countries like France and Germany. The Atomic energy commission has also conveyed the readiness and capabilities of the industry to sell 220 MWE or 540 MWe PHWRs to other countries, who are looking to establish cost-competitive small and medium nuclear reactors.

The capabilities of the domestic industry with regards to PHWRs was also captured in the 2020 report by The Parliamentary Standing Committee on Science & Technology, Environment, Forests and Climate Change. The report noted that the Indo-US nuclear agreement of 2005 did not result in new nuclear projects with foreign assistance and the negotiations with foreign vendors have been on-going for decades. In light of this, the report made recommendations to the DAE to pursue aggressive nuclear expansion based on standardised indigenous 700 MWe PHWRs designs. This is in line with the sanctioning of 10 PHWRs, each of 700 MWe by the Indian government. This will boost the domestic industry with increase in revenue and employment generation.

Competitive landscape in nuclear equipment industry

Larsen & Toubro

L&T Heavy Engineering manufactures and supplies custom-designed equipment and critical piping to process industries such as fertiliser, chemical, refinery, petrochemical, and oil & gas, as well as to sectors such as thermal and nuclear power. L&T’s heavy engineering business segment is present in the nuclear space. It is capable of supplying vital components such as pressurisers, reactor assemblies, steam generators, etc. L&T has a JV with NPCIL, which fulfils the requirements of critical forgings employed in the nuclear sector. This JV has a special forging facility with capacity up to 120 MT. It has the ability to transform scrap steel into single piece ingots of forged alloy steel, carbon steel and stainless steel. Moreover, its heavy engineering facilities across India are at par with international standards.

L&T's power business also has interests in the nuclear sector. It has collaborated with MHPS, Japan to supply turbines for the nuclear sector. It has facilities across three locations in India: Mumbai (Maharashtra), Hazira and Ranoli (Gujarat).

Heavy Engineering Offerings

Segment	Offerings
Nuclear Power	• Steam Generators • Reactor End Shields (PFBR) • Reactor Vessels − PHWR − PFBR • Plasma Reactor & Research Reactor − Tokamak Reactor Vessel − Deck Plate − Fueling Machine − Carriage and Trolley − Test facility • Heat Exchanger • Spent Fuel Handling Equipment − Spent fuel Canisters & Cask − High Level Radioactive Waste Storage Tanks − Dump tanks • Heavy Water Production Equipment − Distillation Columns & Trays • Control Rod Drive Mechanism (CRDM) • Fuel Transfer Arm & Tool Delivery System
Critical Piping	• Nuclear Power Piping
Process Plants	• Modification, Revamp and Upgrades • Process Plants Internals − Reactor Tray Internals • Power Plants − Surface Condensers − Flash Tanks − HP Feedwater Heaters − LP Feedwater Heaters

Source: Company Website

Godrej & Boyce

Godrej & Boyce Manufacturing Company Ltd is the flagship company of the Godrej Group. It has diversified interests across sectors. Its Precision Engineering business has been a strategic partner of NPCIL for more than 20 years. It has provided systems for various reactors in India. The firm was integrally involved with the Kakrapar 3 reactor in recently. It is capable of supplying custom built complex systems such as steam generators, heat exchangers, and components for pressurised heavy water reactor (PHWR) and fast breeder reactor (FBR) based nuclear power plants.

Nuclear power offerings

Nuclear Power Segments	Offerings
Pressurized Heavy Water Reactor (PHWR)	• Bridge and Carriage - 700 MWe Reactor • Calendria - 700 MWe • Drive Mechanisms - 500 MWe and 220 MWe • MAL FMAL Doors - 500 MWe

Nuclear Power Segments	Offerings
	• New Fuel Magazine (STIB) – 220 MWe • Shuttle Station (STIB) – 220 MWe • Shuttle Transfer Stations – 500 MWe
Fast Breeder Reactor Equipment	• Rotating Plugs of PFBR for BHAVINI
Equipment for Research Labs	• Glove Box • Toroidal Vacuum Vessel • Microtron Assembly
Heat Exchangers	• HP Feedwater Heaters • LP Feedwater Heaters • Closed Cooling Water Heat Exchangers
Miscellaneous	• Surface Condensers • Piping Spools • Deaerators • Steam Generators • Pressurizer • Distillation Column • Moisture Separator Re-heaters

Source: Company Website

MTAR Technologies Pvt. Ltd.

MTAR Technologies has been the supplier for NPCIL for the last 4 decades. It has capabilities to manufacture vital parts such as Fuelling Machine Head, Grid Plates, Control Plug, FM Bridge and Column etc. It has manufactured complex assemblies for the PHWRs. Also, It has manufactured majority of the critical and specialized assemblies for the Prototype Fast Breeder Reactor. It has developed an expertise in the niche manufacturing technologies of nuclear equipment

Nuclear segment offerings

Segment	Offerings
Nuclear Power	• Fuel Machining Head – 220 MWe • F.M Bridge and Carriage – 500 MWe • Transfer Magazine – 500 MWe • Coolant Channel • Standpipe Thimble Assembly • Liner Tube • Ball Screws • Sealing Plugs • Shielding Plugs • Fuel Locator Assembly • Adjustor Rod Mechanisms • Shut off Rod Drive Mechanisms • Calendria • PFBR Assemblies • Grid Plate • Control Plug

Source: Company

Facility	Products
Unit 1 for nuclear and defence, Hyderabad	Manufactures complex nuclear assemblies such as FM head, thimble package, top hatch beam, bridge and column. Additionally, high-end defence products such as air frames, base shroud assembly for Agni missiles
Unit 3, Hyderabad	Manufactures ball screws (import substitute) used in nuclear assemblies
Unit 4, 5, 6 (Hyderabad)	Provides support services to Unit 1 and other units
Additional two units in Adibatla,	Sheet metal manufacturing and specialised fabrication

Facility	Products
Hyderabad	

Source: Company

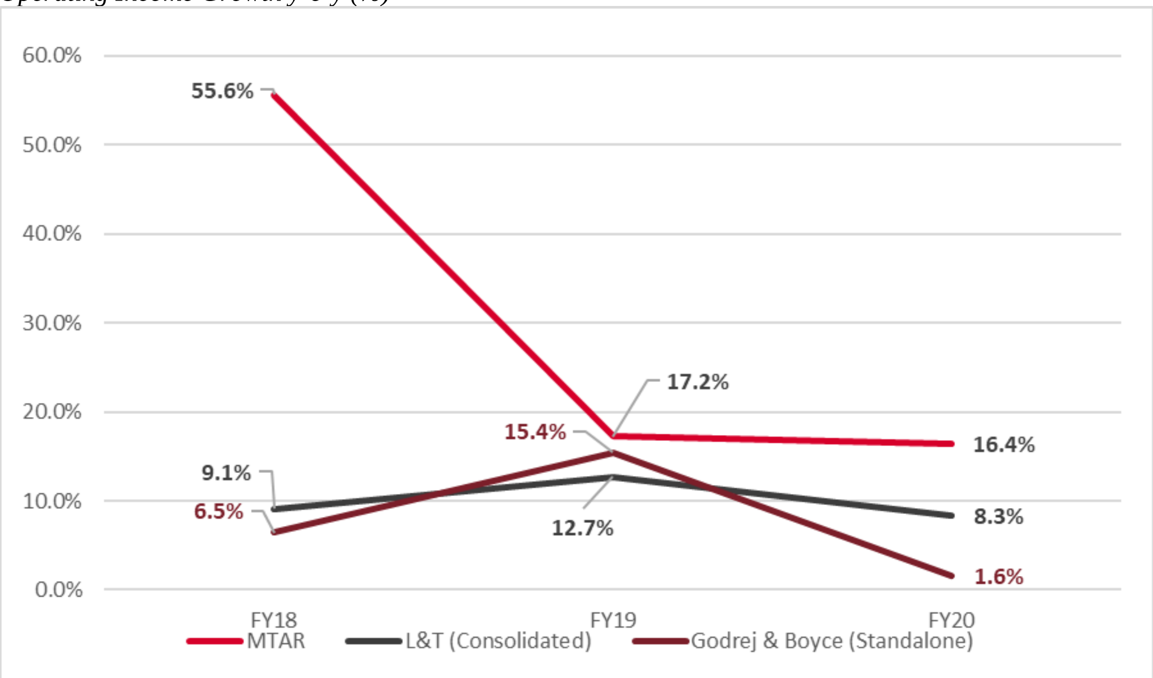
Financial Benchmarking

Please Note: The players, L&T and Godrej & Boyce are diversified businesses with several other business units. The financials of these companies represent all the business units under the company

Parameter	MTAR	L&T (consolidated)	Godrej & Boyce (standalone)
Operating income growth (y-o-y)	16.4%	8.3%	1.6%
Operating margin	28.50%	16.20%	7.40%
Net margin	14.00%	7.50%	2.00%
RoCE	19.20%	13.40%	4.70%
Interest coverage ratio	13.10x	2.5x	4x
Gearing ratio	0.10x	2.2x	0.4x
NCA/ total debt	0.86x	0.06x	0.14x

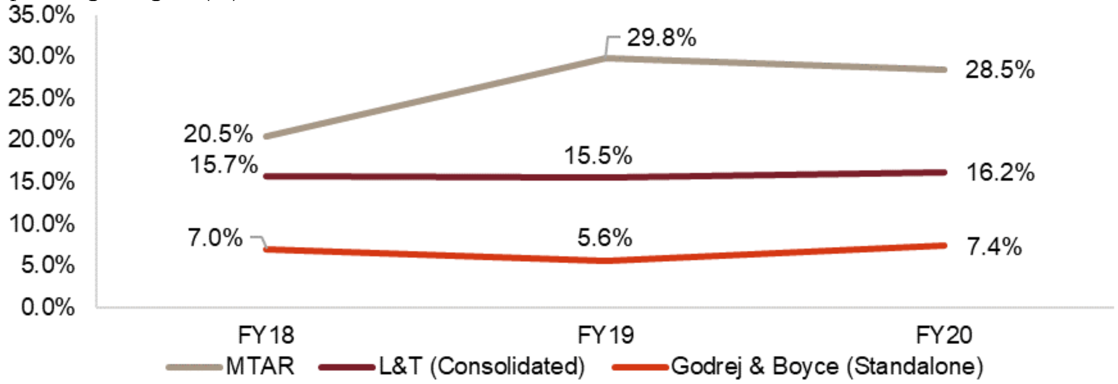
Source: Company Reports, CRISIL Research
Note: Values are as per FY20 company reports
Operating margin = OPBDIT / Operating income
Net profit margin = Profit after tax / Operating income
RoCE = Profit before interest and tax (PBIT) / [Total debt + Net worth – Intangible Assets (Goodwill) + Deferred tax liability]; CRISIL considers tangible net worth for calculation of capital employed. Interest includes financial interest cost
Interest coverage ratio = Profit before depreciation, interest, and tax (PBDIT)/ Interest and finance charges
Gearing = Adjusted total debt /Adjusted net worth
Debt = Long term + short term debt
NCA=Net Cash Accruals

Operating Income Growth y-o-y (%)



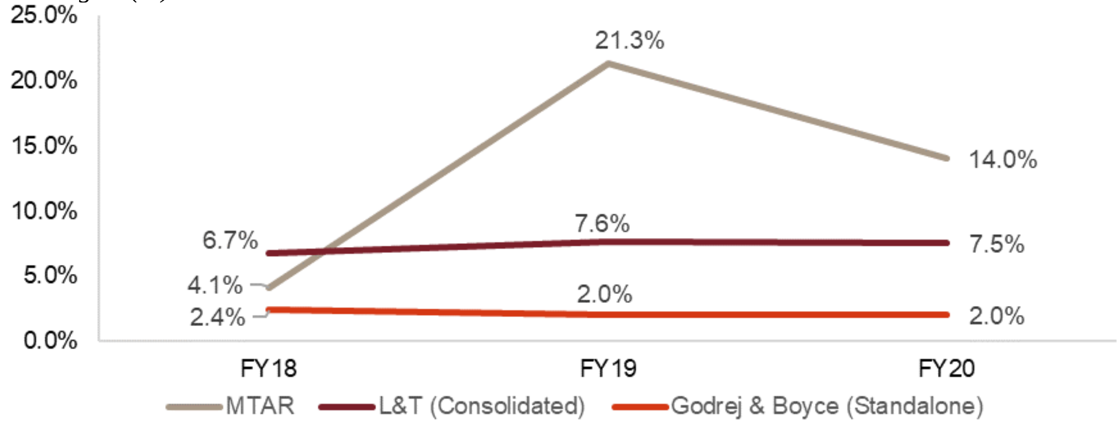
Source: Company Reports, CRISIL Research

Operating margins (%)



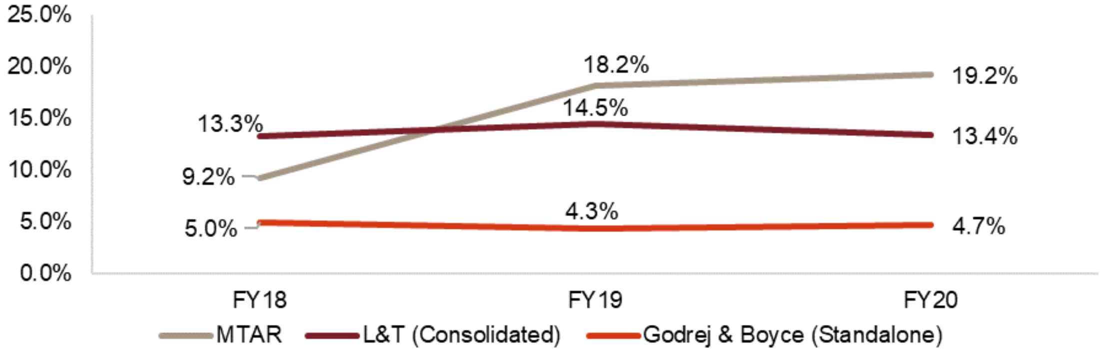
Source: Company Reports, CRISIL Research

Net margins (%)



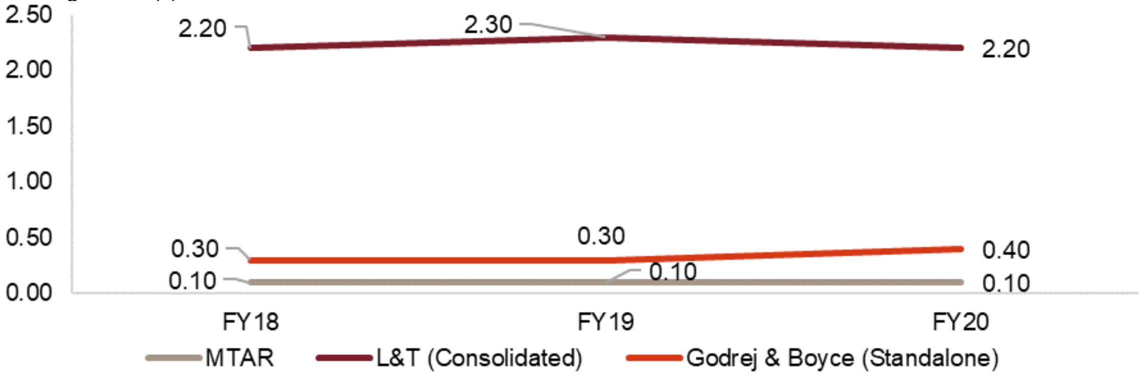
Source: Company Reports, CRISIL Research

ROCE (%)



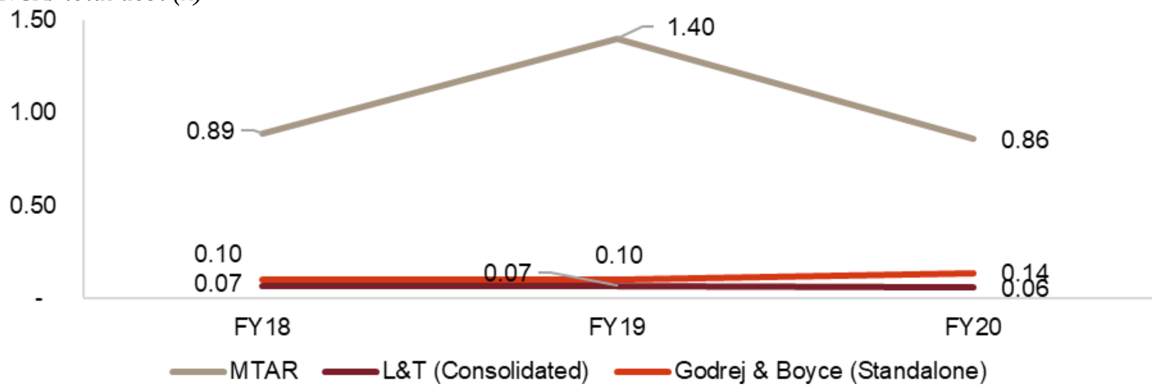
Source: Company Reports, CRISIL Research

Gearing Ratio (x)



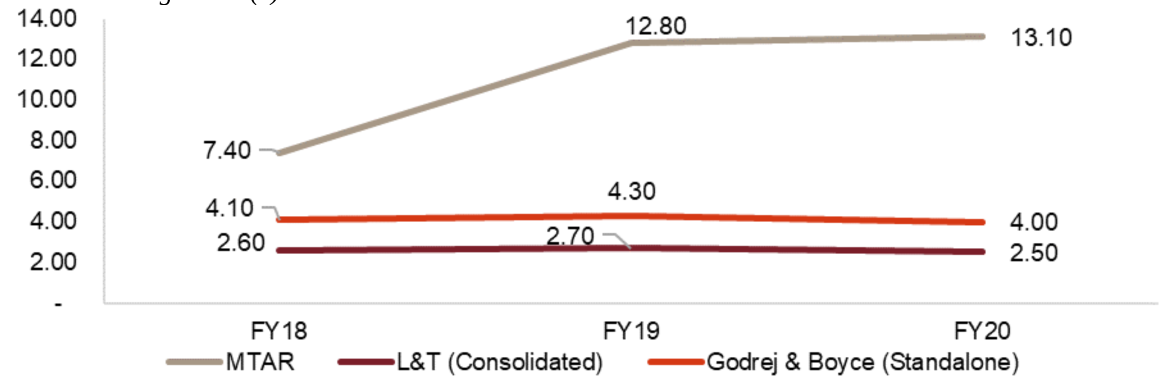
Source: Company Reports, CRISIL Research

NCA/ total debt (x)



Source: Company Reports, CRISIL Research

Interest coverage ratio (x)



Source: Company Reports, CRISIL Research

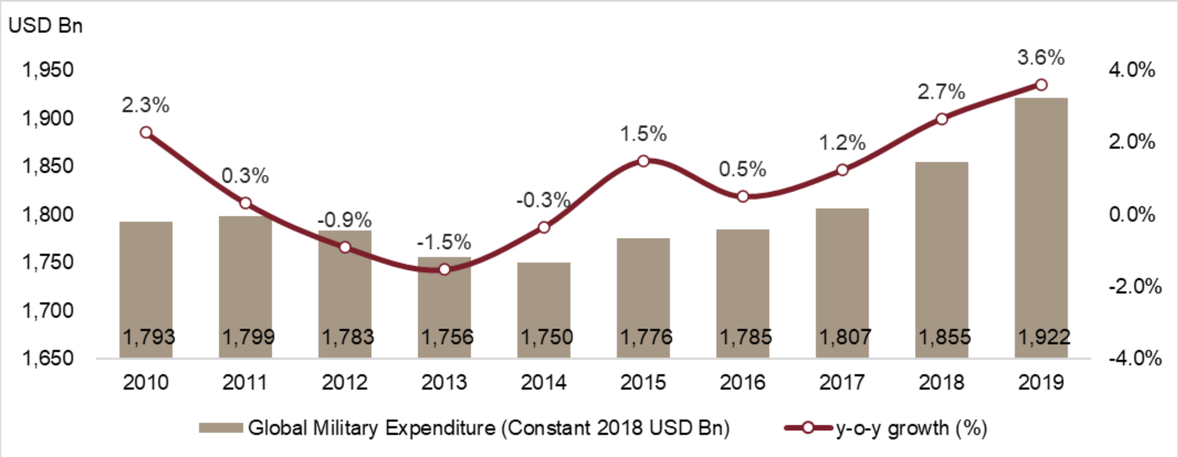
DEFENCE EQUIPMENT INDUSTRY

Global Defence Equipment Industry Review and Outlook

Military spends worldwide have witnessed a consistent rise over the past 5 years; reaching USD 1,922 Bn in CY2019

In 2019, there was a 3.6% y-o-y increase in military spending. Over the past decade (2010-2019); the compounded annual growth in military spends has been 0.8%. The spend growth rate accelerated in recent years CY15-19 to 2% CAGR on account of rising defence spends by key economies viz. India, China, Germany and USA amongst others.

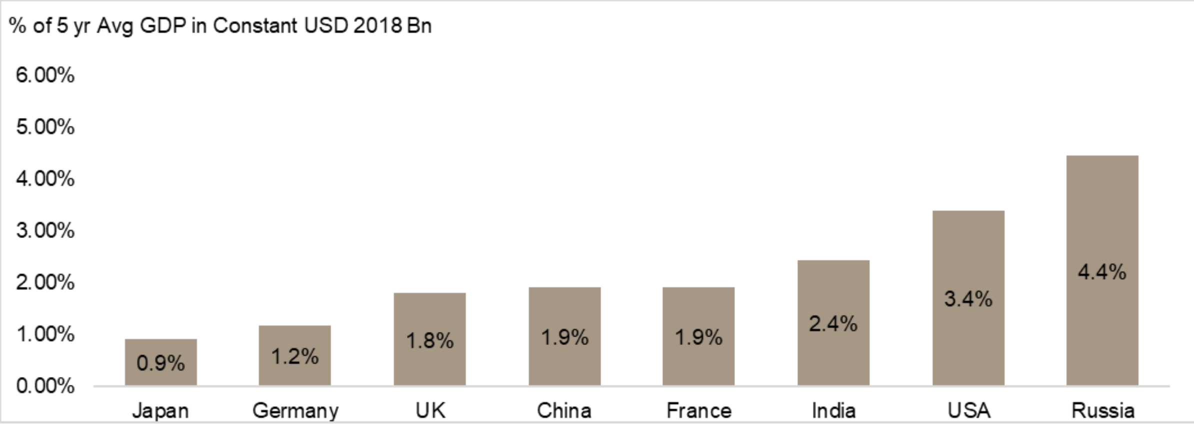
Global Military Expenditure (CY2010-2019)



Source: SIPRI, CRISIL Research

The 2019 global military expenditure constitutes 2.2% of the global GDP, translating to a per capita spend of c. USD 250 per person. The United States, China, India, Russia and Saudi Arabia, 5 largest spenders in 2019, accounted for 62% of the total global spends.

Military Spending as % of GDP (Average of last 5 years viz CY2015-2019)

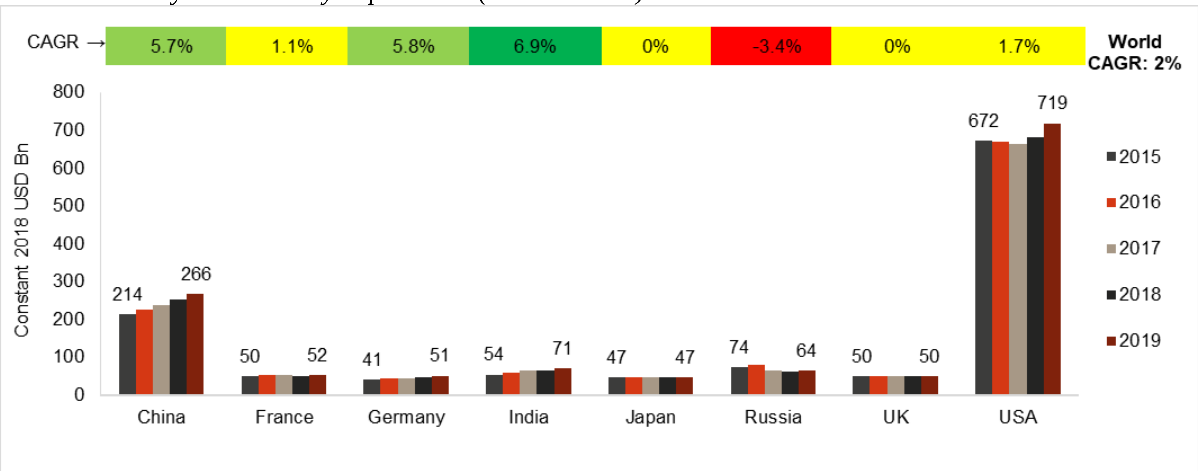


Source: SIPRI, World Bank, Govt Websites, CRISIL Research

The United States of America (USA) followed by China and India are the largest spenders on defence. While considering the proportion (%) of GDP spent on defence, Russia emerges as the front runner with c. 4.4% of average GDP spends on defence over the past 5 years. Russia is closely followed by USA at 3.4% and India at 2.4%. China and France share the fourth spot at 1.9% and UK at 1.8%. The rest major economies typically tend to spend 1-1.5% of their GDP on defence. Smaller developing nations have the tendency to spend higher on defence.

Country-wise review of military expenditure – USA the largest spender; India emerges on top in terms of expenditure growth

Trend in Country-wise Military Expenditure (CY2015-2019)



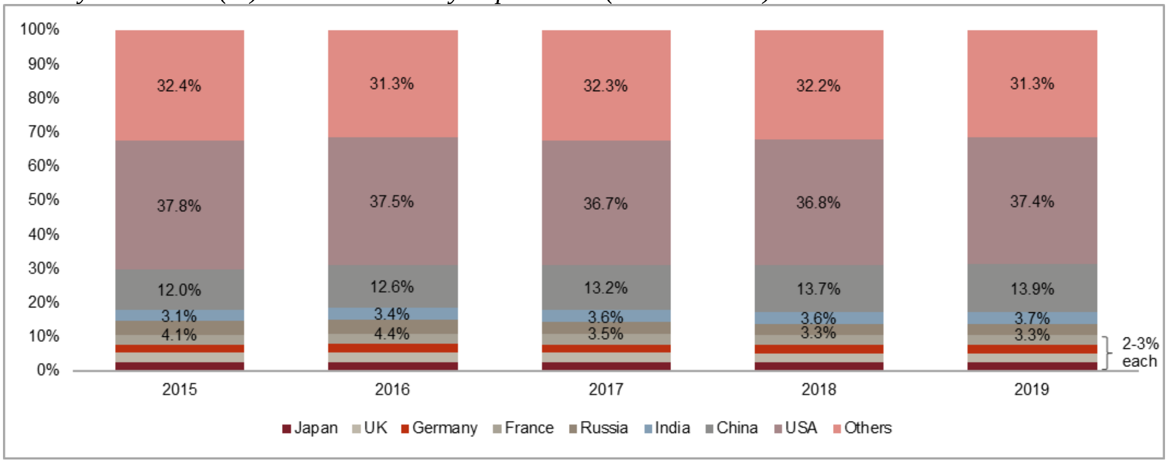
Source: SIPRI, Govt Websites, CRISIL Research

Military Spend	2015	2016	2017	2018	2019	CAGR
China	214	226	238	253	266	5.7%
France	50	52	53	51	52	1.1%
Germany	41	44	45	47	51	5.8%
India	54	60	65	66	71	6.9%
Japan	47	47	47	47	47	0.0%
Russia	74	79	64	61	64	-3.4%
UK	50	50	49	50	50	0.0%

USA	672	669	663	682	719	1.7%
Total of above	1,201	1,226	1,223	1,258	1,320	2.4%
World Total	1,776	1,785	1,807	1,855	1,922	2.0%

Source: SIPRI, Govt Websites, CRISIL Research

Country-wise share (%) in Global Military Expenditure (CY2015-2019)



Source: SIPRI, Govt Websites, CRISIL Research

1. *United States – Largest defence spender globally*

Defence expenditure rose 5.3% y-o-y to USD 732 Bn in 2019. The country currently accounts for about 37.4% of the global military spending. The US is perceived as a pioneer in defence amongst advanced economies. Whilst engaging in conflicts with several nations in the Middle East, the country is also a key exporter of arms and ammunitions which together fuels the demand for a large military budget. USA spends as much on its military as compared to the next 10 countries combined.

USA witnessed a consistent decline in military spends since 2010 to 2017. However the expenditure rose in the past 2 years on account of increase in manpower costs (16,000 new personnel recruited) and the ongoing modernization of its conventional and nuclear weapon inventories.

2. *China and India top the Asian economies in terms of military spends*

Globally (2019), China and India ranked 2nd and 3rd largest countries in terms of defence spends.

China's military expenditure amounted to USD 266 Bn in 2019 rising at an y-o-y growth rate of 5.1% and comprising 14% of the global spends. China's defence expenditure has risen consistently for the 25 years. The growth in military spending has a high linkage to the country's GDP growth. Thus the share of military expenditure in GDP has stayed constant at 1.9% over the past 5 years.

India's defence expenditure rose by 6.8% y-o-y to USD 71 Bn in 2019 comprising nearly 3.7% of the global spends. India's defence spends have been rising continuously over the past 5 years and clocked a robust growth of 6.9% over the same period (the highest amongst peers). Intensifying tensions and conflicts with Pakistan and China are the key contributors to India's rising military expenditure.

Apart from China and India, Japan (USD 47 Bn, as of 2019) is the third largest military spender in Asia.

3. *France and Germany leads the pack in Western Europe*

France's military expenditure accounted for USD 52 Bn in 2019, rising 1.6% y-o-y. France was the sixth highest in the world and highest among states in Western Europe. France has witnessed a subdued growth in military expenditure (1.1% CAGR) over the past 5 years. France's military spends comprise 1.9% of GDP.

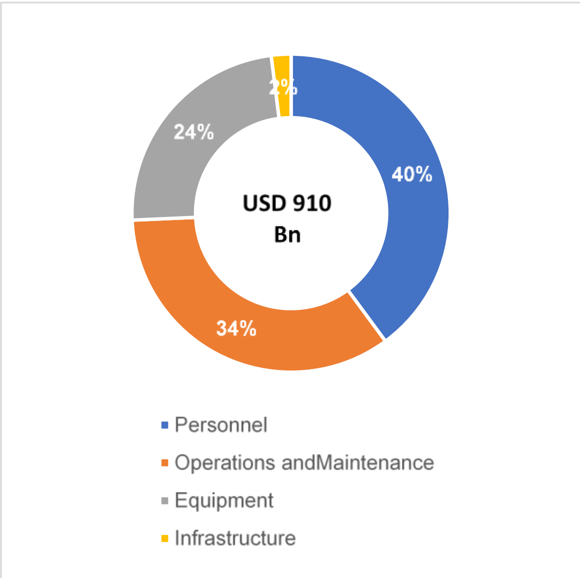
On the other hand, Germany's defence spends (USD 51 Bn) rose at a heathy 10% y-o-y in 2019 and have clocked a CAGR of 5.8% in past 5 years. The growth in German military budget is majorly attributed to rising threat from Russia (for NATO group countries).

UK's military expenditure in 2019 was unchanged at USD 50 Bn; the country's military burden was at 1.7% of GDP as compared to 1.9% 5 years earlier with almost stable expenditure trend.

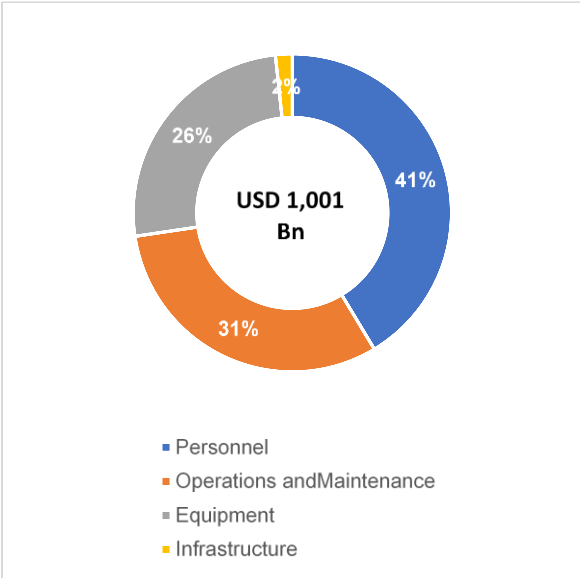
4. *Russia – Largest spender in Eastern Europe*

In 2019, Russia was the fourth-largest military spender across the globe and the largest spender in Eastern Europe. Having raised its defence spends by 4.5% y-o-y to USD 64 Bn, it comprised nearly 3.3% of the world military spends. Russia has one of the highest military spending burden at 3.9% of GDP in 2019 when compared to peers. The Russian defence spending has been on a downward spiral, declining by nearly 3.4% over the past 5 years.

Defence Expenditure Segmentation - Category (2014)



Defence Expenditure Segmentation - Category (2019)

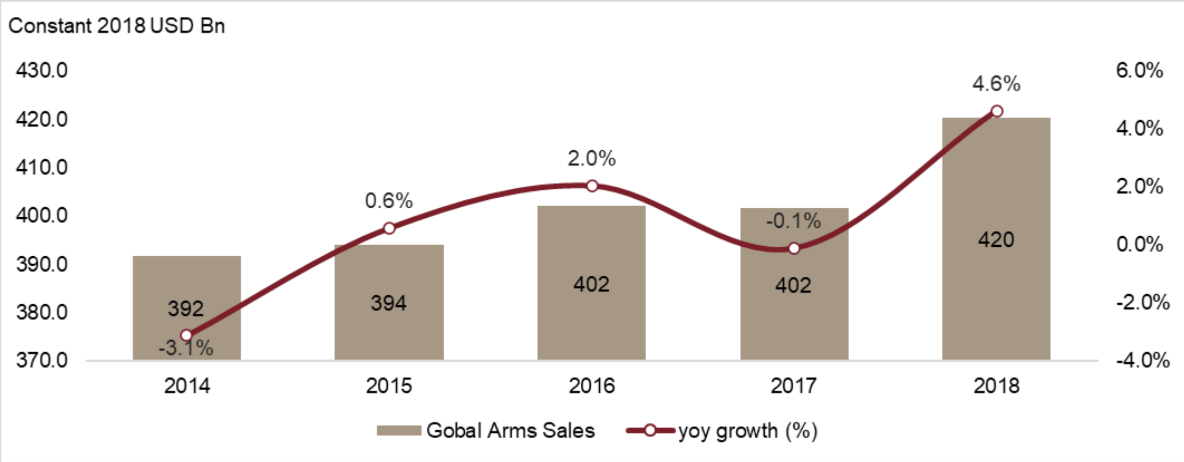


Includes only NATO Countries. Prices in USD 2015 constant terms
Source: NATO, CRISIL Research
Note: Personnel expenditure includes ongoing salaries and pensions paid to retirees, equipment expenditure includes expenditure on major equipment as well as on research and development

Expenditure on personnel salaries and pensions to retirees command a major share of ~40% followed by operations, repairs and maintenance and equipment spends which include R&D expenditure, modernization plans and new purchases. The share of equipment has gained over the past 5 years on account of major advanced economies undertaking modernization activities amidst looming global terror and war-related threats.

Global Arms Sales have risen at a CAGR of 1.8% from 2014-2018 fuelled by rising demand from top military spenders viz USA, India and Germany

Trend in Global Arms Sales (CY2014-2018) - Top 100 companies globally



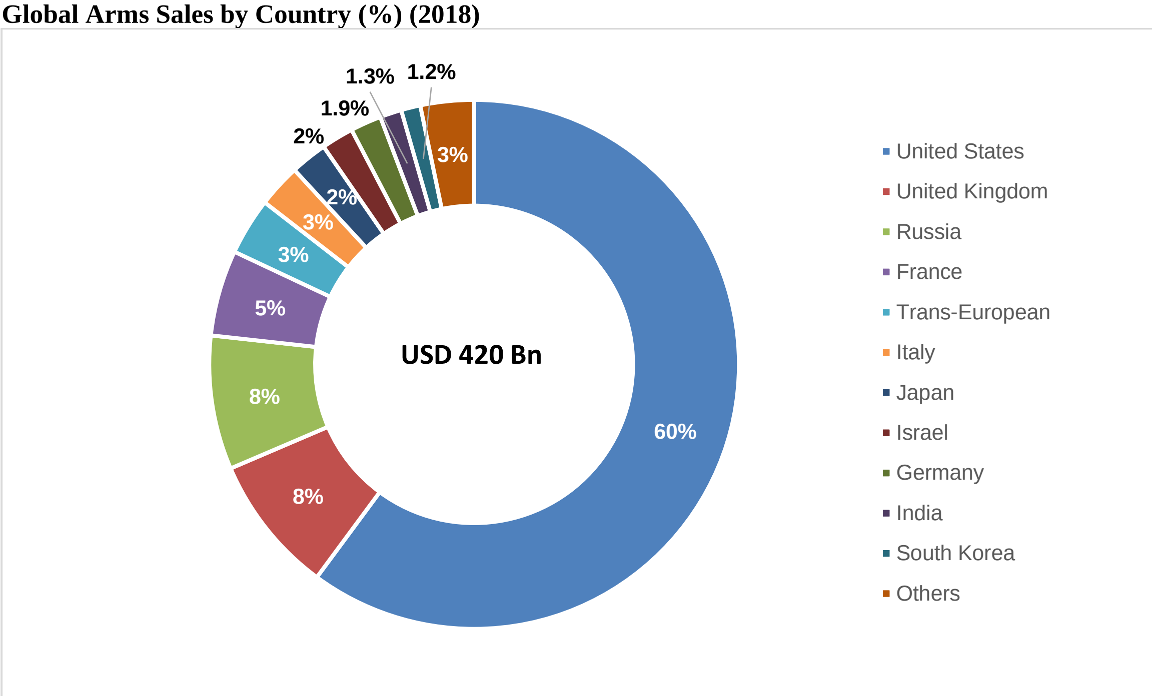
Note: Data available only till 2018; excludes China on account of data unavailability

'Arms sales' majorly comprise of sales of military goods and services to military customers domestically and abroad.

Source: SIPRI, Govt Websites, CRISIL Research

The top 100 global arms-producing and military services companies together recorded a sales of USD 420 Bn in 2018, a 4.6% y-o-y increase. The arms and equipment share accounts for nearly 20-25% of the military expenditure. The heathy growth was largely attributed to rise in sales of the top 5 companies, all based in the United States. The overall growth was due to rising military spends worldwide especially in USA.

Global Arms Sales by Country (%) (2018)



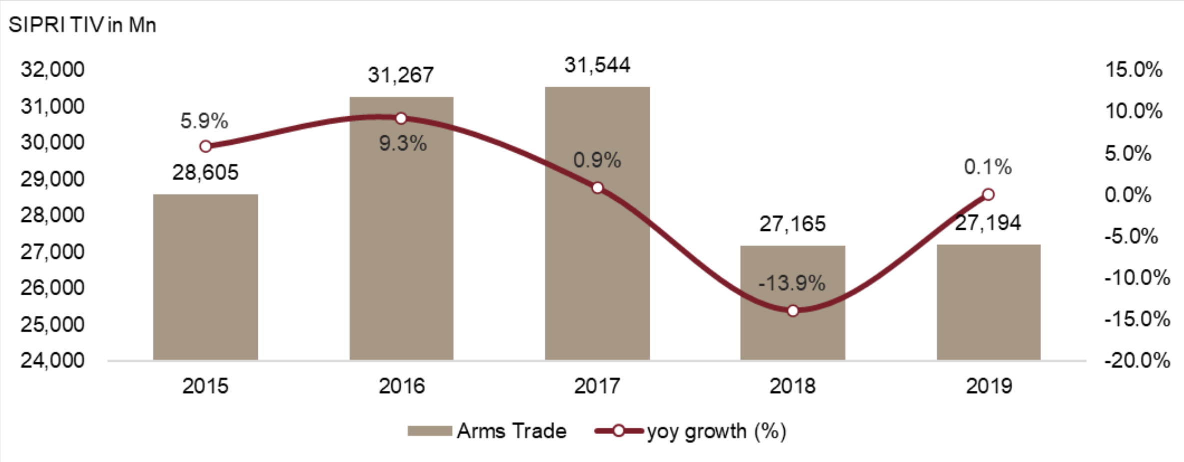
Note: Data available only till 2018; excludes China

Others include Sweden, Turkey, Singapore, Ukraine, Poland, Spain, Australia, Canada, and Switzerland

Source: SIPRI, Govt Websites, CRISIL Research

The combined volume of global arms trade from 2015-19 was 5.5% higher the preceding five years (2010–14)

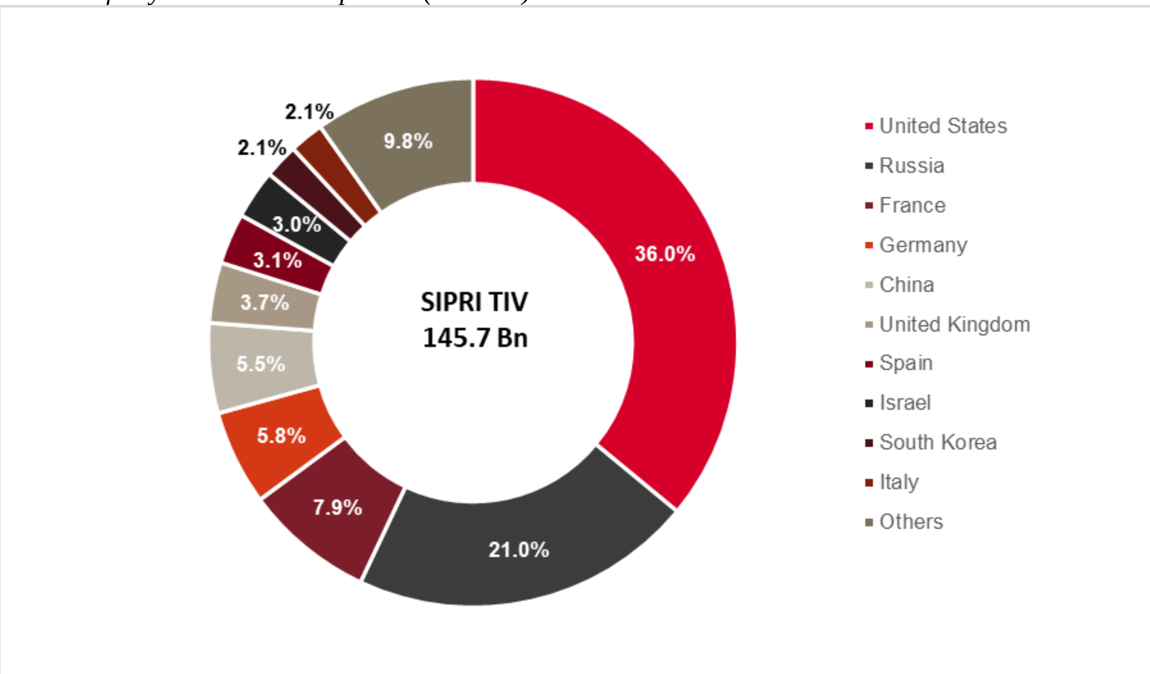
Global Arms Trade (SIPRI Trend Indicator Values (TIVs) expressed in millions)



SIPRI TIV: SIPRI Trend Indicator Value indicates volume of deliveries of major conventional weapons and components reflecting transfer of military capability (using production costs) rather than its financial value.
Source: SIPRI, CRISIL Research

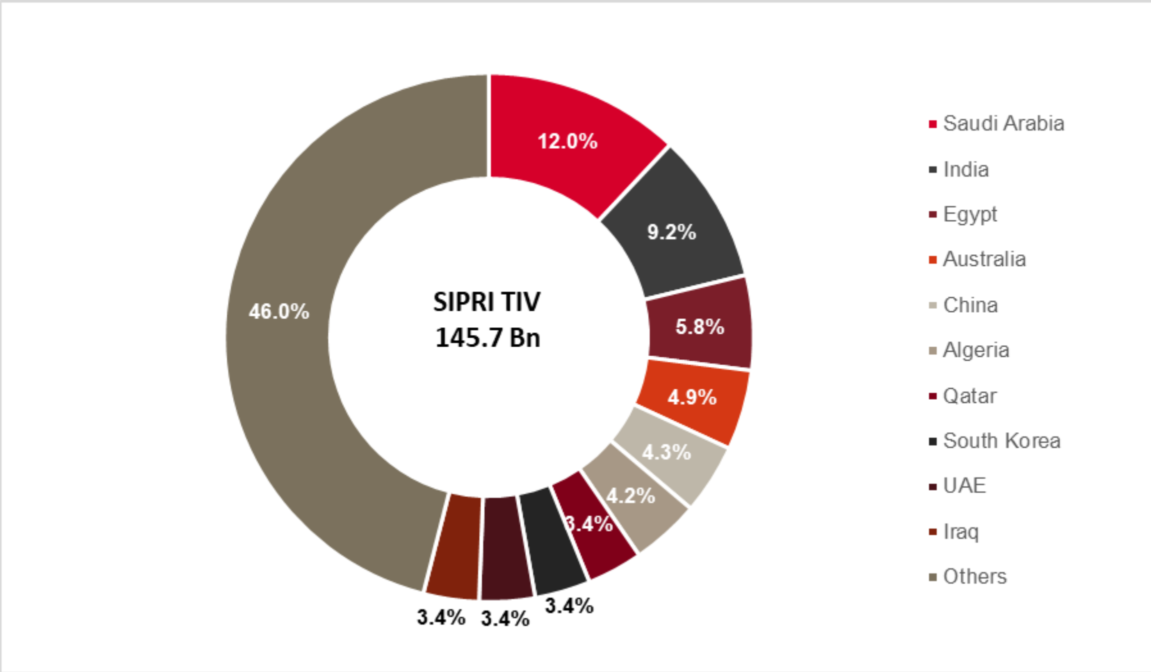
From 2010-14 to 2015-19, arms transfer rose to Middle East (61%), Europe (3.2%) while a decrease was witnessed in Africa (-16%), the Americas (-40%) and Asia & Oceania (-7.9%)

% share of Key Global Arms Exporters (2015-19)

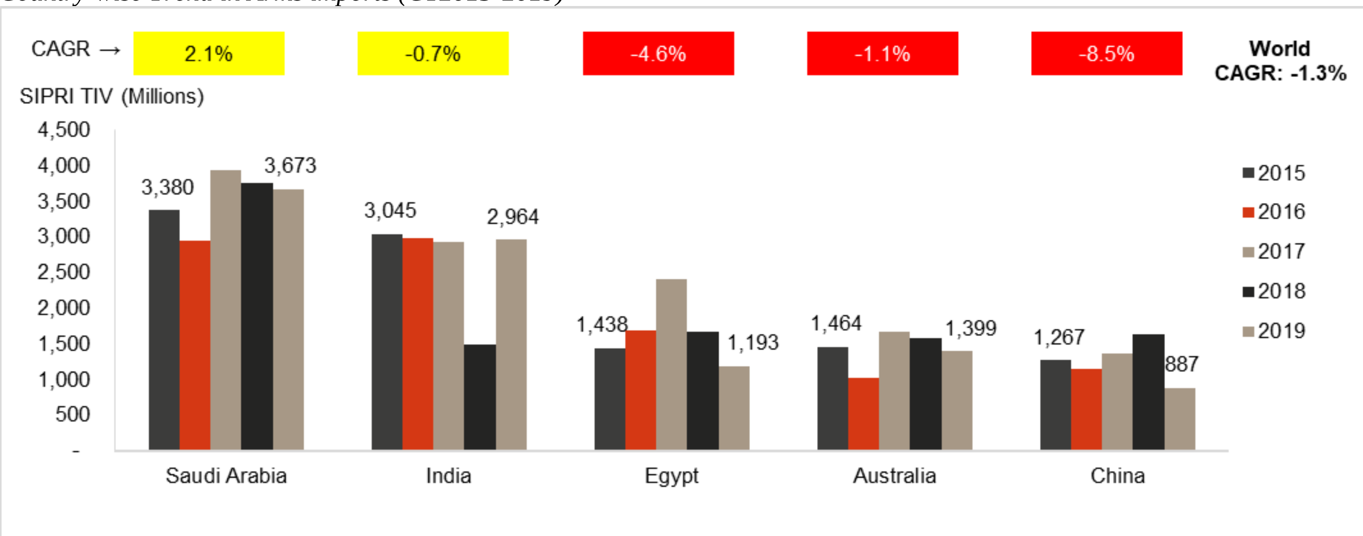


Others include Netherlands, Switzerland, Turkey, Sweden, Canada, Australia etc.
SIPRI TIV: SIPRI Trend Indicator Value indicates volume of deliveries of major conventional weapons and components reflecting transfer of military capability (using production costs) rather than its financial value.
Source: SIPRI, CRISIL Research

% share of Key Global Arms Importers (2015-19)

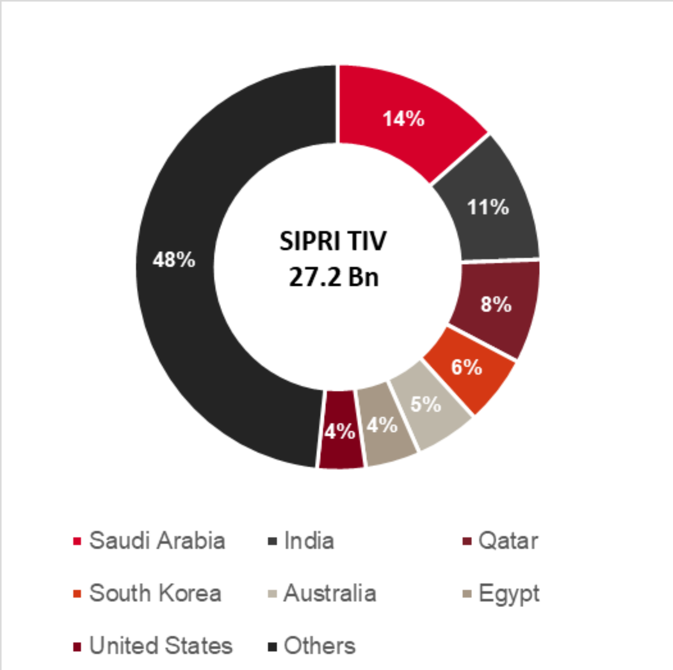


Others include Bangladesh, Singapore, Pakistan, Israel, UK, USA etc.
SIPRI TIV: SIPRI Trend Indicator Value indicates volume of deliveries of major conventional weapons and components reflecting transfer of military capability (using production costs) rather than its financial value.
Source: SIPRI, CRISIL Research
Country-wise Trend in Arms imports (CY2015-2019)



SIPRI TIV: SIPRI Trend Indicator Value indicates volume of deliveries of major conventional weapons and components reflecting transfer of military capability (using production costs) rather than its financial value.
Source: SIPRI, CRISIL Research

% share of Key Global Arms Importers, as of 2019



Others include Bangladesh, Singapore, Israel, UK, USA etc.
SIPRI TIV: SIPRI Trend Indicator Value indicates volume of deliveries of major conventional weapons and components reflecting transfer of military capability (using production costs) rather than its financial value.
Source: SIPRI, CRISIL Research

Top 5 importers of arms in the world comprise of Saudi Arabia, India, Egypt, Australia and China – together receiving nearly 36% of the overall imports.

In terms of regions, the major recipient comprised of Asia and Oceania (41%) followed by Middle East (35%), Europe (11%), Africa (7.2% and the Americas (5.7%).

Saudi Arabia

- World's largest importer, arms import rose 130% in 2015-19 as compared to 2010-14, 12% share in overall arms imports
- Saudi Arabia received 73% of its imports from the US, followed by UK (13%)
- Discussions were ongoing in several advanced economies to prohibit arms exports to Saudi Arabia over concerns of military intervention in Yemen which involved violations of international humanitarian law.

India

- 2nd largest importer, arms import rose 32% in 2015-19 as compared to 2010-14, 9.2% share in overall arms imports. The decline in imports is largely driven by domestic manufacturing agenda
- Russia continued as largest supplier of arms to India even with a fall of 47% as compared to 2010-14. Russia's share declined from 72% in 2010-14 to 56% in 2015-19
- India has a more diverse set of supplier base in 2015-19 with imports from USA plunging 51% lower than in 2010–14. In contrast, arms imports from Israel and France rose by 175% and 715% respectively, making them the 2nd and 3rd largest supplier to the country

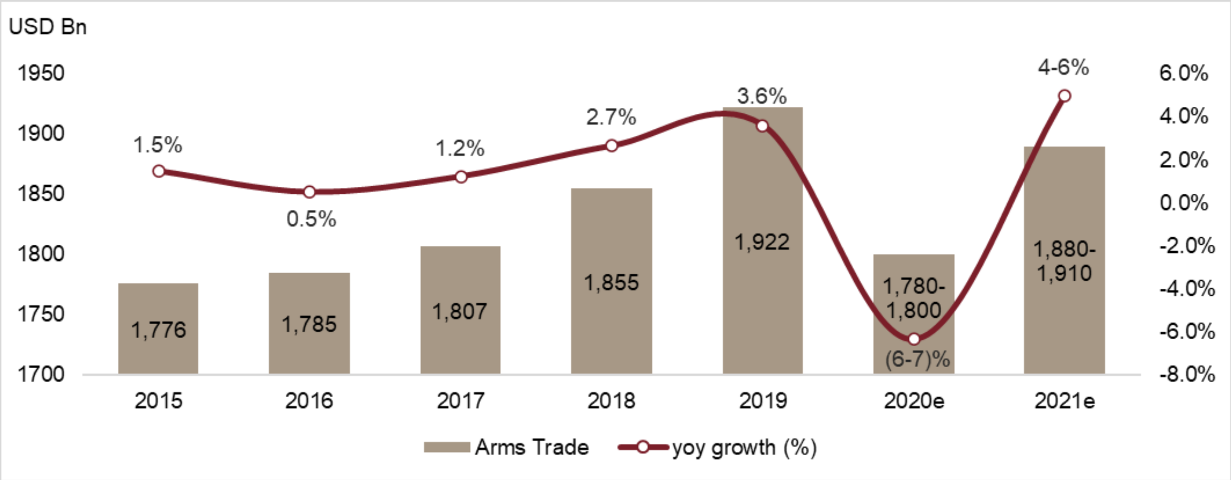
Egypt

- 3rd largest importer, arms import rose 4.3% in 2015 as compared to 2010-14, 5.8% share in overall arms imports
- The focus on developing military capability is largely due to military involvement in Libya and in Yemen, and fighting with rebel groups in the Sinai Peninsula

China

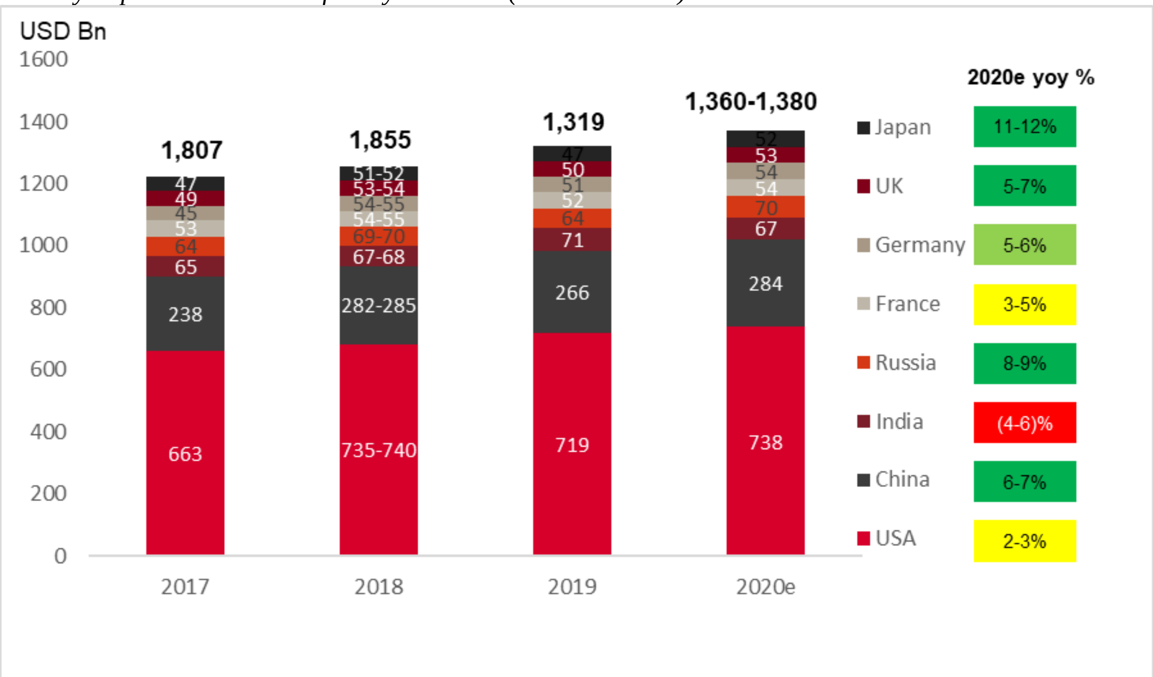
- 5th largest importer, China accounted for 4.3% of global arms imports in 2015–19, bulk of its imports were for air defence systems, combat aircraft and engines for combat aircraft from Russia
- It has reduced its dependence on Russia as the country focusses on increasing manufacturing capability for weapons and arms

Global Military Expenditure Outlook (CY2015-2021e)



Source: SIPRI, Govt Defence Budget Documents, CRISIL Research

Military Expenditure Outlook for key countries (CY2017-2020e)



Source: SIPRI, Govt Defence Budgeted Expenditure Documents, CRISIL Research

In 2019, the global military expenditure roughly amounted to USD 1,922 Bn. The global defence expenditure was about 2.2% world's GDP. 2019 witnessed the highest surge in military spending in the past decade.

The annual budgeted defence expenditure is estimated to decline 6-7% y-o-y in 2020 to reach about USD 1,780 to 1,800 Bn in the aftermath of COVID-19 pandemic. The fall in defence expenditure would largely be attributed to smaller and mid-sized country spends being lower than anticipated in a bid to counter the spread of coronavirus by upgrading their heath infrastructures and supply chains which currently are far below average.

The global defence expenditure is expected to witness a V-shaped recovery in 2021 with countries re-aligning their military strategy. The defence spends would again reiterate back on the growth trajectory for both larger and smaller economies. We expected the defence expenditure to go back to 2019 levels in 2021 to nearly USD 1,900 Bn.

Key Drivers and Influencers for Defense Spending

The major influencers for rising military spending are global conflicts and/or threat of war.

The defence spending in Europe increased by around 4.2% in 2019 as compared to the previous year. Growing unease about Russian behavior is one of the reasons for increase in the defence spending in the NATO nations, and the defence spending in Asia has increased by 50% in the last 10 years due to China's rise as a regional superpower and the increase in GDP of the Asian nations.

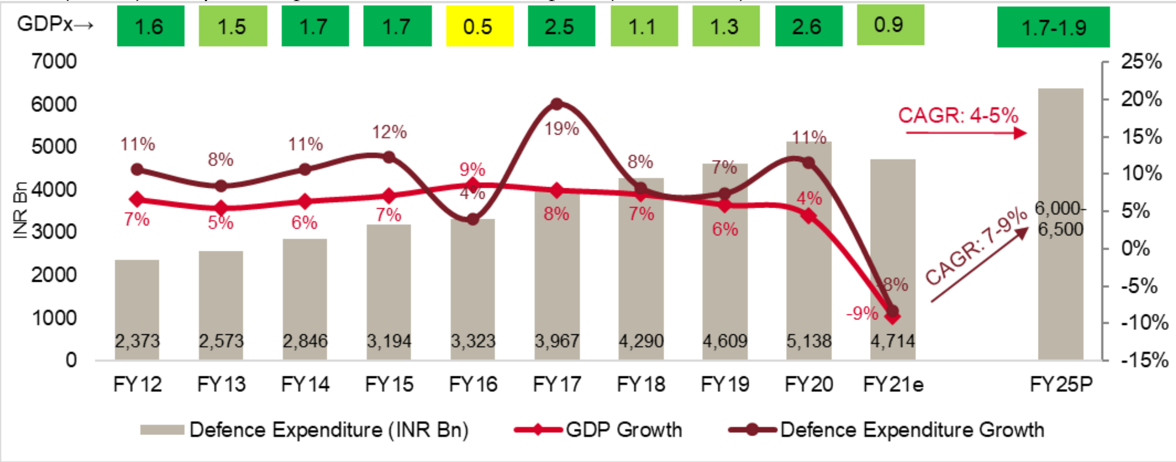
With regards to larger countries, baring India, all other advanced nations have increased their defence budgets for 2020. India is expected to witness a decline of 4-6% in defence spending in 2020. The overall share of large economies (mentioned below) is expected to rise from about 70% in 2019 to 75-76% in 2020. Amongst them, Japan's budgeted expenditure is set to rise by 11-12% y-o-y followed by Russia and China at about 8-9% and 6-7% respectively.

The threat of Russian influence in Eastern Europe and violent government aggression against opposition domestically and in Belarus is forcing several Western European nations to speed up their military expenditure as a counter measure. The UK is expected to lead the pack in terms of military spending growth with an y-o-y rise of 5-7% followed by Germany and France at 5-6% and 3-5% respectively.

Indian Defence Equipment Industry Review and Outlook

Defence Expenditure has continued on the growth trajectory even during economic down cycles

India (GDPx) – Defence Expenditure to GDP Multiplier (FY12-FY25)



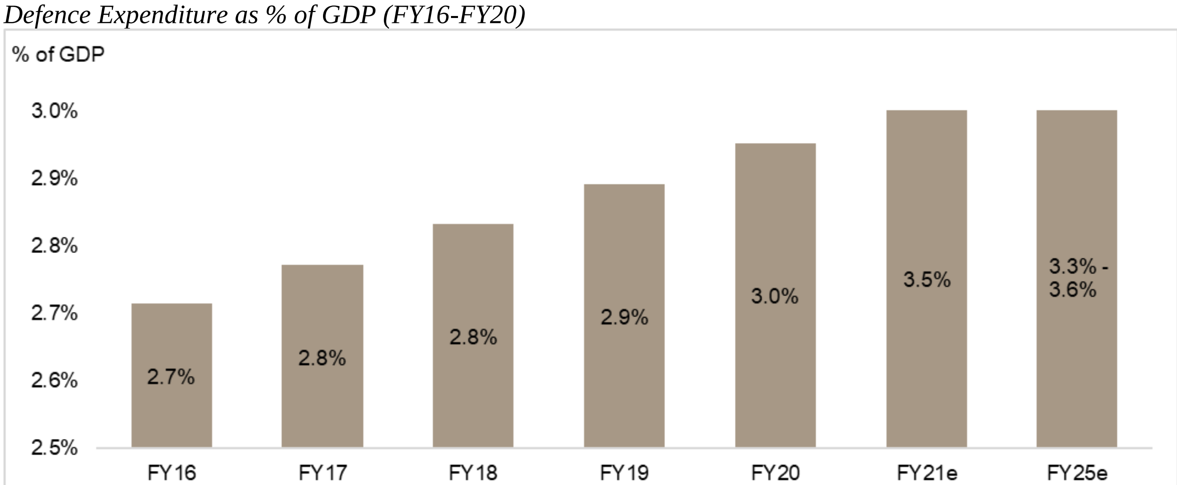
Source: SIPRI, Ministry of Defence, CRISIL Research

The defence expenditure to GDP multiplier essentially denotes the criticality of defence in India. With the multiplier majorly growing in greater than 1 multiples indicates that defence spending has been taken up on priority by the country its growth outperforms the overall GDP growth. Over the past 9 years, the defence expenditure to GDP multiple has dropped to less than 1 (0.5) only once in fiscal 2016. It was compensated by a surge in expenditure to 2.5x in FY17. This indicates that the lack of spends in FY16 was countered by front loading defence spends in the subsequent year. Consistent threats from neighbours viz. Pakistan and China has led to rising military expenditure by the country to improve its strategic defence capability.

The budgeted defence expenditure is expected to witness constraints in FY21 largely due the wide spread COVID-19 pandemic in India. The government is expected to face financial crunch amid the spread of coronavirus as majority funds are expected to be diverted towards upscaling of the poor quality health infrastructure to fight the pandemic. This is expected to limit the expenditure on various key industries including defence. However, this cut back in defence spend seems to be temporarily and shall witness a V-shaped recovery in the years ahead as national security is considered to be the top priority of the government amidst rising terrorism and cross-border threats from China and Pakistan.

Over the next 5 years, we expect India's defence expenditure to witness a robust growth on back of rising strategic high-tech defence procurement plans (for modernization of armed forces) in addition to steps taken for promotion of local manufacturing of defence products. We expect a healthy defence expenditure to GDP multiplier over the next 5 years to the tune of 1.7-1.9. In such case where the India's GDP is expected to grow at a 4-5% CAGR, the growth in defence expenditure is forecasted to post 7-9% rise to reach at nearly INR 6,000-6,500 Bn by 2025.

Defence Expenditure as % of GDP (FY16-FY20)



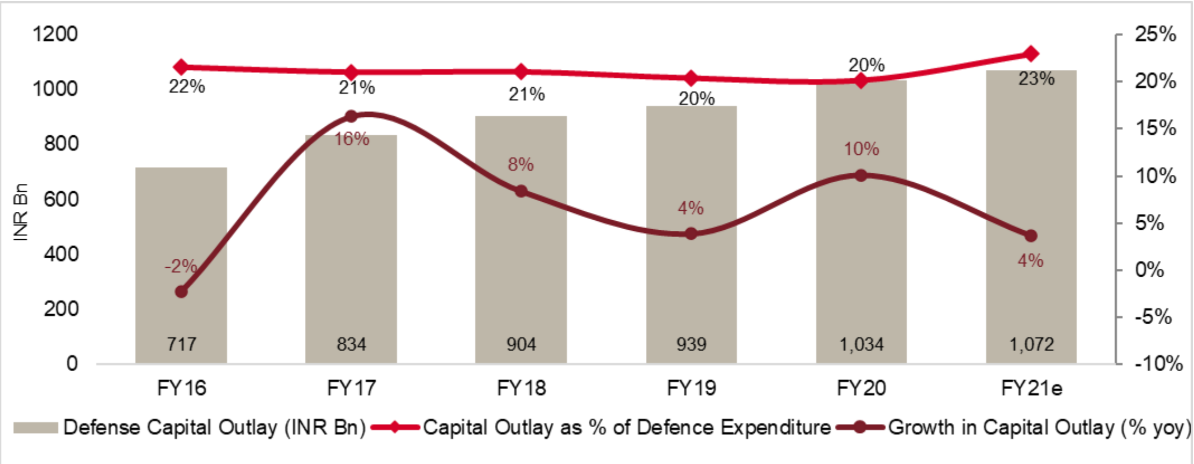
Source: Ministry of Defence, CRISIL Research
Note: The defence orders depend upon the continuing availability of budgets extended to the respective departments of the Government of India under which the relevant entities operate

India's military spending peaked in 2019 at about 3% of GDP (in INR terms). India defence expenditure has been on a constant growth trajectory, largely on account of rising conflicts & border tensions with neighbours viz. China and Pakistan in addition to cross-border terrorism threats.

A decade back the contribution of defence expenditure to GDP was 2.2-2.3% which has been rising consistently to reach ~3% (in INR terms) by 2019.

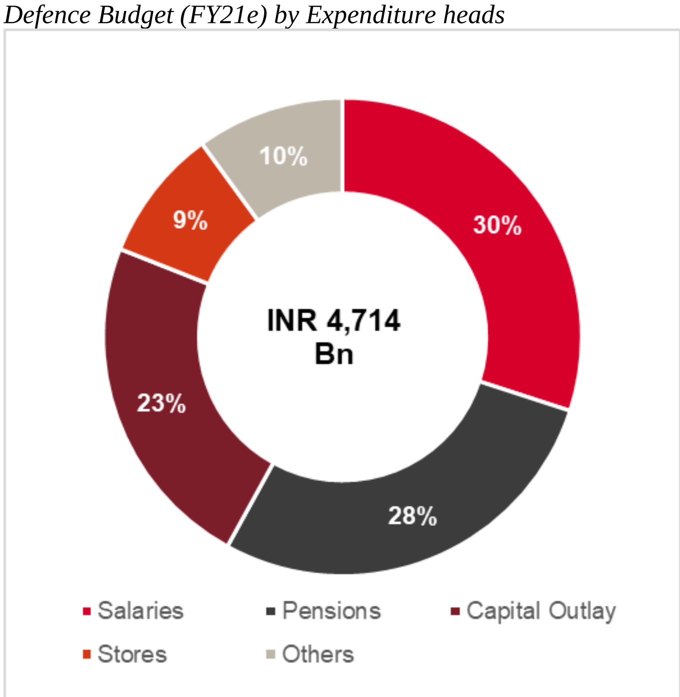
As per SIPRI, in nominal terms (inflation adjusted) calculated basis constant USD, India has witnessed one of the highest increases in defence spending of approx. 30% from 2014 to 2019 amongst peers.

India's defence capital outlay has been growing at a compounded annual growth rate of 9.6% over FY16-FY20 which is slightly lower than the growth in defence expenditure (~11% CAGR) over the same period. In FY21e, the budgeted capital outlay has risen to ~23% of defence expenditure.



Source: SIPRI, Ministry of Defence, CRISIL Research

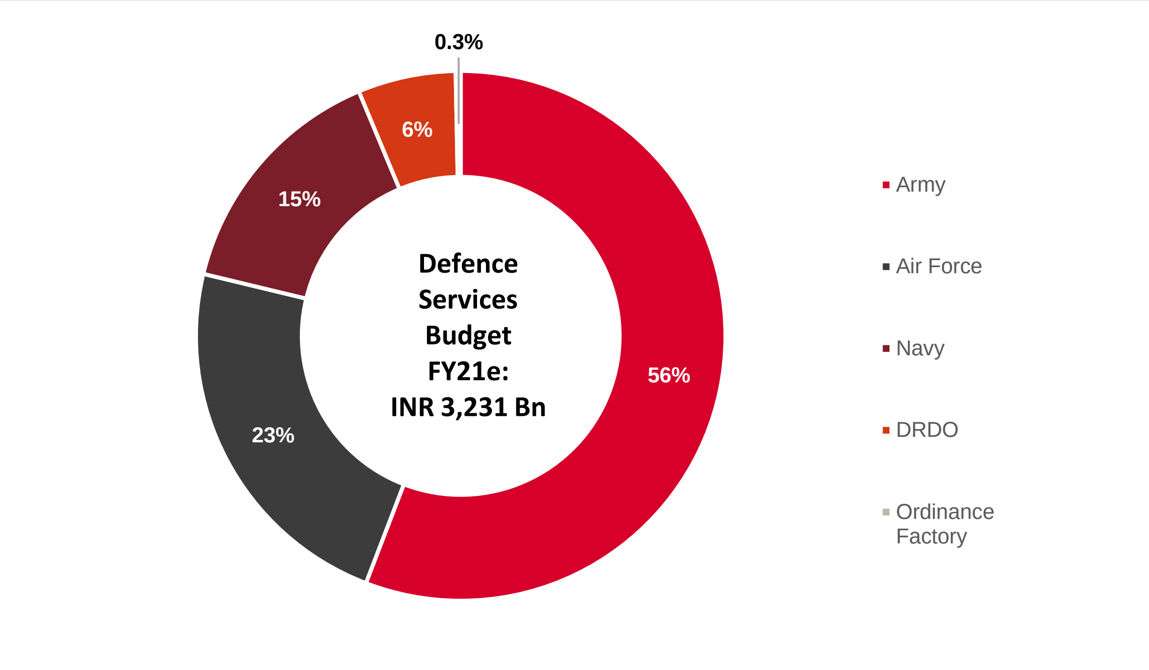
Defence Budget (FY21e) by Expenditure heads



Note: Capital outlay includes expenditure on construction work, machinery, and equipment such as tanks, naval vessels, and aircrafts.

Source: Ministry of Defence, India Budget Documents, CRISIL Research

Share of budgeted expenditure for defence services (FY21)



Source: Ministry of Defence, India Budget Documents, CRISIL Research

The Indian Army comprises of more than half of the defence budget followed by the Airforce and Navy at 23% and 15% respectively.

Modernisation Budget of Indian Armed Forces

	2019-20 (BE) (INR Bn)	2020-21 (BE) (INR Bn)	% On-year Increase
Army	229.5	256.0	13.3%
Navy	221.0	256.2	15.9%
Air Force	363.7	390.3	7.3%
Total	814.2	906.5	11.3%

The 3 armed forces have received an uptick in budget for 2020-21 with regards to modernisation. The overall increase recorded was ~11% y-o-y.

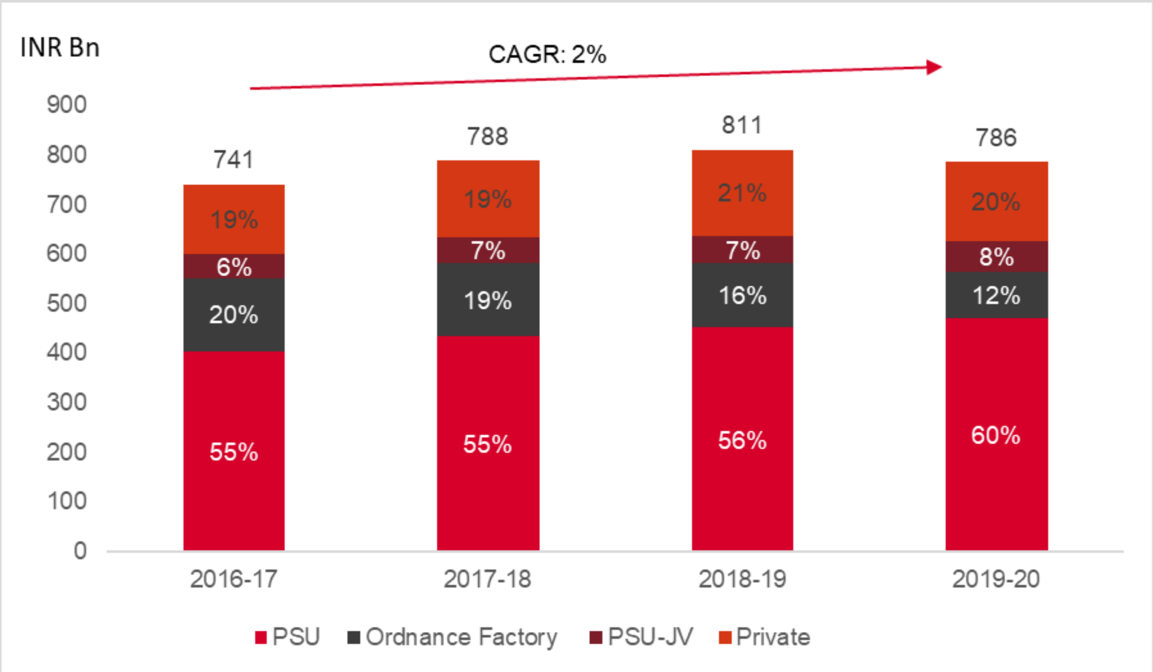
The Indian armed forces are currently in the midst of a major modernisation drive. In 2019-20, the MoD signed nearly ~14 new contracts that include T-90 Tanks (INR 200 Bn), Anti-submarine warfare shallow watercraft (INR 126 Bn) and Akash Missile System (INR 55.6 Bn). But due to financial crunch the payment for these and other ongoing contract is getting delayed.

The Indian Air Force has been revising their modernization plans in order to reduce their dependence on imports and prefer more indigenous products to promote ‘Make in India’. In a bid for the same, the IAF has handed out INR 380 Bn worth contracts for manufacturing 83 Light Combat Aircraft (LCA) Mk-1A and additionally is planning to indigenously develop fifth generation advanced medium combat aircraft (AMCA) by 2032. 12 Su-30 MKIs will also be licence-produced by Hindustan Aeronautics Limited (HAL) at an estimated cost INR 107 Bn.

In the past 5 years, the resource crunch has led to armed forces cutting short or delaying their planned procurement. The Navy, on account of budget constraints, cut back its planned purchase of mine countermeasure vessels, early-warning helicopters, landing platforms docks (LPDs) and maritime reconnaissance aircraft

Defence Production and Exports have been a strategic focus of the government in a bid to promote 'Make in India' initiative for the defence sector

Defence Production Review (FY17-FY20)



Source: Ministry of Defence, India Budget Documents, CRISIL Research

The government is aiming at more self-reliance in the defence sector which aims to boost local manufacturing by PSU's, joint ventures and private participation. The larger goal is to facilitate development of new technology in India, maximise expansion of private sector and become self-reliant with regards to equipment and arms.

Defence production in India witnessed a meagre growth of 2% CAGR over the past 4 years. Notably the share of public sector undertaking has been rising consistently from 55% in FY17 to 60% in FY20 and the share of joint ventures have risen from 6% to 8% in the same period. This has been at the expense of minimization of share of the Ordinance Factory from 20% in FY17 to 12% in FY20.

Private sector participation has remained largely range-bound over the past few years with a share of ~20%.

Defence Production Outlook

Indigenization of defence has always been core agenda of Indian government. The 'Make in India' campaign introduced in 2014 and the recent Atmanirbhar Bharat initiative share similar goals with regards to development of domestic defence industry. The objective behind these programs is to attain strategic independence by reducing import dependence. The overhaul of DPSUs and OFBs has been on the agenda to further facilitate private sector participation.

The Indian government's funding for the next 5 years is expected to be USD 130 Bn for defence procurement. The government is looking to achieve a target revenue of USD 25 Bn in terms of country's defence manufacturing.

Key Growth Drivers and Influencers for Defence sector in India

1. Defence FDI Policy 2020 - The government has increased the FDI limit from 49% to 74% under the automatic route so foreign players can have majority control of management and operations. This is expected to attract more foreign players to set up their manufacturing plants in India. In the aftermath of the same, the Indian government has released a list of 101 defence items which shall be banned from imports. This will allow a wide spread manufacturing base, introduce global best practices and aide job creation. The caveat here is that firms must ensure the item being produced must be 50% indigenous.

2. Defence Acquisition Procedure (DAP 2020) – Implemented to streamline the process of defence procurement. Under this reform, with regards to the 101 banned defence import items *(ref. Annexure for entire list of items),* only companies incorporated in India shall be eligible for bidding. These can be subsidiaries of foreign companies but incorporated in India under the new FDI norms. The government estimates that the Armed forces will likely spend around INR 4,000 Bn over the next 5-7 years for procurement of these 101 items through the domestic route. The government is also working smooth implementation of the DAP 2020, in terms of schedule and disbursement.

3. DRDO has recently announced indigenization of 108 systems and sub-systems that include mini and micro UAVs, ROVs, uncooled NV-IR sights for weapons (short-range), mountain footbridge, floating bridge (both metallic), mines laying and marking equipment. DRDO shall also provide technology support to industries involved in this process.

4. Offset clauses have been removed as they had a history of non-fulfilment especially with regards to transfer of technology. This clause removal is likely to reduce the cost of procurements from foreign entities.

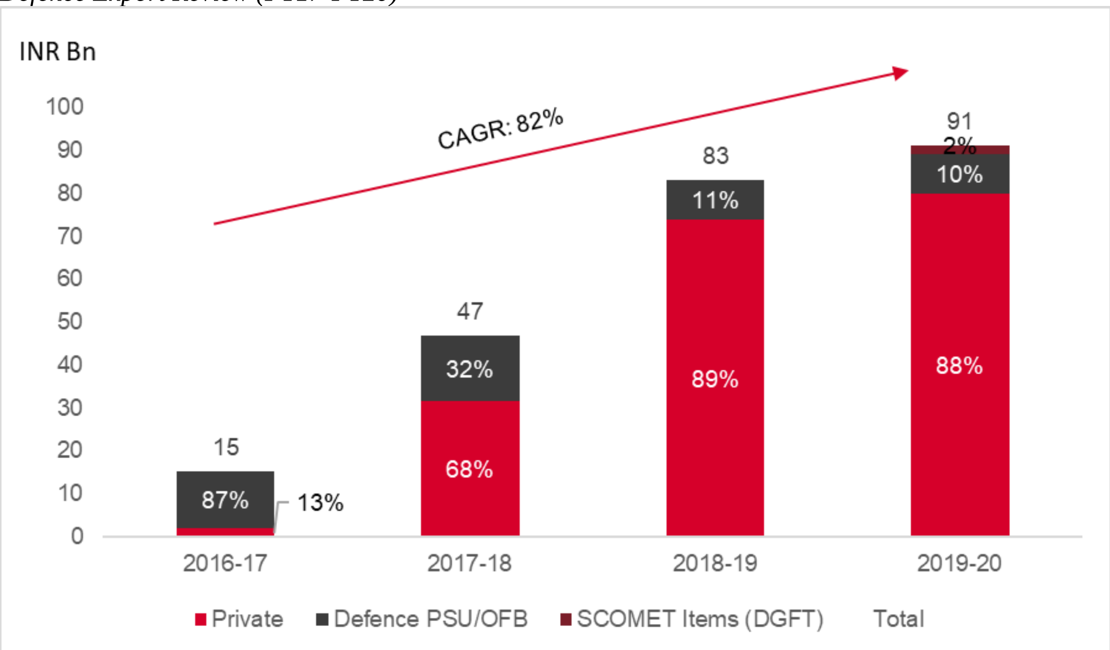
5. Leasing has been introduced to attract firms supplying critical and expensive defence items. These firms can enter into medium to long term agreements with regards to the usage of the defence item. Domestic firms are likely to be favoured for procurement of critical defence items given they demonstrate capability and investments in technology.

6. The Indian government has proposed plans for **defence industrial corridors**, one in Uttar Pradesh and Tamil Nadu to push for higher indigenization thereby creating opportunities for **private sectors, MSMEs & start-ups.**

7. Government is developing its **defence export strategy** to seize the export opportunities especially in the developing regions of Asia, Africa and Middle East. The backing of India government would make it much easier for private firms to bid for contracts in these countries.

8. The government is currently focussing on low-tech sectors such ammunition, surveillance and tracking systems. These are relatively easier to manufacture compared to key import items such as anti-submarine missiles, helicopters, naval guns etc. Manufacturing these involve significant technological capabilities and investments and would continue to remain a challenge given the removal of offset clauses. However the gradual advancement by DRDO in the field of ballistic missiles, quick reaction surface to air missiles, anti-tank missiles, rocket systems etc. shall cushion capability building exercise for high-tech defence systems and weaponry.

Defence Export Review (FY17-FY20)



Note: PSU – Public Sector Undertaking, OFB – Ordinance Factory Board, DGFT – Directorate General of Foreign Trade

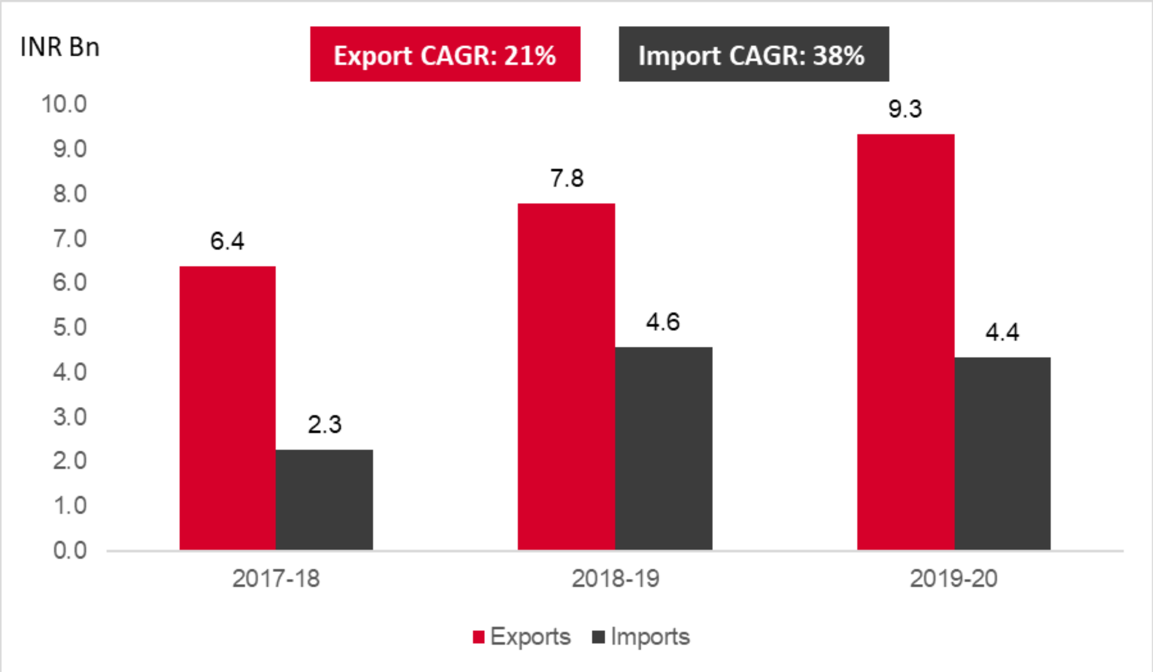
SCOMET - Special Chemicals, Organisms, Materials, Equipment and Technologies of dual-use items and technologies
Source: Ministry of Defence, CRISIL Research

Defence Export Outlook

The government targets to reach the USD 5 Bn mark (INR 350 Bn) in defence exports in next 5 years. India has been successful in upscaling the defence exports agenda with major participation of private sector. However, its share of global arms exports is miniscule ~0.2%. There exists a sizeable opportunity for arms exports from India especially in the low-tech weapons (non-lethal equipment) and equipment space with selective medium/high technology equipment like Brahmos missile, Pinaka multi-barrel rocket launcher, Advanced Light Helicopter, naval craft/ships, Akash air defence system and Astra air-to-air missile.

The target market would be selective and largely comprising of states in Africa and the Middle East without any manufacturing capability and high import dependence from western countries. The overhaul of ordnance factories and other Defence PSUs is paramount in terms of modernisation, timeliness and quality to further aide exports from the public sector.

Trade Balance for Arms and Ammunition - Parts and Accessories (FY18-FY20)



Source: DGFT, CRISIL Research

The arms and ammunition exports from India have risen at a robust CAGR of 21% to reach INR 9.3 Bn from FY18 to FY20. However, in the same period, the imports rose faster (38% CAGR), albeit at low base, to reach INR 4.4 Bn. The trade balance has tilted in favour of exports rising from INR 4.1 Bn in FY18 to INR 4.9 Bn in FY20.

Investments in Industrial Defence Corridors

India is the 3rd biggest military spender and 2nd largest defence importer with a keenness to emerge as defence manufacturing hub globally under the 'Make in India' initiative. To enhance domestic manufacturing capacity, two Defence Industrial Corridors are being set up in India in Uttar Pradesh and Tamil Nadu.

The defence industrial corridors will act as catalyst for facilitating localised defence production and equipment for aerospace industry. The manufacturing of defence equipment locally shall aide import reduction and promote exports from India. The government is banking on private participation in the industrial corridors to help achieve the goal of a self-reliant India in defence, generate direct and indirect employment opportunities and spur the growth of private manufacturers, Micro Small and Medium Enterprises (MSMEs) and start-ups.
Below mentioned are the details of the 2 industrial corridors -

1. *Uttar Pradesh Defence Corridor - INR 37.32 Bn Investment as of Dec 2019 (Target to reach INR 100 Bn investment by FY24)*

Sr. No	Organisation	Investment (INR Bn)	Projects
Public Sector			
1	OFB	4.23	Modernisation of Ordnance Factory, Kanpur
2		3.45	Modernisation of Field Gun Factory, Kanpur
3		3.09	Modernisation of other factories in UP
Total – 10.77			
4	BEL	2.00	Modernisation of BEL Ghaziabad
5		0.40	Setting up of Regional Support Center at Agra/Kanpur
Total – 2.40			
6	HAL	7.00	Accessories Division, Lucknow for capacity enhancement of SI-30 MKI repair and overhaul; Capacity enhancement of LCA manufacturing
7		2.70	Capacity enhancement of SI-30 MKI ROH project and modernisation and maintenance of Korwa plant
8		2.00	Enhancing manufacturing capacity of Civil Dornier 228 for supporting UDAAN scheme
9		0.30	Upgradation of plant at Naini
Total – 12.00			
Private Sectors			
10	MKU	1.00	New facility at Noida for Electro Optics
11		1.50	Upgradation and Expansion of Armor Facility in Kanpur
12		1.50	Small arms manufacturing in Kanpur
13		5.00	Medium and large calibre arms manufacturing in Kanpur
Total - 9.00			
14	PTC	1.15	Manufacturing large propellers for Submarines and Ships
15	Bharat Forge	2.00	Setting up of ammunition factory
Grand Total: 37.32			

Source: Department of Defence Production

2. *Tamil Nadu Defence Corridor - INR 31.44 Bn Investment as of Dec 2019 (Target to reach INR 100 Bn investment by FY24)*

Sr. No	Organisation	Investment (INR Bn)	Projects
Public Sector			
1	OFB	16.40	Modernisation of Heavy Vehicle Factory, Chennai and Engine Factory, Avadi
2		3.50	Modernisation of Ordnance Factory and Heavy Alloy Penetrator Project, Tiruchirapalli
3		3.15	Modernisation of Ordnance Factory Aruvankadu
Total – 23.05			
4	BEL	0.65	Skill development and various facilities

5		0.76	Setting up of Regional Product Support Center at Sulur (38.81 Cr) and Clean Room facility at BEL, Chennai for indigenous production of next generation EO Pods (36,74 Cr)
Total – 1.41			
6	MDL	0.15	AI enabled product development for start-ups incubated at IIT, Chennai
7	BEML	0.40	Defence spare parts manufacturing at Coimbatore in JV with TATRA trucks from Czech
8	BDL	1.00	Outsourcing for Coimbatore Defence Corridor
9		0.50	Future orders of MILAN-2T and KONKURS-M ATGM
Total – 1.50			
Private Sector			
10	AIDAT	1.63	Promote and develop Aerospace and defence industry ecosystem in Tamil Nadu
11	Alpha Design Technologies	1.00	Plant and machinery for projects like FICV, FRCV, Fire Control systems for AFVs and infrastructure for Avionics, Electronic Warfare and Aero assemblies
12	TVS Defence	0.50	Protective gears, Photonics, Thermal Imaging and Aerospace components
13	Data Patterns	0.75	In the field of Radars. Plans to invest INR 50 Cr in the next one year
14	Aerospace Engineers Pvt. Ltd	1.05	Proposal to invest INR 60 Cr at Hosur and 45 Cr at Salem for land building and machinery
Grand Total – 31.44			

Source: Department of Defence Production

Competitive landscape in defence equipment industry

Profiling MTAR and its key competitors in defence (L&T and Godrej)

Company Profile - MTAR Technologies Pvt. Ltd.

MTAR has been involved in India's defence equipment supply chain for the past 4 decades. Over the years, it has supplied hi-precision indigenous components, subsystems, assemblies to India's defence and aerospace program. It has been integrally involved in the strategic missile program in various stages. Moreover, it has been a major supplier to various other programs of DRDO labs like ADA (Aeronautical Development Agency), Advanced Systems Lab (ASL), GTRE (Gas Turbine Research Establishment), and DRDL (Defence Research and Development Laboratory). It has been involved as a supplier to major DPSUs like BEL (Bharat Electronics), BDL (Bharat Dynamics), HAL (Hindustan Aeronautics Ltd) etc. It has expertise in manufacturing control actuation mechanisms which involves electronic mechanisms such as DSRDM & CSRDM Assemblies and Fuel machining head mechanisms. These are vital for major system integration projects in Defence.

MTAR's product offerings based on specific Defence clients are given below:

Client	Offerings	Production Expertise
ASL	Base Shroud and Fin Assembly Airframe Structures for Agni A1, A2, A3, A4, A5, A1P Metallic Canister for LRSAM Program Interstage ½ Assemblies for Missile programs SITVC AND HFTC VALVES	It has been key supplier for programs such as Agni A1, A2, A3, A4, A5, A1P and Prithvi missiles
ADA	Drop Tank Components –1200 & 800 Litres Radome Bulk Heads 10T, 20T Actuators Control Module Components	
GTRE	Actuators	

Client	Offerings	Production Expertise
	L P Shaft Turbine Gear Casing Casing Compressor Bevel Pinion Housing Gear Box Casing Assembly Diffuser Casing	
BDL	Gyro Components for Invar Motor Body for Konkurs Manifold for C303 Anti Torpedo Missile System	
HAL	Input Housing for ALH Titanium Center Piece Rotor Mast Bearing Housing 10 T -DALIA Actuators for HAL Tejas -Sleeves, Control Manifold, Fwd. & Rear cylinders, Pistons & other parts. Main Gearbox for ALH Stub Shaft for ALH Tail Rotor Shaft for ALH Sukhoi HPC Shaft -Nickel Alloy Engine Components for HAL	MTAR manufactures actuators for LCA Tejas, critical front and rear shafts for fighter aircrafts. They also manufacture critical turbine nozzles and turbine discs in super alloys, landing gear pistons, power door opening systems, ram bodies, housings, frames, leavers, pistons, cylinders etc.
RAFAEL	Precision Machined Components Critical Aluminum Weldments	Critical Aluminum Weldments and other Machined components go into LRSAM Missile program by Rafael
ELBIT	Shaft V-Tail Actuator torque link, RHS Fork Wheel NLG Gear Leg	Approximately 92 different critical components has been supplied to ELBIT for Hermes 900 Drone program

Source: Company

MTAR's Defence Manufacturing Facilities

Facility	Products
Unit-1 for Nuclear & Defence, Hyderabad	Manufacturing of complex nuclear assemblies such as FM Head, Thimble Package, Top Hatch Beam, Bridge & Column etc. Along with these, high-end defence products such as Air frames, Base Shroud Assembly for Agni missiles etc.
Unit-3, Hyderabad	It produces ball screws (import substitute), which are used in defence applications
Unit IV, V, VI (Hyderabad)	Provides support services to Unit 1 and other units
Additional two units at Adibatla, Hyderabad	Sheet metal manufacturing and specialised fabrication

Source: Company

Company Profile - Larsen & Toubro (L&T)

L&T's Defence Business Unit has been active in the India market since 1980's. Presently, L&T Defence Unit is providing indigenous design-to-delivery solutions across various defence segments. These include production of Land and Naval platforms, Weapon Systems, Engineering Systems, Missile & Space Launch Vehicle subsystems, Sensors, Radar Systems and Avionics.

L&T Defence has dedicated facilities across the country. These are given below. Apart from these L&T operates GOCO (Government Owned Contractor Operated) facility in Vishakhapatnam. Moreover, R&D, Design & Engineering Centers located at Powai, Chennai and Bengaluru to serve this unit

Facility	Location
Submarine hull-building facility and an Armoured Systems manufacturing, integration & testing facility	L&T's Hazira Complex, Surat

Facility	Location
Modern Shipyard	Kattupalli, Chennai
Aerospace manufacturing shops for rocket motors for India’s Space Launch Vehicles	Powai (Mumbai) and Coimbatore
Precision Manufacturing & Systems Complex for Aerospace & Missiles manufacturing	Coimbatore
Advanced Composites facilities	Vadodara and Coimbatore
Strategic Systems Complex for Weapon & Engineering Systems and Sensors	Talegaon (Pune)
Strategic Electronic Centre	Bengaluru

Source: Company Reports

The offerings of L&T Defence across various segments are given below:

Segment	Offering
Naval Platforms & Systems	Submarine & Underwater Platforms Surface Warfare Anti-Submarine warfare Unmanned Marine Systems Platform Management Systems Power Generation & Distribution Systems Engineering Systems
Land Systems	Weapon Launchers Artillery Systems Armored Systems Combat Engineering Systems Air Defence Solutions
Missile & Aerospace	Missile Subsystems Military Aviation & Sub-systems Space Unmanned Aerial Systems & Targets
C4ISR (Command, Control, Communications, Computers, Intelligence, Surveillance and Reconnaissance)	C4ISR Systems C4ISR Products Sensors Allied Systems (Satellite ground Systems, Robotics, Homeland security) Avionics
Radar, Telemetry and Tracking	Radar, Telemetry and Tracking Systems Radar Sub-Systems
Specialized Defence Infrastructure	• Air Base Infrastructure • Naval Infrastructure • Storage Depots & Long Span Steel Structures • Underground Structures • Smart World & Communication

Source: Company Website

Company Profile - Godrej & Boyce

Godrej & Boyce Manufacturing Company, is a diversified flagship company of the Godrej Group. The Aerospace & Defence business unit is involved in the defence equipment supply chain. This unit also collaborates with their precision engineering unit to supply specific radar systems, missile carriers, launchers, hull equipment etc. It also has interests in civil aviation and has ongoing project with international players like Boeing, GE, Honeywell etc.

The various offerings of the Aerospace & Defence unit are as follows:

Segment	Offerings
Land Based Systems	• Missile Carriers • Counter Mine Flail • Mine Munition Burier • Mobile Autonomous Launcher, Brahmos • Mixer Bowls for Propellants • Mobile Replenishment Vehicle, Brahmos • Mobile SAR • Workshop Vehicle, Brahmos
Aerospace Engineering	• Air Frame Systems for Defence • Space Engines & Satellite Thrusters • Sheet Metal Brackets • Complex Fabrication Parts • Tubes & Ducts • Line Replacement units • Structures • Rubber Fuel Tanks & seals • Composites & Special Processes
Naval Systems	• CO2 Absorber • Kingston & Vent Valves • Hull Equipment • Capstan Mooring • LRCES • Steering Gear Equipment • Garbage Ejector • Operator Chair • Signal Cartridge Ejector • Pneumo Hydro Shock Absorber

Source: Company Website

SPACE EQUIPMENT MANUFACTURING INDUSTRY

Global space economy and industry size

Currently, the global space economy is estimated to be valued at about $360 billion. The global space economy includes various aspects such as consumer TV, consumer radio, consumer broadband, fixed satellite services, mobile satellite services, earth observation services, ground equipment, satellite manufacturing, satellite launch, non-satellite launch industry and second order impacts.

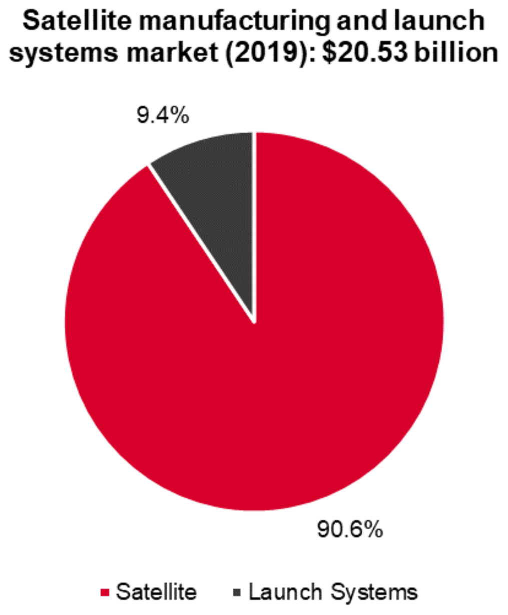
As of 2019, the satellite manufacturing and launch industry at $20.53 billion. The share of satellite manufacturing in that is ~$18.60 billion (91%) and that of launch systems ~$1.93 billion (9%).

The demand for satellites has been growing at a significant pace in recent years from various sectors such as civil/government, commercial, and military. This demand is fuelled specifically by increased capacity requirements for applications such as OTT (over-the-top), IoT (Internet of things), and 5G backhaul. The market is also witnessing increased adaption of smaller satellites due to technological advancements in the micro-electromechanical systems (MEMS) technology and miniaturisation of electronic component.

Private players with enhanced research and development (R&D) spending are entering the market to tap this growing sector. However, owing to the capital-intensive nature of this industry, many players have had to exit the market due to the postponement of launch schedules and irregular private funding. Currently, United States, Russia, China, India, Japan, and a few European countries have sufficient production capabilities in the area of satellite manufacturing. But with the growing trend towards production of small satellites, it is estimated that the manufacturing base of satellites will expand across the globe.

The Covid-19 pandemic has majorly affected the industry with several launch schedule postponements, disruptions in supply chains, work force scarcities, and reduced revenue streams of several players. While the large players have managed to stay on track with their launch schedules in the current year, the start-ups have been negatively impacted.

Revenue share (%) by type, as of 2019



Source: Mordor Intelligence, CRISIL Research

Space equipment manufacturing industry: Review (2016-19) and outlook (2020-25)

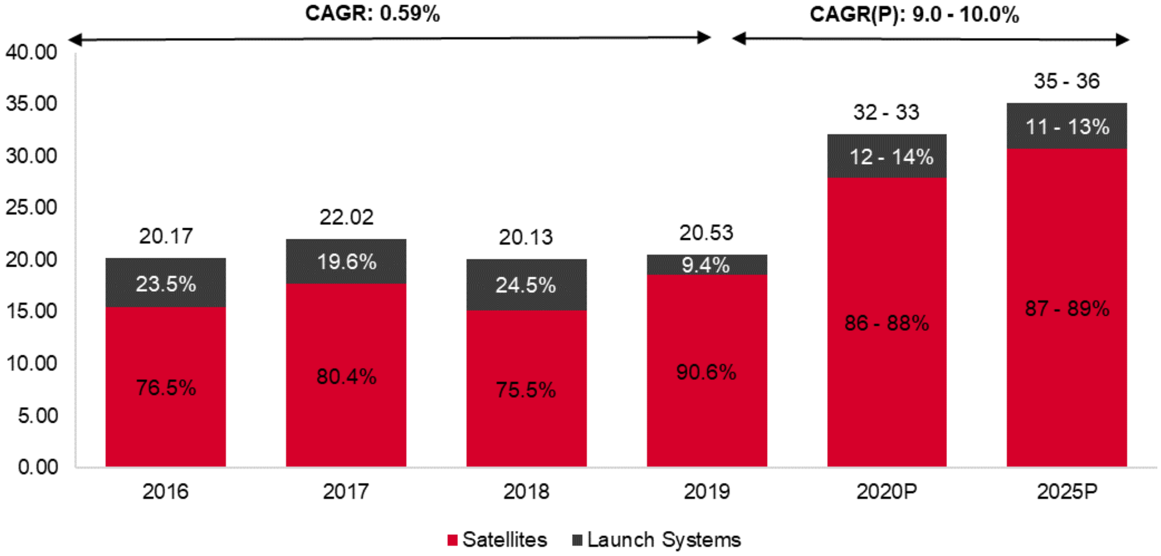
The market studied consists of two segments. One is satellite manufacturing (includes design, testing and production) and the second is the launch systems (includes launch fee and vehicle development cost). The market is sized from the revenue standpoint. Revenue is estimated at the country level, where demand is generated.

There was an increase in the demand for satellites in the review (2016-19) and forecast (2020-25) periods on account of reducing costs and improved satellite and launch technology. The CAGR for the forecast period is estimated at 9.0-10.0% that of the review period was 0.59%. The low CAGR was largely on account of the decline in market revenue (against increasing demand) across the global industry in 2019 owing to a lower number of launches. This was primarily due to advancement in technology since a higher number of satellites were deployed on a single launch vehicle.

Cost optimisation and increased use of reusable rockets has led to increased global competition and rising dominance of players such as SpaceX. Players such as ISRO (Indian Space Research Organisation) are also gaining ground on the back of cost-competitive and reliable products and services. This has compelled industry players to reduce their prices to attract further business. This trend was especially prevalent in the military and government segment (negative CAGR was registered in the review period) which is the largest spender and the key demand driver. On the other hand, the commercial segment registered a consistent rise during the review period on account of demand from increasing infrastructure of satellite applications and services (GPS, satellite-based internet, etc.). It delivered 5.51% CAGR during the review period. The 2020 rise is on account of large number of launches by US players towards the development of satellite constellations.

Market segmentation by type

Market size ($ billion) by type, 2016-25P



P: Projected
Source: Mordor Intelligence, CRISIL Research

Satellite manufacturing market

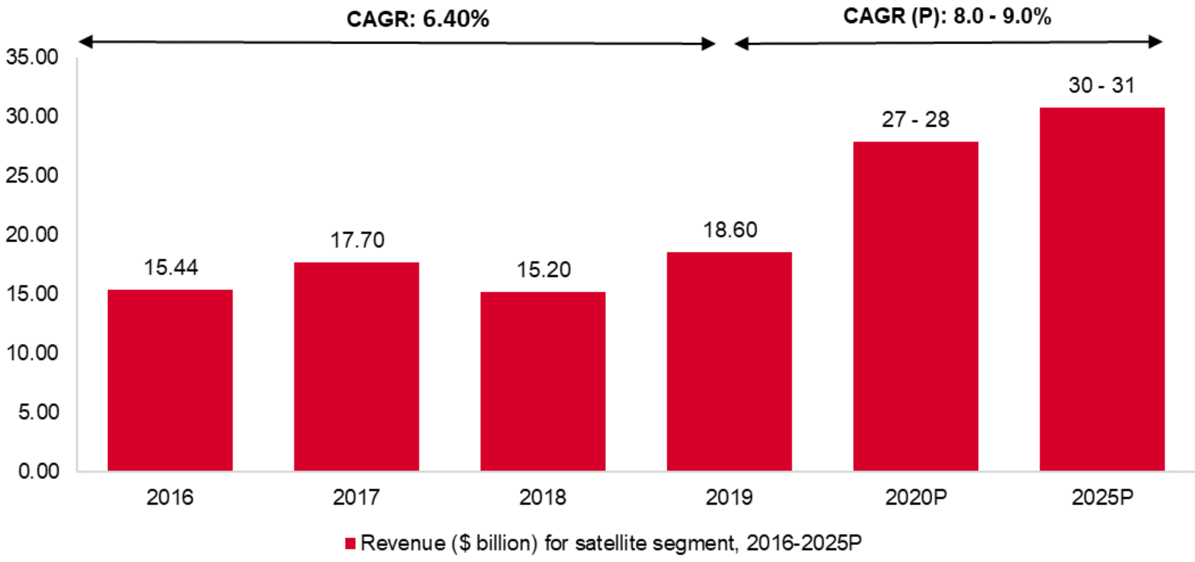
The satellite manufacturing market segment is expected to attain a value of $30-31 billion by 2025, clocking 8.0-9.0% CAGR during the forecast period. There were some 485 satellites launches on average from 2017-19. This rose to an estimated ~1,200 satellites in 2020. This is mainly because of the 733 Starlink and 68 OneWeb satellites being launched till October 2020.

Nano and micro-satellites are also growing rapidly in the military segment. The popularity of these smaller satellites stems from the fact that they are difficult to target. In April 2020, Nano Avionics was selected for a contract for the construction of two nano-satellites, which will weigh up to 10 kilograms, by the Dutch-Norwegian military. Set up in 2019, US's Space Development Agency (SDA) is aiming to launch nearly 1,000 satellites in orbit by 2026. Smaller, cheaper, and more replaceable satellites operating in low Earth orbit (LEO) are to be preferred over a handful of heavy and expensive satellites in geo-synchronous orbit (GEO).

As per the demand trends, Asia-Pacific countries are expected to surpass the western nations in terms of number of satellite launched over long term.

In 2019, there were orders for 17 geostationary satellites globally. These included 13 for the commercial market and four government satellites. This increasing demand for small and efficient satellites will drive the market for the forecast period.

Satellite manufacturing market ($ billion), for 2016-2025P



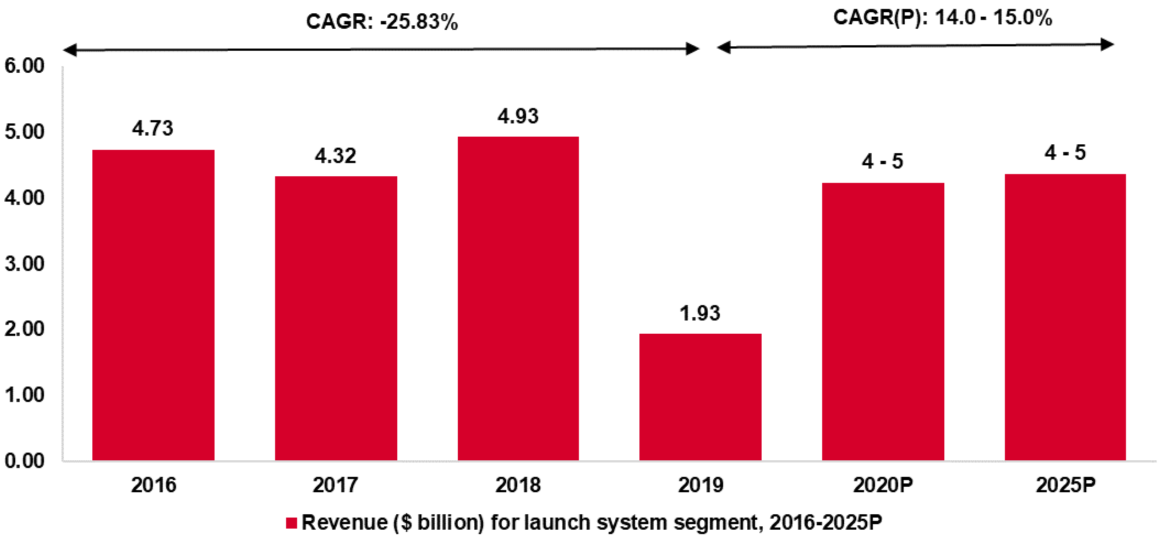
P: Projected
Source: Mordor Intelligence, CRISIL Research

Launch system market

The launch system segment of the market is expected to attain a value of $4-5 billion by 2025, registering a 14.0-15.0% CAGR during the forecast period. The global launch systems industry is largely dominated by the US and Europe, followed by Russia, India, Japan, and China. SpaceX's entry into the industry with Two stage-to-orbit reusable rockets has created a new segment, which is drawing entities from across the world to reduce their cost of launches and orbit placement. The 2019 drop is attributed to SpaceX. With the success of SpaceX, entities across the world are trying to develop similar technology indigenously.

Low-cost launch vehicles which can place heavy satellites into high-altitude orbits multiple times in a single year is the major R&D driver of this industry. The telecom industry is also likely to drive demand for heavy satellites and networked swarm of satellites. However, the revenue from communication satellites (heavy) have reduced in the review period as the global industry is expecting the commercialisation of high through put miniature communication satellites. With this development , the business of communication satellites is expected to shift to small satellite launch vehicles. The demand for heavy launch systems during the forecast period will be driven by the developmental progress of launch vehicles capable of making longer interplanetary trips with humans on board.

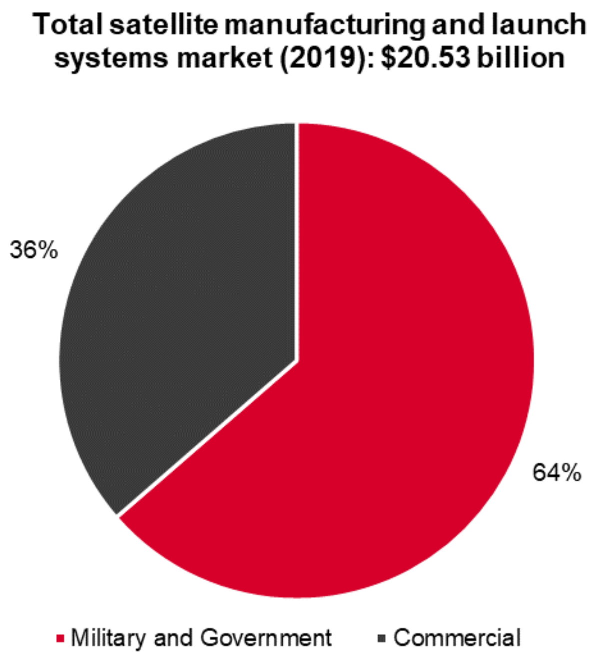
Launch systems market ($ billion), for 2016-2025P



P: Projected
Source: Mordor Intelligence, CRISIL Research

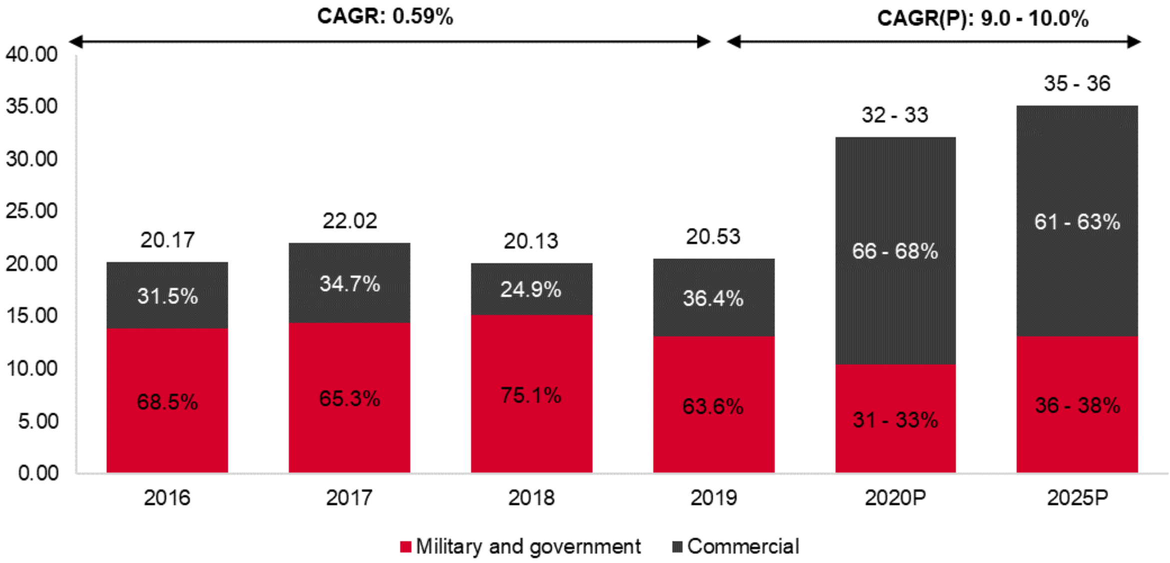
Market segmentation by application

Revenue share (%) by application, as of 2019



Source: Mordor Intelligence, CRISIL Research

Market size ($ billion) by application, 2016-25P



P: Projected
Source: Mordor Intelligence, CRISIL Research

Commercial applications

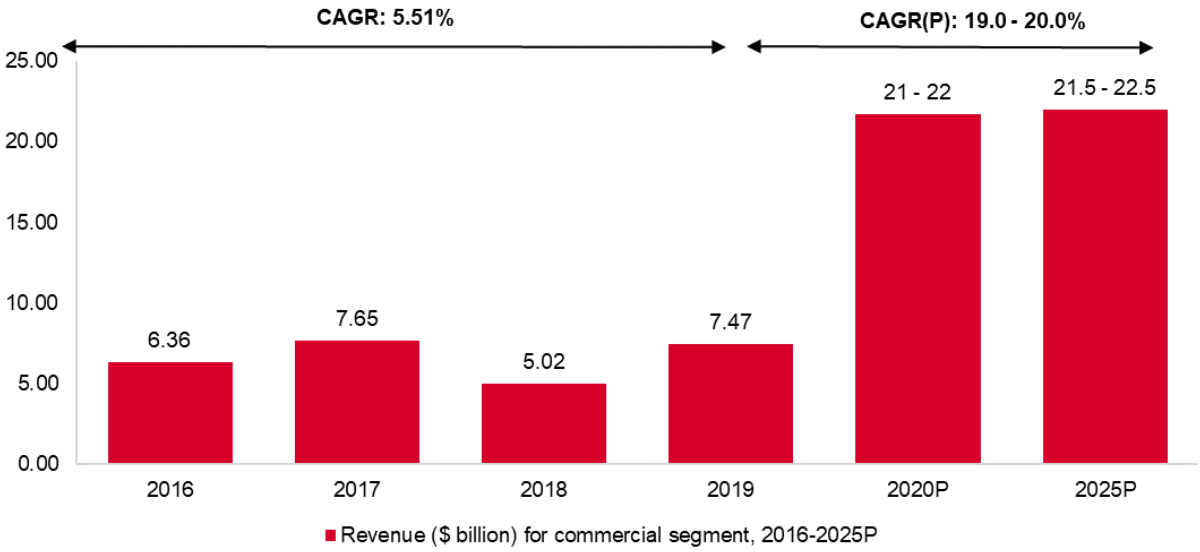
The commercial segment of the satellite manufacturing and launch systems market was sized at $7.47 billion in 2019, and it is expected to register 19.0-20.0% CAGR over the forecast period, reaching $21.5-22.5 billion by 2025. The commercial segment has registered a consistent rise (5.51% CAGR) in the review period on account of demand from increasing infrastructure of satellite applications and services (GPS, satellite-based internet, etc.). The year 2020 saw a significant rise in the market size as this year witnessed large number of satellite launches (towards constellation development) by US companies on account of cheaper launch services from players like SpaceX. The forecast for the commercial segment is driven by the US market's high demand and successful launches in 2020. The on-going plans of Starlink, Oneweb and other satellite constellations are the driver of this segment.

In 2019, 386 commercial satellites were placed into orbit, with the communications sector having a larger share. Numerous new commercial players have entered the market to launch their own satellites for commercial end-user applications, owing to advanced technologies and lower costs of production. These players are largely focused on low-cost, miniaturised, non-GSO (medium earth and low earth orbit) satellites. Additionally, demand is also growing for GEO high throughput satellites (HTS) due to their data speeds, handling capacity and improved utility.

A number of private players have ambitious plans for satellite constellations. As of October 2020, SpaceX has plans to launch nearly 12,000 Starlink satellites in total, with a possible later extension to 42,000. Amazon's project, known as Kuiper, would see the company launch 3,236 satellites into low Earth orbit in the coming years. The share of earth observation and communication satellites is expected to grow in the future. In 2020, Rocket Lab, based out of New Zealand, deployed 10 earth observation satellites into orbit.

Commercial satellites are expected to hold a major share of the total satellites launched during the forecast period. However, largely, these satellites will be cheaper nano and microsatellites such as the ones forming the constellations of Starlink, Kuiper, and Oneweb. This will ensure low average revenue per satellite launched for the commercial launches performed during the forecast period.

Market size ($ billion) for the commercial segment, 2016-25P



P: Projected
Source: Mordor Intelligence, CRISIL Research

Growth drivers

The increased use of space launch vehicles for satellites and testing probe applications, introduction of space tourism, development of satellite internet system, demand of small satellites, military application and commercial demands have propelled the growth of the space manufacturing and launch industry globally.

- *Increasing demand for small and low-cost miniaturised satellites*

  Advantages such as shorter development cycle, smaller development teams, and less cost has led to exponential demand for small satellites. These satellites provide flexibility in terms of launch systems, thereby reducing the cost of the launch and pushing profit margins. Higher profit margins have attracted many players and this has increased competition in the market. The small satellites have founds interest from both commercial and military applications.

- *The military and government segment's rising needs*

  Increasing demand for unmanned aerial vehicles (UAV) and high-tech equipment are leading to higher data bandwidth and infrastructure requirements. This is fuelling demand for advanced satellite communications (SATCOMs). In mid-2020, SpaceX launched a communications satellite for South Korea, dedicated for military use. Many other countries are developing SATCOM networks to improve data management capabilities. Similar trends are observed for the US, China and Russia, etc.

- *Competition and advanced technology driving the prices down*

  Development of all-electric satellites has led to the removal of conventional power systems which accounted for additional load for the launch vehicles. Thus, more number of electric satellites can be accommodated in an individual vehicle, leading to a drop in the launch costs. Furthermore, the competitive nature of this industry is also leading to reduction in costs of launching satellites.

- *Research & Development of reusable launch systems*

  SpaceX has demonstrated the abilities of its reusable rockets. Following this development, many prominent players such as Blue Origin, Ariane Group, CNES (France), ISRO (India), and JAXA (Japan) are making progress with reusable launching vehicles. This technology reduces the overall cost of the project since a majority of the parts can be reused in subsequent launches.

- *Growing commercial needs*

Data demands are increasing exponentially. It has been estimated that majority of the satellite demands in the commercial segment will stem from the demand for satellite broadband, on account of increasing application of autonomous cars, smart devices, internet of things, virtual reality, gaming, video and AI applications etc.

Space tourism is also a sector which is gaining grounds. Majority of the R&D in the launch vehicles and systems is targeted at the development of spacecraft that can achieve commercial space travel.

Private sector is also exploiting the earth observation industry. Use earth imaging, GPS tracking and data analytics technology in order to map the weather, climate and marine data. These commercial venture will also find applications in environment protection and disaster management.

Key trends

- The need for cheap, reliable and satellite internet will drive future growth of this market
- Increased focus on satellite swarms as these are cheap and quick to deploy. These can be programmed to work together, thereby providing reliable and accurate data
- With advancements in Artificial Intelligence and Machine Learning technologies, it is expected that these would reduce the dependence on ground stations
- The use of 3D printing technology is expected to pick up to build satellite components. This would reduce the cost and weight of components substantially
- The risk of cyber-attacks will lead to ensuring mandatory cyber security capability during manufacturing, especially for new players entering the industry
- Adoption of electric propulsion systems for satellites will pick up pace as a possible upgrade in the small satellites with regards to the low thrust long duration applications
- Major players in this industry are moving away from the conventional hydrazine rocket fuel over concerns regarding its toxic and carcinogenic nature. It is likely to be replaced with a greener propellant. Many space agencies such as NASA and ISRO have reportedly been working towards this.

Overview of global supply chain for space equipment industry

Players involved in the space supply chain need to have high-quality manufacturing units that can produce zero-margin error components. Amid the growing demand for satellites applications, the need for a supply chain that can deliver quality and timely products is rising.

Most of the supply chain for space equipment is concentrated in the United States, Russia, China, India, Japan, and a few European countries. However, it is likely that the value chain will become fragmented during the forecast period as the industry moves towards higher demand for small satellites. This would expand the supply chain to other countries. OEMs are trying to integrate their activities vertically in a bid to improve control over the supply chain.

Currently, some major players account for half of the global space market. All these players are constantly pursuing production capability expansion in the form of acquisitions, joint ventures and investments. Northrop Grumman acquired Orbital ATK in 2018. This acquisition would help add capacity to the company's satellite manufacturing abilities in the US. Lockheed Martin has invested in start-ups specialising in small launch vehicles in a bid to complement their current offerings in the launch systems segment. Key players in the Asia-Pacific region are also pursuing expansion. Mitsubishi Electric invested close to $100 million in 2017 towards a new satellite manufacturing unit in Japan. This unit is estimated to push the country's production by 80%. In terms of technological capabilities as well, the region is gaining ground. China launched a satellite from an ocean platform in 2020, becoming the third country to do so.

Global players are pushing for organic growth through technological innovations to improve their bargaining power in the industry. The growing micro and nano satellite segment is likely to introduce new players in the value chain.

Indian space equipment manufacturing industry

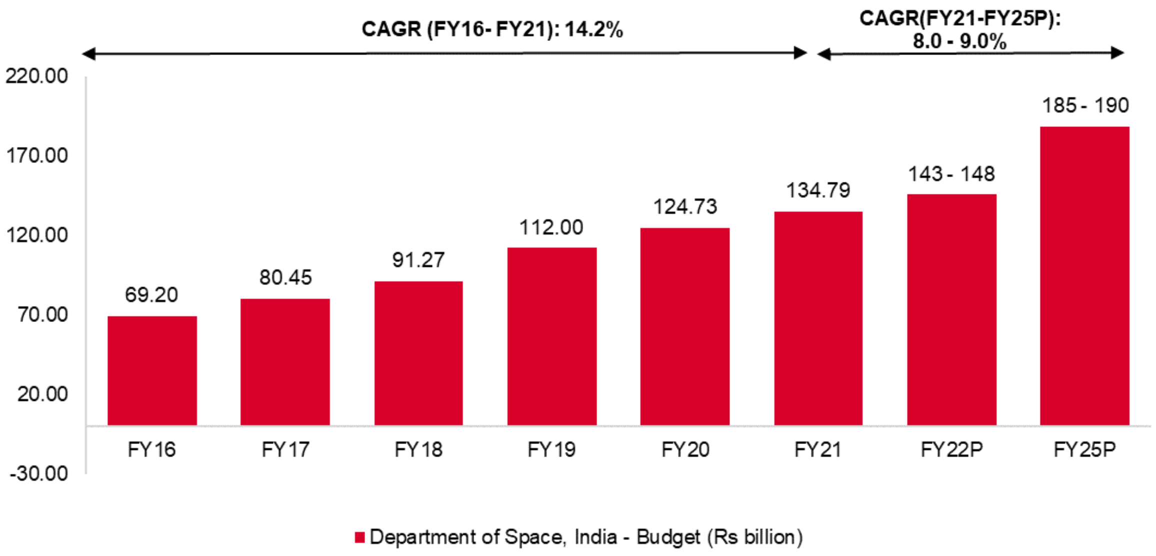
Review of space exploration spending and satellite launches

The Indian space programme has revolved around the Indian Space Research Organisation (ISRO). ISRO has been spearheading India's space programme. Formed in 1969, the Indian space agency started by launching payloads of 30-70 kg and has reached a stage where it can launch a payload of 4,000 kg. As of 2019, ISRO has successfully completed 118 spacecraft missions and 78 launch missions. Since its inception, ISRO has had several prominent achievements as shown below:

- **1975** • ISRO-built Aryabhata satellite was put in space by the Soviet Union
- **1980** • ISRO launched Rohini on indigenous launch vehicle SLV-3
- **1992** • ISRO launched INSAT and augmented satellite launch vehicle
- **2008** • ISRO placed lunar orbiter, Chandrayaan-1, in orbit with the objective of mapping the lunar surface
- **2012** • The year marked ISRO's 100th mission. It launched two foreign satellites in space using the PSLV-C21 rocket
- **2013** • India placed the Mars orbiter in Mars' orbit in its maiden attempt, becoming the first nation to do so and the fourth space agency to reach Mars
- **2017** • ISRO launched 104 satellites on a single PSLV-C37. In the same year, it launched GSAT-19 on GSLV-Mk III
- **2018** • Launched GSAT-29, weighing 3,423 kg, aimed at improving communication for the nation
- **2019** • Launched its second lunar mission, aimed at making a soft landing on moon. However, the mission failed at the last minute due to a software glitch

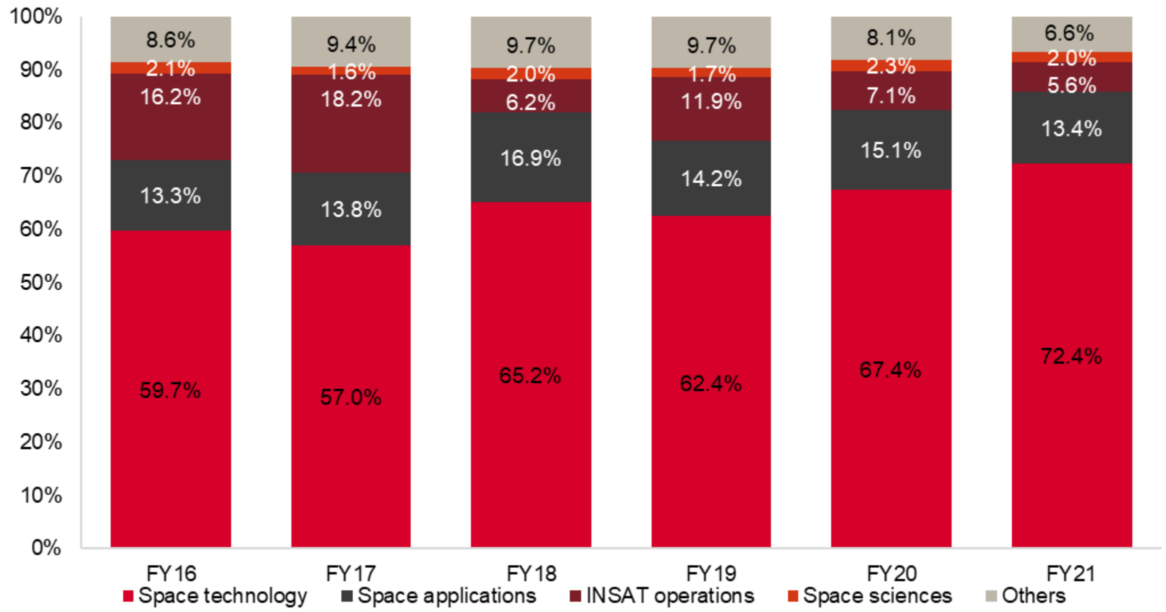
ISRO has plans to expand its technological prowess in the future with missions such as Chandrayaan-3, Gaganyaan (human spaceflight mission), Aditya-1 (proposed mission to study the Sun), Sukrayaan-1 (proposed orbiter to Venus) and a new port in Tamil Nadu for SSLVs. The budget for Department of Space in the current financial year is Rs 134.8 billion. It is estimated that the space budget will attain a value of Rs 185-190 billion by FY25 on account of planned and proposed missions. ISRO conducted 14 missions in fiscal 2019 and more than 11 missions in fiscal 2020. It hopes to complete 36 missions in fiscal 2021 and 31 missions in fiscal 2022. The budget break-up suggests that investment in space technology constitutes a major chunk of the overall space budget and is likely to hold a majority in future budgets as well. The investment share of space technology in overall expenditure has risen from 59.7% in fiscal 2016 to 72.4% in fiscal 2021.

India's space budget (Rs billion), for FY16-FY25P



P: Projected
Source: ISRO, CRISIL Research
Note: The figures are budgeted estimates

India's space budget break-up (%), for FY16-FY21



Source: ISRO

ISRO's past and future missions

Missions	FY19	FY20	FY21E	FY22E
Earth observation satellites	2	4+2*	10	8
Communication satellites	4	1+1*	3	3
Navigation satellites	1	0	2	2
Space science satellites	0	1	3	0
Technology demonstrator	1	0	1	0
PSLV	4	4+2*	10	8
GSLV Mk II	1	0+1*	3	6
GSLV Mk III	1	1	1	0
SSLV	0	0	2	2

Missions	FY19	FY20	FY21E	FY22E
Gaganyaan	0	0	1 (unmanned)	2
Total	14	11+6*	36	31

Source: ISRO Annual Report FY20

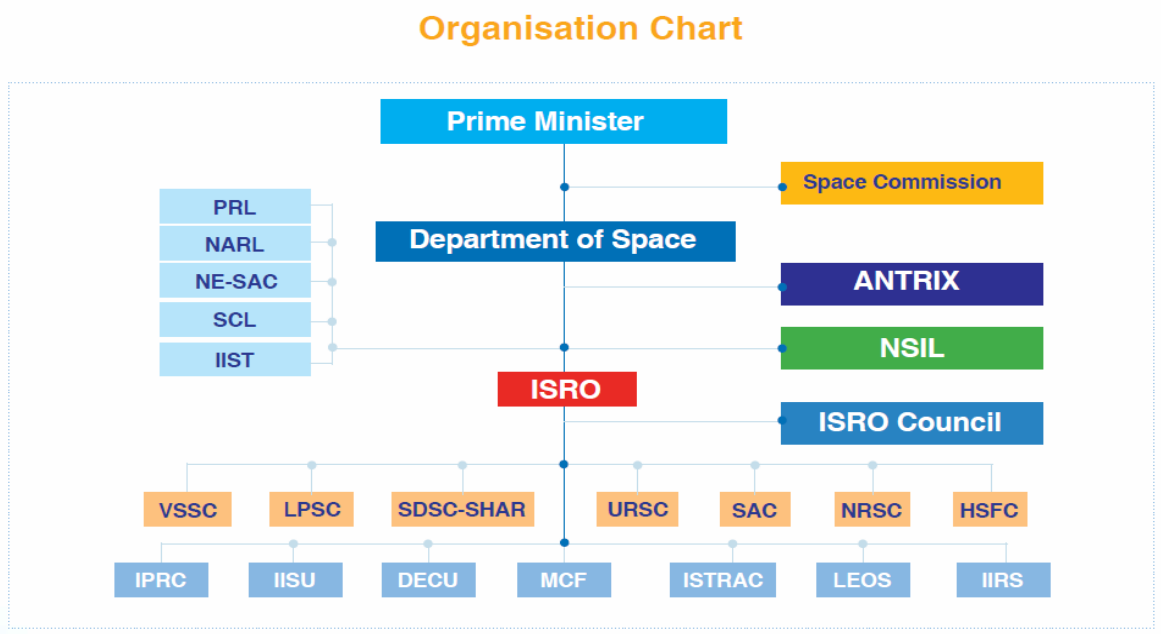
*Note: *Number of missions expected to be achieved by March 2020. However, it might not have been achieved due to the Covid-19 pandemic.*

E=Estimations by ISRO

Overview of manufacturing capabilities of the Indian supply chain

ISRO is responsible for driving the space sector in India. It is responsible for coordinating space missions related to satellites, launch vehicles and R&D. It has an ecosystem of 400+ suppliers (largely SMEs) that contribute components towards ISRO's mission. They lack end-to-end production processes of design, test and launch. ISRO is the sole entity that is responsible for procurement and assembly of satellites and launch vehicles. Currently, launch services come under the purview of ISRO. However, the regulations are in the process of getting updated to involve private participation.

ISRO fulfils its responsibility through its various establishments. The ones involved in satellite manufacturing and launch services are given below:



PRL: Physical Research Laboratory **NARL:** National Atmospheric Research Laboratory **NE-SAC:** North Eastern Space Applications Centre **SCL:** Semi-Conductor laboratory **IIST:** Indian Institute of Space Science and Technology **ISRO:** Indian Space Research Organisation **Antrix:** Antrix Corporation Limited **NSIL:** NewSpace India Limited **VSSC:** Vikram Sarabhai Space Centre **LPSC:** Liquid Propulsion Systems Centre **SDSC:** Satish Dhawan Space Centre **URSC:** U R Rao Satellite Centre **SAC:** Space Applications Centre **NRSC:** National Remote Sensing Centre **HSFC:** Human Space Flight Centre **IPRC:** ISRO Propulsion Complex **IISU:** ISRO Inertial Systems Unit **DECU:** Development and Educational Communication Unit **MCF:** Master Control Facility **ISTRAC:** ISRO Telemetry, Tracking and Command Network **LEOS:** Laboratory for Electro-Optics Systems **IIRS:** Indian Institute of Remote Sensing

Source: ISRO

Establishment	Role overview
Satish Dhawan Space Centre	• It is located in Sriharikota and is responsible for providing launch base facilities for ISRO. It has two launch pads for PSLV and GSLV, and a separate pad for sounding rockets. Additional facilities were added to meet higher launch frequency • The centre has facilities for solid propellant processing, static testing of solid motors, launch vehicle integration and launch operations, range operations comprising telemetry, tracking and command network and mission control centre
Vikram Sarabhai Space Centre	• Located in Thiruvananthapuram, its focus areas are design and development of launch vehicle technology. It undertakes designing, manufacturing, analysis, development and testing towards production of various sub-systems. It is also involved in advanced technology vehicles, air breathing propulsion system and modular heavy lift launch vehicles

Establishment	Role overview
	• The main missions at Vikram Sarabhai Space Centre are PSLV, GSLV Mk II, GSLV Mk III, SSLV and Rohini sounding rockets
Liquid Propulsions Systems Centre	• Responsible for design, development and realisation of liquid and cryogenic propulsion stages for launch systems. Fluid control valves, transducers, propellant management devices for vacuum conditions and other key components are the offerings of this centre • Its two units are located at Bengaluru and Thiruvananthapuram
Laboratory for electro-optic systems	• Responsible for the design, development and production of electro-optic sensors and optics for spacecraft use • Offerings under the sensor system include earth sensors, star sensors, sun sensors, magnetic sensors, fiber optic gyro, temperature sensors and processing electronics • Develops optics for remote-sensing cameras, radiometers, star sensor optics, optical filters, optical masks, optical coatings, infrared detectors and MEMS-based inclinometer under optic system
Space Applications Centre	• A major R&D centre for ISRO, located at Ahmedabad. It undertakes activities related to the development of space-borne and air-borne instruments • The centre has facilities such as payload integration laboratories, electronic and mechanical fabrication facilities, environmental test facilities, systems reliability/assurance group, image processing and analysis facilities
U R Rao Satellite Centre	• Lead centre for design, development and integration of communication, navigation, remote sensing and small satellites
Human Space Flight Centre	• Dedicated centre for implementing Gaganyaan programme
National Remote Sensing Centre	• It is responsible for remote sensing satellite data acquisition and processing, data dissemination, aerial remote sensing and decision support for disaster management. It is located in Hyderabad which is a key defence R&D centre of the country.
ISRO Propulsion Centre	• Responsible for the supply of storable liquid propellants and cryogenic propellants for launch vehicles and satellite programme

Source: ISRO

Indian space equipment industry: Review (fiscal 2017-2021) and outlook (fiscal 2022-2025)

The satellite manufacturing and launch systems market in India is estimated to reach Rs 46 – 48 billion by fiscal 2025, at a CAGR of 7-8% in the forecast period. Over the review period, India has been successful in attaining reliability and cost-effective launch services. However, the rising competition, improving technological prowess of other space agencies and private players (especially of US), the global market share of India is expected to decline over the forecast period. FY21 market has taken a hit due to the COVID-19 pandemic, which resulted in small number of launches.

Due to regulations, the commercial segment of this industry is virtually non-existent. The proposed policies have changed the outlook for the commercial segment. The commercial segment is expected to reach Rs 8-9 billion by FY25. Given India's military position with respect to its neighbours, increasing military needs and rising prominence of satellite applications in military use, the military and government segment will continue to hold majority of the market. The military and government segment is expected to attain value of Rs 37– 39 billion by FY25. Revenue from the military and government segment is subject to the budget allocated by the Government of India to the relevant defence agencies.

India has a significant number of projects underway. India's space agency ISRO is progressing rapidly towards the test launch of its Small Satellite Launch Vehicle (SSLV). The SSLV will have a lift-off mass of 120 tonne and capabilities of deploying 500kg to LEO and 300kg to sun synchronous orbit. The R&D cost of the SSLV is Rs 1.2 billion and it has been reported that SSLV has a per kg cost of launching satellites, similar to that of the PSLV. This will make ISRO even more competitive for lower payload launches. India plans to launch several satellites to fulfil its requirements for earth observation, communication and navigation. In 2018, a navigation satellite was launched towards development of India's navigation network, IRNSS. In November 2020, India launched the EOS-01, a radar imaging satellite for weather surveillance via high resolution images.

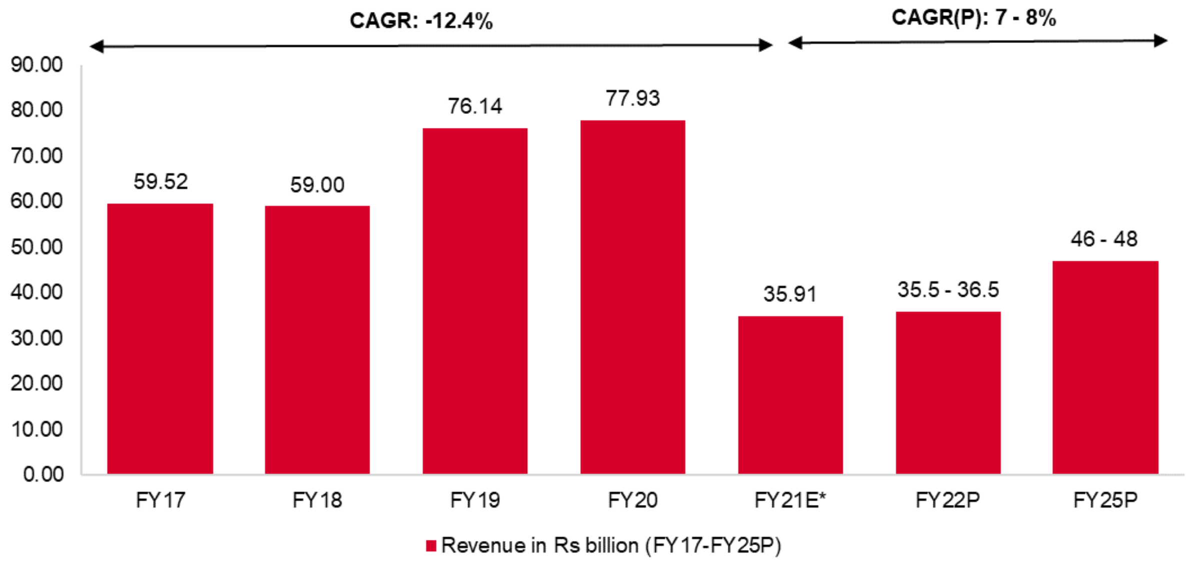
ISRO is also trying to reduce its responsibilities on the commercial end with the formation of NewSpace India Ltd, which will act as the commercial arm of ISRO. Its objective is to enable the Indian industry to scale up high-technology manufacturing and production base for the domestic industry. ISRO intends to focus its resources solely on innovation and R&D in the future.

The proposed budget for India's space programme for fiscal 2021 is Rs 134.8 billion. India's plan includes optical, multi- and hyperspectral, and synthetic aperture radar satellites. Several other missions are also under the planning stage. These include launch of GISAT-1 satellite, space docking experiment (SPADEX), reusable launch vehicle (RLV) and a few others. These programmes would drive future investments in India's space programmes.

In fiscals 2021 and 2022, ISRO has planned a total of 31 satellite missions. These include 18 earth observation, 6 communication, 3 space science and 4 navigation satellites. In terms of launch missions, a total of 32 missions have been planned. These consist of 18 PSLV, 9 GSLV Mk II, 1 GSLV Mk III and 4 SSLV satellites. ISRO has also outsourced end-to-end production of 5 PSLVs to the private industry and a further order of 12 is on the cards. Recent policy changes such as the introduction of draft SPACECOM policy and the Cabinet's nod for private sector involvement in end-to-end development of launch vehicles and satellites are expected to drive the domestic industry's growth. In the future, ISRO will take a back seat and gradually retract from commercial operations to solely focus of research and development. ISRO has announced that over the next five years, the private sector will receive the mandate for ~70% of all the upcoming space missions, estimated to be worth Rs 111.4-118.9 billion. These policy changes are likely to boost the commercial segment of the market in the forecast period.

The outlook captures the miniaturisation and advanced technology which has led to cost reduction in the satellite manufacturing market. Further, it also accounts for the timeline for new regulations, involvement of private players, highly competitive global market and ISRO's R&D projects. In line with the uncertainties concerning the final regulations, manner and timeline for involvement of private players, the government has assured the industry of a predictable policy and regulatory environment. Future projects for planetary exploration, outer space travel etc. shall also be open for private sector. A liberal geo-spatial data policy for providing remote-sensing data for start-up will be ensured. However, global players like SpaceX are expected to grab India's global market share with cost effective Two stage-to-orbit (TSTO) reusable rockets (compared to ISRO's expendable rockets) and high launch success rate. Even the latest of ISRO's rockets, the SSLV is a four stage rocket. Space agencies and private players across countries like China, US and Europe are also aggressively working towards these critical, low-cost TSTO reusable rocket technology.

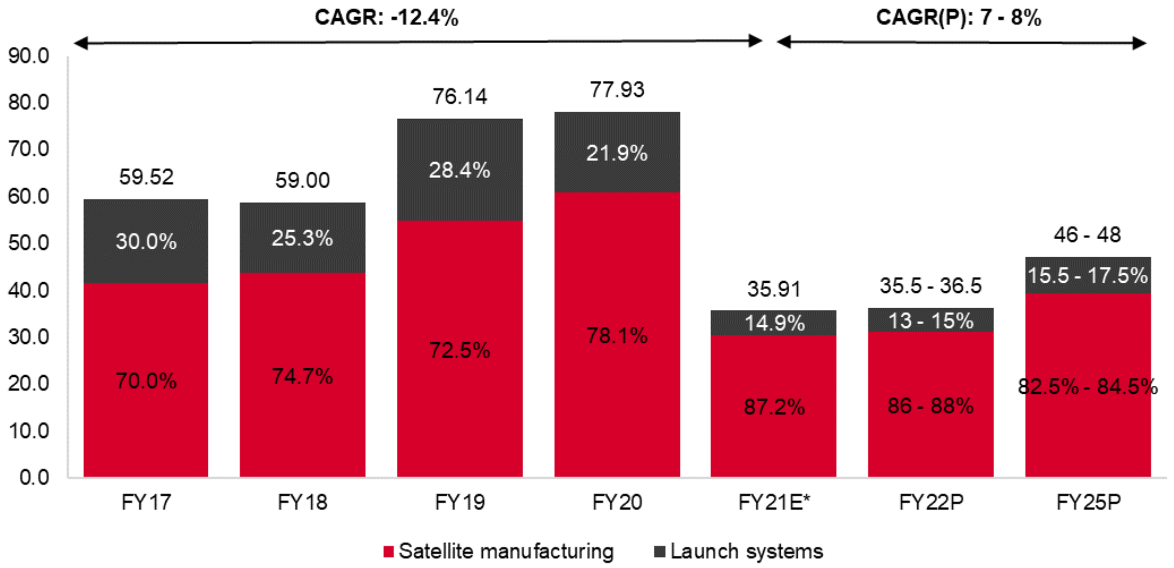
Indian space equipment market (Rs billion) for FY17-FY25P



P: Projected
Source: Mordor Intelligence, CRISIL Research
Note: Rate of $1 = Rs 74.29 has been considered
FY16 data unavailable
**Actual numbers considered till 3rd Dec, 2020*
ISRO's orders to its suppliers depend on the continued availability of budgets extended to the Department of Space

Indian space equipment market (Rs billion) by type, for FY17-FY25P

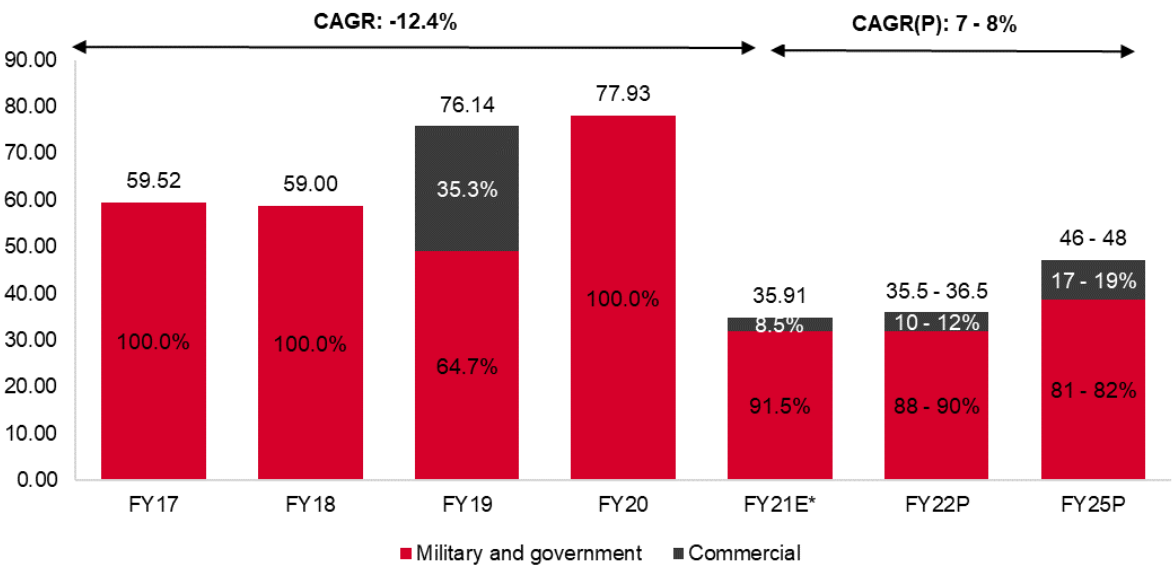
Segment	CAGR (FY17-FY21E)	CAGR (FY21E-FY25P)
Satellite	-7.5%	6.0 – 7.0%
Launch systems	-26.5%	10.0 – 11.0%



P: Projected
Source: Mordor Intelligence, CRISIL Research
FY16 data unavailable
**Actual numbers considered till 3rd Dec, 2020*

Indian space equipment market (Rs billion) by application, for FY17-FY25P

Segment	CAGR (FY17-FY21)	CAGR (FY21-FY25P)
Military and government	-14.4%	4.5 - 5.5%
Commercial	-	29 – 30%



P: Projected
Source: Mordor Intelligence, CRISIL Research
FY16 data unavailable
**Actual numbers considered till 3rd Dec, 2020*

Key growth drivers and trends

- India's satellite launch services are highly cost-competitive and reliable. The launch rate success of PSLV is 96%. In the last five years, ISRO has launched satellites from 26 countries. Commercial arrangement contracts with 10 countries have been signed in the past five years. Hence, in the forecast period, it is expected that foreign entities will seek out ISRO for satellite launches of medium and small category.
- Start-ups are coming up in the space domain with significant technological prowess. With new regulations, competition is expected to rise in upstream and downstream space activities
- With the possibility of private players owning satellite systems, as per draft SPACECOM 2020 policy, the demand for satellite manufacturing and launches will rise from the commercial end as opposed to government investments. The future will see growth in the domestic manufacturing industry due to rising demand from commercial entities
- With rising probability of private players being able to invest in space activities, there is a likelihood of increased investment activity in the form of acquisitions, PE investments, backward integration by private service providers (telecom, entertainment, etc)
- Government support for private players (in the form of technology transfer, infrastructure support for launches etc) will aide end-to-end manufacturing set-up for satellites and launch systems. Rising demand for small satellites and SSLVs will foster cost optimisation through economies of scale and manufacturing efficiency
- Improving participation from private players is the key agenda for the government. A step in this direction is the establishment of an outreach unit aimed at geospatial application at the National Remote Sensing Centre. To boost innovation and research in the domestic industry, the government aims to establish 12 space technology incubation centres. The Kerala state government has also announced investment in a space technology park to promote R&D in the sector
- The small and micro satellites market is gaining ground due to electronic miniaturisation technology, reduced manufacturing time, its lightweight, and cost-effective nature. Thus, wider coverage can be achieved within a relatively short timeframe. ISRO has initiated transfer of technology (ToT) with regard to small satellites in order to support new space start-ups. In the near term, we can expect a surge in demand for SSLVs, which can install the satellite in the LEO. In light of these, it is expected that new players will enter the industry
- Rising satellite demand will, in turn, result in more opportunities for in-orbit upgrade and repairs
- The growth of the earth observation downstream market is expected to provide a further impetus to the satellite manufacturing and launch industry
- ISRO has plans for 31 satellite missions over the next two financial years. These include earth observation, communication and navigation satellites. A total of 32 launch missions have been planned. These consist of PSLV, GSLV Mk II, GSLV Mk III and SSLV. ISRO has also outsourced end-to-end production of 5 PSLVs to the private sector and a further order of 12 is on the cards

Overview of government policies and regulations for space sector

ISRO has been the only player in the end-to-end procurement and assembly of launch vehicles and satellites in India's space programme. The domestic space industry served as ISRO's suppliers. As a direct consequence, the state-owned space agency has developed an ecosystem of 400+ suppliers. ISRO sources 80% of the PSLV manufacturing from the private sector. This restricted the role of the domestic industry to supplying components and sub-systems. Efforts were never made to enhance their participation in technology and resources.

But recent increase in demand for satellite applications across the world has led the government to evaluate opening up of the sector for private players. ISRO intends to commercialise the Indian space sector, in order to expand the reach of its products and services to other countries. In 2019, ISRO's new commercial arm NewSpace India Ltd called for expressions of interest (EoIs) from the domestic industry for end-to-end production of five PSLVs. The proposed consortium of private players (currently under review) responsible for this contract will be able to use ISRO's supply chain. Once this contract is completed, another contract will be rolled out for 12 PSLVs. Indian National Space Promotion and Authorisation Centre (IN-SPACe) has been established which will assume the role of a facilitator and regulator. It will liaison between private players and ISRO to ensure best optimum use of the space agency's infrastructure, scientific and technical resources and data on space missions. This has encouraged private players to involve in manufacturing of launch vehicles, satellites and provide launch services. However, these developments might take medium to long term in order to fully materialise.

This will help ISRO solely focus on development of new technologies, its ambitious exploration and human spaceflight missions.

The draft Spacecom Policy 2020 proposes to allow private companies to provide satellite-based communication services within and outside India, through development and operation of satellite networks. This will help them establish satellite systems on their own or through external procurement. Establishment of satellite control centres and TT&C earth stations within or outside India will be permitted as well. However, the owner of the space asset will be liable for any damage caused to other space objects. The commercial entity will be free to provide its services within and outside India.

Competitive landscape of space industry

Entry barriers for the space industry are very high and entails technological capabilities, manufacturing prowess, quality assurance, reliability and state of the art production facilities. Because of this, the supplier ecosystem of ISRO has very few major players, with each operating in a niche monopolistic segment of component manufacturing. Owing to this, we have not benchmarked these players on financial parameters as they are not truly competitors. Some of the major suppliers of ISRO are given below.

MTAR Technologies Pvt Ltd

MTAR has been a trusted supplier to ISRO for the past four decades. It has proven capabilities in manufacturing high-tech products for PSLV, GSLV and SSLV, like liquid propulsion rocket engines (Vikas Engine for PSLV), cryogenic engines, electro pneumatic modules etc. It also manufactures high-end valves for satellites. It has tied up with Godrej for manufacturing Vikas Engines. The company supplied the engine for PSLV-C25 which launched Mars Orbiter Mission Spacecraft (Mangalyaan mission, 2013). It was also integral in GSLV Mk III engine for Chandrayaan 2 and the recent PSLV-C49 which launched EOS-01. Its various offerings in the space segment are as follows:

Segment	Offerings

Space	• Liquid propulsion rocket engines (Vikas Engines)
	• Command system modules
	• POGO command modules
	• Hot gas roll control module
	• Pressurisation system module – ground operation valve
	• Roller screws
	• Gas bottles for cryogenic engine start-up system
	• Semi cryogenic engines
	• Cryogenic engines
	  – Turbo pumps
	  – Injector head
	  – Gas generator
	  – Booster pumps
	  – Blade rims
	  – GG assembly
	  – GG inner body
	  – Impeller & cover
	  – Injector elements
	  – LOX turbine assembly
	  – Cryo injector
	  – Interfaces and start-up systems

Source: Company

Overview of MTAR's space manufacturing facilities

Facility	Products
Unit-2 for Space, Hyderabad	Manufacturing of complex products for PSLVs, GSLVs, SSLVs and satellites
Unit-3, Hyderabad	It produces ball screws (import substitute), which are used in aerospace applications
Unit IV, V, VI (Hyderabad)	Provides support services to Unit 2 and other units
Additional two units at Adibatla, Hyderabad	Sheet metal manufacturing and specialised fabrication

Source: Company

Larsen & Toubro

L&T is a major player in India's space sector. The relevant competing unit of L&T is the Defense Business Unit. It has been associated with ISRO since 1975. Facilities dedicated towards space industry are below-

Facility	Location
Aerospace manufacturing shops for rocket motors for India's space launch vehicles	Powai and Coimbatore
Precision Manufacturing & Systems Complex for aerospace & missiles manufacturing	Coimbatore
Advanced composites facilities	Vadodara and Coimbatore

Source: Company Reports

The offerings of L&T Defense across space segment are given below:

Segment	Offerings
Space	• Rocket motor casings • Convergent and divergent nozzles • Titanium gas bottles for liquid stages • Titanium tanks for liquid upper stages • Heat shield • Core base shroud • Solar deployment mechanism • Reflector deployment mechanism • Aerodynamic test facilities

Source: Company website

Godrej & Boyce

Godrej & Boyce Manufacturing Company is the flagship company of the Godrej Group. It has diversified interest across sectors. The business unit involved in the space equipment supply chain is the aerospace & defense unit. This unit also collaborates with the precision engineering unit to supply specific radar systems, missile carriers, launchers, hull equipment etc. The company has a long history of association with ISRO. It has built critical components for ISRO, for various projects such as Mangalyaan, Chandrayaan etc. It also has interests in civil aviation and has ongoing project with international players such as Boeing, GE, Honeywell etc.

The various offerings of this unit for the space sector are as follows:

Segment	Offerings
Aerospace engineering	• Air frame systems for defence • Space engines & satellite thrusters • Sheet metal brackets • Complex fabrication parts • Tubes & ducts • Line replacement units • Structures • Rubber fuel tanks & seals • Composites & special processes

Source: Company Website

Hindustan Aeronautics Ltd

HAL's Aerospace division develops products for India's space sector. It produces aluminum alloy riveted structures, fabricated tankages of different shapes and cryogenic engines. A few of the vital offerings of HAL in the satellite manufacturing are heat shield assembly, nose cone assembly and tank shrouds. The unit is based out of Bangalore. The products of the aerospace division are as follows:

Segment	Offerings
Aerospace	• PSLV • GSLV - MK II • GSLV - MK III • Indian remote sensing satellites • Indian national satellites

Source: Company website

FUEL CELL (CLEAN ENERGY) INDUSTRY

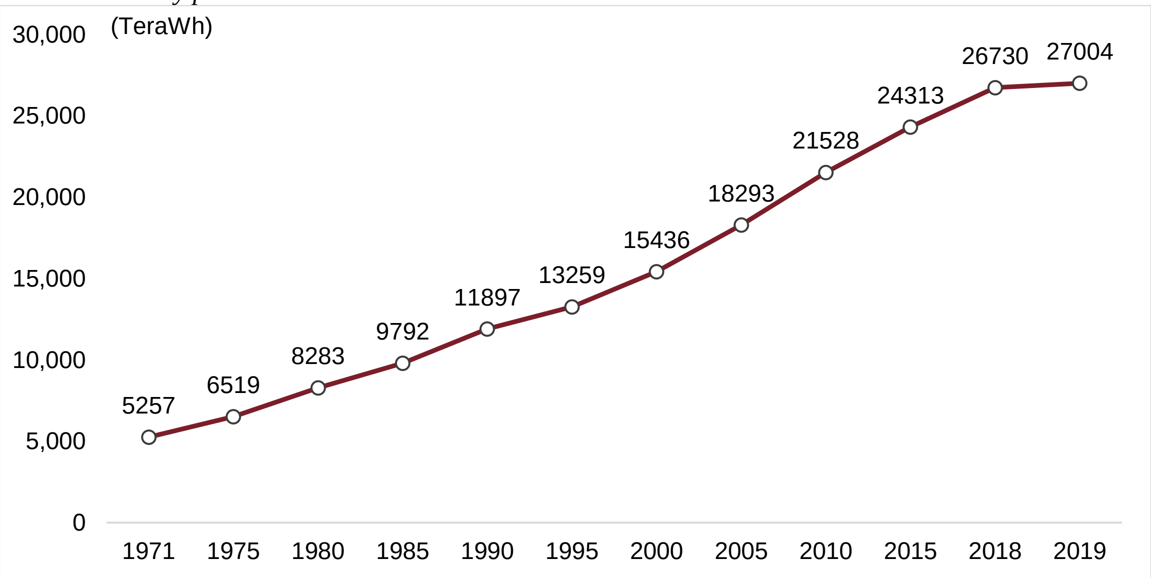
Review and outlook of global fuel cell industry

Electricity is fastest-growing segment of energy pie

Energy is a crucial cog in socio-economic development, with its uses encompassing the entire matrix of the industrialised world, from providing electricity to manufacturing industries, commercial premises and residencies, in transportation, generating heat (temperature and pressure / propulsion), etc. To be sure, the world's energy demand mirrors the expansion in global gross domestic product (GDP).

Within the energy pie, electricity, which accounts for a fifth of global energy consumption, is the fastest growing segment. On-year, global electricity production has grown each year since 1971, except for between 2008 and 2009, when the global financial crisis led to an appreciable decline in generation. Also, the rate of generation is rising. Between 1971 and 2018, world gross electricity production rose from 5,257 terawatt hour (TWh) to 26,730 TWh, which was an average annual growth rate of 3.5%. In 2018, though, generation was 3.9% higher vis-à-vis 2017. Electricity production in 2019 stood at 27004 TWh as per estimates from BP Statistical Review.

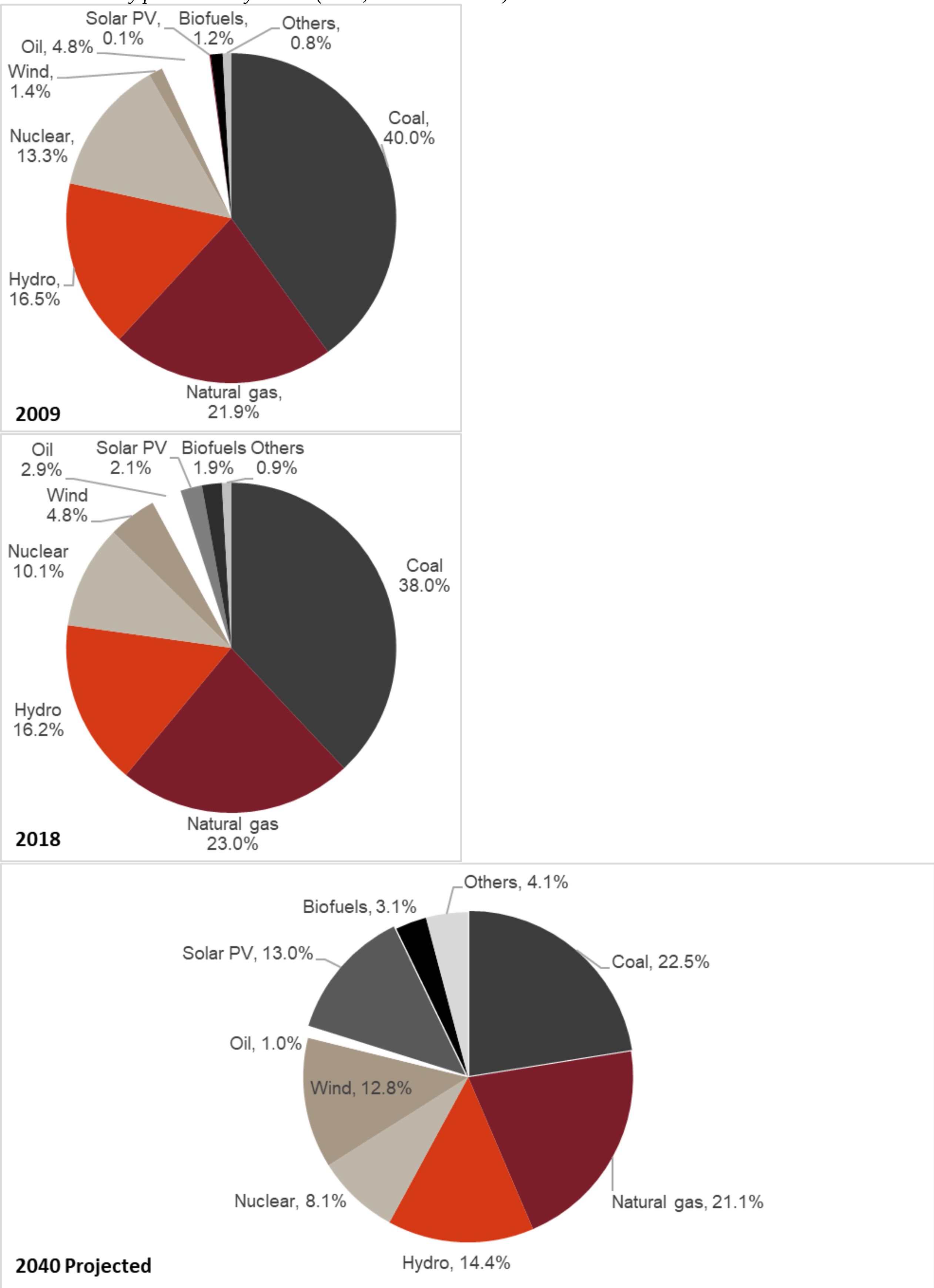
Global electricity production trend



Note: 2019 is based on figures from BP Statistical Review Source: International Energy Agency (IEA), CRISIL Research

A large portion of the electricity is generated from non-renewable sources. In 2018, 66.3% of the world gross electricity production was from combustible fuels, such as coal and coal products, crude oil and crude oil products, natural gas, biofuels, including solid biomass and animal products, gas/liquids from biomass, and industrial and municipal waste.

Global electricity production by source (2009, 2018 and 2040P)

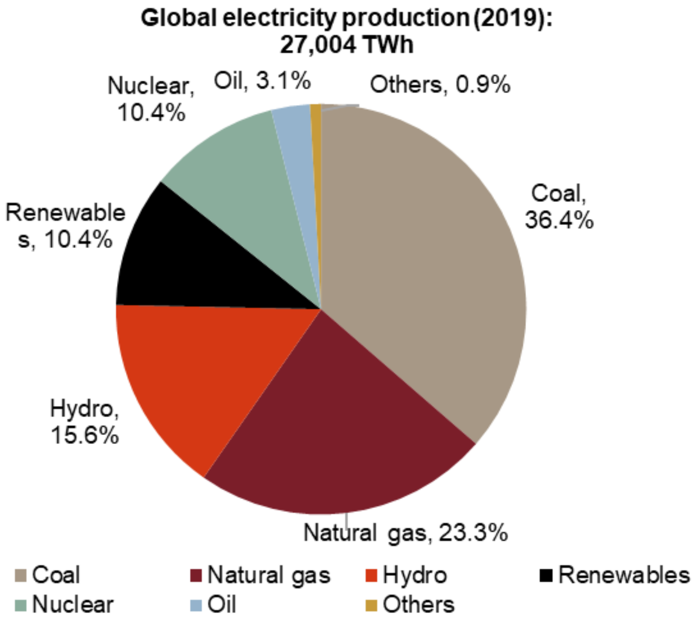


Others include other renewable sources such as geothermal, tide, hydrogen, waste and other distributed generation sources. Source: IEA, World gross electricity production (By source for 2009 and 2018 – updated July 2020), Electricity generation by fuel and scenario, 2018-2040, IEA (2020), World Energy Outlook 2020, IEA, Paris https://www.iea.org/reports/world-

energy-outlook-2020, CRISIL Research

But the shift to renewable sources is gaining momentum. Several countries are developing low-carbon economies and green industries as long-term objectives to ensure an energy supply that aligns with their economic development as well as sustainable environment goals.

Global electricity generation (2019) by source



Source: BP Statistical Review, CRISIL Research
Note: TWh – Terawatt-hour

The two ways to achieve a low-carbon economy are:
- Increase the share of renewable energy to meet the rising energy demands, and mitigate greenhouse gas (GHG) emissions by reducing fossil fuel dependency
- Save energy and reduce emission by increasing the efficiency of existing energy systems.

Renewable energy accounts for only 26% of global electricity generation

Economies depend on reliable and affordable delivery of electricity for sustainable development. At the same time, the need to address climate change is driving a transformation of power systems globally. Renewables, including solar, wind, hydro, biofuels, tidal energy and others, are at the centre of the transition to a less carbon-intensive and more sustainable energy system. Supporting the transition, apart from policy support, is a sharp cost reduction of solar photovoltaics and wind turbines.

In fact, the electricity sector remains the brightest spot for renewables, with the strong growth of solar photovoltaics and wind turbines in recent years**,** building on the already significant contribution of hydropower**.** But the role of renewables in transportation and heating is also critical for the energy transition. It is here where portable sources of energy, such as hydrogen fuel cells and electric cars, have come to play a larger role.

The global electricity power grid is evolving as well, with the development of new technologies and improvements to the power and end-uses systems. Electricity generation and distribution system is a complex network of power plants, transformers, transmission and distribution system, and end-users of electricity.

Global source of electricity generation

<table>
<tr><td rowspan="7">Electricity generation</td><td rowspan="5">Centralised generation</td><td colspan="2">Fossil fuel-fired power plants</td></tr>
<tr><td colspan="2">Nuclear power plants</td></tr>
<tr><td colspan="2">Hydroelectric dams</td></tr>
<tr><td colspan="2">Wind farms</td></tr>
<tr><td colspan="2">Solar farms</td></tr>
<tr><td rowspan="2">Distributed generation</td><td rowspan="2">Residential application</td><td>Solar photovoltaic panels</td></tr>
<tr><td>Small wind turbines</td></tr>
</table>

			Natural-gas-fired fuel cells
			Generators fueled by diesel fuel
		Commercial application	Solar photovoltaic panels
			Hydropower
			Wind
			Fuel cells fired by natural gas or biomass
			Biomass combustion or co-firing
			Municipal solid waste incineration
			Reciprocating combustion engines, including backup generators

Source: Industry data, CRISIL Research

Currently, bulk of the electricity in the power grid is generated at centralised power plants, with natural gas, coal, and nuclear power as the most common fuels. But a much smaller, though growing amount of electricity is being produced through distributed generation – technology that generates electricity at or near where it will be used, such as onsite solar panels and combined heat and power. Energy storage is supporting this new grid system, with high efficiencies and more distributed power source.

Over the long term, energy supply will consists for high source of renewable energy, both centralised and distributed.

Distributed generation refers to technologies that generate electricity at or near where it will be used, such as solar panels, and combined heat and power. Distributed generation may serve a single structure, such as a home or business, or it may be part of a micro grid (a smaller grid that is also tied into the larger electricity delivery system), such as at a major industrial facility, a military base, or a large college campus.

Fuel cell technology is one of the evolving distributed sources of electricity

Fuel cells are deployed across stationary applications, such as primary power source and power back-up, transportation, such as automobiles, buses, utility vehicles, and scooters and bicycles; and portable power options for applications, including laptops, cellular phones, power tools, military equipment, battery chargers, unattended sensors, and unmanned aerial and underwater vehicles.

Stationary fuel cell systems are used for backup power, powering remote locations, stand-alone power plants for off-grid towns and cities, distributed generation for residential and commercial buildings, and co-generation (in which excess thermal energy from fuel cell process is used for heat).

Fuel cell-based distribution energy is still nascent, and is limited to niche applications and regions, where challenges exists with regards to access to other sources of energy. Fuel cell stationary application find more relevance for commercial applications such as data centers and servers, hospitals, cellular towers. To cite few examples of distributed energy produced by fuel cell, Bloom Energy installed a 1.2 MW SOFC installation at Adobe's headquarters in San Jose in 2010.Over the next decade several other commercial installation were built by players, Bloom Energy being at the forefront. SOLIDpower, one of the players in fuel cell industry, provided ten fuel cell generators (SOFC) that were installed above the server racks to power the data center servers at Microsoft office in Seattle in 2017. Various companies such as Apple, Walmart, Samsung, Google have opted for fuel cell power generation for servers or standalone unit operations. In India, the solid oxide fuel cell on Intel’s Bengaluru campus uses natural gas a primary fuel source to provide constant power to crucial systems like the data centers.

The US has seen the largest deployment of fuel cell energy. Yet, the contribution of fuel cell-based electricity is very low in overall electricity generation, at a minuscule 0.014% in 2019. However, the pace of growth is robust at 12% CAGR between 2015 and 2019, to 150 MW. However, this rapid growth was on a low base. As per AEO 2020, the share of fuel cell in overall electricity production is expected to increase to 0.016-0.020% by 2025 to 185-200 MW.

Introduction to fuel cell industry

Fuel cells have been around since 1839. But it was only in the 1960s, when NASA developed fuel cells for its space programme, that fuel cell research and development began in earnest. The first demonstrations for fuel cell vehicles and stationary applications took place in the 1990s and 2000s, making fuel cells a relatively recent technology. To put things in perspective, the photovoltaic effect in solar panels was also discovered in 1839; but large scale commercial application of solar photovoltaic power has only taken off in the past decade.

So far, fuel cells have succeeded in certain niche applications, such as space (satellites, and the space station), forklifts in warehouses, telecom tower backup power, and primary and backup power for critical facilities (including credit card processing and data centres).

Fuel cell utilises hydrogen for production of electricity

A fuel cell uses the chemical energy of hydrogen or another fuel to produce electricity. Fuel cells provide power for systems as large as a utility power station and as small as a laptop.

Fuel cells work like batteries, but do not run down or need recharging. These produce electricity and heat as long as fuel is supplied. Also, a fuel cell can be refueled, as opposed to a battery, which needs to be recharged. Fuel cells cannot store electrical energy, and do not require electricity to charge. Fuel cells continuously generate electricity as long as there is supply of fuel. Batteries on the other hand store electric energy but need to be charged through electric power source.

Electroyser / reformer for sourcing hydrogen

Hydrogen must be generated from other sources, such as natural gas/biogas (through reformation) or by electrolysing water (each molecule of water contains two hydrogen atoms). Hydrogen can be produced using diverse resources including fossil fuels, such as natural gas and coal, biomass, non-food crops, nuclear energy and renewable energy sources, such as wind, solar, geothermal, and hydroelectric power to split water.

Electrolysis can be powered by clean, renewable energy sources, such as geothermal, solar, water or wind. In such a manner, the production of hydrogen and its use in a fuel cell can be pollution-free. When electricity produced from renewable energy sources is used, the hydrogen becomes a carrier of renewable energy.

Fuel cells based on natural gas / methane

Fuel cells can also be designed to run on other fuels, provided these contain hydrogen (such fuels include hydrocarbons—such as natural gas and methane—or alcohols like ethanol and methanol). In this case, the hydrogen needed to power the cell is extracted from the fuel, using a reformer, or in some cases the fuel cell directly reforms the fuel itself. When using fuels other than pure hydrogen, a fuel cell emits some carbon pollution as well as trace amounts of other pollutants, but substantially less than a combustion engine.

Fuel cells are typically run on natural gas, utilising the existing gas grid infrastructure, or on biogas, usually from landfills or wastewater treatment plants. The few large-scale PEMFCs (polymer electrolyte membrane fuels) installed utilise byproduct hydrogen from industrial processes.

The chemical composition of the electrolyte differentiates one fuel cell technology from another. Fuel cell technologies – PEMFC, AFC (alkaline fuel cell), PAFC (phosphoric acid fuel cell), MCFC (Molten carbonate fuel cell), and SOFC (solid oxide fuel cells) – are available with >200 kW capacity. Each has a different operating characteristic and serves a different segment of the CHP or power generation market

PEMFC and SOFC dominates fuel cell technology deployment

- **PEMFC** (polymer electrolyte membrane fuels) is typically fueled with pure hydrogen supplied from storage tanks or reformers. At present, the main application for PEMFC is transportation, followed by small scale residential units. Over 90% of PEMFC systems deployed globally are for the transport sector. PEMFC contributes to almost 80% of fuel cell deployment currently.
- **DMFC** (direct methanol fuel cell) is powered by hydrogen-rich fuel methanol. This offers the potential of longer operating lifetime and store high energy in smaller space. DMFC appears to be the most promising

technology to provide power to portable electronic devices. However, lower efficiency as compared with other technologies and the resulting high cost has limited the growth at present

- There is currently no major or widespread adoption of **AFC** for large-scale stationary applications
- **PAFC** (phosphoric acid fuel cell) uses liquid phosphoric acid as an electrolyte. The deployment of stationary fuel cells for power generation began ~50 years ago in the US with the installation of PAFC for distributed power and co-generation. Unlike PEMFC and AFC, there are several PAFC installations for stationary power generation globally. South Korea-based Doosan Corporation is one of the major players in the space. PAFC deployment in South Korea is still seeing significant growth. Large-scale commercialisation of PAFC products have not, however, been achieved
- **MCFC** (Molten carbonate fuel cell) is often operated on biogas. For e.g., from wastewater treatment plants, exploiting the fuel flexibility offered by the high temperature internal reforming capacity. For MCFC technology development, the US and Japan have been the main drivers. Fuel Cell Energy is the main manufacturer of the technology, providing most of the systems installed worldwide
- **SAFC** (Solid acid fuel cell) is based on a new class of electrolytes called solid acids. Solid acids are chemical intermediates between normal salts and normal acids. Operating at mid-range temperatures of ~250 °C, SAFC stacks tolerate impurities that pose obstacles for other fuel cell technologies. This allows SAFC stacks to easily operate on commercially available fuels (e.g., propane, methane, methanol or diesel) while utilising a very low cost and rugged platform
- **SOFC** (Solid oxide fuel cell) uses a hard, non-porous ceramic compound as the electrolyte and operates at very high temperature. SOFCs reform fuels internally, which enables the use of a variety of fuels, and reduces the cost associated with adding a reformer to the system. SOFCs can use natural gas, biogas, and gases made from coal as fuel. In the US, Acumentrics, Atrex, LG Fuel Cells System Inc., Bloom Energy, FuelCell Energy, and Ceramatec/OxEon are involved in SOFC development. Apart from Bloom and FuelCell Energy, only LG Fuel Cells is investing in the development of larger scale systems. Bloom Energy has installed majority of the SOFC installation in the US, and the country dominates global large-scale SOFC deployment. The company is now targeting the South Korean market. SOFC deployment is also gaining momentum in Japan, with companies such Mitsubishi Heavy Industries, Fuji Electrics, Kyocera, and NGK pursuing development. In Europe, research on SOFC has received significant public support, supporting companies such as ABB, Haldor Topsoe, Rolls Royce Fuel Cell Systems, Sulzer/Hexis, and Siemens.

Commercial deployment of other fuel types have been limited primarily on account of high lifetime cost

Not all fuel cell technologies have taken off successfully. Deployment of some fuel types have been limited owing to road blocks in effectiveness and high lifetime cost of the technology as compared with alternatives.

To be sure, each individual technology has advantages and drawbacks that govern its final use for specific purposes. For instance, PEMFC requires highly pure hydrogen as fuel, and its operational temperature provides only low grade heat. However, it demonstrates a fast response to change in power demand. On the other hand, SOFC offers high electrical efficiency and high-grade heat, use natural gas as fuel, but has long start-up time and slow response time. DMFC is designed for portable applications, where energy and power density are more important than efficiency.

Comparison of technology types of fuel cells

Fuel cell type	Operating temperature	Typical stack size	Electrical efficiency (%)	Major technology deployment players
Polymer electrolyte membrane	<120°C	1–100 kW	60% direct hydrogen fuel, 40% reformed fuel	Ballard
Alkaline fuel cell	90-120°C	1–100 kW	60%	AFC Energy
Direct methanol fuel cell	30-130 °C	25-5 kW	40%	SFC Energy
Phosphoric acid fuel cell	150–200°C	5–400 kW, 100 kW module (liquid PAFC) <10 kW (polymer membrane)	40%	Doosan Corporation
Solid acid fuel cell	220-280°C	10W - 10kW	-	SAFCell Inc
Molten carbonate fuel cell	600–700°C	300 kW –3 MW, 300 kW module	50%	Fuel Cell Energy
Solid oxide fuel cell	500–1,000°C	1 kW – 2 MW	60%	Bloom Energy

Note: Efficiencies of fuel cell considered here is conversion of chemical energy to electricity energy by fuel cell. Considering the entire efficiencies from unit of electricity to electrolyse water into hydrogen gas, compressing it, distributing it and running an Fuel cell electric vehicle, fuel cell will have same or lower efficiencies as a battery powered-electric vehicle
Source: industry, CRISIL Research

In addition to being able to run on several types of fuels, fuel cell technology can also operate at many different scales, from small devices powering smartphones, to megawatt-scale power plants that can power considerable number of homes (with mid-sized devices powering vehicles, forklifts, homes, etc). Hydrogen fuel cells are widely used in both the private (residential and commercial) and public sectors (transportation, military, etc).

Fuel cells find application across sectors

Applications of fuel cell

Application type	Portable	Stationary	Transport
Typical power range	1 W to 20 kW	0.5 kW to 2 MW	1 kW to 300 kW
Technology type	PEMFC DMFC SOFC	PEMFC MCFC AFC SOFC PAFC	PEMFC Smaller share - DMFC and SOFC
Examples	Portable products (torches, battery, chargers) Small personal electronics (mp3 player, cameras) Military applications (portable soldier-borne power, skid-mounted generators)	Large stationary prime power and combined heat and power (CHP) Small stationary Micro-CHP Uninterruptible power supplies Larger permanent auxiliary power units (APUs) (e.g. trucks and ships) Electricity generation for charging stations of electric vehicle	Material handling vehicles Fuel cell electric vehicles Trucks and buses Rail vehicles Autonomous vehicles (air, land or water) Ships and marine applications

Source: industry, CRISIL Research

- **Stationary power** - Fuel cells provide primary and backup power across applications, including data centres, utilities, hotels, grocery stores, retail sites, hospitals, telecommunication towers, etc. A few other niche applications exist where hydrogen and fuel cells can already play a role, such as stationary power for uninterruptible supply or power backup systems for network equipment (telecom towers) and data centres, and supply of off-grid power in isolated regions or islands. Stationary hydrogen fuel cells often compete with batteries that are typically less expensive and show better overall system efficiencies. However, hydrogen storage and fuel cells do not self-discharge, in contrast to batteries, and, hence, have a longer lifetime and a higher temperature tolerance, which is useful in more extreme climates. Stationary fuel cells can also replace diesel generators that require more maintenance, which makes them attractive for deployment in remote locations.
- **Portable –** Fuel cell also find application in powering portable consumer devices, such as laptops, mobiles, etc
- **Transportation**- Many of the world's leading automotive companies are selling, leasing, and developing fuel cell vehicles. These zero-emission vehicles refuel in 3-5 minutes, with a range of 500-650 kms. Fuel cell electric vehicles (FCEVs) provide a low-carbon mobility option when the hydrogen is produced from renewable energy sources, and offer driving performance comparable with conventional vehicles. FCEVs are complementary to battery electric vehicles (BEVs) and can overcome some of the current limitations of batteries (weight, driving range and refueling time) in the medium-to-high duty cycle segments.
- **Material handling** - Fuel cell-powered forklifts are being used at manufacturing plants, distribution centres, freezer facilities, and grocery warehouses, replacing incumbent battery-powered and combustion vehicles owing to its advantages of longer runtime, faster refueling, and higher efficiency.

Overview of fuel cell technologies

Fuel cell type	Applications	Advantages	Challenges
PEM	Backup power Portable power	Solid electrolyte reduces corrosion and electrolyte	Expensive catalysts Sensitive to fuel impurities

Fuel cell type	Applications	Advantages	Challenges
	Distributed generation Transportation Specialty vehicles Grid support P2P	management problems Low temperature Quick start-up and load following	
AFC	Military Space Backup power Transportation	Wider range of stable materials allows lower cost components Low temperature Quick start-up	Sensitive to CO_2 in fuel and air Electrolyte management (aqueous) Electrolyte conductivity (polymer)
DMFC	Portable consumer devices Military Smaller vehicles such as forklifts and tuggers	Ideal for consumer goods such as mobile phones, digital cameras or laptops Low noise and thermal signatures and no toxic effluent	Ill-suited for powering large vehicles Limited power production capacity
PAFC	Distributed generation	Suitable for CHP Increased tolerance to fuel impurities	Expensive catalysts Long start-up time Sulphur sensitivity
MCFC	Electric utility Distributed generation	High efficiency Fuel flexibility Suitable for CHP Hybrid/gas turbine cycle	High-temperature corrosion and breakdown of cell components Long start-up time Low power density
SOFC	Auxiliary power Electric utility Distributed generation	High efficiency Fuel flexibility Solid electrolyte Suitable for CHP Hybrid/gas turbine cycle	High-temperature corrosion and breakdown of cell components Long start-up time Limited number of shutdowns

Source: IEA, CRISIL Research

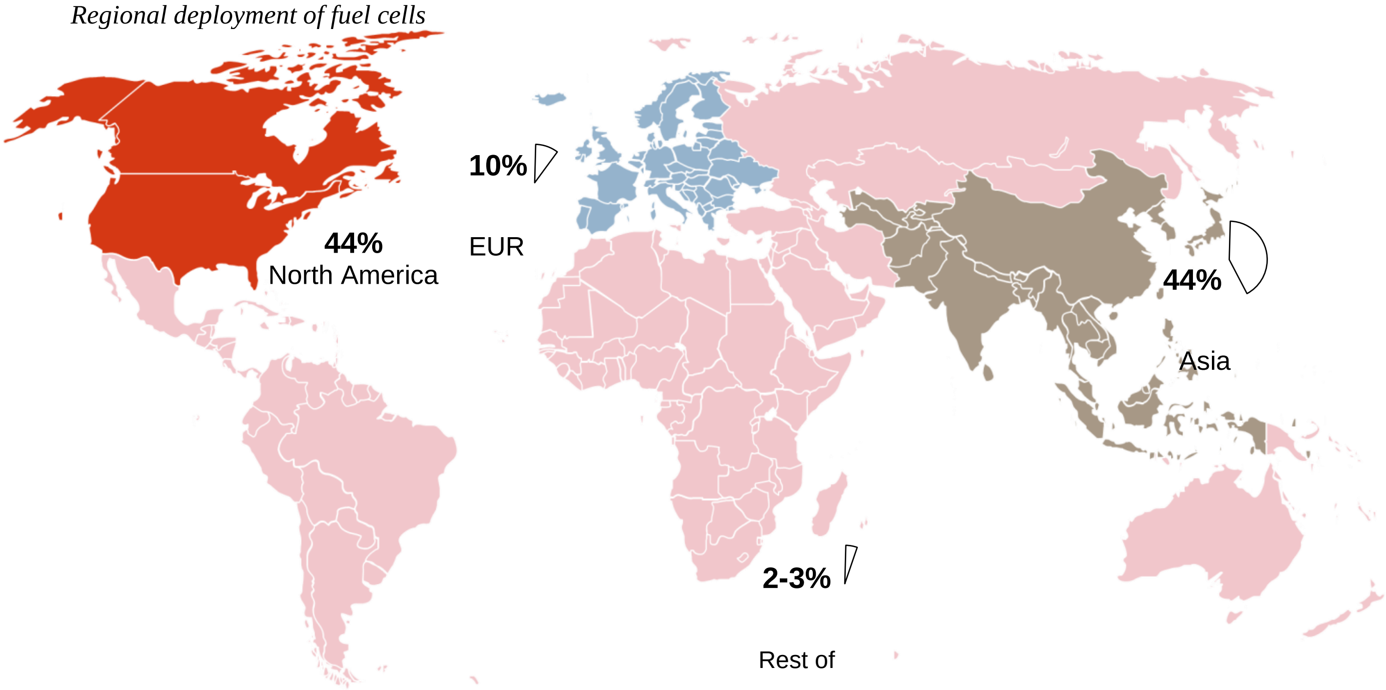
Power backup

Generators are primarily diesel powered, which emit approximately 700 kg of CO_2 per MWh of power generated. Natural gas generators emit comparatively less amount of carbon and particles than diesel-powered ones. Biofuels, rechargeable batteries powered with renewable electricity and hydrogen fuel cells with low-carbon or renewable hydrogen production are alternatives to decarbonise generators. Generators are used as backup power where it is important to secure operations under all conditions, e.g., in hospitals or data centres. They are also used for power generation in remote locations, e.g., to power telecom towers or buildings that are far away from the electricity grid. Hydrogen fuel cell generators are viable alternatives for backup power generation, e.g., in hospitals, and for power generation in remote locations where batteries and renewables are unviable due to sub-optimal conditions.

Review and outlook of fuel cell industry

Fuel cells technology and the type of electrolytes used in fuel cell are constantly evolving. Fuel cell are yet to achieve high volumes and economies of scale. Application of fuel cell have been increasing due to fall in cost, but cost economies have still not established for mass adoption. Commercial deployment has started in several regions of the world (e.g., Japan, United States, Canada, Europe). Energy companies, industrial gas companies, original equipment manufacturers for vehicles and other industry stakeholders have positioned themselves and established advocacy groups (e.g., the Hydrogen Council) to take advantage of this potentially large and rapidly growing market.

Regional deployment of fuel cells



Source: Industry, CRISIL Research

Global deployment of large-scale fuel cells for stationary applications is currently dominated by United States and South Korean markets, which together make up almost 95% of installed capacity. Within the US, there are major differences in the approach taken at the state level, with the majority of the capacity installed in only two states (California and Connecticut).

India is a still a nascent market in terms of installation of fuel cell installation. Bloom Energy along with other partners have conceptualised commercial real estate powered by SOFC using natural gas at Whitefield Tower business-hospitality development in 2019. Intel office in Bangalore also has fuel cell installation by Bloom Energy. India's renewable energy ministry is also exploring the launch of a pilot fuel cell bus project in North India. Fuel cell installation in India will see rise in demand as fuel cell penetrates power generation market with improved economies.

Worldwide, three technologies dominate: PEMFC, SOFC and PAFC. Furthermore, one specialist company dominates the production of each FC type.

The PEMFC developed by General Electric for NASA was subsequently licenced to Ballard in the 1980s, which has taken up a leading role in this technology. Canada-based Hydrogenics Corporation, Horizon Fuel Cell Technologies of Singapore and Netherlands-based Nedstack are a few other players in the PEM fuel cell segment. Research and development (R&D) on SOFC technology began in the 1970s after Siemens acquired the Westinghouse technology for $1.5 billion and further developed the technology. The first field tests of a 100 kW unit were conducted in Denmark in 1997. But the technology did not achieve sufficient power density and durability, nor did it reach the required cost targets, and in 2010, Siemens terminated its SOFC activities. The US Department of Energy subsequently supported research on planar design by launching the Solid State Energy Conversion Alliance programme, which supported a range of R&D projects from 2000 to 2014. In the US, companies such as Acumentrics, Atrex, LG Fuel Cells System Inc. Bloom Energy, FuelCell Energy and Ceramatec/OxEon are still actively involved in SOFC development. Apart from Bloom Energy and FuelCell Energy, only LG Fuel Cells is investing in the development of larger scale systems. Bloom Energy is one of the major players in the SOFC space.

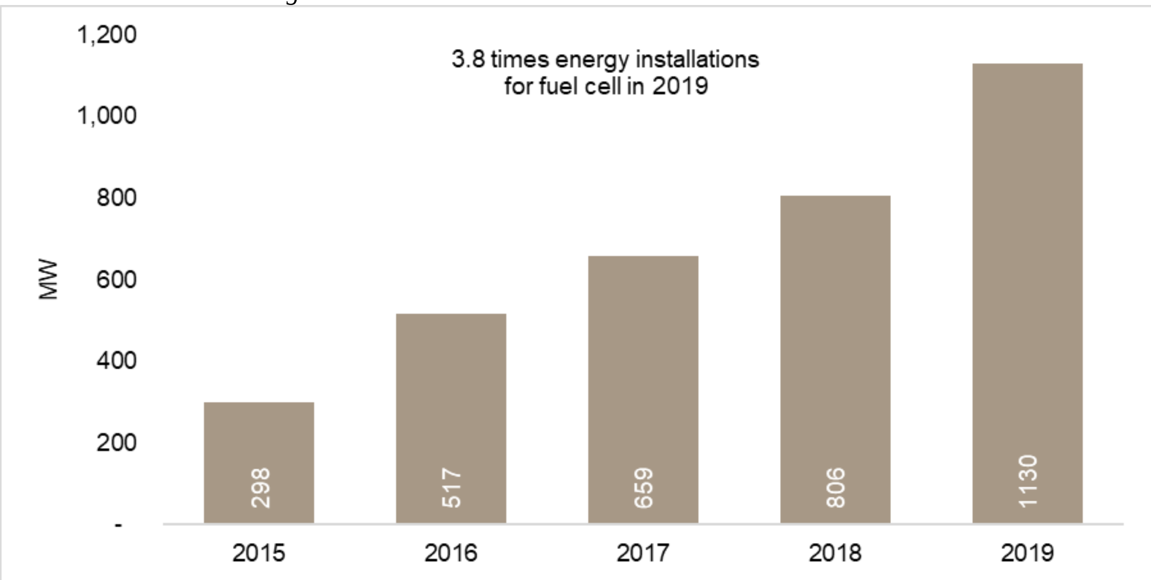
Fuel cell market is growing at 15% CAGR with increased R&D for commercial application

Fuel cell manufacturing industry stood at an estimated $2.8 billion in 2019. Fuel cell market logged 15% CAGR from 2015 to 2019 with increased R&D for commercial application of fuel cell in niche areas of transportation and distributed stationary power. The increase in usage of fuel cell for electricity generation has been supported by the decline in cost due to R&D and economies of scale from higher production volume.

Applications of the fuel cell technology have increased over the past five years as electricity wattage installation logged 30-40% CAGR to reach 1,130 MW in 2019 from 300 MW in 2015. Installation of fuel cells units / stacks crossed the 1 GW mark in 2019. In value terms, the industry has grown at 15% CAGR to $2.8 billion in 2019 from $1.6 billion in 2015.

In the current year, as per the International Energy Agency (IEA) estimates, global electricity demand is expected to fall by 5% in 2020 on account of de-growth in global GDP output because of the Covid-19 pandemic and slowdown in global industrial and commercial activities. A similar decline in expected in the fuel cell manufacturing industry for the current year.

Fuel cell installation in megawatts

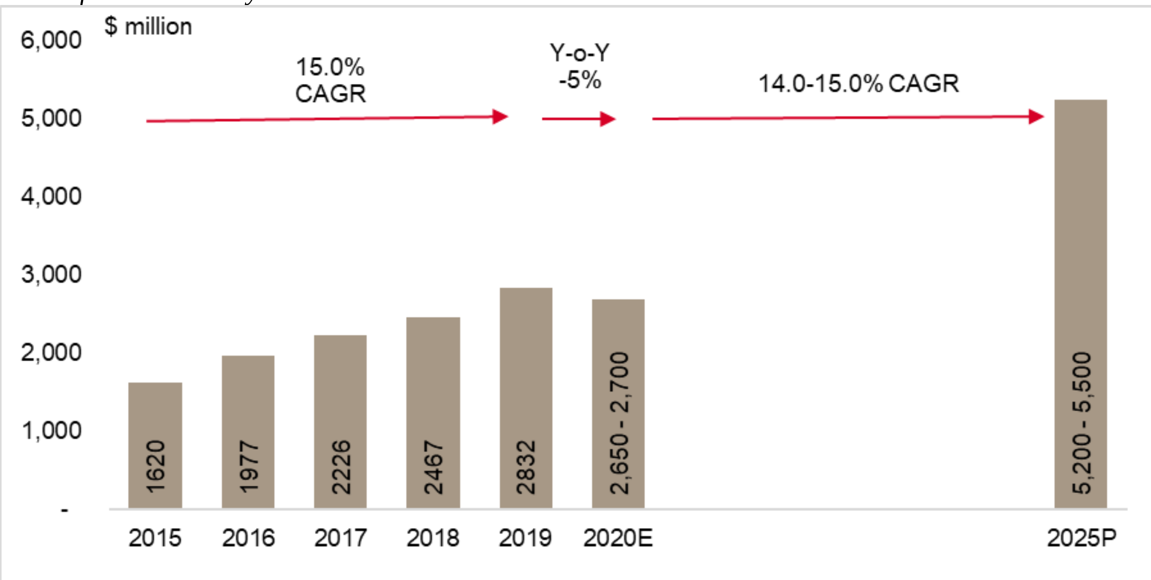


Note: Installations / shipments are volume of fuel cell stacks / units sold in the particular year. MW installations is energy generated from installed units or stacks of fuel cells
Source: Industry data, E4Tech, Hydrogen Council, Industry, CRISIL Research

Growth trend to continue over the next five years with increase in adoption

The fuel cell industry, in value terms, is expected to grow at 14.0-15.0% between 2020 and 2025 with the increase in volume and decline in cost. In volume terms or megawatt installation for fuel cell industry is expected to grow strongly at 35-40% CAGR over the next five years to reach 5,000+ MWs by 2025 as compared to 1,130 MWs in 2019 while cost is expected to decline by 15-20% during the same period. Growth will be driven by the demand from transportation application and stationary application in niche areas for power backup and distributed reliable power generation. Though electricity generation from fuel cells will take longer to form substantial share in the overall electricity production as the technology is still in the growth phase of development. Adoption is expected to rise substantially only after the technology achieves maturity in commercial applications and provides cost competiveness compared with other renewable sources of electricity generation.

Global fuel cell industry size



Note: Excludes revenue from power generation service and maintenance components.
Source: Industry data and publication, CRISIL Research

Overview of growth in fuel cell industry

Parameter	2019	2025P	Times increase
Fuel industry size	RS. 2.8 Bn	Rs. 5.2-5.5 Bn	1.9
Fuel industry installations by MW	1.1 GW	5.0+ GW	4.5

Source: Industry data and publication, CRISIL Research

The growth in fuel cell industry will be subject to various factors such as improvements and innovations in technology and cost effectiveness of fuel cell, innovations and cost competitiveness from alternate power sources such as renewable energy, batteries or electric vehicles, and support from government for policy and regulations. The factors can lead to exponential rise as well as limit the exponential growth potential of the industry. CRISIL has adopted a more prudent approach of sizing the industry based on current technological advances and competitiveness w.r.t. to existing alternatives.

Scale of manufacturing will help compress the high cost differential between fuel cell and conventional energy sources

From the cost perspective as well, the cost of fuel cell systems has declined by 20% over the past five years. As fuel cells find more commercial applications and higher reception in the market, the demand for fuel cells will help to bring economies of scale and aid in the reduction of prices. For example, scaling fuel cell production from 10,000 to 50,000 units can reduce unit costs by as much as 7-10%, without technological breakthroughs. This cost reduction goes up to 40-45% with production volume of 200,000 units i.e., 20x times growth in fuel cell production.

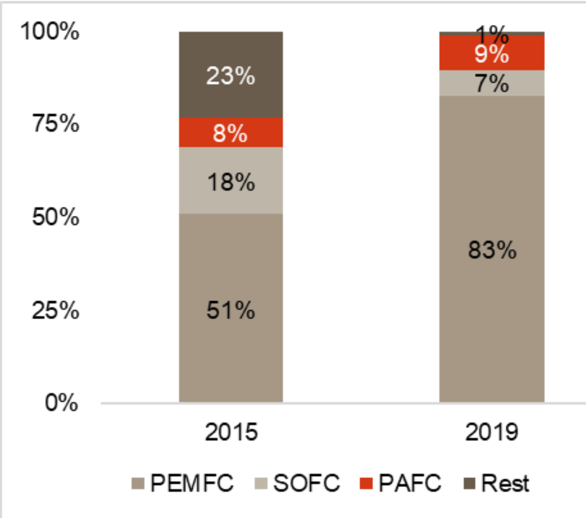
Manufacturing costs largely drive the cost for fuel cells, which, in turn, is largely determined by production volume. Today, fuel cell manufacturing is manual and smaller in scale, with material cost forming a lower share of 10-30% for an annual production of 100-1,000 units. By taking advantage of production volume increases, companies can achieve significant cost reductions for several reasons. Economies of scale will help reduce procurement costs and streamline production with lower requirement of supplies and additives. Increased production will also aid production line automation and development of advanced manufacturing technology, and achieve higher utilisation level and efficiency of existing infrastructure and equipment. All these factors will help reduce fuel cell prices as volume rises.

PEM fuel cells currently dominate the market, while SOFCs are gaining traction

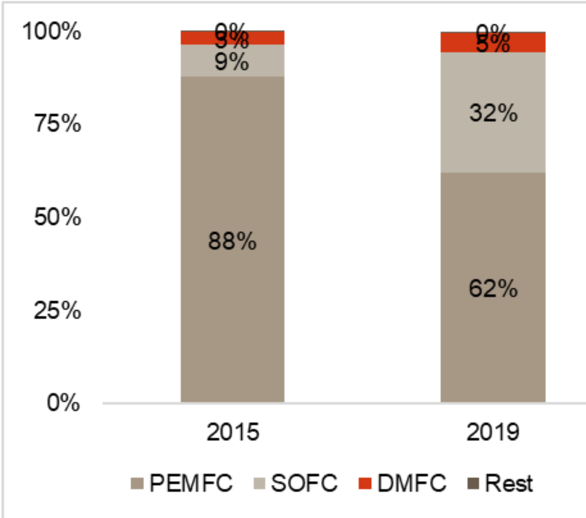
The fuel cell industry is segmented based on the applications and type of fuel cell used. PEMFC and SOFC are the two major types of fuel cells used in transportation and stationary power applications, respectively. SOFC have been gaining market share over the recent years with commercial success after product R&D and cost improvement. SOFCs gained traction in the fuel cell market with increased R&D for stationary applications.

PEMFC technology has been developed to the commercialization stage in many countries like USA, Canada, Japan, and Germany. The unit installation of PEMFC units dominated in 2015 for the stationary and transport applications. In India, a large number of groups are engaged in the research, development and demonstration activities of PEMFC but it has not reached the stage of commercialization. By 2019, SOFC saw rise in share in unit installation supported by successfully R&D implementation for stationary application. With increased commercialization of PEMFC, since the technology has been studied over a very long period, megawatt installation share of PEMFC is higher than SOFC. Share of PEMFC is expected to reduce as SOFC sees rise in commercial application going ahead.

Market segmentation by fuel type – MW installation



Market segmentation by fuel type – Unit / stack installation



Note: Installations / shipments are volume of fuel cell stacks / units sold in the particular year. MW installations is energy generated by installed fuel cell stacks for the year.
Source: Industry, CRISIL Research

Growth drivers and opportunities

While the fuel cell technology dates back to decades, its commercialisation on a large scale began only from 2010. Evolution of hydrogen infrastructure, government support towards alternative sources of power generation, reduction in production cost and automotive OEMs entering the market with fuel cell-driven prototypes supported commercialisation. The industry is now entering the growth phase, and over the next decade, focus will be on increasing the viability of the technology and applications.

Deployment of various fuel cell technologies depends on the energy and climate policies, characteristics of the energy generation market in the region and infrastructure and presence of FC system manufacturers and potential customers, as well as performance of technologies in terms of cost, efficiency and reliability.

Major factors driving the fuel cell market include growing demand to decarbonise energy end use, government regulations for desulphurisation of refinery activities, and increased demand for hydrogen in the transportation sector. Fuel cell technology provide alternative source of clean energy with zero emission and high efficiency. Fuel cell technology provided promising alternative for continuous source of energy unlike other renewable energy sources.

Growth drivers

Efficiency	•Fuel cells operate at high efficiency, ~60%, to convert chemical energy into eletricity, as compared to other conventional power sources with effieciencies of 20-40%
Zero emission	•Hydrogen can be produced from diverse domestic resources with the potential for near-zero greenhouse gas emissions. Once produced, hydrogen generates electrical power in a fuel cell, emitting only water vapour and warm air
Government support towards decarbonisation of power	•While support for hydrogen is steadily increasing within the US, many other nations are taking an active approach by implementing hydrogen and fuel cell focused strategies and investments
Utilising hydrogen as energy source	•With growing concerns over climate change, hydrogen is emerging as a clean solution that can help curb carbon emissions globally
Reduces dependency on non-conventional energy sources	•Diversification of sources of fossil fuel supply due to growing security, economic concerns and environmental concerns
Transportation and logistics applications	•Increasing demand for EVs/hybrid EVs/plug-in hybrid vehicles/FCEVs and need for alterntate sources in transportation
Demand for uninterrupted power distributed power	•Commercial growth of the wireless telecommunications and data centers market provides opportunities for backup power fuel cells
Niche applications	•Off-grid application at remote locations and marine and defence applications are attracting interest from players

Energy efficiency of fuel cell energy

Fuel cells are the most energy efficient devices for generating power from fuels. They are capable of running on a various fuels, including hydrogen, natural gas, methane and biogas, fuel cells can provide clean power for applications ranging from less than one watt to several megawatts.

Conventional combustion-based power plant typically generates electricity at overall efficiencies of 33-35%, while fuel cell system can generate electricity at higher efficiencies up to 60% (and even higher with co-generation). The petrol engine in today’s typical car is 20-35% efficient in converting the chemical energy in petrol into power that moves the vehicle, under normal driving conditions. Fuel cell vehicles, which use electric motors, are much more energy efficient. The fuel cell system can use 60% of the fuel’s energy—corresponding to more than a 50% reduction in fuel consumption compared to a conventional vehicle with a gasoline internal combustion engine.

Zero emissions by fuel cells

Fuel cells are able to produce near-zero greenhouse emissions, and the only by-products are water and hot air. Fuel cells do not emit any pollution at their point of use when run on pure hydrogen. As an added advantage, the water that is formed in hydrogen fuel cells can be potable.

Reliability and very quiet operation

In addition, fuel cells operate quietly, have fewer moving parts and are well suited to a variety of applications. Stationary fuel cells, in particular, need very little maintenance with servicing required once every 1-3 years.

Fuel cells further offer additional benefits such as scalability due to modular construction and consistent performance, smaller requirement of space compared with solar or wind system farms. Fuel cell systems are can be placed both indoors and outdoors.

Government support towards decarbonisation of power

Government targets for clean energy, budgets allocations, and incentives are the strongest driver for fuel cell market development. Various governments globally are taking steps to establish hydrogen fueling infrastructure. Europe, USA and Japan are regions with the strongest government support in the field of fuel cells.

With growing concerns over climate change, hydrogen is emerging as a clean solution that can help curb carbon emissions globally. While support for hydrogen is steadily increasing within the US, many other nations are taking an active approach by implementing hydrogen-focused strategies and investments. Plans across the world, from Germany, to South Korea, to Australia and more, are laying the groundwork for a global hydrogen economy.

Private-public partnerships to reduce environmental impact are also growing. Governments across the globe are expected to aid the developments by offering support for funding research activities and suitable financing programmes. Developing a robust policy and regulatory framework is important as government enterprises need to provide a supportive environment which is suitable for R&D investment and capital investment.

Encouraging regulations and policies formed by governing bodies in developed economies and eco-friendly objectives to reduce emission rates propel the demand for hydrogen and fuel cells in future. Rising importance by governments of developed economies, such as Europe, U.S and Japan and technological progressions for the replacement of electric grids are likely to further support demand for hydrogen economy.

There are several ongoing projects in Europe that are anticipated to enable market participants extend their product portfolio under fuel cells. Deploying cleaner and renewable power generation technologies at a higher cost challenges the involvement of major market participants.

Increasing public-private partnerships will also result in faster adoption of hydrogen based applications. For instance, Doosan Fuel Cell signed a deal with Samsung C&T Group and Korea Hydro & Nuclear Power to manufacture and deliver 50+ fuel cells for a residential complex in Busan, Korea.

Government of India's initiatives for fuel cell energy - Bloom Energy signed an MoU with GAIL (India) Ltd to deploy fuel cell technology in India by using natural gas as fuel. As of February 2020, Ministry of new and renewable energy (MNRE) has partnered with NTPC Ltd., an Indian energy conglomerate, to launch a hydrogen fuel cell-based bus project in the union territory of Leh. NTPC will provide renewable energy source for hydrogen production for fuel cell, and set up hydrogen generation and fueling stations at locations to coordinate with local transport needs.The use of hydrogen in transportation sector has gained momentum in India. India's Ministry of New and Renewable Energy (MNRE) has been supporting various hydrogen projects in academic institutions, research organizations, and industry for development. There is development around internal combustion (IC) engines running on hydrogen / fuel cell to power two- and three-wheelers and minibuses. Two hydrogen refueling stations at Indian Oil R&D Centre in Faridabad and the National Institute of Solar Energy in Gurugram have also been established. The ministry of road and transport and highways has also notified standard for safety evaluation for vehicles propelled by Hydrogen through amendment in central motor vehicle rules in September 2020. This will facilitate promotion of hydrogen fuel cell based vehicle in the India.

On stationary application front, several companies in India such as Intel, Westfield commercial tower in Bangalore have installed fuel cell power generations units. In telecom sector, generators for telecom tower are mainly diesel based in India. If India was to adopt US approach to power telecom tower generators by fuel cell, India can reduce its emissions and improve maintenance cost. India is estimated to have more than 5 lakhs cellular towers that mainly use diesel generators. In 2016 UK-based Intelligent Energy delivered over 10 MWh fuel cell power solution to telecom towers in India in association with GTL Ltd, a major Indian network services provider in supply energy management services. This clean energy project is expected to run for 10 years, is in partnership with GTL Ltd in Mumbai. Back in 2015, Canadian-based Ballard Power Systems has received a purchase order from Aditya Birla Group in India, for its direct hydrogen modules to be deployed in the Idea Cellular network.

Finnish SOFC developer Convion and US/India-based h2e Power Systems have recently, in 2017, signed a MOU with MNRE to cooperate on providing renewable, and clean power sources to India. The initiative focuses on rural India & Agriculture application such as powering irrigation requirements. Bloom Energy along with other partners from commercial real estate sector have conceptualised commercial real estate powered by SOFC using natural gas at Whitefield Tower business-hospitality development in 2019.

R&D activities: Government support for R&D has motivated players to develop new technology and benefit from innovations and patents. Substantial progress has been achieved in improvement of efficiency and performance, and reduction of size and weight of the fuel cell, but there is more scope to make fuel cell cost more competitive. Cost and durability are the major challenges to FC commercialisation. Therefore, R&D activities are aimed at achieving high durability along with low material and manufacturing costs.

Reliance Industries Ltd is focusing on PEMFC for stationary applications and SOFC technology for R&D in fuel cell area. BARC, Mumbai is focusing on SOFC material and tubular SOFC under fuel cell R&D development. CGCRI, Kolkata is focusing on development of electrode and membrane materials for high performance SOFCs and Low Temperature SOFC. IIT Bombay, IIT Delhi, IIT Madras, NMRL, DRDO, Mumbai, BHEL and Bloom Energy (India) Private Limited are few other organizations working on SOFC fuel cell technology.

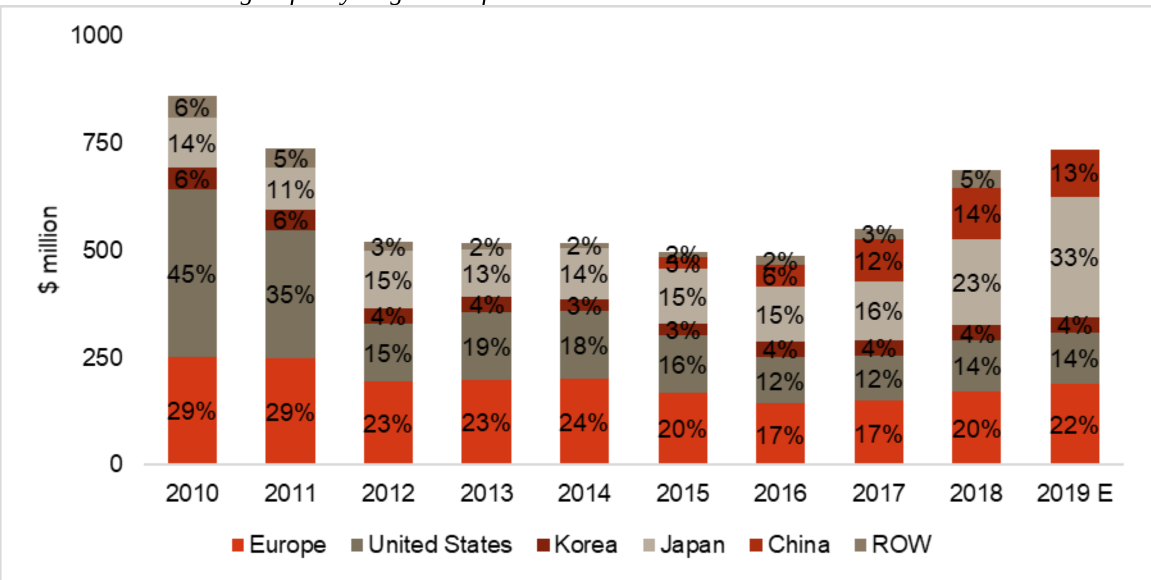
The table below represents R&D activities by the patents filed. The number of patents filed for fuel cells have remained high for United States and China over the last three years. Government budgets for hydrogen and fuel economy have increased post 2016 and has remained healthy at $ 700-750 million. The Asian region, mainly China, Japan and Korea, has seen a rise in investment for development of fuel cells over the last 2-3 years. United States, Canada, Korea, Japan, and Euro region countries such as Germany, Netherlands, are expected to see rise in demand of fuel cells as the respective governments provide support landscape for investments in clean energy from fuel cell.

Countries-wise patents filed

Countries	2017	2018	2019
Global	30,950	27,104	19,727
United states	17933	14713	10081
China	3372	3954	**4068**
Europe	1144	497	131
Japan	1788	1364	243
Korea	790	811	186
Australia	1168	943	457
Canada	135	96	0
Germany	293	381	183
WO WIPO	3913	4007	**4238**

WO WIPO is a worldwide patent offered by World Intellectual Property Organization (WIPO)
Source: Lens.org, CRISIL Research

Government R&D budgets for hydrogen and fuel cells



Source: IEA, Hydrogen Council, CRISIL Research

Demand from transportation and logistics applications

Transportation, including passenger vehicles, trucks, buses, trains, marine vessels, and other industrial vehicles such as fork-lifts, small trawlers and production and logistics support equipment, as well as auxiliary power units for traditional transportation technologies, can be powered by fuel cells. Fuel cells can replace petroleum currently used in cars and trucks with cleaner, lower-emission fuels like hydrogen or natural gas.

Fuel cell are increasingly being used in transportation applications. Though the share of FCEV in total global EV stock or vehicular stock is negligible, demand for FCEV from government and its growth potential is pushing R&D investments in the segment, thus driving volumes. Use of fuel cell in various transportation applications is growing at a rapid pace due to an increase in research and development investments for developing hydrogen powered vehicles.

Fuel cells systems are more energy efficient than typical combustion engines as they operate at a higher thermodynamic efficiency. Combustion engines first convert their fuel into heat, then into mechanical energy, and finally into electricity. Fuel cells skip those intermediary steps for generation of electricity, thus increasing efficiency.

FCEVs are a type of electric vehicle in which hydrogen combines with oxygen in a fuel cell to generate the electricity needed to power an electric motor. FCEVs have the potential to be zero-emission vehicles since the utilisation of hydrogen in fuel cells does not generate GHG emissions. However, similar to other EVs that use electricity as an energy carrier, the overall GHG emissions of FCEVs depend on the method used to produce hydrogen. To ensure GHG emission reductions relative to conventional fossil fuels for transport, hydrogen would need to be produced either from fossil fuel technologies coupled with carbon capture and storage or from electrolysis using low-carbon electricity.

For FCEV, the basic technology or principle have been practical for a very long time. Development focus has been mostly about reducing the cost, both of the stack and the storage tanks. Also, as with any other technology economies of scale that help to reduce cost – cost per vehicle can drop in line with production numbers increase. Due to lack of sufficient hydrogen re-fueling infrastructure and cost of hydrogen production, the demand for FCEV has not picked up as compared with BEV. But FCEV is gaining traction in logistics, industrial transportation (forklifts, etc.) and public transportation, where the route is pre-determined and fueling infrastructure can be placed optimally.

Fuel cells can be refueled, which is considerably faster than recharging. FCEVs, for instance, can be refueled in 3-5 minutes similar to refueling a petrol / diesel vehicle. Fuel cells can be directly plugged to a fuel source (hydrogen or other fuel such as natural gas), and hence, provide power without interruption. Moreover, batteries can only be recharged for a limited number of times before they need to be completely replaced and they also contain hazardous materials, making it expensive to dispose of them properly.

In the debate between FCEVs and BEVs, there are pros and cons of both the technologies and huge numbers of unknowns: manufacturing and environmental costs, resource depletion of minerals used in batteries, the technologies and cost economics of the hydrogen infrastructure, hydrogen as storage of energy (electrolysis and storage of pure hydrogen), and real efficiencies of the entire FCEV and BEV system rather the vehicle efficiency. Many of those factors are changing rapidly too, not to mention issues arising from change in government policies and spending.

Achieving cost reductions for fuel cell vehicles requires the scale-up of both, manufacturing of components as discussed above (e.g., fuel cells and hydrogen tanks) and the total hydrogen supply chain.

Demand for uninterrupted power distributed power

The potential driver for the deployment of large-scale stationary fuel cell systems can be the presence of end-users that need a large, steady electricity supply (e.g., data centers) in regions with poor grid reliability. Also fuel cells are highly compatible with other conventional and intermittent renewable primary power sources to create high efficiency and continuous energy systems. The uninterrupted nature of fuel cells provides reliability and can be used to fill intermittency gaps present in renewable sources. For example, stationary fuel cells can be co-located with resources such as wind turbines, or solar panels, at customer sites. Renewable energy can also be used for generation of hydrogen, which act as storage of energy and can help provide hydrogen to fuel cells.

Power back-up for commercial application

Power back-up systems are used in a wide range of telecommunication, emergency facilities, and data control systems where uninterrupted power is essential. Wireless networks and data centers require an uninterrupted supply of high-quality electricity and any loss of power leads to loss of productivity, revenue and profitability for companies using cloud network.

Backup power technologies currently include fuel cells, batteries, and generators operating on fossil fuels based on internal combustion engines. Backup power systems need to be highly reliable especially for commercial application such as hospitals, data centers, and cellular towers. Deployment of fuel cell power back-up is a practical alternative for telecommunications operations that need reliable, long duration backup power at cellular phone signal relay sites, particularly during major electric grid power outages. Fuel cell system can be highly reliable in emergency situation and calamities.

Space utilization – Stationary fuel cell systems are compact and create less noise. Stationary fuel cell systems also require lesser space in proportion to other clean energy technologies. Fuel cell require 0.1 acre for one MW of power generation as compared to 10 acres per MW for solar and 50 acres per MW for wind energy.

Comparison for stationary power generation for existing power back-up systems

Parameters	Battery	Fuel cell	Diesel generators
Reliability	+	+	-
Capital Cost ($/kW)	++	-	+
Annualised cost of ownership ($/kW)	- -	+	++
Cost comparison for operating time	8 hours (1.2x) 72 hrs (5.0x)	8 hours (x) 72 hrs (x)	8 hours (0.9x) 72 hrs (0.8x)
Extended Run Time	- -	+ +	+ +
Emissions	+ +	+ +	-
Noise	+ +	+	+
System Efficiency	+ +	+	-
Annual Maintenance Cost	+ +	+	-
Maintenance Frequency	-	+ +	-
Operation Lifetime	- -	+	+ +
Remote conditioning and check	~	+ +	-

Note: "++"(much better than the comparison technologies to "– –" much worse than the comparison technologies. The "~" do not apply for that technology metric

Source: U.S. Energy department, National Renewable Energy Laboratory (NREL), CRISIL Research

Combined Heat and Power (CHP) - Fuel cells also find application as part of a CHP system, where the thermal energy from fuel cell output system is recovered and is used to heat or cool industrial or residential facilities and commercial buildings. The CHP configuration can increase overall system efficiency and reduce emissions from existing boiler operations.

Demand for stationary fuel cell power generation driven by national polices

The characteristics of the energy market will strongly influence the deployment of fuel cell systems, for instance, the existence of power purchase agreements (PPAs), as opposed to direct sales of fuel cells. With this formula, the end user only has to pay for electricity at the price established in the agreement, while the company offering the service takes care of the deployment, operation and maintenance of the system. This option liberates end users from potential problems of a promising but still not well-established technology.

Application in niche sectors such as marine and aviation

In the maritime sector application, fuel cell powered ships are at the introduction stage in various segments (ferries, shuttles, submarines etc.) and regulatory support is creating the opportunity for more rapid development and attracting player interest. Fuel cells can also be used to replace on-board and on-shore power supply, currently majorly from on diesel or fuel oil, to eliminate pollutants emissions (NOX, SOX and particulate matter) in harbours, while avoiding expensive installation costs for electrical connections at the harbour. In aviation, fuel cell-based electric propulsion is being considered and demonstrated for smaller propeller-driven regional aircrafts

Competitive landscape in fuel cell industry

Industry has one specialist company dominating each technology

The global deployment of large-scale fuel cells is currently dominated by the US and South Korean markets, which together make up ~95% of installed capacity. In the fuel cell industry, there is one specialist company that currently dominates the production of each fuel cell type and its deployment. Fuel cell technologies are still in a growing phase and R&D investments are supported by government policies and strategies towards environment and energy market.

CRISIL Research has compared the major technology companies present in the fuel cell industry for their business and financial performance.

Overview of business operations

Company	Office location	End-use sector	Production facilities
Ballard Power	British Columbia, Canada Locations – Five (Canada, US, Mexico, Denmark, China)	Transportation Material handing applications	Canada – Three facilities One million membrane electrode assemblies and 10,000 stacks annually
Bloom Energy	US	Stationary power generation	Newark, Delaware and Sunnyvale, (California)
Fuel Cell Energy	Connecticut (US) Germany (Europe)	Stationary power generation	Connecticut (US) 100-200 MW
Plug Power	New York (US)	Hydrogen fuel cell turnkey solutions for electric mobility and stationary power markets	Latham, New York (US) and Spokane, Washington (US)
AFC Energy	England (UK)	Alkaline fuel cell and related technologies for modular power generation	-
Doosan Fuel Cell	South Korea	Stationary power generation Charging stations	-
SFC Energy	Germany Other Locations -	Stationary power generation (mobile power generation	The Netherlands, Romania, and Canada

Company	Office location	End-use sector	Production facilities
	Netherlands, Romania and Canada.	for mobility, defence & security, oil & gas and industry markets)	

Source: CRISIL Research

Overview of business operations

Company	Fuel cell type	Product line	Regions catered to	Geographic revenue
Ballard Power	PEM	Heavy duty modules, fuel cell stacks, backup power systems, marine modules and technological solutions for fuel cell	China, Europe and California	China – 32% Germany – 30% US – 24% (2018)
Bloom Energy	SOFC	Stationary power generation platform	US, Japan, China, India, and the Republic of Korea	US – 70-75% Asia Pacific – 23% (2019)
Fuel Cell Energy	Carbonate-based fuel cells, SOFC	Stationary power generation platform	US, South Korea, Germany, England	United States – 90-95%
Plug Power	PEM	Electric mobility and stationary power	North America Europe	North America >80% Europe
AFC Energy	AFC	AFC technologies (no commercialization)	Europe	-
Doosan Fuel Cell	PAFC	Stationary power generation	Korea, US	-
SFC Energy	DMFC and hydrogen FC	Stationary power generation and power supply solutions	Germany, the Netherlands, Romania and Canada	North America – 39% Germany – 13.5% Rest of Europe – 36.6%

Source: Company reports, CRISIL Research

Leading players in fuel cell technology

Major technology deployment players	Fuel cell type
Ballard Power	Polymer electrolyte membrane (PEM)
AFC Energy	Alkaline (AFC)
SFC Energy	direct methanol fuel Cell (DMFC)
Doosan Corporation	Phosphoric acid (PAFC)
Fuel Cell Energy	Molten carbonate (MCFC)
Bloom Energy	Solid oxide (SOFC)

Source: CRISIL Research

Competition Benchmarking - Summary (FY20)

Please Note: The competitors viz. Larsen and Toubro and Godrej are diversified businesses with several other business units. The financials of these companies represent all the business units under the company:

Parameter	MTAR	L&T (Consolidated)	Godrej & Boyce (Standalone)
Operating Income y-o-y growth	16.4%	8.3%	1.6%
Operating Margins	28.50%	16.20%	7.40%

Parameter	MTAR	L&T (Consolidated)	Godrej & Boyce (Standalone)
Net Margins	14.00%	7.50%	2.00%
ROCE	19.20%	13.40%	4.70%
Interest Coverage Ratio	13.10x	2.5x	4x
Gearing Ratio (Debt/Equity)	0.10x	2.2x	0.4x
NCA/Total Debt	0.86x	0.06x	0.14x

Source: Company Reports, CRISIL Research
Note: Values are as per FY20 company reports
Operating margin = OPBDIT / Operating income
Net profit margin = Profit after tax / Operating income
RoCE = Profit before interest and tax (PBIT) / [Total debt + Net worth – Intangible Assets (Goodwill) + Deferred tax liability]; CRISIL considers tangible net worth for calculation of capital employed. Interest includes financial interest cost
Interest coverage ratio = Profit before depreciation, interest, and tax (PBDIT)/ Interest and finance charges
Gearing = Adjusted total debt /Adjusted net worth
Debt = Long term + short term debt
NCA=Net Cash Accruals

Product revenue comparison for competitive landscape

Company	Product revenue 2019 $ million	Operating revenue 2019 ($ million)	Product revenue share	Service revenue share	Service revenue includes
Bloom Energy	557	786	71%	29%	Installation of energy servers, sales revenue from electricity produced by energy servers, service revenue generated from maintenance services agreements
Ballard Power	50	106	47%	53%	Technology solutions revenue
Fuel Cell Energy	-	61	1% (58% in 2018)^	99%	Service and licence revenues, generation revenue, advanced technologies contracts
Plug Power	150	230	65%	35%	Fuel cell services, PPAs
SFC Energy	65.5	65.5	100%	-	NA

Note: ^ Fuel Cell Energy has shifted business focus from product sales to fuel cell service and power generation sales
Source: Company reports, CRISIL Research

Operating and segmental revenue trend (2017 to 2019)

Company	Product segment revenue 2017 ($ million)	Product segment revenue 2019 ($ million)	CAGR 2017-2019 (%)	Operating revenue 2017 ($ million)	Operating revenue 2019 ($ million)	CAGR 2017-2019 (%)
Bloom Energy	157	557	88%	376	786	45%
Ballard Power	78	50	-20%	121	106	-6%
Fuel Cell Energy	43.0	41.1	-2%	95.7	61	-20%
Plug Power	63	150	55%	133	230	32%
SFC Energy	61	65.5	3.3%	61.3	65.5	3.3%

Source: Company reports, CRISIL Research

Key observations

- Bloom Energy is the largest player among the peers listed above in terms of operating revenue and segmental product revenue from fuel cell products. MTAR is one of the key suppliers to Bloom Energy and sole supplier from India market as of fiscal 2020.
- The top five players mentioned above - Bloom Energy, Ballard Power, Fuel Cell Energy, Plug Power, and SFC Energy - contribute to 35-40% of the overall fuel cell market, among which Bloom Energy has the highest segmental product revenue from fuel cell of $ 557 Bn in 2019 followed by Plug Power at a segmental revenue of $ 150 Bn in 2019.
- Bloom Energy is one of the fastest growing company above the peers listed during 2017-19, registering a CAGR of 45%, followed by Plug Power at 32%.
- Ballard Inc. is a leading player in PEMFC, Bloom Energy in SOFC and Doosan in PAFC technology, which are the major technologies in commercial application currently.

OUR BUSINESS

Given the nature of the Company's business activities, it does not have installed capacities for its products and manufacturing facilities and, correspondingly, does not have details of capacity utilisation for its products and manufacturing facilities.

The restated consolidated financial information for Fiscal 2020 and the nine months ended December 31, 2019 and December 31, 2020 is not directly comparable with the restated unconsolidated financial information for Fiscals 2018, 2019 and 2020 and the nine months ended December 31, 2019 and December 31, 2020 given that we incorporated a subsidiary in such later period. Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2018, 2019, and 2020 and the nine months ended December 31, 2019 and December 31, 2020 included herein is derived from on our Restated Unconsolidated Financial Information, included in this Prospectus. For further information, see "Restated Unconsolidated Financial Information" and "Restated Consolidated Financial Information" on pages 287 and 335, respectively. Further, unless otherwise indicated or the context otherwise requires, all operational information included herein for Fiscals 2018 and 2019 is on an unconsolidated basis, while all such information for Fiscal 2020 and the nine months ended December 31, 2019 and December 31, 2020 is on a consolidated basis.

*Unless otherwise indicated, industry and market data used in this section has been derived from the report "Assessment of global and Indian engineering equipment industry" dated December 2020 (the "**Company Commissioned CRISIL Report**") prepared and released by CRISIL Research and commissioned by us. Unless otherwise indicated, all financial, operational, industry and other related information derived from the Company Commissioned CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

Overview

We are a leading precision engineering solutions company engaged in the manufacture of mission critical precision components with close tolerances (5-10 microns), and in critical assemblies, to serve projects of high national importance, through our precision machining, assembly, testing, quality control, and specialized fabrication competencies, some of which have been indigenously developed and manufactured (*Source: Company Commissioned CRISIL Report*). We primarily serve customers in the clean energy, nuclear and space and defence, sectors. Since inception, we have strived to grow continually, contributing to the Indian civilian nuclear power programme, Indian space programme, Indian defence and aerospace sector, as well as to the global clean energy sector and the global defence and aerospace sector. Over the years, we have also developed import substitutes such as ball screws and water lubricated bearings that are specialized and used in the sectors we cater to (*Source: Company Commissioned CRISIL Report*). We believe the engineering capability of our Company, evolved over decades, has enabled us to consistently offer quality complex precision manufactured components and assemblies, within stipulated timelines and at reasonable cost in most cases, allowing us to forge a robust relationship with our customers.

While we commenced operations as a partnership firm in 1970, our Company was incorporated on November 11, 1999 upon the conversion of the erstwhile partnership firm into a private limited company, in accordance with the provisions of Part IX of the Companies Act, 1956. Our offerings are served in the clean energy, nuclear and space and defence sectors where we manufacture critical and differentiated engineered products with a healthy mix of developmental and volume-based production, customized to meet the specific requirements of our customers. While the bids for the projects in the nuclear and space and defence sectors are invited by issuing tender enquiries, the qualification process for securing such tenders is extremely stringent as there is no scope for faults in such sectors. We believe that our past experience in the supply of our products, ability to meet specific technical requirements of our customers, reputation for quality and safety features present in our products, financial strength, and the price competitiveness of our offerings, has not only strengthened our position in the market but also has enabled us to establish and maintain relationships with our customers.

We focus on clean energy as one of our key customer sectors and are accordingly, involved in the manufacture of power units, specifically hot boxes, and in the development and manufacture of hydrogen boxes and electrolyzers, to serve Bloom Energy Inc., United States ("**Bloom Energy**") with which, we have been associated with for over nine years. While hot boxes use methane to generate power, hydrogen boxes shall use methane to generate hydrogen that shall in-turn, be used to generate power. In addition, electrolysers will produce methane-free hydrogen that shall be used to produce power. During the Fiscals ended 2018, 2019 and 2020, and for the nine months ended December 31, 2019 and for the nine months ended December 31, 2020, our revenue from customers in the clean energy sector accounted for 49.14%, 61.42%, 64.34%, 71.01% and 49.33%, respectively, of our revenue from operations.

In addition, we have been serving customers in the nuclear sector for over 35 years, and have established relationships with the Nuclear Power Corporation of India Limited ("**NPCIL**") having served them for over 16 years. We manufacture and supply specialized products such as fuel machining head, drive mechanisms, bridge and column and coolant channel assemblies, among others, not just for the new pressurised heavy water nuclear reactors, but also for refurbishment of the existing reactors. We have also supplied critical products such as grid plate, control plug and inclined fuel transfer machine for the prototype fast breeder reactor. During the Fiscals ended 2018, 2019 and 2020, and for the nine months ended December 31, 2019 and for the nine months ended December 31, 2020, our revenue from customers belonging to the nuclear sector accounted for 28.89%, 13.05%, 14.27%, 7.33% and 27.13%, respectively, of our revenue from operations.

We are also a key supplier of mission critical assemblies and components to customers within the space and defence sectors for their programs of national importance. Through our long-standing relationships of over three decades and four decades with customers such as the Indian Space Research Organisation ("**ISRO**") and the Defence Research and Development Organisation ("**DRDO**"), we have been able to supply specialized products to the Indian space programme and the Indian missile programme, respectively. For instance, our offerings to ISRO comprised a wide variety of mission critical components and critical assemblies such as liquid propulsion engines, components and assemblies for cryogenic engines, specifically turbo pumps, booster pumps, gas generators and injector heads for such engines, and electro-pneumatic modules to serve its space launch vehicles. Within the defence sector, we undertook complex assemblies for the DRDO, including such as the base shroud assembly (for Agni missiles), and the assembly of secondary injection thrust vector control ("**SITVC**") valves and hydraulic fin tip control ("**HFTC**") valves. In addition, we also supplied critical defence products such as aluminium weldments and other machined components to our international customers including, an Israeli defense technology company. During the Fiscals ended 2018, 2019 and 2020, and for the nine months ended December 31, 2019 and for the nine months ended December 31, 2020, our revenue from customers in the space and defence sectors accounted for 16.39%, 20.06%, 18.40%, 18.56% and 20.59%, respectively, of our revenue from operations.

We currently operate through seven manufacturing facilities, including an export-oriented unit ("**EOU**"). These manufacturing facilities, each of which is situated in Hyderabad, Telangana, employ advanced equipment to undertake precision machining, assembly, testing and quality control, specialized fabrication, brazing and heat treatment, and other specialized processes, leading to us being a one-stop solutions company for our customers. Over the years, we have made investments in processes, infrastructure and systems, and in specialized training to our technical team to become a leading player in nuclear and space and defence sectors. We have also implemented various information technology solutions including for assisting in our designing and manufacturing operations, and enterprise resource planning ("**ERP**") solutions to integrate key areas of our operations.

We lay special emphasis on research and development ("**R&D**") of our manufacturing processes as we believe, it allows us to evolve our own process technologies thereby enabling us to achieve design specifications with accuracy irrespective of the size of the products. We have also recently established an engineering cell that works on cycle time reductions to enhance cost-effective manufacturing solutions in niche engineering segment. Given our operations are specialized, our manufacturing facilities also employ extensive and stringent quality control mechanism at various stages including that of material issue and manufacturing process, to ensure that our finished product conforms to the quality and traceability requirements of our customers. Owing to the critical end-applications of our products and such stringent quality requirements, we believe it becomes very difficult for new players to get qualified for the projects we undertake. Various awards such as the 'Best Quality Supplier Award', 'Defence Technology Absorption Award', 'INS Industrial Excellence Award' and the 'Award for Excellence in Aerospace Indigenization' received by us in the past bear testimony to the faith our customers have in us and our ability to successfully serve and meet their requirements. For further details, see "*History and Certain Corporate Matters*" on page 247.

Our Company was originally promoted by Late P. Ravinder Reddy, Late K. Satyanarayana Reddy and P. Jayaprakash Reddy. We are now led by one of our Promoters, and our Managing Director, Parvat Srinivas Reddy, who has over 29 years of work experience. Through his experience, he has been able to establish relationships with not just the domestic customers but also the global customers. In addition, we also have an experienced management team which has brought in organizational and operational changes in our Company over the past few years. This team is backed by a core technical team that has substantial experience in manufacturing and the technical know-how to manufacture niche engineering products. The commitment and the level of engagement of our employees to create complex manufacturing technologies is further demonstrated by the current average employee tenure with our Company, which is approximately 15 years, with a low attrition rate of about 6% in the last three years.

In the Fiscal ended 2020, and in the nine months ended December 31, 2020, our total income was ₹ 2,181.42 million and ₹ 1,779.91 million, respectively. Our restated profit for the period / year has grown at a CAGR of 140.31%, from ₹ 54.23 million in Fiscal 2018 to ₹ 313.18 million in Fiscal 2020 and was ₹ 224.53 million and ₹ 280.69 million for the nine months ended December 31, 2019 and for the nine months ended December 31, 2020, respectively. In the Fiscal ended 2020, and in the nine months ended December 31, 2020, we reported EBITDA of ₹ 623.34 million and ₹ 537.50 million, respectively. Our aggregate Order Book as on December 31, 2020 was ₹ 3,361.91 million, comprising Order Book in the clean energy sector, the nuclear sector and the space and defence sectors of ₹ 801.86 million, ₹ 931.86 million and ₹ 1,606.10 million, respectively.

Our Competitive Strengths

We believe we have the following key competitive strengths.

Precision engineering expertise with complex product manufacturing capability

Our Company develops and manufactures a wide range of mission critical assemblies and precision components with close tolerances (5-10 microns), through its precision machining, assembly, and specialized fabrication facilities, for onward usage by our customers in the clean energy, nuclear, and space and defence sectors in India, and abroad. These capabilities are further supported by an extensive and stringent testing and quality control mechanism undertaken at each stage of the production process to ensure that our finished product conforms to the exact requirement of our customers and successfully passes all validations and quality checks. Towards this end, we use high precision quality inspection equipment such as 3D co-ordinate measuring machines ("**CMM**"), laser measuring, optical alignment instruments, non-contact measuring, and other such non-destructive testing equipment to ensure ideal quality, as requested by our customers. We also have experienced personnel who undertake procedures and inspections such as radiography, ultrasonic, magnetic particle and dye penetrant at our non-destructive testing ("**NDT**") facilities. Our capability in measuring and maintaining quality and measurement records at each level of the process is a key enabler. In addition, our facilities are equipped with requisite equipment for dimensional and geometrical inspection to establish micron level adherence to specifications as set by our customers. Most of our manufacturing facilities, including our EOU have accreditations such as the ISO 9001:2015 certification and AS9100D certification (technically equivalent to the EN 9100:2018 and JISQ 9100:2016 certifications) for quality management systems. We have also initiated the process for receiving ISO 14001:2015, ISO 45001:2018, ISO 27001:2013 and applying for NADCAP certifications for some of our units.

In order to enhance our product offerings, we have leveraged our adaptability and manufacturing agility by continually investing in our manufacturing facilities including in R&D, over the years. Our operations are supplemented by R&D, a critical part of our business capability, that is undertaken primarily for our manufacturing processes. We believe that our R&D capabilities have enabled us to keep abreast of technological developments in the precision manufacturing industry thereby allowing us to have a focused approach on consistently upgrading the technology and the processes used in the manufacture of our products. Our R&D efforts include technologies and solutions that not only allow for manufacture cycle time reduction and development of manufacturing processes and choice of tools and accessories, but also enable us to achieve design specifications with accuracy irrespective of the size of the products. Our recently established engineering cell also works on cycle time reductions to enhance cost-effective manufacturing solutions in niche engineering segment.

Our process planning and methods team plays a crucial role in optimizing manufacturing technology through R&D activities. This team enables us to provide solutions to improve manufacturing efficiency on the existing products, reduce production costs and introduce innovative solutions to meet the varied requirements of our customers thereby allowing us to achieve time efficiency in development of new products and technologies. As of December 31, 2020, we employed 14 engineers, 6 designers, and 4 technicians in our process planning and methods team.

Wide product portfolio leading to long-standing relationships with our customers

Our Company has, over the years, developed a wide product portfolio catering to customers in diverse segments as a result of which, we have been able to establish trusted and long-standing relationships with these customers. As on December 31, 2020, our major product portfolio includes three kinds of products in the clean energy sector, 14 kinds of products in the nuclear sector and six kinds of products in the space and defence sectors. We strive to understand our customers' specific business needs and provide products to meet their requirements and accordingly, believe that, our ability to provide quality products as per the customer specification, and our consistent customer servicing standards, have enabled us to increase our customers' dependence on us. For instance, we cater to customers in the clean energy sector through our supply of power units, specifically, hot boxes to Bloom Energy.

Within the nuclear sector, our long standing relationship of over 16 years with NPCIL bears testimony to our Company's ability to manufacture and supply specialized products such as fuel machining head, bridge and column and coolant channel assemblies, among others, not just for the new pressurized heavy water nuclear reactors, but also for refurbishment of the existing reactors. As these products require high positional and dimensional accuracy, the experience in manufacturing these, has not only been acquired by us over a period of time, but also has, in the process, created entry barriers for other players. (*Source: Company Commissioned CRISIL Report*)

Within the space sector, we have established relationship with ISRO to whom we have been supplying a wide variety of mission critical components and critical assemblies for its various missions, for over three decades. Specifically, we manufacture liquid propulsion engines, cryogenic engines (turbo pumps, booster pumps, gas generators and injector heads for such engines) and electro-pneumatic modules to serve space launch vehicles. The engine for the PSLV-C25, which launched the Mars Orbiter Mission Spacecraft, as part of the Mangalyaan mission, was supplied to ISRO by our Company (*Source: Company Commissioned CRISIL Report*). Further, the engine for the PSLV-C49, which recently injected the EOS-01, an earth observation satellite, was also supplied to ISRO by our Company. Our Company was also integral for the GSLV Mark III engine for the Chandrayaan II mission (*Source: Company Commissioned CRISIL Report*). In addition, while catering to organizations such as the DRDO, among others, our Company not only undertook complex assemblies such as the base shroud assembly (for Agni missiles) and the assembly of SITVC valves and HFTC valves, but also manufactured actuators for light combat aircrafts ("**LCAs**"). We also supplied critical defence products such as aluminium weldments and other machined components to our international customers including an Israeli defense technology company.

We have also invested in the development of roller screws, which is an import substitute, and are involved in developing the associated technology. Once this development has been completed, according to Company Commissioned CRISIL Report, we will, in India, be the first manufacturer of roller screws, while this product shall be used for a wide variety of applications in the nuclear, space and defence sectors.

We believe a significant demand for our products is generated in India owing to our customers' objective to enhance domestic sourcing as well as self-reliance, especially in areas of national importance, and that our ability to supply technologically advanced products enables us to nurture such established relationships with these customers. Our engineering capability has accordingly, garnered repeat orders from not just domestic customers but also customers abroad. For the year ended March 31, 2020 and as on the nine months ended December 31, 2020, the revenue from contracts with customers located in India amounted to ₹ 675.76 million and ₹ 804.47 million, reflecting 32.42% and 46.18% of our revenue from contracts with customers, respectively, whereas the revenue from contracts with customers located outside India amounted to ₹ 1,408.82 million and ₹ 937.71 million, reflecting 67.58% and 53.82% of our revenue from contracts with customers, respectively during the same period. Our aggregate Order Book as on December 31, 2020 was ₹ 3,361.91 million, comprising Order Book in the clean energy sector, the nuclear sector and space and defence sectors, of ₹ 801.86 million, ₹ 931.86 million and ₹ 1,606.10 million, respectively.

Modern technology at our state-of-the-art manufacturing facilities

We operate through our seven state-of-the-art manufacturing facilities, including one EOU, each of which, is situated in Hyderabad, Telangana. Hyderabad, Telangana, is one of the key centres for defence research and development in the country (*Source: Company Commissioned CRISIL Report*). The presence of major defense organizations in Hyderabad not only provides us access to the critical R&D and high-volume projects, but also allows for ease of coordination, specifically in terms of our collaborative R&D efforts, as well as for subsequent close monitoring of manufacture and quality control processes, thereby giving us an advantage over the other players located in other regions.

We have consistently undertaken expansion of our manufacturing facilities through internal accruals, in the past with a view to capture increasing demand in the future. We believe that our manufacturing facilities enable us to expand our operations with ease to meet future demand at minimized cost of expansion. Certain details of our manufacturing facilities are set forth hereunder.

Description and Location of the facility	Products manufactured	Sectors catered to	Facilities offered
Unit 1, situated at 18, Technocrats Industrial Estate, Balanagar, Hyderabad 500 037, Telangana, India ("**Unit 1**")	Complex nuclear assemblies manufacturing such as fuel machining head, thimble package, top hatch beam, bridge and column and high end defence products such as air frames, base shroud assembly for Agni missiles, among others	Nuclear, defence and aerospace	Advanced computerized numerical control ("**CNC**") machining and quality control
Unit 2, situated at Survey No. 149/P, IDA, Jagadgirigutta Road, Gandhinagar, Hyderabad 500 037, Telangana, India ("**Unit 2**")	Liquid propulsion engines such as Vikas engine, cryogenic engines, semi cryo engine, electro pneumatic modules for use in polar satellite launch vehicle ("**PSLV**") and geosynchronous satellite launch vehicle ("**GSLV**") launch vehicles and satellite valves	Space	Advanced CNC machining, assembly, specialised fabrication, quality control and testing
Unit 3, situated at Plot No. 97 and 100A, Co-operative Industrial Estate, (E.P.), Gandhinagar, Hyderabad 500 037 Telangana, India ("**Unit 3**")	High volume nuclear assemblies and components such as end fittings, liner tubes, products such as ball screws and WLBs and other nuclear site orders	Nuclear, defence and aerospace	Advanced CNC machining and quality control
EOU, situated at Sy no 149/P, Jagadgiri Gutta Road, Gandhinagar, Balanagar, Hyderabad 500 037, Telangana, India ("**EOU Unit**")	Power units for supply to Bloom Energy and high end defence components to be supplied to an Israeli defense technology company	Clean energy and export defence	Advanced CNC machining, assembly, special processes, and quality control
Unit 4, situated at B-34, EEIE, Balanagar Township, Hyderabad 500 037, Telangana, India ("**Unit 4**")	*This is a supporting unit and undertakes rough machining*	-	Rough machining
Unit 5, situated at 58/C, Phase-1, IDA, Jeedmetla, Hyderabad 500 055, Telangana, India ("**Unit 5**")	*This is a supporting unit and undertakes surface and heat treatment*	-	Surface treatment, heat treatment and special processes
Unit 6, situated at Survey No. 149-A, IDA, Jagadgirigutta Road, Gandhinagar, Hyderabad 500 037, Telangana, India ("**Unit 6**")	*This is a supporting unit with fabrication facility and large clean rooms*	-	Assembly

Significant end-to-end capabilities of our manufacturing facilities are set forth below:

- Manufacturing of precision components with close tolerances to the extent of 5-10 microns supported by a series of high-end machines such as 7 axis Mill-turns, 5 axis vertical machining centers ("**VMCs**"), 4.5 axis machining centres, milling centres, turning centres, grinding centres, tool room machines, deep hole boring and honing machines, among others;
- Assembly and testing capabilities supported by 10,000 class clean rooms with facilities for high as well low temperature, vibration, flow and helium leak tests;
- Specialized fabrication facilities supported by conventional and orbital welding facilities, vacuum brazing, water jet and plasma cutting facilities to meet American Society of Mechanical Engineers ("**ASME**") standards / American Society for Testing and Materials ("**ASTM**") standards; and
- Surface treatment, heat treatment facilities and special processes facilities.

We have also designed and built, with inhouse expertise, certain sophisticated special purpose machines instead of importing comparable machines. For instance, our Company has built machines such as SPM 99, gantry special purpose machines ("**SPM**"), deep hole boring machines, and vertical honing machines, among others, that are used for special purpose operations. These facilities enable us to produce build to print products of high dimensional accuracies precisely in line with the specifications provided by our customers. In addition, our facilities also consist of machining abilities that can manufacture products ranging from few kilograms to several tonnes in weight. Our Company does not have dedicated production lines to manufacture identified products as a result of which, we believe we have a greater flexibility in terms of utilization of our capacity. Accordingly, we manufacture quality customised products through use of our machining capabilities at one or more of our facilities which allows us to deliver products as per the process plans that results in the optimal utilization of our capacities.

Over the years, we have made investments in our processes, infrastructure and systems to develop sophisticated and modern manufacturing technology and become a leading player in the nuclear and space and defence sectors. For instance, we invested in equipment such as the 5 axis VMC and 3D CNC CMM, among others, over the past few years. We believe that through the continued investments in our facilities, we have been able to develop an efficient, technology driven manufacturing process that has helped us to manufacture our products in accordance with the requirements and specifications of our customers in a cost-effective manner. We use modern technology along with our entire manufacturing and production process as we serve customers such as NPCIL, ISRO and DRDO, among others, and accordingly, ensuring that our products conform to the specific requirement, becomes extremely essential. In Fiscals 2018, 2019 and 2020, and in the nine months ended December 31, 2019 and in the nine months ended December 31, 2020, our capital expenditure towards additions to property, plant and equipment and intangible assets was ₹ 80.01 million, ₹ 227.30 million, ₹ 49.60 million, ₹ 47.20 million and ₹ 101.25 million, respectively.

Strong and diversified supplier base for sourcing of raw materials

Our Company has, over the years, developed a robust supply chain for the sourcing of a wide variety of specialized raw materials used in the manufacture of mission critical precision products. The essential raw materials used in our manufacturing facilities are various kinds of alloys steels and bought out items. The raw materials used for manufacture of products catered to customers in the clean energy sector are inconel sheets of various grades, to customers in the nuclear sector are specialised steels such as 17-4 PH, SS 410, 13-8 MO PH and to customers in the space and defence sectors are alloy steels and aluminium including bearing and seals. While we source materials from third party suppliers depending upon the requirement of a project that we undertake, in certain instances, especially involving the critical and sensitive raw material and bought out items for the manufacture of certain products are directly procured and supplied by our customers, mostly belonging to the space and defence sectors. The materials utilized for products catered to the clean energy and nuclear sectors, and other consumables and bought-outs are mostly sourced from third party suppliers, both domestic and global. For instance, in addition to procuring certain grades of specialised steels from our domestic suppliers, we also have been procuring raw materials such as 17-4 PH, SS 410 and inconel sheets from our global suppliers, including, from suppliers located in Brazil and United States, among others. Given that raw material expenses constitute a significant portion of our overall cost, we benefit majorly from a strong, spread out and diversified supplier base. This enables us to negotiate favourable terms and even avail better discounts. Additionally, we believe that our diversified supplier base helps us in minimizing supplier risk on account of low supplier dependency.

Our cost of materials consumed, for the Fiscals ended 2018, 2019 and 2020, for the nine months ended December 31, 2019 and for the nine months ended December 31, 2020 was ₹ 659.77 million, ₹ 655.32 million, ₹ 872.55 million, ₹ 638.54 million and ₹ 748.07 million, which represented 41.34%, 35.68%, 40.82%, 41.96% and 42.20%, of our revenue from operations, respectively. The aggregate amount spent for the procurement of raw materials towards our top five suppliers as a percentage of our total purchases, was 57.24%, in the nine months ended December 31, 2020. We do not have any long-term contracts with any of our raw material suppliers, however, we have maintained long term relationships with our major suppliers. We believe our strong relationships with our raw material suppliers enable us to obtain good quality raw materials within the prescribed timelines. We continually strive to maintain strong relationships with our suppliers in order to derive better insight into the markets for our raw materials, which helps us to manage our raw material supply chain, resulting in greater predictability of supply and, consequently, a greater ability to meet production schedules and achieve on-time delivery for our customers.

Our raw material prices vary from market to market, and our buying team accordingly analyses the arbitrage in different markets to take possible advantages of such variations by purchasing more from the cheaper source. The final cost of our offerings is dependent on our ability to source raw materials at acceptable prices and to maintain a stable and sufficient supply of our raw materials. To this effect, we also maintain a robust database of our suppliers. We have a stringent vendor qualification process which enables us to keep a periodic check on our suppliers with regard to the quality of materials supplied and the corresponding prices. We use these details for negotiating purchases in the future and for quality claims, which we believe is a very important aspect of our business operations.

Track record of growth in financial performance

We have been able to increase our total income at a CAGR of 16.56% during the last three Fiscals, from ₹ 1,605.45 million in Fiscal 2018 to ₹ 2,181.42 million in Fiscal 2020. Our total income in the nine months ended December 31, 2020 was ₹ 1,779.91 million. Our revenue from operations in Fiscals ended 2018, 2019, 2020, and in the nine months ended December 31, 2019 and in the nine months ended December 31, 2020, was ₹ 1,595.97 million, ₹ 1,836.71 million, ₹ 2,137.74 million, ₹ 1,521.76 million and ₹ 1,772.68 million, respectively. In the Fiscals ended 2018, 2019 and 2020, and in the nine months ended December 31, 2019 and in the nine months ended December 31, 2020, we reported EBITDA of ₹ 328.23 million, ₹ 559.55 million, ₹ 623.34 million, ₹ 445.89 million and ₹ 537.50 million, respectively. Our EBITDA has grown at a CAGR of 37.80% from Fiscal 2018 to Fiscal 2020. In the Fiscals ended 2018, 2019 and 2020, and in the nine months ended December 31, 2019 and in the nine months ended December 31, 2020, our return on capital employed was for 9.59%, 16.96%, 19.78%, 13.90% and 14.20%, respectively. Further, as on March 31, 2020 and as on December 31, 2020, our debt equity ratio was 0.13 and 0.27, respectively, as compared to 0.07 as on December 31, 2019, 0.12 as on Fiscal 2019 and 0.10 as on Fiscal 2018.

Following are the details of the revenue generated and the revenue as a percentage of our revenue from operations, with respect to the sectors that we catered to in the Fiscals ended 2018, 2019, 2020, and in the nine months ended December 31, 2019 and in the nine months ended December 31, 2020:

		Clean Energy Sector	Nuclear Sector	Space and Defence Sectors
Fiscal 2018	**Revenue generated (in ₹ million)**	784.27	461.10	261.58
	Revenue as a percentage of revenue from operations (in %)	49.14	28.89	16.39
Fiscal 2019	**Revenue generated (in ₹ million)**	1,128.20	239.61	368.37
	Revenue as a percentage of revenue from operations (in %)	61.42	13.05	20.06
Fiscal 2020	**Revenue generated (in ₹ million)**	1,375.39	305.10	393.39
	Revenue as a percentage of revenue from operations (in %)	64.34	14.27	18.40
Nine months ended December 31, 2019	**Revenue generated (in ₹ million)**	1,080.65	111.53	282.56
	Revenue as a percentage of revenue from operations (in %)	71.01	7.33	18.56
Nine months ended December 31, 2020	**Revenue generated (in ₹ million)**	874.50	480.91	365.05
	Revenue as a percentage of revenue from operations (in %)	49.33	27.13	20.59

We believe that our financial position as mentioned above, illustrates not only the growth of our operations over the years, but also the effectiveness of the administrative and cost management protocols that we have implemented. Among other things, our strong financial position and results of operations have enabled us to invest in key machining, assembly, fabrication and quality control infrastructure, and in R&D. In Fiscals 2018, 2019 and 2020, and in the nine months ended December 31, 2019 and in the nine months ended December 31, 2020, our capital expenditure towards additions to property, plant and equipment and intangible assets was ₹ 80.01 million, ₹ 227.30 million, ₹ 49.60 million, ₹ 47.20 million and ₹ 101.25 million, respectively.

Experienced and qualified management team

Our Company is primarily led by Parvat Srinivas Reddy who has over 29 years of work experience. In addition, our technical and corporate management team has substantial experience in the sectors which we serve, which enables us to capture market opportunities, formulate and execute business strategies, manage client expectations as well as proactively respond to changes in the market conditions.

Our business growth is also attributable to a strong management culture fostered by an entrepreneurial spirit, each business vertical being managed by experienced and hands-on segment heads having in-depth technical and industry knowledge of the segments that we cater to. These business heads are instrumental in establishing and maintaining relationships with our customers. Our mid-level management is supported by our trained personnel and skilled workers who benefit from our regular in-house training initiatives. Special emphasis is laid on such training and guidance so as to enable such workers to perform with utmost efficiency and with minimum failures. Further, our personnel policies are aimed towards recruiting talented individuals, facilitating their integration, and promoting the development of their skills.

As on December 31, 2020, we had 891 permanent employees, including 150 engineers comprising 16.84% of our total employees, and 248 contractual workmen. The current average employee tenure with our Company is approximately 15 years, with a low attrition rate of about 6% in the last three years, which further demonstrates the level of engagement of our workforce.

Our Business Strategies

Our business strategies are set out hereunder.

Continue to strengthen our existing product portfolio and diversify into products with attractive growth and profitability prospects

We seek to leverage our capabilities, including our manufacturing facilities and quality control practices, to not only expand our product portfolio in the existing segments but also enter new business segments. As on December 31, 2020, our major product portfolio includes three kinds of products in the clean energy sector, 14 kinds of products in the nuclear sector and six kinds of products in the space and defence sectors. We intend to enhance our capabilities and hence grow value chains to supply critical and differentiated engineered products with a healthy mix of developmental and volume-based production. Our developmental based production has in the past, and shall in the future be focused towards customers in the nuclear and space and defence sectors whereas our volume based production typically caters to our customers in the clean energy, nuclear, space and defence sectors. This, we believe, will be possible through acquisition of new customers for existing product lines / capabilities as well as through establishment of new capabilities such as sheet metal facility and enhancement of existing specialized fabrication capabilities that could be used to cater to existing and new customers. For details, see "*Objects of the Offer*" on page 100. The establishment of a sheet metal facility will allow us to undertake sheet metal jobs for Bloom Energy, ISRO and certain other customers. We also intend to take up specialized fabrication jobs for multi-national companies and other leading Indian organizations. In addition to this, we are also in the process of developing roller screws as well as the associated technology. Roller screws is currently, an import substitute and once the development has been completed, according to the Company Commissioned CRISIL Report, we will, in India, be the first manufacturer of roller screws, while this product shall be used for application in the nuclear, and space and defence sectors.

In addition, we believe that the demand for clean energy is going to rise significantly and have accordingly, commenced manufacturing electrolyzers to produce methane-free hydrogen which can be used in multiple sectors to generate power. While we currently supply hot boxes which use methane to generate power, we intend to supply the electrolyzers to our existing customers and have initiated the process of manufacturing the same. According to the Company Commissioned CRISIL Report, fuel cells, which use the chemical energy of hydrogen or another fuel to produce electricity, are one of the evolving distributed sources of electricity. Applications of the fuel cell technology have increased over the past five years as electricity wattage installation logged 30 - 40% CAGR to reach 1,130 MW in 2019 from 300 MW in 2015, according to the Company Commissioned Company Commissioned CRISIL Report. Further, the Company Commissioned CRISIL Report states that increasing public-private partnerships will also result in faster adoption of hydrogen-based applications. For instance, Bloom Energy signed a memorandum of understanding ("**MoU**") with a central public sector undertaking, to deploy fuel cell technology in India by using natural gas as fuel. Furthermore, the Company Commissioned CRISIL Report states that Bloom Energy has installed majority of the solid oxide fuel cell installation in the United States is now targeting the South Korean market.

Further, we are also currently deliberating on enquiries received and in the event a suitable opportunity arises, we shall look to establish a new facility for the manufacture of high precision large and medium sized gears that would cater to customers in defence, aerospace and clean energy.

We intend to draw on our experience, market position and ability to timely deliver quality products to successfully foray into other sectors as well as to foreign geographies and establish a robust relationship with customers in the clean energy, nuclear, and space and defence sectors.

Capitalize on upward trend of nuclear sector in India, increasing indigenization and policy initiatives in the defence sector, and commercialization of Indian space sector

According to the Company Commissioned CRISIL Report, the Government of India has sanctioned manufacture of 10 fleet reactors with a combined generation capacity of 7,000 MWe. This presents an opportunity for our Company and while our competitors have, from time to time, forayed into manufacturing products for the nuclear sector, we believe they have not been able to sustain in the market owing to the complexities involved in the manufacturing operations, quality assurance, and production capabilities. *(Source: Company Commissioned CRISIL Report*) As we are one of the few companies to have secured orders from the NPCIL in the past, and have been able to deliver successfully on these mandates, we believe that we are well positioned to not only capitalize on this opportunity, especially in view of the fact that we have manufacturing facilities to undertake projects for four reactors at any given point of time, but also take advantage of future orders placed by the NPCIL and other Indian public sector undertakings. We have partnered NPCIL in the past and intend to continue to be one of the preferred suppliers by manufacturing equipment used in the nuclear reactors. Our clients have valued our ability to develop manufacturing technologies using end-to-end engineering capabilities under one roof which, in our opinion, positions us better than our peers.

Further, according to the Company Commissioned CRISIL Report, the Indian defence sector is currently focused on indigenization of various defence technologies in view of the recent announcement made on the indigenization of 108 systems and sub-systems (*Source: Company Commissioned CRISIL Report*). The Government of India has also recently announced import ban on 101 defence based items which will allow a wide spread manufacturing base, introduce global best practices and aide job creation. (*Source: Company Commissioned CRISIL Report*) Further, the Company Commissioned CRISIL Report states that India's defence spends have been rising continuously over the past five years and clocked a robust growth of 6.90% over the same period (the highest amongst peers). The intensifying tensions and conflicts with Pakistan and China are the key contributors to India's rising military expenditure. The Indian defence sector is at an inflection point and several policies are being laid out by the Government of India to promote the Indian manufacturing sector. Further, according to the Company Commissioned CRISIL Report, indigenization of defence has always been a core agenda of the Indian Government. The 'Make in India' campaign introduced in 2014 and the 'Atma-Nirbhar Bharat' initiative, according to the Company Commissioned CRISIL Report, share similar goals with regards to development of domestic defence industry and we believe that owing to our prior experience and robust relationships with our customers, we have an advantage over certain of the other private defence companies in securing any potential orders. The objective behind these programs is to attain strategic independence by reducing import dependence. (*Source: Company Commissioned CRISIL Report*) In addition, in terms of the Defence Acquisition Procedure, 2020, issued by the Ministry of Defence, Government of India, any order released by the government shall mandatorily require 50% of indigenous content. Further, in terms of Press Note No.4 (2020 Series) in relation to the 'Review of Foreign Direct Investment ("**FDI**") Policy in Defence Sector' dated September 17, 2020, the foreign direct investment limit in the Indian defence sector was increased to 74% from 49% under the automatic route, and this is expected to attract global players to India, according to the Company Commissioned CRISIL Report. We believe that our Company is well-poised to capitalize on these opportunities and thereby contribute to the 'Atma-Nirbhar Bharat' initiatives by the Government of India, creating value for all of the stakeholders involved, in the process.

Further, the global space market opportunity amounts to USD 360 billion. Increased use of space launch vehicles for satellites and testing probe applications, introduction of space tourism and development of satellite internet system have propelled the growth globally. In addition, ISRO intends to commercialise the Indian space sector and offer its products and services to other countries. Further, ISRO has also announced the manufacture of a small satellite launch vehicle ("**SSLV**") that shall be able to lift satellites up to 500 kilograms in the lower Earth orbit thereby making the space launches of ISRO, even more competitive for lower payloads. ISRO is also working on certain major missions such as Gaganyaan, Aditya-1 and Shukrayaan-1, among others These activities are expected to provide an exponential growth to the Indian players operating in the space sector and accordingly, we expect that our Order Book shall grow significantly in the future.

Focus on deepening and strengthening our relationships with our existing customers as well as catering to new customers

We have over the years established long-term relationships with our customers leading to recurrent business engagements with them. We plan to continue to focus on customers with whom we have long-standing relationships in order to develop and supply more sophisticated, higher margin products.

Our Company has, along with our customers, been playing a key role in the co-development of quality products for key national programs such as Chandrayaan and Mangalyaan missions. In addition, our Company, along with a nuclear research facility is engaged in developing Channel Health Assessment System ("**CHAS**") and the detailed design, engineering, manufacturing and assembly is under process at one of our manufacturing facilities. As a result of this, we believe it may be difficult to replace us, especially given the steep learning curve and our investment in advanced manufacturing facilities and precision requirements. We also believe that given our relationship with our international customers, we shall be the one of the preferred suppliers in any potential defence offset transaction that such customer may be a part of. We believe that our customer retention levels reflect our ability to provide high quality products, and our consistent customer servicing standards have enabled us to increase our customer dependence on us. We continue to strive to understand our customers' business requirements and provide products that maximize their returns. We anticipate that our product offerings, the quality thereof and leadership in key product segments will help us in increasing our share of business amongst our existing customers as well as increase our customer base.

Our global delivery model to one of our customers, Bloom Energy, has demonstrated our ability to deliver quality products under strict quality norms and delivery timelines, and yet achieve cost reduction and profitability. Further, the Company Commissioned CRISIL Report states that Bloom Energy has installed majority of the solid oxide fuel cell installation in the United States is now targeting the South Korean market. We intend to draw on our experience, niche market position and ability to timely deliver quality products not only to supply products to Bloom Energy, but also to develop new relationships with customers, both in India and abroad, in order to capture lucrative opportunities in the clean energy, nuclear and space and defence sectors, thereby creating a favorable environment that fosters a sustainable growth. We have also, in the past, participated in various seminars and international expos so as to build and develop our network with the leading foreign multi-national companies, and shall continue to do so in the future.

Expand international presence including through increase in exports

A certain portion of our business operations are focused on exports to international customers. For instance, we are currently involved in the manufacture of power units, specifically hot boxes, and in the development and manufacture of hydrogen boxes and electrolyzers, to serve Bloom Energy. Further, our Company has recently acquired a new international customer operating in the clean energy sector. In addition, we also supplied critical defence products such as aluminium weldments and other machined components to our international customers including, an Israeli defense technology company. For the year ended March 31, 2020 and the nine months ended December 31, 2020, the revenue from contracts with customers located outside India amounted to ₹ 1,408.82 million and ₹ 937.71 million, reflecting 67.58% and 53.82% of our revenue from contracts with customers, respectively. We intend to continue to expand our international operations to enhance our global presence in the sectors we cater to. We seek to identify markets where we believe we can provide cost and operational advantages to our clients and distinguish ourselves from other competitors.

According to the Company Commissioned CRISIL Report, the government targets for clean energy, budgets allocations, and incentives are the strongest driver for fuel cell market development. Various governments globally are taking steps to establish hydrogen fueling infrastructure and Europe, United States and Japan are regions with the strongest government support in the field of fuel cells, according to the Company Commissioned CRISIL Report. With growing concerns over climate change, hydrogen is emerging as a clean solution that can help curb carbon emissions globally and while support for hydrogen is steadily increasing within the United States, many other nations are taking an active approach by implementing hydrogen-focused strategies and investments, according to the Company Commissioned CRISIL Report. Further, the Company Commissioned CRISIL Report states that Bloom Energy, which is one of the major players in solid oxide fuel cell space, has installed majority of the solid oxide fuel cell space installation in the United States, and is now targeting the South Korean market. These, either individually or combined, we believe, provide an opportunity for a significant revenue stream to our Company.

In addition, we intend to reach out to global OEMs who either currently have defence deals with India or have their business operations in India. We are also looking to enter into defence offset partnership with certain global OEMs and have incorporated our Subsidiary, Magnatar Aero Systems Private Limited in this regard. We have also jointly, with a global partner, bid for the first of a two-part tender, for design, development, preparation of design documents and analysis report, procurement of raw material, manufacture, fabrication, assembly, inspection, testing, qualification, quality surveillance, supply to site and supervision during installation of spent fuel storage racks, for away from reactor spent fuel storage facility at site, and have separately entered into a collaboration agreement with such partner.

In order to support our exports and international presence, our Company has a dedicated business development team of professionals who focus on the clean energy, nuclear and space and defence sectors to source both domestic and global customers for us. Further, we entered into an agreement dated March 15, 2017, with a marketing agency based in the United States, pursuant to which the agency is required to make efforts to source global customers to our Company and in return, it shall be entitled to commission of 5.00% upon the realization of orders from such new customers. We have also, in the past, participated in various seminars and international expos and shall continue to do so in the future as we believe such initiatives allow us to build and develop our network with the leading foreign multi-national companies.

Grow our manufacturing capacity and increase market share through organic and inorganic routes.

We intend to strengthen our leading market position in niche manufacturing segment in India and achieve better economies of scale by establishing and acquiring additional facilities and expanding our existing production capacities. Over the years, we have consistently grown our manufacturing and production infrastructure through internal accruals. Consistent with past practice, we will look to add capacity in a phased manner to ensure that we utilize our capacity at optimal levels.

Our Company is in the process of establishing an additional manufacturing facility at Adibatla in Hyderabad which is expected to become operational in Fiscal 2022. This establishment shall be a sheet metal facility which shall allow us to undertake sheet metal jobs for Bloom Energy, ISRO and certain other customers. Our Company is also planning to construct an additional shed for specialized fabrication to supply products to our domestic as well as our international customers. By establishing these facilities at Adibatla, we intend to cater to multiple customer segments. In addition, we also intend to continue to increase our machining, fabrication and assembly capacities in our existing facilities by (i) upgrading our existing manufacturing facilities by implementing new technology; and (ii) releasing bottlenecks in our production capacity by reducing cycle time of various operations.

In order to diversify into new markets, we also aim to selectively acquire capabilities such as electrical and electronics that are complementary to our operations. For instance, we entered into a MoU with an entity pursuant to which, such entity has agreed to cooperate with our Company to the extent of offering services in the field of electronics for all elector-mechanical systems manufacture and development to be undertaken by our Company. In addition, any potential acquisition will revolve around enhancing our engineering competence, increasing our market share, achieving operating leverage in key markets and strengthening cost competitiveness in the market. We believe our expansion plans and strategy will allow us to meet the anticipated increase in the demand for our products in the future, enable us to supply growing markets more efficiently and drive profitability.

Continue to strive for operational efficiencies, supply chain rationalisation and effective planning

We intend to continue to maintain or improve upon our benchmarks for cost structure. This cost structure sustainability shall be achieved over the years through emphasis on economies of scale, employment of learnings acquired in manufacturing end components, and in assemblies, and a robust supply chain developed for sourcing of specialised raw materials. For instance, owing to our consistent supply of products to Bloom Energy, our Company has been able to achieve cost reduction over the years. This has been possible through adoption of lean practices including in respect of supply chain and design as well as through reduction of operational costs.

In addition, our Company shall also focus on cycle time reduction by adopting advanced technologies that will also result in process optimisation, thereby increasing our Company's capacity to undertake more number of projects. We have in the past, strived to maintain a healthy mix of developmental and volume-based production and intend to continue to do so in the future by enhancing our technological capabilities. One of the strategies we have adopted in the past and shall continue to adopt in the future, is flexibility in manufacturing lines for different product verticals. We believe that this gives us higher utilisation levels while also helping us in attaining cost advantage.

Further, we intend to leverage technology for effective utilization of our machinery through digital solutions which would enable effective monitoring of the machine status and study of various shop floor patterns thereby allowing us to address the bottlenecks and to improve our output efficiency.

Our Business Operations and our Order Book

Our Company is engaged in the manufacture of mission critical precision components with close tolerances (5-10 microns), and in critical assemblies, to serve projects of high national importance, through our precision machining, assembly, testing, quality control, and specialized fabrication competencies, some of which have been indigenously developed and manufactured, for onward usage by customers in the clean energy, nuclear and space and defence sectors in India, and abroad.

In view of the various projects that we undertake and the different kinds of products that we manufacture, the manufacturing lifecycle of such projects and products may be different. However, we have set out below the processes that are broadly followed for manufacturing of a complex assembly.

- Upon the receipt of orders from our customers, these purchase orders are verified in terms of technical as well as commercial terms and then the order acceptance is provided by our Company.

- The next step involves preparation of manufacturing process plans and bill of materials ("**BOM**") required for the execution of the project.

- Following the preparation of BOM, our Company receives quotations from various vendors for the supply of the required raw materials and BoIs.

- Such vendors are finalised on the basis of cost, quality and on-time delivery following which, the purchase orders are released by our Company.

- Thereafter, we prepare quality assurance plans ("**QAPs**"), get those approved by our customers and work with the suppliers to get them qualified as per the QAPs approved by such customers.

- After the procurement of raw materials, the components are manufactured as per the plans with their in-process quality inspection undertaken during the manufacturing process.

- Upon the completion of the manufacturing process, our quality engineers undertake final inspection.

- Thereafter, the components are assembled into sub-assemblies and assemblies, and tested at each stage to check whether the end product meets the specifications of the customer.

- The products are dispatched immediately once determination has been made that they meet each of the customer requirements and the customer has issued the shipping release.

Our Company's aggregate Order Book as on December 31, 2020 was ₹ 3,361.91 million, comprising Order Book in the clean energy sector, the nuclear sector and the space and defence sectors of ₹ 801.86 million, ₹ 931.86 million and ₹ 1,606.10 million, respectively. Historically, our Order Book was ₹ 2,018.58 million, ₹ 2,437.44 million and ₹ 3,451.34 million, as on March 31, 2018, March 31, 2019 and March 31, 2020, respectively.

Our Product Offerings

We develop and manufacture high precision components and equipment which we serve to customers in the clean energy, nuclear and space and defence sectors in India, and abroad. Set out below are certain of the products manufactured and supplied by our Company in each of the sectors that we cater to:

Customer Sector	Product	Application
Clean energy sector	Power units	Acts as a reactor for fuel cells
Nuclear sector	Fuel machining head	Involves manufacture and assembly of 600 components. Used for loading and unloading of fuel bundles in nuclear reactors
	Bridge and column	Moves fuel machining head in sideways and vertical directions to allow loading and unloading of the

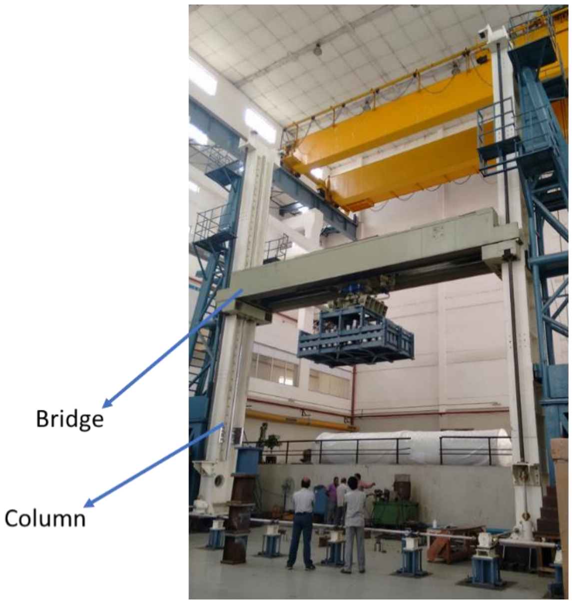
Customer Sector	Product	Application
		various nuclear fuel bundles in the nuclear reactor
	Grid plate	Consists of 1,758 holes in top and bottom plate and is used for resting the fuel sub-assemblies in prototype fast breeder reactor
	Sealing plug, shielding plug, liner tubes and end fittings	Involves assembly of large number of components and used in the core of civilian reactor
	Drive Mechanisms	The drive mechanisms are critical and even a slight deviation in the end product is not acceptable as they are used for regulating purpose and shutdown of nuclear reactors under normal and undesirable operating conditions
	Top hatch cover beams and deck plate assembly	Requires high positional and dimensional accuracies
	CHAS	Used for inspection in fuel machining vault. CHAS is one of the few products where the detailed design is also developed by our Company apart from manufacturing and assembly
	Ball screws and water lubricated bearings	Import substitutes used in various assemblies such as actuators etc. in the reactor
Space and Defence sectors	Base shroud assembly and air frames	Used in Agni missiles such as A1, A2 A3, A4, A5, A1 P.
	Actuator assembly components	Used in space launch vehicles
	Components for LCA	Actuators used in landing gear and flaps of LCAs
	Various missile parts	Used in various missile programs undertaken by DRDO
	Valves	Used in satellites. Latchable series redundant valves ("**LSRV**") is an example of an electro-pneumatic valve, manufactured by our Company, which is used in satellites and weighs between 300 - 310 grams
	Electro-pneumatic modules	Used in space launch vehicles – PSLV and GSLV for various space missions such as Chandrayaan-II and Mangalyaan
	Liquid propulsion engines	
	Cryogenic engines (turbo pumps, booster pumps, gas generators and injector heads for such engines)	
	Ball screws and water lubricated bearings	Import substitutes used in various assemblies such as actuators etc. in space launch vehicles, missiles etc.

Certain of these products are highlighted below:

(i) *Products catered to customers in the nuclear sector are set out below:*

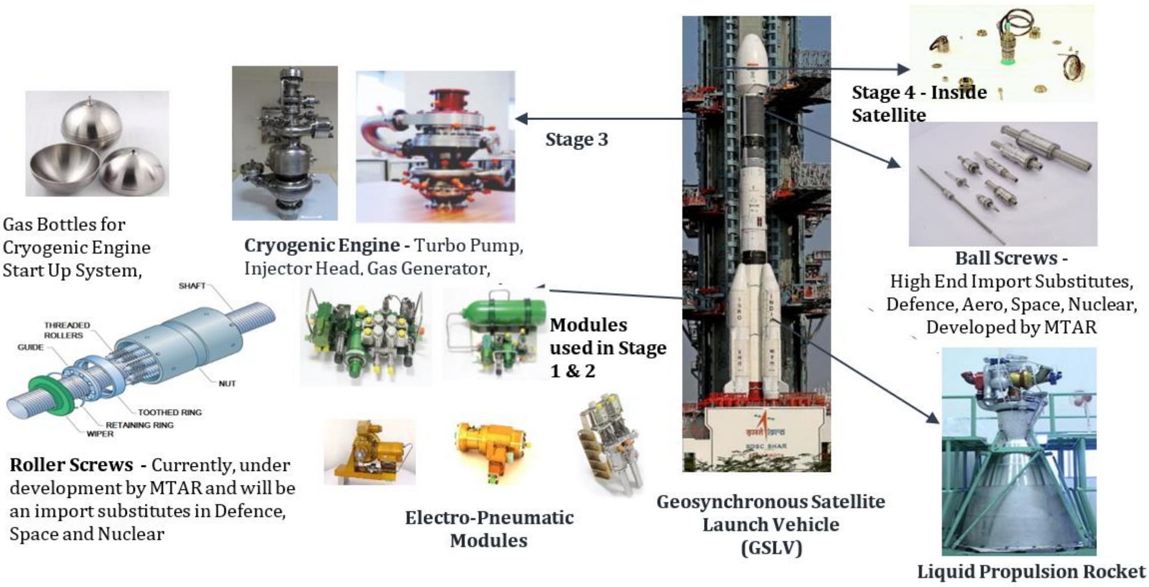
Fuel Machining Head Assembly

Fuel Machining Head – Operating in Nuclear Reactor

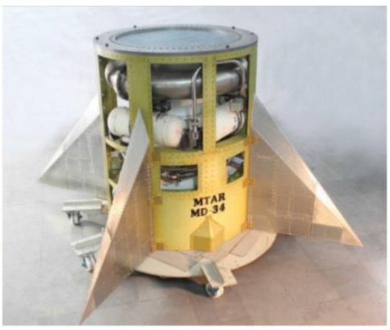


Bridge & Column

(ii) Products catered to customers in the space and defence sectors are set out below:



Defence & Space - Liquid Propulsion Engine for Prithvi Missiles



Defence & Space - Base Shroud and Fin Assly – Agni Programs: A1, A2 A3, A4, A5, A1 P

Our in-house capabilities

Our Company has machining, assembly and testing, fabrication, surface treatment and heat treatment facilities available under one roof. Our facilities are equipped with advanced machinery such as 3D CNC CMM, CNC 7 axis mill turns, 5 axis VMCs and 4.5 axis VMCs, turning machines, floor boring, horizontal boring and deep hole boring machines. Each of the products manufactured by our Company is subjected to either of machining, assembly, heat treatment, fabrication or special processes, or a combination thereof.

Machining facilities

Brief particulars of our machining facilities are set forth below:

S. No.	Machine	Total numbers available	Description and usage
1.	Conventional / CNC turning	108	Used for a variety of turning operations to remove the excess material in the form of chips, from the external diameter of a work piece
2.	Milling / CNC milling	62	Advanced CNC 7 axis mill-turns, 5 axis, 4.5 axis and 3 axis VMCs and horizontal machining centres ("**HMCs**") are available for producing a variety of custom-designed products
3.	CNC machining centers	12	Used to perform drilling, milling and lathe operations to manufacture precision components such as air frames, covers etc.
4.	Electrical discharge machining ("**EDM**")	6	Used for machining of hard metal that would be difficult to machine using traditional techniques
5.	EDM drilling	2	Used to produce fast and accurate machining of customised small deep holes in precision components
6.	Jig boring	28	Used to enlarge the holes of the machined components so as to make their diameters accurate to achieve the close tolerances required
7.	Horizontal boring	8	Advanced horizontal boring machines are available to enlarge holes in a horizontal direction as per the given customer specification
8.	Deep hole boring	9	Used to produce very deep precision holes
9.	Drilling	13	Used to cut holes of circular cross section for precision machined parts
10.	Grinding	60	Used to shape and finish the machined components
11.	Planing	1	Used to produce accurate flat surfaces and cutting slots as per the given specifications
12.	Cutting machines	6	Used to cut raw materials that are required to undergo subsequent machining processes to achieve the finished product
13.	CNC wire cut	14	Advanced wire cuts available for production of small, detailed items that would be normally difficult to process through other manufacturing processes
14.	Honing	8	Used to improve geometric form of surface and surface finish
15.	Special purpose machine	14	Used for special purpose operations
16.	Straightening machines	5	Used wherever the precision components have to be straightened, bent/pre-tensioned
17.	Thread grinding	13	Used to produce accurate threads in hard materials

Certain of these capabilities are highlighted below:

Deep hole boring machine

CNC 7 axis machine

Fabrication facilities

Brief particulars of our fabrication facilities are set forth below:

S. No.	Machine	Total numbers available	Description and usage
1.	Welding equipment	22	Equipment to undertake automatic tungsten inert gas ("**TIG**") welding, metal inert gas ("**MIG**") welding, submerged arc welding, welding head manipulator, job manipulator / positioner, electron-beam ("**EB**") welding, orbital welding.
2.	Furnaces	21	Vacuum brazing furnace and rotary vacuum brazing furnace are available to take up specialized fabrication jobs

In addition, our assembly and testing capabilities are supported by 10,000 class clean rooms and 100 class laminar table with facilities for high as well as low temperatures, and for undertaking vibration, flow and helium leak tests.

Class clean rooms

Surface treatment, heat treatment and special processes facilities

Our Company undertakes various surface treatment activities such as nitriding, anodization, hard chrome plating, nickel plating, induction hardening, electro polishing, pickling, passivation, zinc plating and painting, among others. Our facilities also undertake heat treatment such as gas carbonizing, through their various furnaces. Special processes facilities such as painting and plating are also available in-house.

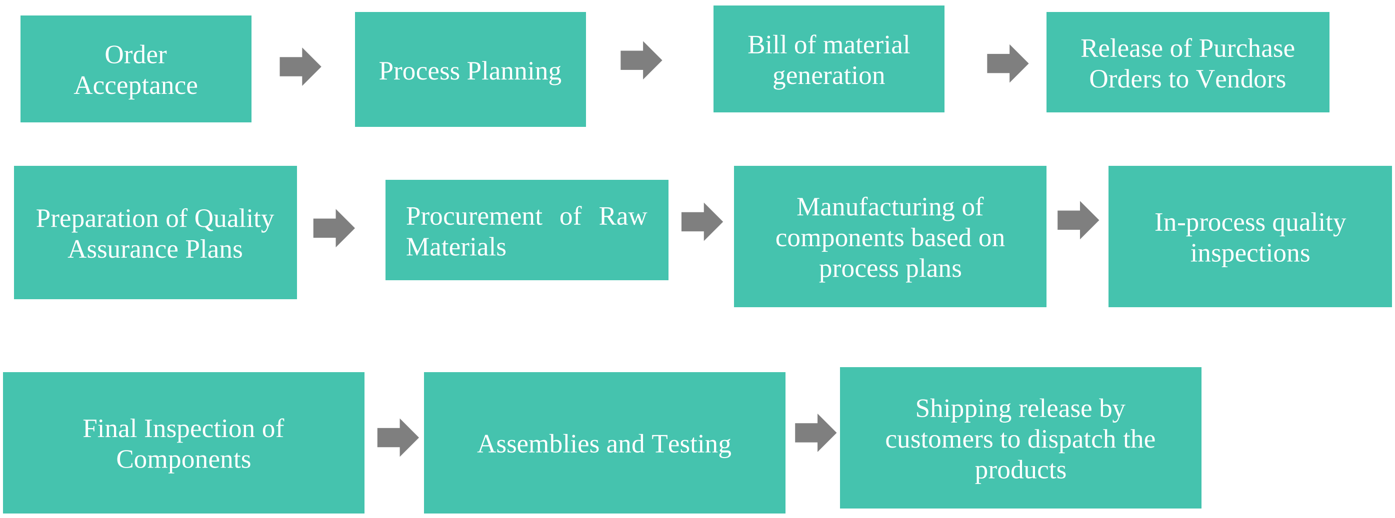
Special processes - painting

Manufacturing Processes

Our Company carries out volume-based production in relation to certain of its projects whereas in the other instances, it undertakes projects from the prototype stage. We ensure a right mix of developmental orders and volume-based production not only to meet our revenue targets but also to enhance our technological capabilities.

Our manufacturing processes are widely different for different products. Broadly, our manufacturing facilities undertake machining as per the process plans laid-out and the in-process quality inspection procedures are carried out as per the QAPs. Once machining is completed, the components are tested once again to ensure dimensional and positional accuracies. The components are assembled and tested to achieve the final product.

While the manufacturing of each component/assemblies involves different processes, set forth below is a typical product lifecycle of manufacturing carried out by our Company:



Typical Product Manufacturing cycle

Raw Materials and Suppliers

The essential raw materials used by our Company in its manufacturing facilities are various kinds of alloys steels and bought out items. The raw materials used for manufacture of products catered to customers in the clean energy sector are inconel sheets of various grades, to customers in the nuclear sector are specialised steels such as 17-4 PH, SS 410, 13-8 MO PH, and to customers in the space and defence sectors are alloy steels and aluminium including bearing and seals. Our Company has been procuring raw materials such as 17-4 PH, SS 410 and inconel from our global suppliers, including, from suppliers located in Brazil and United States, among others, as well as from certain domestic suppliers. Purchases of raw materials accounted for 52.51%, 42.36%, 61.73%, 57.00% and 52.09% of our total expenses for Fiscal 2018, 2019, 2020, and for the nine months ended December 31, 2019 and for the nine months ended December 31, 2020, respectively.

Over the years, our Company has built a network of domestic and global suppliers from whom we procure raw materials. We procure these raw materials from such third party suppliers at negotiated spot rate. While we do not have any long term contracts with any of our raw material suppliers, we have maintained a long term relationship with our major suppliers and our relationship with each of these major suppliers have been for at least over five years.

However, in a majority of cases, our customers in the space and defence sectors issue raw materials for undertaking our projects. In addition, our Company sources raw materials from new vendors from time to time, to ensure procurement of materials with required specifications at competitive prices. This allows for substantial costs savings in the total project cost. Further, our Company works with the new suppliers to qualify them for the project and get customer approval as necessary, to proactively ensure timely and quality material availability. In the cases where customers control the supply-chain, we work in collaboration with such customers to ensure that such supply-chain functions seamlessly.

Customers

Our customers include some of India’s leading organizations in the nuclear, and space and defence sectors such as the NPCIL, Indira Gandhi Centre for Atomic Research, ISRO, and the DRDO, among others. In addition, we also supply our products to international companies such as Bloom Energy and an Israeli defense technology company, among others.

Revenue from contracts with customers located in India for the three Fiscals ended 2018, 2019 and 2020, and in the nine months ended December 31, 2019 and in the nine months ended December 31, 2020, was ₹ 798.00 million, ₹ 643.42 million, ₹ 675.76 million, ₹ 376.21 million and ₹ 804.47 million, respectively, whereas the revenue from contracts with customers located outside India was ₹ 784.27 million, ₹ 1,133.95 million, ₹ 1,408.82 million, ₹ 1,108.70 million and ₹ 937.71 million in the same period.

Sales and Marketing

We have a strong sales and marketing team consisting of four employees, as on December 31, 2020, who work as key account managers and focus on customer development and maintaining customer relationship. This team is also responsible for the marketing of our products, negotiating prices, procuring repeat orders and ensuring timely dispatch and deliveries.

Our sales team has built long-term relationships with a number of our customers and has played an important role in helping us attain our position as one of the suppliers of choice for many leading companies. Our Company is also expecting to participate in international expos across geographies to connect with leading multinational companies. In view of this, we have also registered ourselves for participation in the Bangalore airshow.

Quality Control and Services

In the industries which we serve, adherence to quality standards is a critical factor as any defects in any of the products manufactured by our Company or failure to comply with the specifications of our customers may lead to cancellation of the purchase order placed by our customers.

In order to maintain the quality standards and comply with the design specifications provided by our customers and to ensure that our products successfully pass all validations and quality checks, the quality control team is tasked not only with thorough pre-manufacturing checks and balances but also with employing an extensive and stringent quality control mechanism at each stage of the manufacturing process including identification of raw materials, in-process quality checks during component manufacturing, quality checks after component manufacturing, sub assembly and assembly stage. Quality checks are undertaken at every stage of production and sophisticated quality control measures such as NDT, helium leak tests, and flow calibration tests are undertaken at various stages, which are performed in-house, at external labs, or at the customers' end, based on their requirements. We also have a separate team of 47 employees which is responsible for quality assurance both in the manufacturing facilities, plant and machineries, and in the manufacturing processes. At each stage of the manufacturing process, the products are checked by the quality inspectors to ensure there is no defect from the previous stage. This prevents or, where necessary, uncovers defects which ensures that time and resources are not wasted in the production of defective products. Separately, our manufacturing facilities and manufacturing processes are regularly inspected by representatives of our customers.

Most of our manufacturing facilities, including our EOU have accreditations such as the ISO 9001:2015 certification and AS9100D certification (technically equivalent to the EN 9100:2018 and JISQ 9100:2016 certifications) for quality management systems. We have also initiated the process for receiving ISO 14001:2015, ISO 45001:2018, ISO 27001:2013 and applying for NADCAP certifications for some of our units.

Information Technology

We have implemented various IT solutions and/or ERP solutions to integrate key areas of our operations. We intensively use technology in relation to customer order management and dispatches, production planning and reporting, manufacturing processes, financial accounting and scheduling raw material purchase. We have upgraded the ERP in 2020 with a new version - Microsoft Navision - encompassing all business functions including production, finance, sales, manufacturing processes, storage and warehousing, inventory and human resource management, which gives us greater control over our business.

In addition, we have also commenced preparation for IT security practices to ensure compliance with ISO 27001 certification requirements for data security. The certification shall be obtained in due course. While our customers have not requested for such compliance, our Company wants to proactively improve its internal systems in this regard.

We intend to continue to focus on and make investments in our IT systems and processes, including our backup systems, to improve our operational efficiency, customer service and decision making process and to reduce manual intervention and the risk of system failures and the negative impacts these failures may have on our business thereby improving reliability and efficiency of our business and operations.

Intellectual Property

Our Company has made an application for registration of the trademark 'MTAR; Building Nation With Exceptional Engineering' under Class 7.

Health, Safety and Environment

We continually aim to comply with the applicable health and safety regulations and other requirements in our business operations. To this end, most of our manufacturing facilities, including our EOU have accreditations such as the ISO 9001:2015 certification and AS9100D certification (technically equivalent to the EN 9100:2018 and JISQ 9100:2016 certifications) for quality management systems. We have also initiated the process for receiving ISO 14001:2015, ISO 45001:2018, ISO 27001:2013 and applying for NADCAP certifications for some of our units.

We implement work safety measures to ensure a safe working environment including general guidelines for health and safety at our offices and manufacturing facilities, accident reporting, wearing safety equipment and maintaining clean and orderly work locations. Further, environmental requirements imposed by the Government of India and state governments will continue to have an effect on our operations and us. We believe that we have complied, and will continue to comply, with all applicable environmental laws, rules and regulations. We have obtained all material environmental consents and licenses from the relevant governmental agencies that are necessary for us to carry on our business. For details, see "*Government and Other Approvals*" on page 441.

Human Resource

As on December 31, 2020, we have 891 permanent employees and 248 contractual workmen. We undertake periodic need-based recruitment every year to maintain the size and skill set of our workforce, which may otherwise decline as a result of attrition and retirement of employees. For maintaining a lean structure and maximizing return on our human capital, the bulk of the manpower is focused on technical activities. As on

December 31, 2020, we had 1,005 employees working in the production team, 20 employees engaged in the purchase and sourcing team, 30 employees engaged in the maintenance team, 15 employees engaged in the accounts and finance team, four employees engaged in the sales and marketing team, and six employees engaged in the human resource team, among others. The current average employee tenure in our Company is approximately 15 years, with a low attrition rate of about 6% in the last three years.

As such, we consider our relations with our employees to be amicable. Our Company has two recognised labour unions, with registration numbers B - 2883, and B – 2042, both at Unit –I, II, III, IV, V and the EOU Unit. There has been no labour unrest during the last seven years.

Our personnel policies are aimed towards recruiting the talent that we need, facilitating the integration of our employees into the Company, encouraging the development of needed skill-sets and creating a mutually beneficial relationship with employees in order to support the performance and growth of our Company.

Insurance

We maintain insurance policies for our manufacturing facilities, including our buildings, plants, machinery, furniture, fixtures and fittings. We also insure our stocks, including our raw materials, stocks in process, stored materials and consumables. We maintain various policies for the health and safety of our employees, including health insurance policies for our workmen and staff, as well as a group personal accident policy for our workmen. In addition, we also maintain insurance policies covering the receivables we are to receive from key export clients, including Bloom Energy and an Israeli defense technology company, among others.

We believe that our insurance coverage is in accordance with industry custom, including the terms of and the scope of the coverage provided by such insurance. However, our policies are subject to standard limitations, including with respect to the maximum amount that can be claimed. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies.

Corporate Social Responsibility

As a part of our corporate social responsibility ("**CSR**"), we have already setup a CSR Committee comprising of our Directors, Venkatasatishkumar Reddy Gangapatnam, Dr. V. G. Sekaran, U. C. Muktibodh as its members.

A CSR policy was framed with an objective to deploy funds towards CSR initiatives that create a significant impact. In our efforts towards CSR, we regularly engage with local bodies and agencies such as police stations to assist them in the beautification of their premises under the Swachh Bharat Abhiyaan initiative of the Government of India. We also engaged in social causes such as plasma donation for COVID-19 patients while also partnering with non-governmental organisations to further this cause. In addition, our aim to promote a sustainable business environment and contribute to the reduction of global carbon emissions is the motivating factor behind us focusing on clean energy as one of our key customer segments.

Property

Our Registered and Corporate Office is located in Hyderabad, Telangana, which is located on premises held by us on freehold basis. As of December 31, 2020, we operated seven manufacturing facilities including one EOU, each of which are situated in Hyderabad on land owned by us.

Competition

We operate in a competitive environment and we expect to face greater competition from existing competitors located both in India and globally, and in particular from companies in United States and Germany. We compete on the basis of our ability to fulfil our contractual obligations including the timely delivery of complex products manufactured by us and the price and quality of such products. Some of our competitors have more resources than us, while certain competitors may have lower cost of operations. In addition, certain competitors may have competitive advantages in manufacturing certain types of precision products compared to us. However, we believe we have a competitive edge with our precision engineered components and assemblies catered to the nuclear sector and given that some of the products manufactured by us are on a single tender basis.

According to the Company Commissioned CRISIL Report, our competitors in nuclear sector are Larsen & Toubro

Heavy Engineering and Godrej & Boyce Manufacturing Company Limited and in the space and defence sectors are Larsen & Toubro, Godrej & Boyce Manufacturing Company Limited, Hindustan Aeronautics Limited, and Walchandnagar Industries. Our Company was a sole supplier from the Indian market to Bloom Energy as of Fiscal 2020 (*Source: Company Commissioned CRISIL Report*).

KEY REGULATIONS AND POLICIES IN INDIA

Our Company is a precision engineering solutions company. The following description is a summary of certain key statutes, bills, regulations, notifications, memorandums, circulars and policies which are applicable to our Company and the business undertaken by our Company. The information detailed in this chapter is based on the current provisions of key statutes, bills, regulations, notifications, memorandums, circulars and policies which are subject to amendments, changes and/or modifications. Such information has been obtained from sources available in the public domain. The regulations set out below are indicative and may not be exhaustive. They 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 our Company, see "Government and Other Approvals" beginning on page 441.

Laws in relation to our business

The Factories Act, 1948 ("Factories Act")

The term '*factory*', as defined under the Factories Act, means any premises which employs or has employed on any day in the previous 12 months, 10 or more workers and in which any manufacturing process is carried on with the aid of power, or any premises wherein 20 or more workmen are employed at any day during the preceding 12 months and in which any manufacturing process is carried on without the aid of power. State Governments have issued rules in respect of the prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act requires the '*occupier*' of a factory to ensure, so far as reasonably practicable, the health, safety and welfare of all workers in the factory premises. Further, the "*occupier*" of a factory is also required to ensure (i) the safety and proper maintenance of the factory such that it does not pose health risks to persons in the factory premises; (ii) the safe use, handling, storage and transport of factory articles and substances; (iii) provision of adequate instruction, training and supervision to ensure workers' health and safety; and (iv) cleanliness and safe working conditions in the factory premises. If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory may be punished with imprisonment or with a fine or with both.

Foreign Trade (Development and Regulation) Act, 1992 ("FTA") and the Foreign Trade Policy (2015 –2020) ("FTP")

The FTA seeks to develop and regulate foreign trade by facilitating imports into India and augmenting exports from India. The FTA read with the FTP (the operation of which has been extended to March 31, 2021) provides that no person or company can make exports or imports without having obtained an importer exporter code number ("**IEC Number**"), granted by the Director General of Foreign Trade, unless such person or company is specifically exempted from such requirement. An application for an IEC Number has to be made to the Office of the Director General of Foreign Trade, Ministry of Commerce. An IEC Number allotted to an applicant is valid for all its branches, divisions, units and factories. Failure to obtain the IEC Number shall attract penalty under the FTA.

The FTP also lays down a framework for the setting up of various types of units which intend to export the entirety of the goods or services produced by them, including, among others, export oriented units ("**EOUs**"). The FTP enumerates various benefits that accrue to an EOU, including exemption from payment of customs tariffs and excise duties, refund of goods and services taxes paid, and an exemption from compliance with the applicable trading regime in the state, among others. In order for a unit to be classified as an EOU, it must obtain a 'letter of permission' from the Unit Approval Committee set up for this purpose.

Further, the FTP also provides for the Merchandise Exports from India Scheme ("**MEI Scheme**"), in terms of which, entities are rewarded for exports of certain goods with 'duty credit scrips', which may be used for the payment of customs duty.

Official Secrets Act, 1923 ("Official Secrets Act")

The Official Secrets Act penalises assisting an 'enemy' in a variety of manners, *inter alia* including the collection, recording or communication of any sketch plan, model, article, note or other documents or information which is likely to affect the sovereignty and integrity of India, the security of the India, or friendly relations with foreign countries, and has been entrusted to a person under a contract made on behalf of the Government. In the event such information pertains *inter alia* to the naval, military or air force affairs of the Government, or to any armed forces establishment, the same shall attract imprisonment of fourteen years, and shall otherwise attract imprisonment of three years. Where a company commits an offence under the Official Secrets Act, every person that was in charge of and responsible for the company and its conduct shall be liable to be punished.

The Electricity Act, 2003 ("Electricity Act") and the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010 ("CEA Regulations")

The Electricity Act consolidates the laws relating to generation, transmission, distribution, trading and use of electricity. In terms of the Electricity Act, the State Government can specify suitable measures for specifying action to be taken in relation to any electric line or electrical plant, or any electrical 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. The Electricity Act also constitutes the Central Electricity Authority (subsuming the Central Electricity Authority previously established under the Electricity (Supply) Act, 1948) ("**CEA**"), *inter alia* to specify various requirements in relation to the construction, operation and maintenance of electrical plants, transmission lines and electrical meters, advise the central and state governments on various technical electricity-related matters and promote and assist schemes and projects for augmenting and improving the electricity system.

The CEA has promulgated the CEA Regulations, in exercise of the powers vested in it under the Electricity Act, in order to specify various safety regulations pertaining to the construction, installation, protection, operation and maintenance of transmission lines, installations and apparatus and specifying conditions for the supply and use of electricity, among other matters. In particular, the CEA Regulations place several requirements on electrical installations and apparatus exceeding a voltage of 650 volts. Such installations or apparatuses must be inspected by an Electrical Inspector before the commencement of supply of electricity, or re-commencement thereof after a period of six months.

Environmental laws

***The Environment (Protection) Act, 1986* ("*EPA*")**

The EPA has been enacted for the protection and improvement of the environment. It stipulates that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environmental pollutant in excess of such standards as may be prescribed. Further, no person shall handle or cause to be handled any hazardous substance except in accordance with such procedure and after complying with such safeguards as may be prescribed. EPA empowers the Central Government to take all measures necessary to protect and improve the environment such as laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and generally to curb environmental pollution.

Water Prevention and Control of Pollution Act, 1974 ("Water Act")

The Water Act aims to prevent and control water pollution and to maintain or restore wholesomeness of water. The Water Act provides for a central pollution control board, as well as state pollution control boards, to be formed to implement its provisions. Any person intending to establish any industry, operation or process or any treatment and disposal system likely to discharge sewage or other pollution into a water body, is required to obtain the consent of the relevant state pollution control board by making an application.

Air Prevention and Control of Pollution Act, 1981 ("Air Act")

The Air Act aims to prevent, control and abate air pollution, and stipulates that no person shall, without prior consent of the relevant state pollution control board, establish or operate any industrial plant which emits air pollutants in an air pollution control area. They also cannot discharge or cause or permit to be discharged the emission of any air pollutant in excess of the standards laid down by the State Boards. The central pollution control board and the state pollution control boards constituted under the Water Act perform similar functions under the Air Act as well.

Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016 ("Hazardous Waste Rules")

The Hazardous Waste Rules regulate the management, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose of such waste without harming the environment. Every occupier and operator of a facility generating hazardous waste must obtain authorization from the relevant state pollution control board. Further, the occupier, importer or exporter, and operator of the disposal facility is liable for damages caused to the environment, or any third party, resulting from the improper handling and disposal of hazardous waste and must pay any financial penalty that may be levied by the respective state pollution control board.

Labour related legislations

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws, including the Industrial Disputes Act, 1947, Contract Labour (Regulation and Abolition) Act, 1970, Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Employee's State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Trade Unions Act, 1926 and the Maternity Benefit Act, 1961, among others.

In order to rationalize and reform labour laws in India, the Government has enacted the following codes:

(a) Code on Wages, 2019, which regulates and amalgamates wage and bonus payments and subsumes four existing laws namely – the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, and the Equal Remuneration Act, 1976. It regulates, *inter alia*, the minimum wages payable to employees, the manner of payment and calculation of wages and the payment of bonus to employees.

(b) Industrial Relations Code, 2020, which consolidates and amends laws relating to trade unions, the conditions of employment in industrial establishments and undertakings, and the investigation and settlement of industrial disputes. It subsumes and simplifies the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947.

(c) Code on Social Security, 2020, which amends and consolidates laws relating to social security, and subsumes various social security related legislations, *inter alia* including the Employee's State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act ,1961 and the Payment of Gratuity Act, 1972. It governs the constitution and functioning of social security organisations such as the Employee's Provident Fund and the Employee's State Insurance Corporation, regulates the payment of gratuity, the provision of maternity benefits and compensation in the event of accidents that employees may suffer, among others.

(d) Occupational Safety, Health and Working Conditions Code, 2020, which amends and consolidates laws regarding the occupational safety, health and working conditions of persons employed in an establishment. It subsumes various enactments including, among others, the Factories Act, 1948 and the Contract Labour (Regulation and Abolition) Act, 1970.

These codes shall become effective on the day that the Government shall notify for this purpose.

Other laws

In addition to the above, our Company is also required to comply with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Companies Act and rules framed thereunder, and other applicable statutes imposed by the Centre or the State Government and authorities for our day-to-day business and operations. Our Company is also amenable to various central and state tax laws, such as the Income Tax Act, 1961, the Customs Act, 1962 and relevant goods and services tax legislations.

HISTORY AND CERTAIN CORPORATE MATTERS

Brief history of our Company

Our Company was incorporated as 'MTAR Technologies Private Limited' pursuant to a certificate of incorporation dated November 11, 1999 issued by the erstwhile Registrar of Companies, Andhra Pradesh at Hyderabad, upon the conversion of 'M/s Machine Tools Aids and Reconditioning', a partnership firm, into a private limited company, in accordance with the provisions of Part IX of the Companies Act, 1956. Thereafter, our Company was converted into a public limited company, pursuant to a special resolution passed in the extraordinary general meeting of our Shareholders held on October 20, 2020, and the name of our Company was changed to 'MTAR Technologies Limited' and a fresh certificate of incorporation dated November 2, 2020 was issued to our Company by the RoC.

Conversion from a partnership firm to a private limited company

Our Company was initially constituted on July 23, 1970 as a partnership firm under the name 'M/s Machine Tools Aids and Reconditioning' (the "**Partnership Firm**") between K. Satyanarayana Reddy and P. Ravindra Reddy. The Partnership Firm was registered with the Registrar of Firms, Hyderabad under the provisions of the Indian Partnership Act, 1932, and a certificate of registration dated September 27, 1970 was issued to the Partnership Firm. The Partnership Firm was last re-constituted with effect from October 16, 1999, pursuant to a partnership deed dated November 3, 1999 between K. Satyanarayana Reddy, P. Ravindra Reddy, P. Jayaprakash Reddy, K. Shalini, P. Leelavathi, P. Girija, C. Usha Reddy, G. Kavitha Reddy, D. Anitha Reddy, A. Manogna, M. Madhavi, P. Kalpana Reddy and Saranya Loka Reddy (collectively, the "**Partners**"). Upon the conversion of the Partnership Firm into a private limited company in accordance with Part IX of the Companies Act, 1956, the Partners were issued equity shares of a face value of ₹ 100 each in our Company upon adjustment of their rights and accounts in the Partnership Firm, in the manner described in "*Capital Structure – Notes to Capital Structure – Equity Share Capital History of our Company*" at page 77. All assets, properties and liabilities of the Partnership Firm were transferred to our Company upon its incorporation.

Change in registered office of our Company

The details of changes in the registered office of our Company are set forth below:

Date of Change	Details of change	Reasons for change
February 3, 2004	Registered office of our Company was changed from Unit No. 33, Ground Floor, Topaz Building, Amrutha Hills, Panjagutta, Hyderabad 500 082 to 18, Technocrats Industrial Estate, Balanagar, Hyderabad 500 037	For operational convenience

Main Objects of our Company

The main object contained in the Memorandum of Association of our Company is as mentioned below:

1. *To plan, design, and manufacture Hi-Tech engineering Components, High precision assemblies of intricate nature with stringent tolerance on special purpose machines with highly sophisticated infrastructure and acclaimed competence. To manufacture against specific orders or markets in general the special purpose machines by indigenisation.*

2. *To manufacture precision machine tools, components, accessories, attachments jigs, fixtures; and such other items.*

3. *To manufacture and supply high precision components and assembles for power generation, defense needs, aviation and automobile Industries.*

Amendments to our Memorandum of Association

Set out below are the amendments to our Memorandum of Association in the ten years preceding the date of this Prospectus:

Date of Shareholders' resolution / amendment	Nature of Amendment
September 3, 2014*	Clause V of our Memorandum of Association was amended to reflect the increase in our authorised share capital from ₹ 400 million, divided into 40,000,000 Equity Shares of face value ₹ 10 each to ₹ 660 million, divided into 66,000,000 Equity Shares of face value ₹ 10 each.
October 20, 2020	Clause I of our Memorandum of Association was amended to reflect the change in our name from 'MTAR Technologies Private Limited' to 'MTAR Technologies Limited'
	Clause II of our Memorandum of Association was amended to the following, pursuant to the bifurcation of the state of Andhra Pradesh and the creation of the state of Telangana: "*The registered office of the company will be situated in the state of Telangana*."
	Clause III(A) of our Memorandum of Association was amended to reflect the deletion of the following from the main objects of our Company: "*1. To convert business of the partnership firm of M/s MACHINE TOOLS AIDS &RECONDITIONING, 18 TIE Balanagar, Hyderabad by taking over all its assets and liabilities with intent to continue the business under chapter IX of the Companies Act, 1956.*"
	Clause III(B), comprising the objects incidental or ancillary to the attainment of the main objects of our Company, and clause III(C), comprising other objects of the Company, were merged into a single clause III(B), comprising matters necessary for the furtherance of the main objects of our Company, in accordance with the provisions of the Companies Act, 2013, and the objects specified in erstwhile clause III(C) were renumbered accordingly.

* *Effective date of the 2014 Scheme, pursuant to filing a certified true copy of the High Court of Judicature at Hyderabad, approving the 2014 Scheme, with the erstwhile Registrar of Companies, Andhra Pradesh at Hyderabad.*

Major events and milestones of our Company

The table below sets forth the key events in the history of our Company:

Calendar Year	Particulars
1999	Incorporation of our Company upon its conversion from a partnership firm to a private limited company
	Commencement of manufacture of base shroud and fin assembly and pneumatic components for use in flight systems
2003	Manufacture of control and safety red drive mechanism and diverse safety rod drive mechanism for IGCAR
2008	Manufacture of grid plates for a 500 mega-watt prototype fast breeder reactor
2012	Manufacture of power units for Bloom Energy
2018	Commencement of defence exports by of our Company

Awards, accreditations or recognitions

Our Company has received the following awards, accreditation and recognition:

Calendar Year	Particulars
2002	Our Company was awarded the 'Award for Excellence in Aerospace Indigenisation' by the Society of Indian Aerospace Technologies and Industries for the outstanding contributions made by our Company towards the indigenisation of machining of critical components for 'Kaveri' engines.
2004	Our Company was awarded the 'INS Industrial Excellence Award' by the Indian Nuclear Society for the contributions made by our Company in the nuclear field by undertaking critical development jobs.
2005	Our Company was awarded the 'Defence Technology Absorption Award' by the Defence Research and Development Organisation, in recognition of the outstanding contribution made by our Company in technology absorption in the area of Agni missiles.
2018	Our Company was awarded the 'Best Quality Supplier Award' by the helicopter division of Hindustan Aeronautics Limited, at the Business Partners Quality Meet, 2018.

Launch of key products or services, entry or exit in new geographies

For details of launch of key products or services, entry in new geographies or exit from existing markets, capacity or facility creation and the location of plants see "– *Major Events and Milestones of our Company*" and "*Our Business*" on pages 248 and 223 respectively.

Financial or Strategic Partners

Our Company does not have any financial or strategic partners as on the date of filing this Prospectus.

Time or cost overruns

There have been no time or cost overruns pertaining in the setting up of projects by our Company since incorporation.

Defaults or rescheduling of borrowings with financial institutions/banks

Our Company has not defaulted on repayment of any loan availed from any banks or financial institutions. The tenure of repayment of any loan availed by our Company from banks or financial institutions has not been rescheduled.

Revaluation of assets

Except as disclosed below, our Company has not revalued its assets in the 10 years preceding the date of this Prospectus:

Revaluation in Fiscal 2017

We undertook revaluation of the property, plant and equipment ("**PPE**") as on April 1, 2016, pursuant to transition to Ind AS from Fiscal 2018, to restate such items at fair market value as on transition date. The net increase in the carrying amount of our PPE on account of such revaluation as on April 1, 2016 was ₹ 130.86 million.

Our holding company

As on the date of this Prospectus, our Company does not have a holding company.

Joint ventures of our Company

As on the date of this Prospectus, our Company does not have any joint ventures.

Subsidiary of our Company

As on the date of this Prospectus, our Company has one Subsidiary, namely, Magnatar Aero Systems Private Limited ("**MASPL**").

MASPL was incorporated under the Companies Act, 2013 on November 4, 2019 with the RoC. Its registered office is located at Plot No. B-34, EEIE, Balanagar, Hyderabad 500 037, Telangana, India. The CIN of MASPL is U29308TG2019PTC136567. MASPL is currently engaged in the business of manufacturing high-tech engineering components and precision tools, among others. In accordance with the provisions of the objects clause of its memorandum of association, MASPL is permitted to carry out its present business activities.

The authorised share capital of MASPL is ₹ 1,000,000 divided into 1,000,000 equity shares of ₹ 1 each and its paid-up share capital is ₹ 100,000 divided into 100,000 equity shares of ₹ 1 each. Our Company directly holds 99.80% of the issued, subscribed and paid-up equity share capital of MASPL, and holds the remaining 0.20% through its nominees.

There are no accumulated profits or losses of MASPL not accounted for by our Company.

Details regarding acquisition or divestment of business or undertakings

There have been no material acquisitions or divestments of business or undertakings by our Company in the last 10 years.

Mergers or amalgamation

Except as disclosed below, our Company has not been party to any merger or amalgamation in the 10 years preceding the date of this Prospectus:

Scheme of Arrangement of Montage Manufacturer Private Limited, Modular Tools Private Limited and MTAR

Metal Treatment Systems Private Limited with our Company

Our Company, Montage Manufacturers Private Limited ("**MMPL**"), Modular Tools Private Limited ("**MTPL**") and MTAR Metal Treatment Systems Private Limited ("**MMTSPL**", and together with MMPL and MTPL, the "**Transferor Companies**") filed a scheme of amalgamation (the "**2014 Scheme**") under Sections 391-394, read with Sections 78 and 100-104 of the Companies Act, 1956, before the High Court of Judicature at Hyderabad, for the amalgamation of the Transferor Companies into our Company. The objective of the 2014 Scheme was, *inter alia*, the pooling of resources, including finances, human capital and intellectual capital, between our Company and the Transferor Companies, and creating operational synergies in the combined entity, in order to permit greater efficiency, flexibility and cost savings.

Pursuant to the 2014 Scheme, the entire business and undertaking of each of the Transferor Companies, including their movable and immovable properties, tangible and intangible assets, employees, statutory licenses, suits, actions and proceedings, debts and liabilities, and incomes, profits or other benefits or interests accruing to the Transferor Companies under agreements, among others, were transferred to and vested in our Company. The authorised share capital of each of the Transferor Companies was merged with our Company, and our Memorandum of Association was amended consequently, as described in "*– Amendments to our Memorandum of Association*" on page 247. As a consideration for the 2014 Scheme, the equity shareholders of MMPL, MTPL and MMTSPL were allotted Equity Shares in our Company, as described in "*Capital Structure – Notes to Capital Structure – Equity Share Capital History of our Company*" at page 77.

The High Court of Judicature at Hyderabad approved the 2014 Scheme pursuant to its order dated July 7, 2014. The Scheme became effective on September 3, 2014 upon submission of the order of the High Court with the erstwhile Registrar of Companies, Andhra Pradesh at Hyderabad.

Details of shareholders' agreements

Details of subsisting shareholder's agreements among our shareholders *vis-a-vis* our Company, which our Company is aware of, as on the date of this Prospectus, are provided below:

Subscription, share purchase and shareholders agreement dated November 7, 2007, as amended by the supplementary agreement dated March 6, 2009, the deed of adherence dated November 10, 2017 and the amendment agreement dated December 11, 2020, between our Company, the Investors and certain other Shareholders of our Company (collectively, along with their successors and permitted assigns, the "Remaining Shareholders") (comprising, as on the date of this Prospectus, P. Leelavathi, Parvat Srinivas Reddy, P. Kalpana Reddy, Saranya Loka Reddy, C. Usha Reddy, G Kavitha Reddy, D. Anitha Reddy, K. Shalini, A. Manogna, M. Madhavi, K. Vamshidhar Reddy, Anushman Reddy and P. Jayaprakash Reddy)

Our Company and the Remaining Shareholders entered into a subscription, share purchase and shareholders agreement dated November 7, 2007 (along with amendments and modifications thereto, the "**Shareholders' Agreement**") with Blackstone GPV Capital Partners (Mauritius) V-E Limited, Blackstone GPV Capital Partners (Mauritius) V-F Limited, Blackstone GPV Capital Partners (Mauritius) V-G Limited and Blackstone GPV Capital Partners (Mauritius) V-I Limited (collectively, the "**Blackstone Group**"), pursuant to which the Blackstone Group purchased 3,628,184 Equity Shares from the Remaining Shareholders and subscribed to 5,682,386 additional Equity Shares of our Company, acquiring an aggregate stake of 26% in our Company, for a total investment of ₹ 2,566.18 million. Subsequently, our Company initiated steps to undertake a buy-back of its Equity Shares, and accordingly, our Company, the Remaining Shareholders and the Blackstone Group entered into a supplementary agreement dated March 6, 2009 ("**Supplementary Agreement**") to amend and modify the Shareholders' Agreement, to include certain terms in relation to the proposed buy-back. Thereafter, the Investors purchased 9,310,570 Equity Shares from the Blackstone Group, and accordingly entered into the deed of adherence dated November 10, 2017 ("**Deed of Adherence**") with our Company, the Remaining Shareholders and the Blackstone Group, thereby becoming bound by the terms of the Shareholders' Agreement in lieu of the Blackstone Group. In order to facilitate the Offer and take into account certain other developments, the Remaining Shareholders, the Investors and our Company have entered into the amendment agreement dated December 11, 2020 ("**Amendment Agreement**"), to replace and amend certain terms of the Shareholders' Agreement.

In terms of the Shareholders' Agreement, in the event the Investors wish to sell the Equity Shares held by them, the Remaining Shareholders shall have a 'right of first offer' to purchase, and our Company shall have a 'right of first offer' to buy-back such Equity Shares. Further, in the event the Remaining Shareholders wish to sell their Equity Shares, they must provide a 'right of first offer' to the Investors to purchase such Equity Shares, and should they refuse to purchase such Equity Shares, the Investors shall also have a 'tag-along' right to sell their shares to the purchaser of the Remaining Shareholders' shares. In addition, pursuant to the Shareholders' Agreement, as amended, the Investors have certain special rights, including but not limited to anti-dilution rights, nomination rights and consent requirements before our Company can take various actions, including changes in the equity structure of the Company, declaration or payment of dividends and changes in Key Managerial Personnel, among others. Pursuant to a waiver letter dated December 5, 2020, the Investors have agreed to waive the applicability of various provisions of the Shareholders' Agreement, *inter alia* including those pertaining to their 'right of first offer', 'tag-along' rights and anti-dilution rights, among others, for the purpose of the Offer.

The Shareholders' Agreement grants the Investors the right to nominate one Director on our Board, as long as they collectively hold 10% or more in our Company. In terms of the provisions of our Articles of Association, upon the shares of our Company becoming listed, such right shall be placed before our Shareholders for their approval through a special resolution, following the listing of the Equity Shares, and shall become valid upon approval of the same.

In accordance with the provisions of the Amendment Agreement, the Shareholders' Agreement shall be terminated with effect from the date of listing of the Equity Shares.

Agreements with Key Managerial Personnel, Director, Promoter or any other employee

Neither our Promoters, nor any of the Key Managerial Personnel, Directors or employees of our Company have entered into an agreement, either by themselves or on behalf of any other person, with any Shareholder or any other third party with regard to compensation or profit sharing in connection with the dealings of the securities of our Company.

Guarantees given by our Promoter Selling Shareholders

Our Promoters have not given any guarantee to any third parties as on the date of this Prospectus.

Other agreements

Our Company has not entered into any other subsisting material agreement, including with strategic partners, joint venture partners or financial partners, other than in the ordinary course of business and as disclosed below:

Share subscription agreement dated February 16, 2021 ("SBI SSA") between our Company and SBI Funds Management Private Limited ("SBI Funds")

Our Company has entered into a share subscription agreement dated February 16, 2021 with SBI Funds, in its capacity as the asset management company of SBI Mutual Fund, pursuant to which SBI Funds has agreed to subscribe to 1,296,296 Equity Shares of our Company through various schemes of the mutual fund, as part of the Pre-IPO Placement, for an aggregate consideration of ₹ 700.00 million. In terms of the SBI SSA, in the event the Equity Shares subscribed by SBI Funds are not listed on any recognised stock exchange in India within 45 business days from the closing date specified therein, or such other period as the parties thereto may agree upon, our Company shall buy such shares back from SBI Funds at the consideration specified therein. The SBI SSA shall be terminated *inter alia* upon the listing of the Equity Shares, or the buy-back of the Equity Shares subscribed by SBI Funds by our Company.

Share subscription agreement dated February 16, 2021 ("Axis SSA") between our Company and Axis Regular Saver Fund, Axis Small Cap Fund and Axis Children's Gift Fund (collectively, the "Axis Schemes")

Our Company has entered into a share subscription agreement with the Axis Schemes dated February 16, 2021, pursuant to which the Axis Schemes have agreed to subscribe to 555,555 Equity Shares of our Company as part of the Pre-IPO Placement, for an aggregate consideration of ₹ 300.00 million. In terms of the Axis SSA, in the event the Equity Shares subscribed by the Axis Schemes are not listed on the NSE or the BSE within 45 business days from the closing date specified therein, or such other period as the parties thereto may agree upon, our Company shall buy such shares back from the Axis Schemes at the consideration specified therein. The Axis SSA shall be terminated *inter alia* upon the listing of the Equity Shares on NSE or BSE, or the buy-back of the Equity Shares subscribed by the Axis Schemes by our Company.

OUR MANAGEMENT

Board of Directors

The Articles of Association require that our Board shall comprise of not less than three Directors and not more than 15 Directors, provided that our Shareholders may appoint more than 15 Directors after passing a special resolution in a general meeting.

As on the date of filing this Prospectus, we have 10 Directors on our Board, of whom six are Independent Directors. Of such Independent Directors, one Director is a woman Director. Our Company is in compliance with the corporate governance norms prescribed under the SEBI Listing Regulations and the Companies Act, 2013 in relation to the composition of our Board and constitution of committees thereof.

The following table sets forth the details of our Board as of the date of this Prospectus:

Name, designation, date of birth, address, occupation, current term, date of appointment and DIN	Age (years)	Other directorships
Subbu Venkata Rama Behara *Designation*: Chairman and Independent Director *Date of birth*: February 14, 1954 *Address*: House 23, Road 1, Shanti Niketan, Chanakya Puri, New Delhi 110 021, India *Occupation*: Business *Current term*: Three years, commencing from December 5, 2020 *Period of directorship*: Since December 5, 2020 *DIN*: 00289721	67	1. Ola Electric Mobility Private Limited 2. Octogence Technologies Private Limited 3. KPIT Technologies Limited 4. Octogence Digital Systems Private Limited 5. NMC Automotive Infrastructure Private Limited 6. Eurofinance Training Private Limited 7. Altius Trucks Sales & Service Private Limited 8. Ampere Vehicles Private Limited 9. Altius Leo Automotive Private Limited 10. Comstar Automotive Technologies Private Limited 11. Sona BLW Precision Forgings Limited 12. Beyond Visual Range Consulting Private Limited 13. Eurofinance Training and Publishing Private Limited 14. Greaves Cotton Limited
Parvat Srinivas Reddy *Designation*: Managing Director *Date of birth*: August 20, 1965 *Address*: House No. 7-1-214/14/12, Ameerpet, Dharam Karam Road, Secunderabad 500 016, Telangana, India *Occupation*: Business *Current term*: Three years, from September 1, 2020 to September 1, 2023, subject to retirement by rotation *Period of directorship*: Since March 11, 2015 *DIN*: 00359139	55	1. Ravileela Granites Limited 2. Qnext Stone Products Private Limited 3. Magnatar Aero Systems Private Limited
Mathew Cyriac *Designation*: Nominee Director* *Date of birth*: May 20, 1969 *Address*: Imperial, 1908, North Tower, B. B. Nakashe Marg, Tardeo, Mumbai 400 034, Maharashtra, India	51	1. Gokaldas Exports Limited 2. Allcargo Logistics Limited 3. Greatship (India) Limited 4. CMS IT Services Private Limited 5. Aeries Financial Technologies Private Limited 6. Florintree Advisors Private Limited 7. Florintree Managers Private Limited

Name, designation, date of birth, address, occupation, current term, date of appointment and DIN	Age (years)	Other directorships
Occupation: Business *Current term*: Not liable to retire by rotation *Period of directorship*: Since November 29, 2007 *DIN*: 01903606		8. Florintree Services Private Limited
Venkatasatishkumar Reddy Gangapatnam *Designation*: Non-Executive Director *Date of birth*: February 25, 1966 *Address*: House No. 592, Road No. 12, Banjara Hills, Hyderabad 500 034, Telangana, India *Occupation*: Business *Current term*: Liable to retire by rotation *Period of directorship*: Since September 21, 2017 *DIN*: 06535717	55	1. Rasun Ace Infra Private Limited 2. Acecorp Group Private Limited 3. Magnatar Aero Systems Private Limited
Praveen Kumar Reddy Akepati *Designation*: Additional Director *Date of birth*: July 1, 1967 *Address*: 321/A23, Road No 25A, behind Obul Reddy School, Jubilee Hills, Shaikpet, Hyderabad 500 033, Telangana, India *Occupation*: Service *Current term*: Until the date of the next annual general meeting *Period of directorship*: Since December 14, 2020 *DIN*: 08987107	53	-
Gnana Sekaran Venkatasamy *Designation*: Independent Director *Date of birth*: June 3, 1951 *Address*: 12-2-505/506, Flat No. 501, Vijayasree Appartments, Santosh Nagar Colony, Gudimalkapur, near St. Anne’s College, Mehdipatnam, Asifnagar, Hyderabad 500 028, Telangana, India *Occupation*: Scientist *Current term*: Three years, commencing from December 5, 2020 *Period of directorship*: Since December 5, 2020	69	-

Name, designation, date of birth, address, occupation, current term, date of appointment and DIN	Age (years)	Other directorships
DIN: 02012032		
Vedachalam Nagarajan *Designation*: Independent Director *Date of birth*: October 28, 1942 *Address*: Tc 11/988-14, 3rd Cordial Corona, Nalanda Road, Nanthancode, Kaudiar, Thiruvananthapuram 695 003, Kerala, India *Occupation*: Scientist *Current term*: Three years, commencing from December 5, 2020 *Period of directorship*: Since December 5, 2020 *DIN*: 08968059	78	-
Udaymitra Chandrakant Muktibodh *Designation*: Independent Director *Date of birth*: June 3, 1958 *Address*: 13, Shantiniketan, DAE Quarters, Anushaktinagar, Mumbai 400 095, Maharashtra, India *Occupation*: Retired *Current term*: Three years, commencing from December 5, 2020 *Period of directorship*: Since December 5, 2020 *DIN*: 06558392	62	-
Krishna Kumar Aravamudan *Designation*: Independent Director *Date of birth*: November 18, 1954 *Address*: Flat No. B-603, B block, 6th Floor, Fortune Towers, Madhapur, Shaikpet, Hyderabad 500 081, Telangana, India *Occupation*: Retired bank officer *Current term*: Three years, commencing from December 5, 2020 *Period of directorship*: Since December 5, 2020 *DIN*: 00871792	66	1. Ecozen Solutions Private Limited 2. TVS Wealth Private limited 3. SBI Payment Services Private Limited 4. Ecofrost Technologies Private Limited 5. Suraksha Asset Reconstruction Limited 6. Sathguru Catalyser Advisors Private Limited
Ameeta Chatterjee *Designation*: Independent Director	48	1. Espandere Advisors Private Limited 2. Karat Diamond Private Limited 3. CMS IT Services Private Limited 4. JSW Jaigarh Port Limited

Name, designation, date of birth, address, occupation, current term, date of appointment and DIN	Age (years)	Other directorships
Date of birth: December 27, 1972 *Address*: B-38, Ahuja Towers, Plot No. 1087/1088, 37th Floor, R. D. Marg, Near Century Bazaar, Prabhadevi, Mumbai 400 025, Maharashtra, India *Occupation*: Service *Current term*: Three years, commencing from December 5, 2020 *Period of directorship*: Since December 5, 2020 *DIN*: 03010772		5. JSW Infrastructure Limited 6. Thukral Industrial Investments Private Limited 7. Sterling Transtel Limited 8. South West Port Limited 9. Upper Crust Builders Private Limited 10. Nippon Life India Asset Management Limited

** Nominee of the Investors.*

Brief profiles of our Directors

Subbu Venkata Rama Behara is the Chairman of our Board, and an Independent Director of our Company. He holds a master's degree in arts, with a specialisation in economics, from the Jawaharlal Nehru University and a post graduate diploma in international trade from the Indian Institute of Foreign Trade, New Delhi. Apart from his association with our Company, he is a director on the boards of Ola Electric Mobility Private Limited, Greaves Cotton Limited and Ampere Vehicles Private Limited, amongst others.

Parvat Srinivas Reddy is the Managing Director of our Company. He has been a director on our Board since March 11, 2015 and was appointed as our Managing Director on September 1, 2020. He has been entrusted with the overall responsibility of management of our Company and its affairs. He holds a bachelor's degree in engineering, specialising in industrial production, from the University of Mysore and a master's degree in science, specialising in industrial engineering from College of Engineering, Louisiana Tech University. He has over 29 years of work experience. Before his appointment as the Managing Director of our Company, he served as the managing director of Ravileela Granites Limited and has acted as a consultant to our Company.

Mathew Cyriac is a Nominee Director on the Board of our Company. He holds a bachelor's degree in engineering, specialising in mechanical engineering, from Anna University. He also holds a post-graduate diploma in management from the Indian Institute of Management, Bengaluru, where he was awarded the IIMB Medal for securing the first rank in the course for the years 1992-1994. He has previously worked with Blackstone Advisors India Private Limited and is currently a director on the board of Florintree Advisors Private Limited.

Venkatasatishkumar Reddy Gangapatnam is a Non-Executive Director on the Board of our Company. He holds a bachelor's degree in engineering, with a specialisation in mechanical engineering, from Bangalore University, and a master's degree in science, specialising in industrial engineering, from Bradley University. Apart from his association with our Company, he is a director on the board of Rasun Ace Infra Private Limited, Acecorp Group Private Limited and Magnatar Aero Systems Private Limited.

Praveen Kumar Reddy Akepati is an Additional Director on the Board of our Company. He holds a bachelor's degree in engineering, specialising in electronics and communication, from the Faculty of Engineering, Andhra University. Prior to becoming a Director of our Company, he worked with our Company for over 18 years, and has previously served as our vice president of projects.

Gnana Sekaran Venkatasamy is an Independent Director on the Board of our Company. He holds a bachelor's degree in engineering, in the branch of mechanical engineering, from Madurai University, a master's degree in engineering, with a specialisation in aeronautical engineering, from the Indian Institute of Science, Bengaluru and a doctorate in philosophy from the Queen's University of Belfast. He has previously served with the Defence Research and Development Organisation in various capacities, including as the Director of the Advanced Systems Laboratory. He has been awarded the DRDO Award for Performance Excellence, 2012 for his contribution to design and technology development of indigenous long range strategic missile system, the 'Scientist of the Year' award in 2003 for his contribution to the design and development of long range missiles, and the Technology Leadership Award, 2012, for his contributions to the design and establishment of re-entry technology for long range ballistic missile systems, among others, by the Defence Research and Development Organisation. He has also been presented with a citation of high appreciation and felicitation by the Federation of Andhra Pradesh Chambers of Commerce and Industry.

Vedachalam Nagarajan is an Independent Director on the Board of our Company. He holds a bachelor's degree in engineering, specialising in mechanical engineering, from the Faculty of Engineering, University of Madras. He has also been conferred an honorary doctorate in science from the Madurai Kamraj University. He had worked with the Indian Space Research Organisation for over 35 years in many capacities, including as a director of the ISRO Inertial Systems Unit and the Liquid Propulsion Systems Centre. He has also been conferred an honorary distinguished professorship at the Department of Space of the Vikram Sarabhai Space Centre. He has been a member of various government committees, including the High Level Safety Review Committee of the Ministry of Railways, among others. He was awarded the Padma Shri award by the Government of India on the 54th Republic Day for his contributions to the fields of science and engineering. He has also been awarded the 'Yu. A. Gagarin Medal' from the Cosmonautics Federation of Russia for his personal contributions to the field of Indian cosmonautics, the 'Outstanding Achievement Award' by the Department of Space, Government of India for his contributions to the Indian space program, and the 4th 'Flt. Lt. Tanmaya Singh Dandass Memorial Award' by the Institution of Electronics and Telecommunication Engineers for his contributions in the field of avionics, among others.

Udaymitra Chandrakant Muktibodh is an Independent Director on the Board of our Company. He holds a bachelor's degree in engineering, with a specialisation in mechanical engineering, from Indore Vishwavidyalaya. He has formerly served with the Nuclear Power Corporation of India Limited in various capacities, including as its technical director. He was awarded the 'NPCIL Excellence Award' by Nuclear Power Corporation of India Limited in recognition of his contributions to the design, development and engineering of various nuclear and conventional systems, and was part of a group that was awarded the 'Group Achievement Award' for their achievement in carrying out sea water system rehabilitation work.

Krishna Kumar Aravamudan is an Independent Director on the Board of our Company. He holds a bachelor's degree in arts, with honours and specialising in economics, from the University of Delhi, and is a certified associate of the Indian Institute of Bankers. He has previously served the State Bank of India as its managing director. He has also served as a director on the boards of Central Depository Services (India) Limited, REC Limited, TVS Wealth Private Limited and SBI Payment Services Private Limited.

Ameeta Chatterjee is an Independent Director on the Board of our Company. She holds a bachelor's degree in commerce, with honours, from the University of Delhi, where she was awarded the M. C. Shukla Prize in 1993 for securing the highest marks in aggregate in the business law and company law examinations. She also holds a post graduate diploma in management from the Indian Institute of Management, Bengaluru. She has previously worked as the general manager of investments and acquisitions at Leighton Contractors (India) Private Limited. She is currently a director on the boards of directors of Nippon Life Asset Management Limited and JSW Infrastructure Limited.

Details of directorship in companies suspended or delisted

Except as disclosed below, none of our Directors is or was a director of any listed company, whose shares are or were suspended from being traded on any stock exchanges, in the last five years prior to the date of this Prospectus, during the term of their directorship in such company:

Name of the Director	Name of the company	Name of the stock exchange	Date of Suspension	Reasons for Suspension	Date of revocation of suspension	Term (along with relevant dates) of Director(s) in the above company:
Parvat Srinivas Reddy	Ravileela Granites Limited	BSE	September 10, 2001	Penal reasons	September 23, 2016	Parvat Srinivas Reddy was appointed as a director of Ravileela Granites Limited on October 29, 1991 and continues to be a director of the company as on the date of this Prospectus.

Further, none of our Directors is, or was, a director of any listed company, which has been or was delisted from any stock exchange during the term of their directorship in such company.

Relationships between our Directors and Key Managerial Personnel

None of our Directors are related to each other or to any other Key Managerial Personnel.

Arrangement or understanding with major Shareholders, customers, suppliers or others

Except as disclosed below, none of our Directors have been nominated, appointed or selected pursuant to any arrangement or understanding with our major Shareholders, customers, suppliers or others:

As per our Articles of Association, the Investors collectively have the right to nominate one director on our Board, in the event they hold more than 10% of the Equity Share capital of our Company. In accordance with the same, the Investors have nominated Mathew Cyriac to the Board of our Company.

Service contracts with Directors

Our Company has not entered into any service contracts with our Directors which provide for benefits upon the termination of their employment.

Borrowing Powers

Pursuant to our Articles of Association, the applicable provisions of the Companies Act, 2013, and a resolution passed by our Shareholders at their meeting held on October 20, 2020, our Board is authorised to:

(a) borrow an aggregate amount of up to ₹ 3,000 million, even where the amounts so borrowed are in excess of the aggregate of the paid up capital and free reserves of our Company, and

(b) pledge, mortgage, hypothecate and / or charge all or part of the movable or immovable properties of the Company, as well as whole or part of the undertaking of the Company in favour of banks, financial institutions or other lenders in order to secure such borrowings.

Terms of appointment of our Directors

a) **Terms of employment of our Executive Directors**

Parvat Srinivas Reddy, Managing Director

Parvat Srinivas Reddy was appointed as a Non-Executive Director of our Company pursuant to the resolution passed by our Board on March 11, 2015 and our Shareholders on October 27, 2015. He was designated the Managing Director of our Company pursuant to a resolution of our Board dated August 17, 2020, for a period of three years with effect from September 1, 2020. He receives remuneration from our Company in accordance with the Board resolution dated December 5, 2020 and the resolution of our shareholders approved in their general meeting held on December 5, 2020, and the contract of appointment as a Managing Director dated August 14, 2020 entered into by our Company with him. The details of the remuneration that Parvat Srinivas Reddy is entitled to are enumerated below:

Sr. No.	Category	Remuneration
1.	**Salary**	₹ 1 million per month, of which 70% is given as fixed pay, and 30% is given as variable pay. He shall also be entitled to such increments as our Board may decide in its absolute discretion.
2.	**Perquisites and other benefits**	Our Company shall pay the following expenses in consideration of the performance of the duties of Parvat Srinivas Reddy: (a) Actual travelling expenses incurred for domestic travel in or about the business of our Company (b) Actual travelling expenses incurred for international travel in or about the business of our Company (subject to approval of at least two members of the management committee of our Company) (c) Medical expenses of his entire family of four members, through an

Sr. No.	Category	Remuneration
		insurance policy (d) All expenses for maintenance and running of his personal car, including the salary of the driver Further, he shall be entitled to use our Company's telephone at his residence, and the charges of the same shall be borne by our Company.
3.	**Other**	Parvat Srinivas Reddy shall be entitled to participate in any provident fund or gratuity fund.

b) **Sitting fees and commission to Non-Executive Directors and Independent Directors**

Pursuant to a resolution of our Board dated December 5, 2020, our Non-Executive Directors and Independent Directors are entitled to receive sitting fees of ₹ 75,000 and ₹ 40,000 for attending each meeting of our Board and the committees of our Board respectively. Further, our Non-Executive Directors and Independent Directors may be paid commission and reimbursement of expenses as permitted under the Companies Act and the SEBI Listing Regulations.

Compensation paid to our Directors

a) **Executive Directors**

The table below sets forth the details of the remuneration (comprising sitting fees) and professional fee paid to our Executive Directors for the Fiscal 2020:

(in ₹ million)

Sr. No.	Name of the Executive Director	Remuneration for Fiscal 2020
1.	Parvat Srinivas Reddy*	8.04

* *As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the individual is not ascertainable and, therefore, not included above*

b) **Non-Executive Directors (including our Nominee Director)**

The table below sets forth the details of the remuneration (including sitting fees) paid by our Company to our Non-Executive Directors, including Mathew Cyriac, our Nominee Director, for the Fiscal 2020:

(in ₹ million)

Sr. No.	Name of the Director	Remuneration for Fiscal 2020
1.	Mathew Cyriac	0.03
2.	Venkatsatishkumar Reddy Gangapatnam	0.04
3.	Praveen Kumar Reddy Akepati*^	1.20

* *Paid for Fiscal 2020 in his capacity as the vice president, projects. Praveen Kumar Reddy Akepati was appointed as an Additional Director of our Company on December 14, 2020.*

^ *As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the individual is not ascertainable and, therefore, not included above.*

c) **Independent Directors**

All our Independent Directors have been appointed in Fiscal 2021. Accordingly, no remuneration or sitting fees has been paid to any of our Independent Directors in Fiscal 2020.

Remuneration paid or payable to our Directors from our Subsidiary or associate companies:

No remuneration has been paid to our Directors by any of our Subsidiary or associate companies in Fiscal 2020.

Payments or benefits to Directors

Except as disclosed under "– *Terms of appointment of our Directors – Terms of employment of our Executive Directors*" on page 257, our Company has not entered into any contract appointing or fixing the remuneration of a Director, whole-time Director, or manager in the two years preceding the date of this Prospectus.

In Fiscal 2020, our Company has not paid any commission or granted any amount or benefit on an individual basis to any of our Directors other than the sitting fees / remuneration paid to them for such period.

Contingent and deferred compensation payable to the Directors

As on the date of this Prospectus, there is no contingent or deferred compensation payable to the Directors, which does not form part of their remuneration.

Bonus or profit-sharing plan for our Directors

Our Company does not have any performance linked bonus or a profit-sharing plan in which our Directors have participated.

Shareholding of Directors in our Company

Our Articles of Association do not require our Directors to hold qualification shares.

The table below sets forth details of Equity Shares held by the Directors as on date of this Prospectus:

Name	No. of Equity Shares	Percentage of the pre-Offer paid up share capital (%)	Percentage of the post-Offer paid up share capital (%)*
Parvat Srinivas Reddy	1,692,903	5.92	5.50

** Subject to finalisation of Basis of Allotment*

Interest of Directors

All our Directors may be deemed to be interested to the extent of fees and commission, if any, payable to them for attending meetings of the Board or a committee thereof, as well as to the extent of other remuneration, commission and reimbursement of expenses, if any, payable to them by our Company. Parvat Srinivas Reddy may be deemed to be interested to the extent of remuneration paid to him for services rendered as our Managing Director. For further details, see "*Related Party Transactions*" on page 285.

Our Directors may also be regarded as interested to the extent of the Equity Shares, if any, held by them and to the extent of any dividend payable to them and other distributions in respect of these Equity Shares. For further details regarding the shareholding of our Directors, see "*– Shareholding of Directors in our Company*" on page 259.

Some of our Directors may hold positions as directors on the board of directors of our Subsidiary. In consideration for these services, they may be paid managerial remuneration in accordance with the provisions of the applicable law.

All the Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company with any company which is promoted by them or in which they hold directorships or any partnership firm in which they are partners as declared in their respective capacity.

There is no material existing or anticipated transaction whereby Directors will receive any portion of the proceeds from the Offer.

As on the date of this Prospectus, except for Parvat Srinivas Reddy, who is a Promoter of our Company, none of our other Directors are interested in the promotion of our Company. For further details, see "*Our Promoters and Promoter Group*" on page 271.

Our Directors do not have any interest in any property acquired or proposed to be acquired of or by our Company.

Our Directors do not have any interest in any transaction by our Company for acquisition of land, construction of building or supply of machinery during the three years preceding the date of this Prospectus.

Except as stated in "*Related Party Transactions*" on page 285 and to the extent of the shareholding of our Directors in the Company, none of our Directors have any other interest in our business or our Company.

Other confirmations

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, trusts or companies in which they have an interest in, by any person, either to induce any of our Directors to become or to help any of them qualify as a Director, or otherwise for services rendered by them or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

Changes to our Board in the last three years

Except as mentioned below, there have been no changes in our Directors in the last three years:

Name	Designation (at the time of appointment / change in designation / cessation)	Date of appointment / change in designation / cessation	Reason
Devireddy Reddy Madhusudhana	Managing Director	January 8, 2018	Resignation from our Board
P. Simhadri Reddy	Independent Director	April 4, 2018	Resignation from our Board
Anushman Reddy	Nominee Director	April 13, 2018	Appointment to our Board
Rohith Loka Reddy	Nominee Director	April 13, 2018	Appointment to our Board
P. Simhadri Reddy	Nominee Director	July 7, 2018	Appointment to our Board
P. Kalpana Reddy	Nominee Director	March 16, 2019	Appointment to our Board
Loka Manohar Reddy	Nominee Director	March 16, 2019	Resignation from our Board
P. Jayaprakash Reddy	Non-Executive Director	July 9, 2019	Change in designation from Executive Director to Non-Executive Director
K. Satyanarayana Reddy	Non-Executive Director	July 9, 2019	Change in designation from Executive Director to Non-Executive Director
Nambi Iyengar Rangachary	Non-Executive Director	October 23, 2019	Resignation from our Board
P. Jayaprakash Reddy	Non-Executive Director	April 10, 2020	Resignation from our Board
K. Satyanarayana Reddy	Non-Executive Director	May 7, 2020	Cessation of Directorship upon the Director passing away
P. Kalpana Reddy	Nominee Director	August 18, 2020	Resignation from our Board
Dr. C Sukesh Kumar Reddy	Nominee Director	August 25, 2020	Resignation from our Board
Parvat Srinivas Reddy	Managing Director	September 1, 2020	Change in designation from Non-Executive Director to Managing Director
P. Simhadri Reddy	Nominee Director	October 19, 2020	Resignation from our Board
Rohith Loka Reddy	Nominee Director	October 19, 2020	Resignation from our Board
Anushman Reddy	Nominee Director	October 19, 2020	Resignation from our Board
Venkatasatishkumar Reddy Gangapatnam	Non-Executive Director	November 2, 2020	Change in designation from Nominee Director to Non-Executive Director
Mathew Cyriac	Non-Executive Director	November 2, 2020	Change in designation from Independent Director to Non-Executive Director
Subbu Venkata Rama Behara	Chairman and Independent Director#	December 5, 2020	Appointment to our Board
Gnana Sekaran Venkatasamy	Independent Director	December 5, 2020	Appointment to our Board
Vedachalam Nagarajan	Independent Director	December 5, 2020	Appointment to our Board
Udaymitra Chandrakant Muktibodh	Independent Director	December 5, 2020	Appointment to our Board
Krishna Kumar Aravamudan	Independent Director	December 5, 2020	Appointment to our Board
Ameeta Chatterjee	Independent Director	December 5, 2020	Appointment to our Board
Mathew Cyriac	Nominee Director	December 5, 2020	Change in designation from Non-Executive Director to Nominee Director
K. Vamshidhar Reddy	Non-Executive Director	December 14, 2020	Resignation from our Board
Praveen Kumar Reddy Akepati	Additional Director	December 14, 2020	Appointment to our Board

Designated as Chairman with effect from December 14, 2020

Corporate Governance

The provisions of the Companies Act, 2013 along with the SEBI Listing Regulations, with respect to corporate governance, will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company is in compliance with the requirements of the applicable requirements for corporate governance in accordance with the SEBI Listing Regulations, and the Companies Act, 2013, including those pertaining to the constitution of the Board and committees thereof.

As on the date of filing this Prospectus, we have 10 Directors on our Board, of whom six are Independent Directors. Of such Independent Directors, one Director is a woman Director.

Committees of our Board

In terms of the SEBI Listing Regulations and the provisions of the Companies Act, 2013, our Company has constituted the following Board committees:

(a) Audit Committee
(b) Nomination and Remuneration Committee
(c) Stakeholders' Relationship Committee; and
(d) Corporate Social Responsibility Committee.

For purposes of the Offer, our Board has also constituted an IPO Committee.

(a) Audit Committee

The Audit Committee was constituted by a resolution of our Board dated December 5, 2020. It is in compliance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations. The current constitution of the Audit committee is as follows:

Name of Director	Position in the Committee	Designation
Krishna Kumar Aravamudan	Chairperson	Independent Director
Ameeta Chatterjee	Member	Independent Director
Mathew Cyriac	Member	Nominee Director

The scope and function of the Audit Committee, adopted pursuant to a resolution of our Board dated December 5, 2020, is in accordance with Section 177 of the Companies Act, 2013 and Regulation 18 of the SEBI Listing Regulations. Its terms of reference are as follows:

Powers of Audit Committee

The Audit Committee shall have powers, including the following:

1. to investigate any activity within its terms of reference

2. to seek information from any employee

3. to obtain outside legal or other professional advice

4. to secure attendance of outsiders with relevant expertise, if it considers necessary; and

5. such other powers as may be prescribed under the Companies Act and SEBI Listing Regulations.

Role of Audit Committee

The role of the Audit Committee shall include the following:

1. oversight of financial reporting process and the disclosure of financial information relating to MTAR Technologies Limited (the "Company") to ensure that the financial statements are correct, sufficient and credible

2. recommendation for appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee

3. approval of payment to statutory auditors for any other services rendered by the statutory auditors

4. formulation of a policy on related party transactions, which shall include materiality of related party transactions

5. reviewing, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given

6. examining and reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    (a) Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013

    (b) Changes, if any, in accounting policies and practices and reasons for the same

    (c) Major accounting entries involving estimates based on the exercise of judgment by management

    (d) Significant adjustments made in the financial statements arising out of audit findings

    (e) Compliance with listing and other legal requirements relating to financial statements

    (f) Disclosure of any related party transactions; and

    (g) Modified opinion(s) in the draft audit report.

7. reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval

8. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the Offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the board of directors of the Company (the "Board" or "Board of Directors") to take up steps in this matter

9. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process

10. approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed

    Explanation: The term "related party transactions" shall have the same meaning as provided in Clause 2(zc) of the SEBI Listing Regulations and/or the applicable Accounting Standards and/or the Companies Act, 2013.

11. scrutiny of inter-corporate loans and investments

12. valuation of undertakings or assets of the Company, wherever it is necessary

13. evaluation of internal financial controls and risk management systems

14. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems

15. 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

16. discussion with internal auditors of any significant findings and follow up there on

17. 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

18. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern

19. recommending to the board of directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services

20. looking into the reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors

21. reviewing the functioning of the whistle blower mechanism

22. monitoring the end use of funds raised through public offers and related matters

23. overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases

24. approval of appointment of chief financial officer (i.e., the whole-time finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate

25. reviewing the utilization of loans and/or advances from/investment by the holding company in the subsidiary exceeding ₹ 1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans/ advances/ investments existing as on the date of coming into force of this provision; and

26. carrying out any other functions required to be carried out by the Audit Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time.

Further, the Audit Committee shall mandatorily review the following information:

a) Management 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 management

c) Management letters / letters of internal control weaknesses issued by the statutory auditors

d) Internal audit reports relating to internal control weaknesses

e) The appointment, removal and terms of remuneration of the chief internal auditor

f) Statement of deviations in terms of the SEBI Listing Regulations:

    a. quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of the SEBI Listing Regulations; and

    b. annual statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice in terms of the SEBI Listing Regulations.

g) review the financial statements, in particular, the investments made by any unlisted subsidiary.

The Company Secretary of our Company shall serve as the secretary of the Audit Committee.

The Audit Committee is required to meet at least four times in a year under Regulation 18(2)(a) of the SEBI Listing Regulations.

The quorum for a meeting of the Audit Committee shall be two members or one third of the members of the audit committee, whichever is greater, with at least two independent directors.

(b) Nomination and Remuneration Committee

The Nomination and Remuneration committee was constituted by a resolution of our Board dated December 5, 2020. The Nomination and Remuneration Committee is in compliance with Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations. The current constitution of the Nomination and Remuneration committee is as follows:

Name of Director	Position in the Committee	Designation
Ameeta Chatterjee	Chairperson	Independent Director
Subbu Venkata Rama Behara	Member	Independent Director
Mathew Cyriac	Member	Nominee Director

The scope and function of the Nomination and Remuneration Committee, adopted pursuant to a resolution of our Board dated December 5, 2020, is in accordance with Section 178 of the Companies Act, 2013 read with Regulation 19 of the SEBI Listing Regulations. Its terms of reference are as follows:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees ("**Remuneration Policy**").

   The Nomination and Remuneration Committee, while formulating the above policy, should ensure that:

   (i) the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully

   (ii) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   (iii) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short- and long-term performance objectives appropriate to the working of the Company and its goals.

2. Formulation of criteria for evaluation of independent directors and the Board

3. Devising a policy on Board diversity

4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal and carrying out evaluation of every director's performance (including independent director)

5. Analysing, monitoring and reviewing various human resource and compensation matters

6. Deciding whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors

7. 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

8. Recommending to the board, all remuneration, in whatever form, payable to senior management and other staff, as deemed necessary

9. Carrying out any other functions required to be carried out by the Nomination and Remuneration Committee as contained in the SEBI Listing Regulations or any other applicable law, as and when amended from time to time

10. Reviewing and approving the Company's compensation strategy from time to time in the context of the then current Indian market in accordance with applicable laws

11. Perform such functions as are required to be performed by the compensation committee under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, if applicable

12. Frame suitable policies, procedures and systems to ensure that there is no violation of securities laws, as amended from time to time, including:

    (a) the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; and

    (b) the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003, by the trust, the Company and its employees, as applicable.

13. Perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013 to the extent notified and effective, as amended or by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or by any other applicable law or regulatory authority.

The Nomination and Remuneration Committee is required to meet at least once in a year under Regulation 19(3A) of the SEBI Listing Regulations.

The quorum for a meeting of the Nomination and Remuneration Committee shall be two members or one third of the members of the committee, whichever is greater, including at least one independent director.

(c) Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee was constituted by a resolution of our Board dated December 5, 2020. The Stakeholders' Relationship Committee is in compliance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations. The current constitution of the Stakeholders' Relationship Committee is as follows:

Name of Director	Position in the Committee	Designation
Venkatasatishkumar Reddy Gangapatnam	Chairperson	Non-Executive Director
Vedachalam Nagarajan	Member	Independent Director
Krishna Kumar Aravamudan	Member	Independent Director

The scope and function of the Stakeholders' Relationship Committee, adopted pursuant to a resolution of our Board dated December 5, 2020, is in accordance with Regulation 20 of the SEBI Listing Regulations. Its terms of reference are as follows:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer of shares or debentures, including non-receipt of share or debenture certificates and review of cases for refusal of transfer / transmission of shares and debentures, non-receipt of annual report or balance sheet, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints

2. Review of measures taken for effective exercise of voting rights by shareholders

3. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures, or any other securities

4. Giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time

5. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services

6. Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and

7. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

The Stakeholders' Relationship Committee is required to meet at least once in a year under Regulation 20(3A) of the SEBI Listing Regulations.

(d) Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was constituted by a resolution of our Board dated July 9, 2019 and was last re-constituted pursuant to a resolution of our Board dated December 5, 2020. The current constitution of the Corporate Social Responsibility committee is as follows:

Name of Director	Position in the Committee	Designation
Venkatasatishkumar Reddy Gangapatnam	Chairman	Non-Executive Director
Gnana Sekaran Venkatasamy	Member	Independent Director
Udaymitra Chandrakant Muktibodh	Member	Independent Director

The scope and function of the Corporate Social Responsibility Committee, adopted pursuant to a resolution of our Board dated December 5, 2020, is in accordance with Section 135 of the Companies Act, 2013. Its terms of reference are as follows:

1. formulate and recommend to the Board, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made thereunder, as amended, monitor the implementation of the same from time to time, and make any revisions therein as and when decided by the Board

2. identify corporate social responsibility policy partners and corporate social responsibility policy programmes

3. review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and the distribution of the same to various corporate social responsibility programs undertaken by the Company

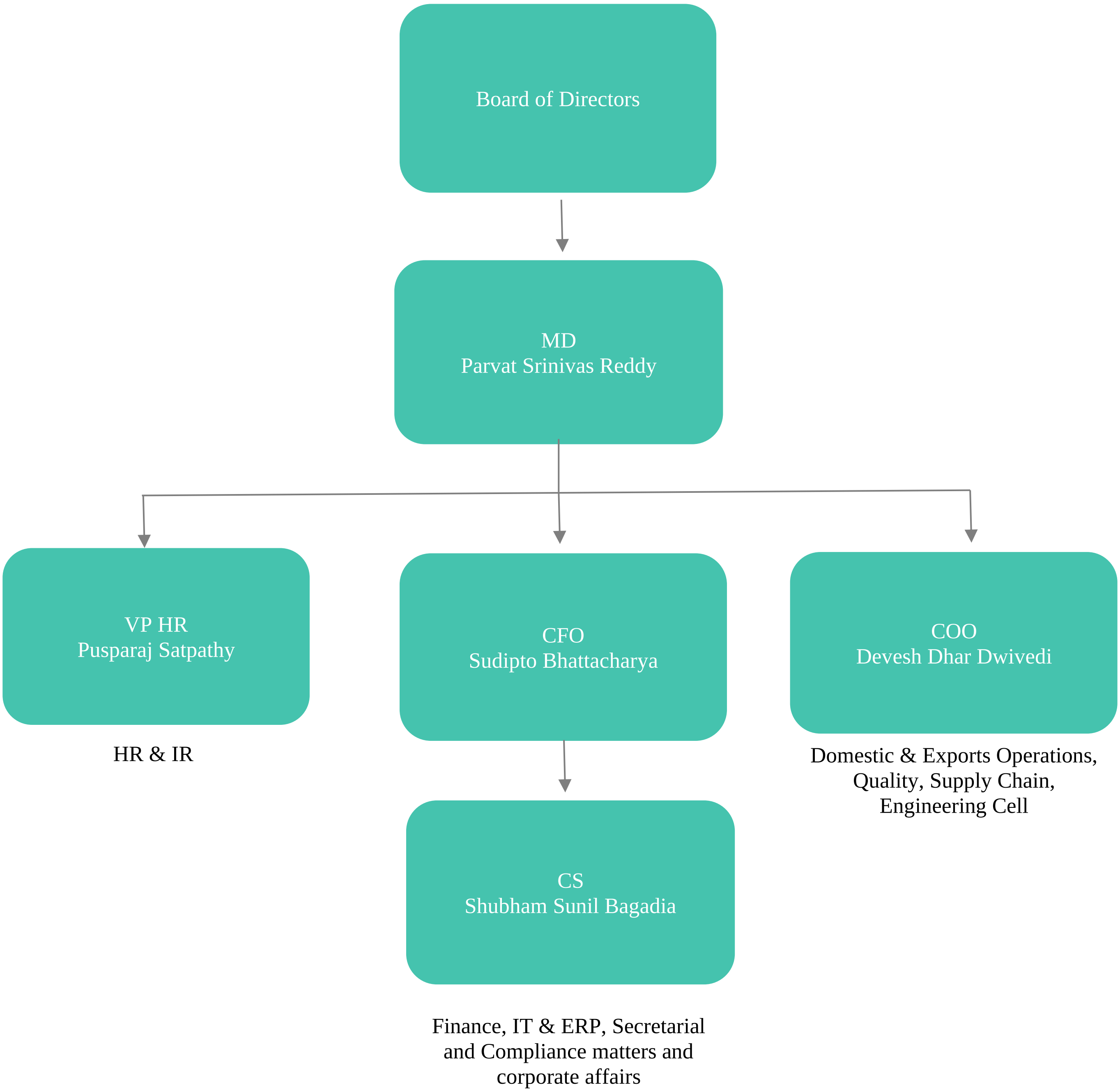
4. delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities

5. review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes; and

6. any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board, from time to time, and

7. exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act.

Management organization chart



Key Managerial Personnel

In addition to Parvat Srinivas Reddy, our Managing Director, whose details are provided in "– *Brief profiles of our Directors*" on page 255, the details of our other Key Managerial Personnel as on the date of this Prospectus are as set forth below:

Devesh Dhar Dwivedi is the Chief Operating Officer of our Company. He has been associated with our Company since September 2019, previously serving as our Chief Financial Officer, and has been designated as our Chief Operating Officer with effect from September 1, 2020. In our Company, he is responsible for leading the day to day operations of the Company in accordance with its business strategy, operating plan and capital budgets. He holds a bachelor's degree in technology, with a specialisation in mechanical engineering, from the Motilal Nehru National Institute of Technology, Allahabad and has completed a post graduate programme in management from the Indian School of Business, Hyderabad, specialising in analytical finance, and strategy and leadership. He was granted a certificate of merit by the Children's Education Trust of India for his performance in the All India Talent Scholarship Examination for the year 1991. He has over 13 years of experience in the defence, manufacturing, information technology and engineering, procurement and construction sectors, among others. Before his association with our Company, he has previously served as the chief financial officer of High Radius Technologies Private Limited, an assistant vice president with Bharat Forge Limited, a deputy general manager with Punj Lloyd Limited and a scientist with the Defence Research and Development Organisation. The remuneration paid to him in Fiscal 2020 was ₹ 2.51 million.

Sudipto Bhattacharya is the Chief Financial Officer of our Company. He has been associated with our Company since September 1, 2020. He is responsible for the planning, implementation, management and running of all financial activities of our Company. He is an associate member of the ICAI. Before his association with our Company, he has previously served as a senior vice president with ACC Limited, and a senior partner with Baker Tilly DHC Advisory LLP. As he was appointed in Fiscal 2021, no remuneration was paid or payable to him in Fiscal 2020.

Shubham Sunil Bagadia is the Company Secretary and Compliance Officer of our Company. He has been associated with our Company since October 20, 2020. In our Company, he is responsible for ensuring compliance with statutory and regulatory requirements, and ensuring that decisions of the board of directors are implemented. He holds a bachelor's degree in commerce from the Rashtrasant Tukadaji Maharaj Nagur University and is an associate member of the Institute of Company Secretaries of India. Before his association with our Company, he has previously served as the company secretary of Nova Agritech Limited and S V Labs Private Limited. As he was appointed in Fiscal 2021, no remuneration was paid or payable to him in Fiscal 2020.

Pusparaj Satpathy is the Vice President, Human Resources of our Company. He has been associated with our Company since December 11, 2019. He is responsible for the human resource development functions of our Company. He holds a masters' degree in arts, with a specialisation in political science from the University of Hyderabad, and a post-graduate diploma in business administration from the Jaipuria Institute of Management, Lucknow. He has over 23 years' experience in the human resources field. Before his association with our Company, he has previously served as the Vice President and Head, Human Resources of Century Enka Limited, and has worked with Usha International Limited, Hindustan Zinc Limited and Hindalco Industries Limited in human resources functions. He received a 'Recognition Award' from Indian Aluminium Company Limited, as part of its company-wide Outstanding Achievement Awards, 2003-04. The remuneration paid to him in Fiscal 2020 was ₹ 1.12 million.

Relationships among Key Managerial Personnel, and with Directors

None of our Key Managerial Personnel are related to each other or to the Directors of our Company.

Arrangements and Understanding with Major Shareholders

None of our Key Managerial Personnel have been selected pursuant to any arrangement or understanding with any major Shareholders, customers or suppliers of our Company, or others.

Changes in the Key Managerial Personnel in last three years

Except as mentioned below, and as specified in "– *Changes to our Board in the last three years*" on page 260, there have been no changes in the Key Managerial Personnel in the last three years:

Name	Designation	Date of change	Reason
M. Narayana Rao	Chief Executive Officer	July 22, 2018	Resignation as our Chief Executive Officer
Shubham Girishbhai Barot	Company Secretary	April 9, 2019	Appointment as our Company Secretary and Compliance Officer
Abhaya Shankar	Chief Executive Officer	May 9, 2019	Appointment as our Chief Executive Officer
Devesh Dhar Dwivedi	Chief Financial Officer	September 16, 2019	Appointment as our Chief Financial Officer
Shubham Girishbhai Barot	Company Secretary	September 30, 2019	Resignation as our Company Secretary and Compliance Officer

Name	Designation	Date of change	Reason
Pusparaj Satpathy	Vice President, Human Resources	December 11, 2019	Appointment as our Vice President, Human Resources
Abhaya Shankar	Chief Executive Officer	May 10, 2020	Cessation of employment as our Chief Executive Officer
Devesh Dhar Dwivedi	Chief Operating Officer	September 1, 2020	Change in designation from Chief Financial Officer to Chief Operating Officer
Sudipto Bhattacharya	Chief Financial Officer	September 1, 2020	Appointment as our Chief Financial Officer
Shubham Sunil Bagadia	Company Secretary	October 20, 2020	Appointment as our Company Secretary and Compliance Officer

The rate of attrition of our Key Managerial Personnel is not high in comparison to the industry in which we operate.

Status of Key Managerial Personnel

As on the date of this Prospectus, other than Parvat Srinivas Reddy, who serves as our Managing Director until September 1, 2023, all our Key Managerial Personnel are permanent employees of our Company.

Retirement and termination benefits

Our Key Managerial Personnel have not entered into any service contracts with our Company which include termination or retirement benefits. Except statutory benefits upon termination of their employment in our Company or superannuation, none of the Key Managerial Personnel is entitled to any benefit upon termination of employment or superannuation.

Shareholding of the Key Managerial Personnel

Other than the shareholding of Parvat Srinivas Reddy in our Company, as disclosed under "– *Shareholding of Directors in our Company*" on page 259, none of our other Key Managerial Personnel hold any Equity Shares in our Company.

Contingent and deferred compensation payable to Key Managerial Personnel

As on the date of this Prospectus, there is no contingent or deferred compensation which accrued to our Key Managerial Personnel for Fiscal 2020, which does not form part of their remuneration for such period.

Bonus or profit-sharing plan of the Key Managerial Personnel

Our Company has no profit-sharing plan in which the Key Managerial Personnel participate. Our Company makes bonus payments to our Key Managerial Personnel, in accordance with their terms of appointment.

Interest of Key Managerial Personnel

Our Key Managerial Personnel (other than our Managing Director) are interested in our Company only to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of their service.

Our 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.

Employee Stock Option Plan

As on the date of this Prospectus, our Company does not have any active employee stock option plan.

Payment or Benefit to officers of our Company (non-salary related)

No non-salary related amount or benefit has been paid or given within the two years preceding the date of this Prospectus or is intended to be paid or given to any officer of the Company, including our Directors and Key Managerial Personnel.

OUR PROMOTERS AND PROMOTER GROUP

Our Promoters

As on the date of this Prospectus, the Promoters of our Company are Parvat Srinivas Reddy, P. Leelavathi, K. Shalini, D. Anitha Reddy, C. Usha Reddy, G. Kavitha Reddy, Anushman Reddy, P. Kalpana Reddy, Saranya Loka Reddy, A. Manogna and M. Madhavi.

As on the date of this Prospectus, our Promoters hold 14,287,337 Equity Shares in aggregate, representing 49.94% of the issued, subscribed and paid-up Equity Share capital of our Company. For details, please see the section titled "*Capital Structure – Details of Shareholding of our Promoters and members of the Promoter Group in the Company – Build-up of the Promoters' shareholding in our Company*" beginning on page 83.

Details of our Promoters are as follows:

1. Parvat Srinivas Reddy

Parvat Srinivas Reddy, aged 55 years, is one of our Promoters and is also the Managing Director on our Board. For the complete profile of Parvat Srinivas Reddy, along with details of his date of birth, personal address, educational qualifications, professional experience, position/posts held in the past, directorships held, and business and financial activities, other directorships, other ventures and special achievements, see "*Our Management – Board of Directors*" on page 252.

He holds a driver's license bearing the number AP00920120016522. His permanent account number is APSPP0320D and his Aadhaar number is [redacted].

As on date of this Prospectus, Parvat Srinivas Reddy holds 1,692,903 Equity Shares, representing 5.92% of the issued, subscribed and paid-up equity share capital of our Company.

2. P. Leelavathi

P. Leelavathi, aged 76 years, is one of our Promoters. Details of her date of birth and address are as follows:

Date of Birth: July 4, 1944
Address: 7-1-214/12, Ameerpet, Begumpet, Hyderabad 500 016, Telangana, India

P. Leelavathi is a homemaker and has discontinued her education after the 12th grade. P. Leelavathi is not a director of any company and is not involved in any ventures other than our Company.

She does not hold a driver's license. Her permanent account number is AGXPP3009M and her Aadhaar number is [redacted].

As on date of this Prospectus, P. Leelavathi holds 2,168,712 Equity Shares, representing 7.58% of the issued, subscribed and paid-up equity share capital of our Company

3. **K. Shalini**

K. Shalini, aged 75 years, is one of our Promoters. Details of her date of birth and address are as follows:

Date of Birth: May 5, 1945
Address: 7-1-214/10 Dharam Karam Road, Ameerpet, Begumpet, Hyderabad 500 016, Telangana, India

K. Shalini is a homemaker and has discontinued her education after the 12th grade. K. Shalini is not a director of any company and is not involved in any ventures other than our Company.

She does not hold a driver's license. Her permanent account number is AERPK6888H and her Aadhaar number is [redacted].

As on date of this Prospectus, K. Shalini holds 2,316,483 Equity Shares, representing 8.10% of the issued, subscribed and paid-up equity share capital of our Company.

4. **D. Anitha Reddy**

D. Anitha Reddy, aged 48 years, is one of our Promoters. Details of her date of birth and address are as follows:

Date of Birth: March 10, 1972
Address: H. No. 1-6-8/6/B-13, Rolling Hills, Gachibowli, Serillingampally, Rangareddi 500 032, Telangana, India

D. Anitha Reddy holds a bachelor's degree in commerce from the St. Francis College for Women, Hyderabad. She is currently a homemaker. D. Anitha Reddy is not a director of any company and is not involved in any ventures other than our Company.

She does not hold a driver's license. Her permanent account number is ABPPD7407E and her Aadhaar number is [redacted].

As on date of this Prospectus, D. Anitha Reddy holds 1,204,047 Equity Shares, representing 4.21% of the issued, subscribed and paid-up equity share capital of our Company.

5. **C. Usha Reddy**

C. Usha Reddy, aged 51 years, is one of our Promoters. Details of her date of birth and address are as follows:

Date of Birth: December 13, 1969
Address: 8-2-693/2/10/21.22, Mithila Nagar, Road No. 12, Banjara Hills, Khairatabad, Hyderabad 500 034, Telangana, India

C. Usha Reddy holds a bachelor's degree in arts from Osmania University. She is currently a homemaker. C. Usha Reddy is not a director of any company and is not involved in any ventures other than our Company.

She does not hold a driver's license. Her permanent account number is ABJPC6523C and her Aadhaar number is [redacted].

As on date of this Prospectus, C. Usha Reddy holds 1,204,062 Equity Shares, representing 4.21% of the issued, subscribed and paid-up equity share capital of our Company.

6. G. Kavitha Reddy

G. Kavitha Reddy, aged 50 years, is one of our Promoters. Details of her date of birth and address are as follows:

Date of Birth: January 14, 1971
Address: Plot No. 592, Road No. 12, Banjara Hills, Hyderabad 500 034 , Telangana, India

G. Kavitha Reddy holds a bachelor's degree in commerce from the St. Francis College for Women. She is currently a homemaker. G. Kavitha Reddy is not a director of any company and is not involved in any ventures other than our Company.

She does not hold a driver's license. Her permanent account number is AEHPG1282K and her Aadhaar number is [redacted].

As on date of this Prospectus, G. Kavitha Reddy holds 1,204,063 Equity Shares, representing 4.21% of the issued, subscribed and paid-up equity share capital of our Company.

7. Anushman Reddy

Anushman Reddy, aged 29 years, is one of our Promoters. Details of his date of birth and address are as follows:

Date of Birth: October 1, 1991
Address: No. 8-2-401/C/4, Road no. 5, Banjara Hills, Hyderabad 500 034, Telangana, India

Anushman Reddy holds a bachelor's degree in technology, with a specialisation in mechanical engineering, from Jawaharlal Nehru Technological University, Hyderabad, a master's degree in science from Marshall School of Business of the University of Southern California, and a master's degree in business administration from the Narsee Monjee Institute of Management Studies. He has been associated with our Company for over four years, and currently heads the exports division of our Company. Anushman Reddy is not a director of any company.

He holds a driver's license bearing the number DLFAP128142109. His permanent account number is BKAPR9661P and his Aadhaar number is [redacted].

As on date of this Prospectus, Anushman Reddy holds 267,598 Equity Shares, representing 0.94% of the issued, subscribed and paid-up equity share capital of our Company.

8. P. Kalpana Reddy

P. Kalpana Reddy, aged 59 years, is one of our Promoters. Details of her date of birth and address are as follows:

Date of Birth: July 28, 1961
Address: Flat No. G-601, Nanakram Guda, Trendset Winz Apartments, Gachibowli, K. V. Rangareddy 500 032, Telangana, India

P. Kalpana Reddy holds a master's degree in arts from Osmania University. She has over 20 years' experience in equity markets and is a director of Northeast Broking Services Limited.

She does not hold a driver's license. Her permanent account number is ACUPP3807C and her Aadhaar number is [redacted].

As on date of this Prospectus, P. Kalpana Reddy holds 1,174,970 Equity Shares, representing 4.11% of the issued, subscribed and paid-up equity share capital of our Company.

9. Saranya Loka Reddy

Saranya Loka Reddy, aged 57 years, is one of our Promoters. Details of her date of birth and address are as follows:

Date of Birth: January 12, 1964
Address: 8-2-674/2/B, Road no.13, Banjara Hills, Hyderabad 500 034, Telangana, India

Saranya Loka Reddy holds a bachelor's degree in commerce from St. Francis College. She has approximately 20 years of experience in the field of capital markets. She is an executive director of Northeast Broking Services Limited. In addition to our Company, she is also a promoter of Sai Roshini Capital Private Limited.

She does not hold a driver's license. Her permanent account number is AFVPS7112R and her Aadhaar number is [redacted].

As on date of this Prospectus, Saranya Loka Reddy holds 1,234,265 Equity Shares, representing 4.31% of the issued, subscribed and paid-up equity share capital of our Company.

10. A. Manogna

A. Manogna, aged 52 years, is one of our Promoters. Details of her date of birth and address are as follows:

Date of Birth: December 5, 1968
Address: 321/A23, Road No 25A, Jubilee Hills, Shakipet, Hyderabad 500 033, Telangana, India

A. Manogna holds a bachelor's degree in science from St. Francis College for Women. She is currently a homemaker. A. Manogna is not a director of any company.

She holds a driver's license bearing the number TS0092018001181. His permanent account number is ABQPA4258F and his Aadhaar number is [redacted].

As on date of this Prospectus, A. Manogna holds 1,043,913 Equity Shares, representing 3.65% of the issued, subscribed and paid-up equity share capital of our Company.

11. M. Madhavi

M. Madhavi, aged 51 years, is one of our Promoters. Details of her date of birth and address are as follows:

Date of Birth: June 27, 1969
Address: 8-2-401/C/4, Road No. 5, Banjara Hills, Khairatabad, Hyderabad, 500 034, Telangana, India

M. Madhavi holds a bachelor's degree in commerce from St. Francis College for Women. She is currently a homemaker. M. Madhavi is not a director of any company.

She holds a driver's license bearing the number 789131991OD. Her permanent account number is ADNPM3963G and her Aadhaar number is [redacted].

As on date of this Prospectus, M. Madhavi holds 776,321 Equity Shares, representing 2.71% of the issued, subscribed and paid-up equity share capital of our Company.

Our Company confirms that the permanent account numbers, bank account numbers and passport numbers of our Promoters, have been submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

Change in control of our Company

There has not been any change in the control of our Company in the five years immediately preceding the date of this Prospectus.

Interests of Promoters

Our Promoters are interested in our Company to the extent that they are the Promoters of our Company and to the extent of their respective shareholding in our Company, their directorship in our Company and the dividends payable, if any, and any other distributions in respect of their respective shareholding in our Company or the shareholding of their relatives in our Company. For details of the shareholding of our Promoters in our Company, see "*Capital Structure*" beginning on page 77. For further details of interest of our Promoters in our Company, see "*Related Party Transactions*" beginning on page 285.

Parvat Srinivas Reddy may also be deemed to be interested to the extent of remuneration, benefits, reimbursement of expenses, sitting fees and commission payable to him as a Director on our Board. For further details, see "*Our Management*" beginning on page 252.

None of our Promoters have any interest, whether direct or indirect, in any property acquired by our Company within the preceding three years from the date of this Prospectus or proposed to be acquired by it as on the date of this Prospectus, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

Our Promoters are not interested as a member in any firm or company which has any interest in our Company. Further, no sum has been paid or agreed to be paid to any of our Promoters or to any firm or company in which any of our Promoters are interested as a member, in cash or shares or otherwise by any person either to induce any of our Promoters to become, or qualify them as a director, or otherwise for services rendered by any our Promoters or by such firm or company in connection with the promotion or formation of our Company.

Our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company.

Companies or firms with which our Promoters have disassociated in the last three years

None of our Promoters have disassociated themselves from any other company or firm in the three years preceding the date of this Prospectus.

Payment or Benefits to Promoters or Promoter Group

Except as disclosed herein and as stated in "*Related Party Transactions*" at page 285, there has been no payment or benefits by our Company to our Promoters or any of the members of the Promoter Group during the two years preceding the date of this Prospectus nor is there any intention to pay or give any benefit to our Promoters or Promoter Group as on the date of this Prospectus.

Material Guarantees

Our Promoters have not given any material guarantee to any third party, in respect of the Equity Shares, as of the date of this Prospectus.

Promoter Group

In addition to our Promoters, the following individuals and entities have been considered a part of the Promoter Group of our Company:

(1) Immediate relatives of a Promoter, being any living spouse of the Promoter, or any living parent, brother, sister or child of such person or of such living spouse
(2) Any body corporate in which 20% or more of the equity share capital is held by a Promoter, any person in (1) above, or a firm or a HUF in which a Promoter or any one or more of the persons in (1) above is a member
(3) Any body corporate in which a body corporate, as provided in (2) above, holds 20% or more of the equity share capital
(4) Any HUF or firm in which the aggregate share of the Promoter and the persons in (1) above is equal to or more than 20% of the total capital; and
(5) All persons whose shareholding is aggregated under the heading "shareholding of the promoter group".

Our Company had, *vide* a letter to SEBI dated December 18, 2020, sought an exemption (pursuant to the provisions of Regulation 300(1)(c) of the SEBI ICDR Regulations) from (i) classifying Surendher Lokareddy, Rupender Lokareddy, and entities connected to them, as members of the 'promoter group' and being disclosed as such, in the DRHP, RHP, and Prospectus (collectively, the "**Offer Documents**"), and (ii) disclosing information and confirmations with respect to such persons and entities in the Offer Documents, as required under the SEBI ICDR Regulations. This was owing the inability of our Company to communicate or obtain information from Surendher Lokareddy and Rupender Lokareddy, as they had certain differences in opinion with the family of Saranya Loka Reddy, a Promoter of our Company, resulting in there being no communication with them for the last two decades. Our Company received exemption from SEBI in this regard by way of its letter dated February 9, 2021.

Based on the parameters outlined above, a list of the members of our Promoter Group as on the date of this Prospectus is set out below.

Natural persons who are part of the Promoter Group

The natural persons who are part of the Promoter Group are as follows:

Sr No.	Name of Promoter Group Member
1.	A. Pramod Kumar Reddy
2.	A. Pranay Reddy
3.	A. Praval Reddy
4.	A. Renuka Devi
5.	Anandini P.
6.	C. N. V. Sushanth Reddy
7.	C. Hemchander Reddy
8.	C. Prem Chandra Reddy
9.	C. Sukesh Reddy

10.	C. Varada Reddy
11.	D. Dilip Kumar Reddy
12.	D. Rithika Sai Reddy
13.	D. Sai Kiran Kumar Reddy
14.	D. Dinesh Kumar Reddy
15.	G. Devaki Reddy
16.	G. R. Reddy
17.	G. Sai Sparsha Reddy
18.	G. V. Suprathik Reddy
19.	Govind T.
20.	J. Saritha Reddy
21.	J. Sharath Reddy
22.	J. Vasantha
23.	Jayaprada Reddy
24.	K. Navneeta
25.	K. Vamshidhar Reddy
26.	Krishna Chaitanya Posim Reddy
27.	Loka Manohar Reddy
28.	Loka Narayana Reddy
29.	Loka Rohith Reddy
30.	M. Indrani
31.	M. Sashidhar Reddy
32.	M. Shivani Reddy
33.	M. Nirmala Reddy
34.	N. Lavanya Reddy
35.	Nithya Lokareddy
36.	P. Harshini Reddy
37.	P. Jayaprakash Reddy
38.	P. Prameela Posimreddy
39.	P. Samantha Reddy
40.	Pramodini N.
41.	Praveen Kumar Reddy Akepati
42.	R. Satyavathi
43.	Rahul Reddy
44.	Rajani N
45.	Ram T.
46.	S. V. Bhaktavatsala Reddy
47.	Sahitya Posimreddy
48.	Sameksha C. Reddy
49.	Sarojini K.
50.	Sasidhar Posimreddy
51.	Sharmila S. Nagarkar
52.	Shilpa Lokareddy
53.	Srimanthini Naik
54.	Suhasini A.
55.	V. Sapthala Reddy
56.	Venkatasatishkumar Reddy Gangapatnam

Entities forming part of the Promoter Group

The entities forming part of our Promoter Group are as follows:

Sr No.	Name of Promoter Group Member
1.	ACE Builders
2.	ACE Constructions
3.	ACE Estates
4.	ACE Ventures
5.	Acecorp Group Private Limited
6.	Ashritha Constructions
7.	Krate Fashion Technologies Private Limited
8.	Loka Manohar Reddy HUF
9.	Nettlinx Inc. USA
10.	Nettlinx Limited

11.	Nettlinx Realty Private Limited
12.	Nettlinx Technologies Private Limited
13.	Northeast Broking Services Limited
14.	P Cube Infra
15.	Qnext Stone Products Private Limited
16.	Quartzkraft LLP
17.	R. H. Sports Management Private Limited
18.	Rasun ACE Infra Private Limited
19.	Ravileela Granites Limited
20.	Sai Roshni Capital Private Limited
21.	Sowjanya Automobiles
22.	Sowjanya Builders
23.	Sowjanya Conventions
24.	Sowjanya Motors
25.	Sri Venkateswara Green Power Projects Limited
26.	TKG Health Care Private Limited

GROUP COMPANIES

In accordance with the SEBI ICDR Regulations and the applicable accounting standards, for the purpose of identification of 'group companies', our Company has considered (i) such companies (other than our Subsidiary) with which there were related party transactions during the period for which Restated Financial Statements have been disclosed in this Prospectus, as covered under the applicable accounting standards; and (ii) any other companies which are considered material by our Board.

In respect of point (ii) above, our Board in its meeting held on December 14, 2020, has considered and adopted the Materiality Policy, *inter alia*, for identification of companies that shall be considered material and shall be disclosed as a group company in the Prospectus. In terms of the Materiality Policy, if a company (other than the Subsidiary and the companies covered under the schedule of related party transactions as per the Restated Consolidated Financial Information) (a) is a member of our Promoter Group; and (b) has entered into one or more transactions with our Company during the most recent Financial Year and any stub period included in the Restated Financial Statements, that cumulatively exceed 10% of the total revenue of the Company derived from the Restated Consolidated Financial Information of the last completed full financial year, it shall be considered material and shall be disclosed as a group company in this Prospectus.

Based on the parameters outlined above, our Company does not have any group companies as on the date of this Prospectus.

DIVIDEND POLICY

As on the date of this Prospectus, our Company does not have a formal dividend policy. The declaration and payment of dividend on our Equity Shares, if any, will be recommended by our Board and approved by our Shareholders, at their discretion, in accordance with provisions of our Articles of Association and applicable law, including the Companies Act (together with applicable rules issued thereunder). Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our contractual obligations, applicable legal restrictions, results of operations, financial condition, revenues, profits, over financial condition, capital requirements and business prospects. In addition, our ability to pay dividends may be impacted by a number of other factors, including restrictive covenants under our current or future loan or financing documents. For more information on restrictive covenants under our current loan agreements, see "*Financial Indebtedness*" on page 433. Our Company may pay dividend by cheque, or electronic clearance service, as will be approved by our Board in the future. Our Board may also declare interim dividend from time to time.

Except as disclosed below, our Company has not declared any dividends during the last three Fiscals, and in the current Fiscal until the date of this Prospectus, on the Equity Shares:

Particulars	**From December 31, 2020 till the date of the RHP**	**Nine months period ended December 31, 2020**	**For the Fiscal**		
			2020	**2019**	**2018**
Face value per share (in ₹)	10	10	10	10	10
Rate of Dividend (%)	-	30	50	30	-
Dividend per Equity Share (in ₹)	-	3	5	3	-
Equity dividend (₹ in million)	-	80.28	141.07	84.64	-
Tax on equity dividend (₹ in million)	-	-	29.00	17.40	-

Note: *Dividend per Equity Share is calculated as dividend paid divided by total number of Equity Shares outstanding as at the end of the year.*

The past trend in relation to our payment of dividends is not necessarily indicative of our dividend trend or dividend policy, in the future, and there is no guarantee that any dividends will be declared or paid in the future. For details in relation to the risk involved, see "*Risk Factors – Our ability to pay dividends in the future will depend on our future cash flows, working capital requirements, capital expenditures and financial condition*" on page 53.

SECTION VII – FINANCIAL INFORMATION

OTHER FINANCIAL INFORMATION

Non-GAAP Measures

Certain non-GAAP measures like EBITDA, EBITDA margin, net worth, return on net worth, Net Asset Value per Equity Share, debt equity ratio, earnings before interest and tax, total capital employed, total borrowings / equity and return on capital employed, ("**Non-GAAP Measures**") presented in this Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. See "*Risk Factors - Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA have been included in this Prospectus. These non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable*." on page 56.

Reconciliation of EBITDA and EBITDA margin to restated profit for the year/ period

The table below reconciles restated profit for the year/ period to EBITDA (on an unconsolidated basis). EBITDA is calculated as restated profit for the year/ period plus total tax expenses, depreciation and amortization expenses, and finance costs and less exceptional items (all calculated on a unconsolidated basis), while EBITDA Margin is the percentage of EBITDA divided by total income (all calculated on an unconsolidated basis).

(*₹ million*)

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	(Unconsolidated)				
Restated profit for the period/year (I)	**54.23**	**391.99**	**313.18**	**224.53**	**280.69**
Adjustments:					
Add: Total tax expenses (II)	117.32	23.56	142.15	103.08	115.27
Less: Exceptional items (III)	-	12.94	-	-	-
Add: Finance costs (IV)	44.61	44.60	47.53	27.25	48.29
Add: Depreciation and amortisation expense (V)	112.07	112.34	120.48	91.03	93.25
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (VI = I + II – III + IV + V)	**328.23**	**559.55**	**623.34**	**445.89**	**537.50**
Total Income (VII)	**1,605.45**	**1,859.10**	**2,181.42**	**1,533.19**	**1,779.91**
EBITDA Margin (VIII=VI/VII)	**20.44%**	**30.10%**	**28.57%**	**29.08%**	**30.20%**

Reconciliation of EBITDA and EBITDA margin to restated profit for the year/ period

The table below reconciles restated profit for the year/ period to EBITDA (on a consolidated basis). EBITDA is calculated as restated profit for the year/ period plus total tax expenses, depreciation and amortization expenses, and finance costs (all calculated on a consolidated basis), while EBITDA Margin is the percentage of EBITDA divided by total income (all calculated on a consolidated basis).

(*₹ million*)

Particulars	Fiscal 2020	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	(Consolidated)		
Restated profit for the period/year (I)	313.18	224.53	280.57
Adjustments:			

(₹ *million*)

Particulars	Fiscal 2020	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	(Consolidated)		
Add: Total tax expenses (II)	142.15	103.08	115.27
Add: Finance costs (III)	47.53	27.25	48.29
Add: Depreciation and amortization expense (IV)	120.48	91.03	93.25
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) (V = I + II + III + IV)	**623.34**	**445.89**	**537.50**
Total Income (VI)	**2,181.42**	**1,533.19**	**1,779.91**
EBITDA Margin (VII = V / VI)	**28.57%**	**29.08%**	**30.19%**

Reconciliation of net worth (on an unconsolidated basis)

(₹ *million*)

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	(Unconsolidated)				
Equity share capital (I)	282.14	282.14	267.59	282.14	267.59
Other equity (II)	1,773.10	2,067.68	1,983.18	2,110.43	2,188.63
Net worth (III) = (I + II)	2,055.24	2,349.82	2,250.77	2,392.57	2,456.22

Reconciliation of net worth (on a consolidated basis)

(₹ *million*)

Particulars	Fiscal 2020	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	(Consolidated)		
Equity share capital (I)	267.59	282.14	267.59
Other equity (II)	1,983.18	2,110.43	2,188.51
Net worth (III) = (I + II)	2,250.77	2,392.57	2,456.10

Reconciliation of return on net worth (on an unconsolidated basis)

(₹ *million*)

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	(Unconsolidated)				
Equity share capital (I)	282.14	282.14	267.59	282.14	267.59
Other equity (II)	1,773.10	2,067.68	1,983.18	2,110.43	2,188.63
Total equity (III) = (I + II)	2,055.24	2,349.82	2,250.77	2,392.57	2,456.22
Restated profit for the period/year (IV)	54.23	391.99	313.18	224.53	280.69
Return on net worth (V) = (IV / (III))	2.64%	16.68%	13.91%	9.38%*	11.43%*

* *Not annualised.*

Reconciliation of return on net worth (on a consolidated basis)

(₹ *million*)

Particulars	Fiscal 2020	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	(Consolidated)		
Equity share capital (I)	267.59	282.14	267.59
Other equity (II)	1,983.18	2,110.43	2,188.51
Total equity (III) = (I + II)	2,250.77	2,392.57	2,456.10
Restated profit for the period/year (IV)	313.18	224.53	280.57
Return on net worth (V) = (IV / (III))	13.91%	9.38%*	11.42%*

* *Not annualised.*

Reconciliation of Net Asset Value (per Equity Share) (on an unconsolidated basis)

(₹ *million*)

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	Nine months ended	
				December 31, 2019	December 31, 2020
	(Unconsolidated)				
Equity share capital (I)	282.14	282.14	267.59	282.14	267.59
Other equity (II)	1,773.10	2,067.68	1,983.18	2,110.43	2,188.63
Total equity (III) = (I + II)	2,055.24	2,349.82	2,250.77	2,392.57	2,456.22
Number of equity shares (in million) (IV)	28.21	28.21	26.76	28.21	26.76
Net asset value per equity share (V = (III) / IV)	72.84	83.29	84.11	84.80	91.79

Reconciliation of Net Asset Value (per Equity Share) (on a consolidated basis)

(₹ *million*)

Particulars	Fiscal 2020	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	(Consolidated)		
Equity share capital (I)	267.59	282.14	267.59
Other equity (II)	1,983.18	2,110.43	2,188.51
Total equity (III) = (I + II)	2250.77	2,392.57	2,456.10
Number of equity shares (in million) (IV)	26.76	28.21	26.76
Net asset value per equity share (V = (III) / IV)	84.11	84.80	91.78

Reconciliation of debt equity ratio (on an unconsolidated basis)

(₹ *million*)

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	Nine months ended	
				December 31, 2019	December 31, 2020
	(Unconsolidated)				
Non-current borrowings (I)	-	-	-	-	71.70
Current maturity of long-term loans (II)	-	-	-	-	17.93
Current borrowings (III)	197.86	287.31	291.33	159.96	582.98
Total borrowings (IV = I + II + III)	197.86	287.31	291.33	159.96	672.61
Equity share capital (V)	282.14	282.14	267.59	282.14	267.59
Other equity (VI)	1,773.10	2,067.68	1,983.18	2,110.43	2,188.63
Total equity (VII) = (V + VI)	2,055.24	2,349.82	2,250.77	2,392.57	2,456.22
Debt equity ratio (VIII = IV / VII)	0.10	0.12	0.13	0.07	0.27

Reconciliation of debt equity ratio (on a consolidated basis)

(₹ *million*)

Particulars	Fiscal 2020	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	(Consolidated)		
Non-current borrowings (I)	-	-	71.70
Current maturity of long- term loans (II)	-	-	17.93
Current borrowings (III)	291.33	159.96	582.98
Total borrowings (IV = I + II + III)	291.33	159.96	672.61
Equity share capital (V)	267.59	282.14	267.59
Other equity (VI)	1,983.18	2,110.43	2,188.51
Total equity (VII) = (V + VI)	2250.77	2,392.57	2,456.10
Debt equity ratio (VIII = IV / VII)	0.13	0.07	0.27

Reconciliation of return on capital employed (on an unconsolidated basis)

(₹ *million*)

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	Nine months ended	
				December 31, 2019	December 31, 2020
	(Unconsolidated)				
Restated profit for the period/year (I)	**54.23**	**391.99**	**313.18**	**224.53**	**280.69**
Adjustments:					

(₹ *million*)

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	Nine months ended	
				December 31, 2019	December 31, 2020
	(Unconsolidated)				
Add: Total tax expenses (II)	117.32	23.56	142.15	103.08	115.27
Less: Exceptional items (III)	-	12.94	-	-	-
Add: Finance costs (IV)	44.61	44.60	47.53	27.25	48.29
Earnings before interest and tax (V = I + II – III + IV)	**216.16**	**447.21**	**502.86**	**354.86**	**444.25**
Equity share capital (VI)	282.14	282.14	267.59	282.14	267.59
Other equity (VII)	1,773.10	2,067.68	1,983.18	2,110.43	2,188.63
Non current borrowings (VIII)	-	-	-	-	71.70
Current maturity of long-term loans (IX)	-	-	-	-	17.93
Current borrowings (X)	197.86	287.31	291.33	159.96	582.98
Total capital employed (XI = VI + VII + VIII + IX + X)	**2,253.10**	**2,637.13**	**2,542.10**	2,552.53	3,128.83
Return on capital employed (XII = V / XI)	**9.59%**	**16.96%**	**19.78%**	13.90%*	14.20%*

** Not annualised.*

Reconciliation of return on capital employed (on a consolidated basis)

(₹ *million*)

Particulars	Fiscal 2020	Nine months ended December 31, 2019	Nine months ended December 31, 2020
	(Consolidated)		
Restated profit for the period/year (I)	313.18	**224.53**	**280.57**
Adjustments:			
Add: Total tax expenses (II)	142.15	103.08	115.27
Add: Finance costs (III)	47.53	27.25	48.29
Earnings before interest and tax (IV = I + II + III)	**502.86**	**354.86**	**444.13**
Equity share capital(V)	267.59	282.14	267.59
Other equity (VI)	1,983.18	2,110.43	2,188.51
Non current borrowings (VII)	-	-	71.70
Current maturity of long-term loans (VIII)	-	-	17.93
Current borrowings (IX)	291.33	159.96	582.98
Total capital employed (X = V + VI + VII + VIII + IX)	**2,542.10**	2,552.53	3,128.71
Return on capital employed (XI = IV / X)	**19.78%**	**13.90%***	**14.19%***

** Not annualised.*

In accordance with the SEBI ICDR Regulations, the audited unconsolidated financial statements for Fiscals 2020, 2019 and 2018 of our Company (collectively, the **"Audited Financial Statements**") are available on our website at https://mtar.in/investor-relations/financial-information/.

Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Financial Statements do not constitute, (i) a part of the Red Herring Prospectus or this 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, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere.

The Audited Financial Statements should not be considered as part of information that any investor should consider subscribing for or purchase any securities of our Company or any entity in which our Shareholders have significant influence and should not be relied upon or used as a basis for any investment decision. None of the entities specified above, nor any of their advisors, nor BRLMs or the Selling Shareholders, 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 Audited Financial Statements, or the opinions expressed therein.

RELATED PARTY TRANSACTIONS

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e. Ind AS 24 - Related Party Disclosures, read with the SEBI ICDR Regulations: (a) for the nine month periods ended December 31, 2020 and December 31, 2019, and the Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018, on an unconsolidated basis and as reported in the Restated Unconsolidated Financial Information, see "*Restated Unconsolidated Financial Information – Annexure VII – Notes to Restated Ind AS Unconsolidated Summary Statements*" beginning on page 297, and (b) for the nine month periods ended December 31, 2020 and December 31, 2019 the Fiscal ended March 31, 2020, on a consolidated basis and as reported in the Restated Consolidated Financial Information, see "*Restated Consolidated Financial Information – Annexure VII – Notes to Restated Ind AS Consolidated Summary Statements*" beginning on page 357.

RESTATED FINANCIAL STATEMENTS

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Auditors' Examination Report on the Restated Ind AS Unconsolidated Summary Statement of assets and liabilities as at December 31, 2020, December 31, 2019, March 31, 2020, March 31, 2019 and March 31, 2018 and the related Restated Ind AS Unconsolidated Summary Statement of profits and losses (including other comprehensive income), Restated Ind AS Unconsolidated Summary Statement of Cash Flow and Restated Ind AS Unconsolidated Summary Statement of Changes in Equity, the Summary Statement of Significant Accounting Policies and other explanatory information for the nine months ended December 31, 2020 and December 31, 2019 and each of the years ended March 31, 2020, March 31, 2019 and March 31, 2018 of MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited) (collectively, the "Restated Ind AS Unconsolidated Summary Statements")

To
The Board of Directors
MTAR Technologies Limited
18, Technocrats Industrial Estate
Balanagar, Hyderabad, Telangana - 500034

Dear Sirs,

1. We, S.R. Batliboi & Associates LLP ("we", "us" or "SRBA") have examined the attached Restated Ind AS Unconsolidated Summary Statements of MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited) (the "Company") as at and for the nine months ended December 31, 2020 and December 31, 2019 and for each of the years ended March 31, 2020, March 31, 2019 and March 31, 2018 annexed to this report and prepared by the Company for the purpose of inclusion in the Offer documents in connection with the proposed initial public offer of equity shares of face value of Rs. 10 each of the Company (the "Offering"). The Restated Ind AS Unconsolidated Summary Statements, which have been approved by the Board of Directors of the Company, have been prepared in accordance with the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");
   b) Relevant provisions of 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"), (the "Guidance Note").

Management's Responsibility for the Restated Ind AS Unconsolidated Summary Statements

2. The preparation of the Restated Ind AS Unconsolidated Summary Statements, which are to be included in the Offer documents is the responsibility of the management of the Company. The Restated Ind AS Unconsolidated Summary Statements have been prepared by the management of the Company on the basis of preparation stated in paragraph 2.1 of Annexure V to the Restated Ind AS Unconsolidated Summary Statements. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Ind AS Unconsolidated Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Act and ICDR Regulations.

Auditors' Responsibilities

3. We have examined such Restated Ind AS Unconsolidated Summary Statements taking into consideration:

   a) the terms of reference and terms of our engagement agreed with you vide our engagement letter dated November 05, 2020, requesting us to carry out the assignment, in connection with the proposed Offering of the Company;

   b) the Guidance Note. The Guidance Note also requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI;

c) concepts of test checks and materiality to obtain reasonable assurance based on the verification of evidence supporting the Restated Ind AS Unconsolidated Summary Statements; 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 Offering.

4. The Company proposes to make an initial public offer of equity shares of face value of Rs. 10 each of the Company at such premium arrived at by the book building process (referred to as the 'Offer'), as may be decided by the Company's Board of Directors.

Restated Ind AS Unconsolidated Summary Statements as per audited Ind AS financial statements

5. These Restated Ind AS Unconsolidated Summary Statements have been compiled by the management of the Company from:

a) audited interim unconsolidated financial statements of the Company as at and for the nine months ended December 31, 2020 and December 31, 2019 which were prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting", specified under the Indian Accounting Standards 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 (referred to as "Ind AS"), which have been approved by the Board of Directors at their meeting held on February 15, 2021; and

b) audited unconsolidated financial statements of the Company as at and for the years ended March 31, 2020, March 31, 2019 and March 31, 2018 which were prepared in accordance with the Indian Accounting Standards 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 (referred to as "Ind AS"), which have been approved by the Board of Directors at their meetings held on September 08, 2020, July 09, 2019 and July 07, 2018 respectively.

6. For the purpose of our examination, we have relied on:

a) the auditors' reports issued by us, dated February 15, 2021, February 15, 2021 and September 08, 2020 on the unconsolidated financial statements of the Company as at and for the nine months ended December 31, 2020 and December 31, 2019 and for the year ended March 31, 2020 respectively as referred in Paragraph 5 (a) and (b) above.

b) Auditors' reports issued by the Company's previous auditors, Seshachalam & Co., (the "Previous Auditors"), dated July 09, 2019 and July 07, 2018 on the unconsolidated financial statements of the Company as at and for each of the years ended March 31, 2019 and March 31, 2018 respectively.

Examination report on the restated Ind AS unconsolidated summary statement of assets and liabilities as at March 31, 2019 and March 31, 2018 and the restated Ind AS unconsolidated summary statement of profit and loss (including other comprehensive income), restated Ind AS unconsolidated summary statement of cash flows, restated Ind AS unconsolidated summary statement of changes in equity, the summary statement of significant accounting policies and other explanatory information for each of the years ended March 31, 2019 and March 31, 2018 ("Restated Prior Period Ind AS Unconsolidated Summary Statements") is issued by the Previous Auditors. Our examination report insofar as it relates to the said years is based solely on the report submitted by the Previous Auditors.

The Previous Auditors vide there examination report dated February 15, 2021 have also confirmed that the Restated Prior Period Ind AS Unconsolidated Summary Statements:

a) have been prepared after incorporating adjustments for the changes in accounting policies retrospectively in the financial years ended March 31, 2019 and March 31, 2018 to reflect the same accounting treatment as per the accounting policies as at and for the nine months ended December 31, 2020;

b) does not contain any qualifications requiring adjustments. However, those qualifications included in the Annexure to the auditors' report issued under Companies (Auditor's Report) Order, 2016, as applicable, on the financial statements for the years ended March 31, 2019 and 2018 which do not require any corrective adjustment in the Restated Prior Period Ind AS Unconsolidated Summary Statements have been disclosed in part B of Annexure VI to the Restated Prior Period Ind AS Unconsolidated Summary Statements;

c) Emphasis of Matter included in the auditor's report on the unconsolidated financial statement as at and for the year ended March 31, 2018, which do not require any corrective adjustment in the Restated Prior Period Ind AS Unconsolidated Summary Statements, have been disclosed in part B of Annexure VI; and

d) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

7. The audit report on the interim unconsolidated financial statements for the nine months ended December 31, 2019 has the following 'Other Matter' paragraph:

   The corresponding financial information for the nine months ended December 30, 2018 presented in the accompanying Ind AS interim financial statements have not been subjected to an audit or review by a firm of chartered accountants and is based on management certified accounts.

8. Based on our examination and according to the information and explanations given to us and as per the reliance placed on the examination report submitted by the Previous Auditors, we report that Restated Ind AS Unconsolidated Summary Statements:

   a) have been prepared after incorporating adjustments for the changes in accounting policies retrospectively in the nine months ended December 31, 2019 and financial years ended March 31, 2020, March 31, 2019 and March 31, 2018 to reflect the same accounting treatment as per the accounting policies as at and for the nine months ended December 31, 2020;

   b) does not contain any qualifications requiring adjustments. However, those qualifications included in the Annexure to the auditors' report issued under Companies (Auditor's Report) Order, 2016, as applicable, on the financial statements for the years ended March 31, 2020, 2019 and 2018 which do not require any corrective adjustment in the Restated Ind AS Unconsolidated Summary Statements have been disclosed in part B of Annexure VI to the Restated Ind AS Unconsolidated Summary Statements;

c) Emphasis of Matter included in the auditor's report on the unconsolidated financial statement as at and for the year ended March 31, 2018, which do not require any corrective adjustment in the Restated Ind AS Unconsolidated Summary Statements, have been disclosed in part B of Annexure VI; and

d) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

9. We have not audited any financial statements of the Company as of any date or for any period subsequent to December 31, 2020. Accordingly, we express no opinion on the financial position, results of operations, cash flows and statement of changes in equity of the Company as of any date or for any period subsequent to December 31, 2020.

10. The Restated Ind AS Unconsolidated Summary Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 5 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 Offer documents to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited and Registrar of Companies in connection with the proposed Offering. Our report should not be used, referred to, or distributed for any other purpose.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership No: 102328
UDIN: 21102328AAAABI2426

Place: Hyderabad
Date: February 15, 2021

MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)
CIN: U72200TG1999PTC032836
Annexure I
Restated Ind AS Unconsolidated Summary Statement of assets and liabilities
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Annexure VII Note	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Assets						
Non-current assets						
Property, plant and equipment	1	1,550.26	1,576.98	1,549.61	1,620.45	1,522.00
Capital work-in-progress	1.1	188.63	100.78	117.34	56.17	18.44
Intangible assets	2	8.74	1.07	1.39	1.43	0.31
Investment in subsidiary	3	0.10	0.10	0.10	-	-
Financial assets						
Investments	3	0.10	0.10	0.10	0.10	0.10
Others	4	71.97	23.97	32.98	226.57	113.20
Non-current tax assets (net)	6	14.67	14.44	6.19	15.76	22.77
Other non-current assets	7	46.30	46.65	39.88	41.40	38.17
		1,880.77	1,764.09	1,747.59	1,961.88	1,714.99
Current assets						
Inventories	8	791.46	592.71	754.59	410.71	419.32
Financial assets						
Trade receivables	5	731.19	588.78	616.37	504.17	489.66
Cash and cash equivalents	9	110.20	21.87	135.44	107.67	90.68
Bank balances other than cash and cash equivalents	10	105.20	96.00	96.98	-	0.13
Others	4	28.07	16.88	16.66	23.72	47.34
Other current assets	7	172.25	191.60	95.08	43.43	48.20
		1,938.37	1,507.84	1,715.12	1,089.70	1,095.33
Total assets		3,819.14	3,271.93	3,462.71	3,051.58	2,810.32
Equity and Liabilities						
Equity						
Equity share capital	11	267.59	282.14	267.59	282.14	282.14
Other equity	12	2,188.63	2,110.43	1,983.18	2,067.68	1,773.10
		2,456.22	2,392.57	2,250.77	2,349.82	2,055.24
Liabilities						
Non-current liabilities						
Financial liabilities						
Borrowings	13	71.70	-	-	-	-
Provisions	14	32.99	4.26	23.81	5.57	29.92
Deferred tax liabilities (net)	18	99.47	40.58	53.07	0.32	87.89
		204.16	44.84	76.88	5.89	117.81
Current liabilities						
Financial liabilities						
Borrowings	16	582.98	159.96	291.33	287.31	197.86
Trade payables	15					
- dues of micro enterprises and small enterprises		-	-	-	-	-
- dues of creditors other than micro enterprises and small enterprises		145.25	199.25	305.55	59.80	136.28
Other financial liabilities	17	23.72	1.72	2.13	-	-
Provisions	14	25.67	25.07	34.34	8.26	13.42
Current tax liabilities (net)	19	-	-	9.23	11.70	-
Other current liabilities	20	381.14	448.52	492.48	328.80	289.71
		1,158.76	834.52	1,135.06	695.87	637.27
Total equity and liabilities		3,819.14	3,271.93	3,462.71	3,051.58	2,810.32

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W / E300004

per Navneet Rai Kabra
Partner
Membership No. 102328

Place: Hyderabad
Date: February 15, 2021

For and on behalf of the Board of Directors of
MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)

Parvat Srinivas Reddy
Managing Director
DIN: 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN: 06535717

Devesh Dhar Dwivedi
Chief Operating Officer

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Place: Hyderabad
Date: February 15, 2021

MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)
CIN: U72200TG1999PTC032836
Annexure II
Restated Ind AS Unconsolidated Summary Statement of profits and losses
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Annexure VII Note	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Income						
Revenue from operations	21	1,772.68	1,521.76	2,137.74	1,836.71	1,595.97
Other income	22	7.23	11.43	43.68	22.39	9.48
Total income (i)		1,779.91	1,533.19	2,181.42	1,859.10	1,605.45
Expenses						
Cost of materials consumed	23	748.07	638.54	872.55	655.32	659.77
Changes in inventories of work-in-progress	24	(64.10)	(133.34)	(150.88)	(29.70)	(90.49)
Excise duty on sale of goods		-	-	-	-	29.77
Employee benefits expense	25	374.37	377.16	516.26	435.08	446.09
Depreciation and amortisation expense	26	93.25	91.03	120.48	112.34	112.07
Finance costs	27	48.29	27.25	47.53	44.60	44.61
Other expenses	28	184.07	204.94	320.15	238.85	232.08
Total expenses (ii)		1,383.95	1,205.58	1,726.09	1,456.49	1,433.90
Restated profit before exceptional items and tax (I)		395.96	327.61	455.33	402.61	171.55
Exceptional items (II)	42	-	-	-	12.94	-
Restated profit before tax (III)= (I+II)		395.96	327.61	455.33	415.55	171.55
Tax expenses	29					
Current tax		70.94	56.57	78.11	92.13	43.37
Adjustment of tax relating to earlier period / year		-	1.44	1.44	20.91	0.01
Deferred tax (credit) / charge		44.33	45.07	62.60	(89.47)	73.94
Total tax expenses (IV)		115.27	103.08	142.15	23.56	117.32
Restated profit for the period/year (V)=(III-IV)		280.69	224.53	313.18	391.99	54.23
Other comprehensive income (OCI)						
OCI not to be reclassified to profit and loss in subsequent period/year:						
Re-measurement gains / (losses) on defined benefit plans		7.11	(16.52)	(33.82)	6.53	(34.36)
Income tax effect		(2.07)	4.81	9.85	(1.90)	9.91
Restated total other comprehensive income/(loss) for the period/year, net of tax (VI)		5.04	(11.71)	(23.97)	4.63	(24.45)
Restated total comprehensive income for the period/year (VII)=(V+VI)		285.73	212.82	289.21	396.62	29.78
Restated earnings per share of Rs. 10 each fully paid up (not annualised for period ended December 31, 2020 and December 31, 2019):	30					
Basic and diluted, computed on the basis of restated profit attributable to equity holders		10.49	7.96	11.11	13.89	1.92

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W / E300004

per Navneet Rai Kabra
Partner
Membership No. 102328

Place: Hyderabad
Date: February 15, 2021

For and on behalf of the Board of Directors of
MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)

Parvat Srinivas Reddy
Managing Director
DIN: 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN: 06535717

Devesh Dhar Dwivedi
Chief Operating Officer

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Place: Hyderabad
Date: February 15, 2021

MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)
CIN: U72200TG1999PTC032836
Annexure III
Restated Ind AS Unconsolidated Summary Statement of changes in equity
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

a. Equity share capital

Equity shares of Rs. 10 each, issued, subscribed and fully paid	No. of shares	Amount
As at April 01, 2017	28,214,132	282.14
Add: Issued during the year	-	-
As at March 31, 2018	28,214,132	282.14
Add: Issued during the year	-	-
As at March 31, 2019	28,214,132	282.14
Add: Issued during the period	-	-
As at December 31, 2019	28,214,132	282.14
As at April 01, 2019	28,214,132	282.14
Add: Issued during the year	-	-
Less: Equity shares bought back during the year (refer note 1 below)	(1,454,541)	(14.55)
As at March 31, 2020	26,759,591	267.59
Add: Issued during the period	-	-
As at December 31, 2020	26,759,591	267.59

b. Other equity

	Reserves and surplus			Total
	Securities premium	Capital redemption reserve	Retained earnings	
As at April 01, 2017	1,315.43	-	427.69	1,743.12
Restated profit for the year	-	-	54.23	54.23
Restated total other comprehensive loss for the year	-	-	(24.45)	(24.45)
Others	-	-	0.20	0.20
As at March 31, 2018	1,315.43	-	457.67	1,773.10
Restated profit for the year	-	-	391.99	391.99
Restated total other comprehensive income for the year	-	-	4.63	4.63
Equity dividend paid and tax thereon	-	-	(102.04)	(102.04)
As at March 31, 2019	1,315.43	-	752.25	2,067.68
Restated profit for the period	-	-	224.53	224.53
Restated total other comprehensive loss for the period	-	-	(11.71)	(11.71)
Equity dividend paid and tax thereon	-	-	(170.07)	(170.07)
As at December 31, 2019	1,315.43	-	795.00	2,110.43
As at April 01, 2019	1,315.43	-	752.25	2,067.68
Restated profit for the year	-	-	313.18	313.18
Restated total other comprehensive loss for the year	-	-	(23.97)	(23.97)
Equity dividend paid and tax thereon	-	-	(170.07)	(170.07)
Amount utilised towards buy back of equity shares (refer note 1 below)	(203.64)	-	-	(203.64)
Amount transferred on account of buy back of equity shares (refer note 1 below)	(14.55)	14.55	-	-
As at March 31, 2020	1,097.24	14.55	871.39	1,983.18
Restated profit for the period	-	-	280.69	280.69
Restated total other comprehensive income for the period	-	-	5.04	5.04
Equity dividend paid and tax thereon	-	-	(80.28)	(80.28)
As at December 31, 2020	1,097.24	14.55	1,076.84	2,188.63

Note 1:
The Board of Directors at its meeting held on January 27, 2020, approved the buy back of 2,658,621 equity shares at a price of Rs. 123.21 per share for a total value of Rs. 327.56 being 9.42% of the paid-up equity share capital and free reserves of the Company. Accordingly, during the year ended March 31, 2020, the Company has bought-back 1,454,541 equity shares at a price of Rs. 123.21 per share for an aggregate amount of Rs. 179.21. Further, the Company has paid buy back tax of Rs. 38.98. The extinguishment of shares was completed in October 2020. The nominal value of equity shares bought back and extinguished amounting to Rs. 14.55 has been reduced from the paid up equity share capital and a corresponding amount has been transferred from securities premium to capital redemption reserve as per Section 69 of Companies Act 2013. The premium paid for buy-back amounting to Rs. 203.64 (including the buy back tax) has been appropriated from the securities premium.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W / E300004

per Navneet Rai Kabra
Partner
Membership No. 102328

Place: Hyderabad
Date: February 15, 2021

For and on behalf of the Board of Directors of
MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)

Parvat Srinivas Reddy
Managing Director
DIN: 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN: 06535717

Devesh Dhar Dwivedi
Chief Operating Officer

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Place: Hyderabad
Date: February 15, 2021

MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)
CIN: U72200TG1999PTC032836
Annexure IV
Restated Ind AS Unconsolidated Summary Statement of Cash Flow
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from operating activities					
Restated profit before tax	395.96	327.61	455.33	415.55	171.55
Adjustments to reconcile restated profit before tax to net cash flows					
Depreciation and amortisation expense	93.25	91.03	120.48	112.34	112.07
Provision for doubtful receivable and advances	-	9.72	14.77	-	11.91
Bad debts written off	-	0.01	1.82	9.61	8.01
Finance costs	48.29	27.25	47.53	44.60	44.61
Liabilities no longer required written back	-	(2.77)	(4.26)	(3.34)	(0.30)
Loss / (Profit) on sale of property, plant and equipment	-	-	-	(1.63)	0.07
Unrealised exchange loss / (gain)	(0.53)	(0.83)	(16.80)	14.75	(10.43)
Profit on sale of land	-	-	-	(12.94)	-
Interest income	(7.23)	(6.52)	(9.96)	(6.69)	(7.15)
Operating profit before working capital changes	529.74	445.50	608.92	572.26	330.34
Movements in working capital:					
Increase in trade receivables	(116.53)	(84.62)	(90.06)	(34.66)	(113.84)
(Increase) / decrease in inventories	(36.87)	(182.00)	(343.88)	8.61	(104.13)
(Increase) / decrease in current and non current financial assets	(51.73)	123.24	115.27	1.49	235.91
(Increase) / decrease in other current and non current assets	(70.70)	(148.11)	(39.29)	27.43	58.00
Increase / (decrease) in trade payables	(164.80)	142.22	250.01	(75.85)	(75.96)
Increase / (decrease) in other current liabilities	(72.36)	119.72	122.87	39.09	(151.74)
Increase / (decrease) in provisions	7.62	(1.02)	10.50	(22.98)	(9.01)
Cash generated (used in)/from operations	24.37	414.93	634.34	515.38	169.58
Income tax paid (net of refunds)	(88.65)	(68.39)	(72.45)	(94.32)	(25.40)
Net cash flow (used in)/from operating activities (A)	(64.28)	346.54	561.89	421.06	144.18
B. Cash flows from investing activities					
Purchase of property, plant and equipment, including intangible assets, capital work in progress, capital creditors and capital advances	(163.21)	(105.12)	(118.89)	(273.23)	(21.01)
Proceeds from sale of property, plant and equipment	-	-	-	29.96	0.79
Investment in subsidiary	-	(0.10)	(0.10)	-	-
Investment in bank deposits (net)	(4.88)	(9.83)	(10.81)	(91.04)	(0.13)
Interest received	8.56	6.56	9.17	6.62	7.12
Net cash flow used in investing activities (B)	(159.52)	(108.50)	(120.63)	(327.69)	(13.23)
C. Cash flows from financing activities					
Dividend and dividend distribution tax paid	(80.28)	(170.07)	(170.07)	(102.04)	-
Amount paid on equity shares bought back and buy back tax (refer note 11(a)(i) in Annexure VII)	(38.98)	-	(179.21)	-	-
Proceeds from / (repayment of) short term borrowings	293.86	(127.35)	(4.95)	89.45	(93.30)
Share issue expenses paid	(23.58)				
Proceeds from long term borrowings, including current maturities	89.63	-	-	-	-
Finance costs paid	(42.12)	(27.25)	(59.26)	(62.27)	(44.61)
Net cash flows from/(used in) financing activities (C)	198.53	(324.67)	(413.49)	(74.86)	(137.91)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(25.27)	(86.63)	27.77	18.51	(6.96)
Effect of exchange differences on cash & cash equivalents held in foreign currency	0.03	0.83	-	(1.52)	(0.02)
Cash and cash equivalents at the beginning of the period / year	135.44	107.67	107.67	90.68	97.66
Cash and cash equivalents at the end of the period/year	110.20	21.87	135.44	107.67	90.68
Components of cash and cash equivalents					
Cash on hand	0.37	0.11	0.21	0.19	0.17
Balance with banks:					
Current accounts	21.91	21.76	0.90	107.48	0.76
Deposits with original maturity of less than three months	87.92	-	134.33	-	89.75
Total cash and cash equivalents (refer note 9 in Annexure VII)	110.20	21.87	135.44	107.67	90.68

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W / E300004

per Navneet Rai Kabra
Partner
Membership No. 102328

For and on behalf of the Board of Directors of
MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)

Parvat Srinivas Reddy
Managing Director
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Company Secretary
Membership no: ACS-55748

Place: Hyderabad
Date: February 15, 2021

Place: Hyderabad
Date: February 15, 2021

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Part A : Statement of Restatement Adjustments to Audited Unconsolidated Financial Statements

Reconciliation between audited profit and restated profit

Particulars	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Audited total comprehensive income	285.73	212.82	289.21	396.62	29.78
Impact of adjustments due to change in accounting policy	-	-	-	-	-
Restated total comprehensive income	285.73	212.82	289.21	396.62	29.78

Reconciliation between audited equity and restated equity

Particulars	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018	As at April 01, 2017
A. Audited equity	2,456.22	2,392.57	2,250.77	2,349.82	2,055.24	1,937.75
B. Material restated adjustments						
(i) Audit qualifications	-	-	-	-	-	-
(ii) Other material adjustments						
Change in accounting policies (refer note 1 and note 2 in Annexure VI)	-	-	-	-	-	-
Other adjustment	-	-	-	-	-	-
C. Adjustments for conversion of financial statements from IGAAP to Ind AS (refer note 39 in Annexure VII)	-	-	-	-	-	87.51
D. Total equity as per Restated Ind AS Unconsolidated Summary Statement of assets and liabilities	2,456.22	2,392.57	2,250.77	2,349.82	2,055.24	2,025.26

Note:

1. Impact of Ind AS 115

The Company has adopted Ind AS 115 : Revenue from contracts with customers using modified retrospective approach effective April 01, 2018. For the purpose of preparation of Restated Unconsolidated Ind AS Summary Statements, management has evaluated the impact of change in accounting policies required due to adoption of Ind AS 115 for the year ended March 31, 2018. No adjustments were identified for the purpose of restatement.

2. Impact of Ind AS 116

The Company has adopted Ind AS 116 : Leases effective April 01, 2019. For the purpose of preparation of Restated Unconsolidated Ind AS Summary Statements, management has evaluated the impact of change in accounting policies required due to adoption of Ind AS 116 for the year ended March 31, 2019 and March 31, 2018. No adjustments were identified for the purpose of restatement.

Part B : Non-adjusting items

Audit qualifications for the respective period / year, which do not require any adjustments in the Restated Ind AS Unconsolidated Summary Statements are as follows:

As at and for the year ended March 31, 2019

1. Annexure to auditor's report for the financial year ended March 31, 2019

Clause (i) (a)

The Company has maintained records showing particulars, including quantitative details and situation of property, plant and equipment, except that quantitative details, asset description etc., in respect of some of the property, plant and equipment need to be updated in the fixed assets register.

2. As at and for the year ended March 31, 2018

a. Emphasis of Matter

We draw attention to the users of Ind AS financial statements that the entity has recognised deferred tax asset of Rs.54.53 only on unused tax losses of Rs.189.06 as against available unused tax losses of Rs.531.48 due to uncertainty of taxable profits in subsequent years.

b. Annexure to auditor's report for the financial year ended March 31, 2018

Clause (i) (a)

The Company is in the process of updating the fixed assets register.

Part C : Material regrouping

Appropriate regroupings have been made in the Restated Ind AS Unconsolidated Summary Statement of assets and liabilities, profits and losses and cash flow, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the Ind AS Unconsolidated financial information of the Company for the period ended December 31, 2020 prepared in accordance with Schedule III of the Act, requirements of Ind AS 1 - 'Presentation of financial statements' and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended. Refer note 40 in Annexure VII for further details.

MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)
CIN: U72200TG1999PTC032836
Annexure VII
Notes to Restated Ind AS Unconsolidated Summary Statements
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

1 Property, plant and equipment

	Freehold land	Buildings	Plant and machinery	Electrical equipment	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
Gross carrying amount									
As at April 01, 2017	480.08	277.68	877.99	17.48	17.04	5.74	14.64	9.14	1,699.79
Additions during the year	-	-	79.30	-	0.13	0.03	0.35	0.20	80.01
Disposals during the year	-	-	-	-	-	-	-	(2.50)	(2.50)
As at March 31, 2018	480.08	277.68	957.29	17.48	17.17	5.77	14.99	6.84	1,777.30
Additions during the year	-	14.48	208.81	-	0.20	-	1.21	0.76	225.46
Disposals during the year	(12.94)	-	(32.72)	-	-	-	-	(1.47)	(47.13)
As at March 31, 2019	467.14	292.16	1,133.38	17.48	17.37	5.77	16.20	6.13	1,955.63
Additions during the period	-	0.36	43.45	-	0.35	0.41	1.84	0.66	47.07
Disposals during the period	-	-	-	-	-	-	-	-	-
As at December 31, 2019	467.14	292.52	1,176.83	17.48	17.72	6.18	18.04	6.79	2,002.70
As at April 01, 2019	467.14	292.16	1,133.38	17.48	17.37	5.77	16.20	6.13	1,955.63
Additions during the year	-	0.36	44.51	-	0.46	0.57	2.39	0.66	48.95
Disposals during the year	-	-	-	-	-	-	-	-	-
As at March 31, 2020	467.14	292.52	1,177.89	17.48	17.83	6.34	18.59	6.79	2,004.58
Additions during the period	-	3.20	81.49	-	0.41	0.42	6.94	-	92.46
Disposals during the period	-	-	-	-	-	-	-	-	-
As at December 31, 2020	467.14	295.72	1,259.38	17.48	18.24	6.76	25.53	6.79	2,097.04

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

1 Property, plant and equipment

	Freehold land	Buildings	Plant and machinery	Electrical equipment	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
Accumulated depreciation									
As at April 01, 2017	-	11.44	88.67	16.61	8.02	5.20	13.60	3.81	147.35
Charge for the year	-	11.48	95.26	-	1.63	0.13	0.28	0.81	109.59
Disposals for the year	-	-	-	-	-	-	-	(1.64)	(1.64)
As at March 31, 2018	-	22.92	183.93	16.61	9.65	5.33	13.88	2.98	255.30
Charge for the year	-	11.51	97.03	-	1.68	0.13	0.43	0.84	111.62
Disposals for the year	-	-	(30.27)	-	-	-	-	(1.47)	(31.74)
As at March 31, 2019	-	34.43	250.69	16.61	11.33	5.46	14.31	2.35	335.18
Charge for the period	-	9.03	79.17	-	1.26	0.03	0.62	0.43	90.54
Disposals for the period	-	-	-	-	-	-	-	-	-
As at December 31, 2019	-	43.46	329.86	16.61	12.59	5.49	14.93	2.78	425.72
As at April 01, 2019	-	34.43	250.69	16.61	11.33	5.46	14.31	2.35	335.18
Charge for the year	-	11.94	104.67	-	1.67	0.07	0.86	0.58	119.79
Disposals for the year	-	-	-	-	-	-	-	-	-
As at March 31, 2020	-	46.37	355.36	16.61	13.00	5.53	15.17	2.93	454.97
Charge for the period	-	9.05	79.58	-	1.29	0.12	1.30	0.47	91.81
Disposals for the period	-	-	-	-	-	-	-	-	-
As at December 31, 2020	-	55.42	434.94	16.61	14.29	5.65	16.47	3.40	546.78
Net carrying value									
As at December 31, 2020	467.14	240.30	824.44	0.87	3.95	1.11	9.06	3.39	1,550.26
As at March 31, 2020	467.14	246.15	822.53	0.87	4.83	0.81	3.42	3.86	1,549.61
As at December 31, 2019	467.14	249.06	846.97	0.87	5.13	0.69	3.11	4.01	1,576.98
As at March 31, 2019	467.14	257.73	882.69	0.87	6.04	0.31	1.89	3.78	1,620.45
As at March 31, 2018	480.08	254.76	773.36	0.87	7.52	0.44	1.11	3.86	1,522.00

Certain land and buildings are subject to a first charge to secure the Company's bank loans. (refer note 13 and 16 in Annexure VII)

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

1.1 Capital work in progress

	Amount
At April 01, 2017	77.53
Add: Additions (subsequent expenditure)	1.44
Less: Capitalised during the year	(60.53)
As at March 31, 2018	18.44
Add: Additions (subsequent expenditure)	46.28
Less: Capitalised during the year	(8.55)
As at March 31, 2019	56.17
Add: Additions (subsequent expenditure)	52.62
Less: Amount written off/adjustment	(8.01)
As at December 31, 2019	100.78
At April 01, 2019	56.17
Add: Additions (subsequent expenditure)	73.71
Less: Amount written off/adjustment	(11.62)
Less: Capitalised during the year	(0.92)
As at March 31, 2020	117.34
Add: Additions (subsequent expenditure)	98.47
Less: Amount written off/adjustment	(0.05)
Less: Capitalised during the year	(27.13)
As at December 31, 2020	188.63

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

2 Intangible assets

	Software	Total
Gross carrying amount		
As at April 01, 2017	20.83	20.83
Additions during the year	-	-
Disposals during the year	-	-
As at March 31, 2018	20.83	20.83
Additions during the year	1.84	1.84
Disposals during the year	-	-
As at March 31, 2019	22.67	22.67
Additions during the period	0.13	0.13
Disposals during the period	-	-
As at December 31, 2019	22.80	22.80

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Software	Total
As at April 01, 2019	22.67	22.67
Additions during the year	0.65	0.65
Disposals during the year	-	-
As at March 31, 2020	23.32	23.32
Additions during the period	8.79	8.79
Disposals during the period	-	-
As at December 31, 2020	32.11	32.11

	Software	Total
Accumulated amortisation		
As at April 01, 2017	18.04	18.04
Charge for the year	2.48	2.48
Disposals for the year	-	-
As at March 31, 2018	20.52	20.52
Charge for the year	0.72	0.72
Disposals for the year	-	-
As at March 31, 2019	21.24	21.24
Charge for the period	0.49	0.49
Disposals for the period	-	-
As at December 31, 2019	21.73	21.73
As at April 01, 2019	21.24	21.24
Charge for the year	0.69	0.69
Disposals for the year	-	-
As at March 31, 2020	21.93	21.93
Charge for the period	1.44	1.44
Disposals for the period	-	-
As at December 31, 2020	23.37	23.37
Net carrying value		
As at December 31, 2020	8.74	8.74
As at March 31, 2020	1.39	1.39
As at December 31, 2019	1.07	1.07
As at March 31, 2019	1.43	1.43
As at March 31, 2018	0.31	0.31

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

3 Investments

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Non-current					
Unquoted equity shares					
(a) In wholly owned subsidiary (at cost)					
Magnatar Aero Systems Private Limited	0.10	0.10	0.10	-	-
[99,800 (December 31, 2019: 99,800; March 31, 2020: 99,800; March 31, 2019: Nil; March 31, 2018: Nil) equity shares of par value Rs. 1 each fully paid]					
	0.10	0.10	0.10	-	-
(b) Others (at fair value through profit or loss)					
Samuha Engineering Industries Limited	0.10	0.10	0.10	0.10	0.10
[10,000 (December 31, 2019: 10,000; March 31, 2020: 10,000; March 31, 2019: 10,000; March 31, 2018: 10,000) equity shares of par value Rs. 10 each fully paid]					
	0.10	0.10	0.10	0.10	0.10
Aggregate amount of unquoted investments - in wholly owned subsidiary	0.10	0.10	0.10	-	-
Aggregate amount of unquoted investments - in others	0.10	0.10	0.10	0.10	0.10

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

4 Financial assets - others

	Non-current				
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good)					
Retention money	51.11	5.46	13.92	122.35	102.09
Security deposits	15.64	13.51	13.88	13.05	11.11
Non-current bank balances (refer note 10 in Annexure VII)	5.00	5.00	5.00	91.17	-
Interest accrued on bank deposits	0.22	-	0.18	-	-
	71.97	23.97	32.98	226.57	113.20

	Current				
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good)					
Interest accrued on bank deposits	2.54	3.27	3.92	3.31	3.24
Contract asset - unbilled revenue	15.15	12.43	12.43	19.82	44.03
Loans and advances to employees	1.33	1.18	0.31	0.59	0.07
Retention money	9.05	-	-	-	-
	28.07	16.88	16.66	23.72	47.34

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

5 Trade receivables

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Trade receivables	731.19	588.78	616.37	504.17	489.66
	731.19	588.78	616.37	504.17	489.66
Breakup for security details					
Considered good, unsecured	731.19	588.78	616.37	504.17	489.66
Credit impaired	-	-	1.81	-	11.91
Less: allowance for credit losses	-	-	(1.81)	-	(11.91)
	731.19	588.78	616.37	504.17	489.66

Movement in expected credit loss during the period/year ended are as follows:

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the period / year	1.81	-	-	11.91	-
Provision made during the period / year	-	-	1.81	-	11.91
Bad debts written off against opening provision during the period / year	(1.81)	-	-	(11.91)	-
Balance at the end of the period/year	-	-	1.81	-	11.91

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

6 Non-current tax assets (net)

	Non-current				
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Advance income tax and tax deducted at source (net)	14.67	14.44	6.19	15.76	22.77
	14.67	14.44	6.19	15.76	22.77

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and related to income tax levied by same tax authority.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

7 Other assets

	Non-current				
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good)					
Prepaid expenses	11.05	15.50	14.32	4.42	-
Advance for capital goods	9.72	23.52	16.61	8.49	0.29
Balances recoverable from government authorities	25.53	7.63	8.95	28.49	37.88
	46.30	46.65	39.88	41.40	38.17
(Unsecured, considered doubtful)					
Balances recoverable from government authorities	12.97	9.72	12.97	-	-
Less: provision for doubtful debts	(12.97)	(9.72)	(12.97)	-	-
	-	-	-	-	-
	46.30	46.65	39.88	41.40	38.17

Movement in provision for doubtful debt during the period/year ended are as follows:

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the period / year	12.97	-	-	-	-
Provision made during the period / year	-	9.72	12.97		-
Balance at the end of the period/year	12.97	9.72	12.97	-	-

	Current				
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good)					
Advance to related parties (refer note 32 in Annexure VII)	0.08	-	0.03	-	-
Advance to suppliers	69.79	140.83	34.28	11.24	29.94
Prepaid expenses	19.93	20.58	26.03	17.32	18.26
Export incentives receivable	28.18	25.49	21.70	14.57	-
Balances recoverable from government authorities	26.19	4.70	13.04	0.32	-
Share issue expenses *	28.08	-	-	-	-
	172.25	191.60	95.08	43.43	48.20

* The Company has incurred share issue expenses in connection with proposed public offer of equity shares of which Rs. 28.08 for December 31, 2020, Rs. Nil for December 31, 2019, Rs. Nil for March 31, 2020, Rs. Nil for March 31, 2019 and Rs. Nil for March 31, 2018 is paid to the statutory auditor, Lawyers and others. In accordance with the Companies Act 2013 ("the Act") and also as per the Offer Agreement entered between the Company and the selling shareholders, the selling shareholders shall reimburse the share issue expenses in proportion to the respective shares offered for sale. Accordingly, the Company will partly recover the expenses incurred in connection with the Issue on completion of Initial Public Offer (IPO). The Company's share of expenses shall be adjusted against securities premium to the extent permissible under Section 52 of the Act on successful completion of IPO. The entire amount has been carried forward and disclosed under this head (to the extent of not written off or adjusted). The amount which is receivable from the selling shareholders is not disclosed separately as the amount is not determinable at this stage pending completion of the IPO.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

8 Inventories (at lower of cost and net realisable value)

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Raw materials (1)	370.14	253.03	397.37	204.37	242.68
Work-in-progress	421.32	339.68	357.22	206.34	176.64
	791.46	592.71	754.59	410.71	419.32
(1) Raw materials includes -					
Goods in transit	56.87	-	84.18	8.92	86.81

Write down of inventories to net realisable value amounted to Rs. 15.64 for December 31, 2020, Rs. 12.29 for December 31, 2019, Rs. 21.52 for March 31, 2020, Rs. Nil for March 31, 2019 and Rs. Nil for March 31, 2018. These were recognised as an expense and included in 'Cost of materials consumed' and 'Changes in inventories of work-in-progress'.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

9 Cash and cash equivalents

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Cash on hand	0.37	0.11	0.21	0.19	0.17
Balances with banks					
On current accounts	21.91	21.76	0.90	107.48	0.76
Deposits with original maturity of less than three months	87.92	-	134.33	-	89.75
	110.20	21.87	135.44	107.67	90.68

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

10 Balances at bank other than cash and cash equivalents

	Current				
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Earmarked Balance with Bank on Dividend account*	3.34	-	-	-	-
Margin money deposits**					
Deposits with original maturity for more than three months but remaining maturity of less than twelve months	101.86	96.00	96.98	-	0.13
Deposits with remaining maturity of more than twelve months	5.00	5.00	5.00	91.17	-
Less: Amount clubbed under non current financial assets-Others (refer note 4 in Annexure VII)	(5.00)	(5.00)	(5.00)	(91.17)	-
	105.20	96.00	96.98	-	0.13

* Can be utilised only for payment of dividend

**Margin money deposits represent security held by bank for the bank guarantees of Rs. 838.00 for December 31, 2020, Rs. 822.79 for December 31, 2019, Rs. 814.76 for March 31, 2020, Rs. 575.82 for March 31, 2019 and Rs. 712.94 for March 31, 2018 issued by the bankers on behalf of the Company.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

Breakup of financial assets carried at fair value through profit or loss:

Carrying amount	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Investments in unquoted equity shares - others	0.10	0.10	0.10	0.10	0.10
Total financial assets carried at fair value through profit or loss	0.10	0.10	0.10	0.10	0.10

Fair Value	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Investments in unquoted equity shares - others	0.10	0.10	0.10	0.10	0.10
Total financial assets carried at fair value through profit or loss	0.10	0.10	0.10	0.10	0.10

Breakup of financial assets carried at amortised cost:

Carrying amount	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Trade receivables	731.19	588.78	616.37	504.17	489.66
Cash and cash equivalents	110.20	21.87	135.44	107.67	90.68
Balances at bank other than cash and cash equivalents	105.20	96.00	96.98	-	0.13
Retention money	60.16	5.46	13.92	122.35	102.09
Contract asset - unbilled revenue	15.15	12.43	12.43	19.82	44.03
Security deposits	15.64	13.51	13.88	13.05	11.11
Non-current bank balances	5.00	5.00	5.00	91.17	-
Interest accrued on bank deposits	2.76	3.27	4.10	3.31	3.24
Loans and advances to employees	1.33	1.18	0.31	0.59	0.07
Total financial assets carried at amortised cost	1,046.63	747.50	898.43	862.13	741.01

Fair Value	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Trade receivables	731.19	588.78	616.37	504.17	489.66
Cash and cash equivalents	110.20	21.87	135.44	107.67	90.68
Balances at bank other than cash and cash equivalents	105.20	96.00	96.98	-	0.13
Retention money	60.16	5.46	13.92	122.35	102.09
Contract asset - unbilled revenue	15.15	12.43	12.43	19.82	44.03
Security deposits	15.64	13.51	13.88	13.05	11.11
Non-current bank balances	5.00	5.00	5.00	91.17	-
Interest accrued on bank deposits	2.76	3.27	4.10	3.31	3.24
Loans and advances to employees	1.33	1.18	0.31	0.59	0.07
Total financial assets carried at amortised cost	1,046.63	747.50	898.43	862.13	741.01

The management assessed that cash and cash equivalents and trade receivables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
For financial assets that are measured at fair value, the carrying amounts are equal to the fair values. The fair value of security deposits and other non-current financial were calculated based on cash flows discounted using current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

11 Equity share capital

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Authorised share capital					
66,000,000 (December 31, 2019: 66,000,000; March 31, 2020: 66,000,000; March 31, 2019: 66,000,000; March 31, 2018: 66,000,000) equity shares of Rs. 10 each	660.00	660.00	660.00	660.00	660.00
Issued, subscribed and fully paid up shares					
26,759,591 (December 31, 2019: 28,214,132; March 31, 2020: 26,759,591; March 31, 2019: 28,214,132; March 31, 2018: 28,214,132) equity shares of Rs. 10 each	267.59	282.14	267.59	282.14	282.14

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period/ year

Equity shares	As at December 31, 2020		As at December 31, 2019		As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period / year	26,759,591	267.59	28,214,132	282.14	28,214,132	282.14	28,214,132	282.14	28,214,132	282.14
Add: Issued during the period / year	-	-	-	-	-	-	-	-	-	-
Less: Shares bought back during the period / year (refer note below)	-	-	-	-	(1,454,541)	(14.55)	-	-	-	-
At the end of the period / year	26,759,591	267.59	28,214,132	282.14	26,759,591	267.59	28,214,132	282.14	28,214,132	282.14

(i) The Board of Directors at its meeting held on January 27, 2020, approved the buy back of 2,658,621 equity shares at a price of Rs. 123.21 per share for a total value of Rs. 327.56 being 9.42% of the paid-up equity share capital and free reserves of the Company. Accordingly, during the year ended March 31, 2020, the Company has bought-back 1,454,541 equity shares at a price of Rs. 123.21 per share for an aggregate amount of Rs. 179.21. Further, the Company has paid buy back tax of Rs. 38.98. The extinguishment of shares was completed in October 2020. The nominal value of equity shares bought back and extinguished amounting to Rs. 14.55 has been reduced from the paid up equity share capital and a corresponding amount has been transferred from securities premium to capital redemption reserve as per Section 69 of Companies Act 2013. The premium paid for buy-back amounting to Rs. 203.64 (including the buy back tax) has been appropriated from the securities premium.

(b) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholder	As at December 31, 2020		As at December 31, 2019		As at March 31, 2020		As at March 31, 2019		As at March 31, 2018	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
(i) Fabmohur Advisors LLP	8,371,040	31.28%	8,371,040	29.67%	8,371,040	31.28%	8,371,040	29.67%	8,371,040	29.67%
(ii) Vamshidhar Reddy Kallem	2,091,483	7.82%	2,091,483	7.41%	2,091,483	7.82%	2,091,483	7.41%	2,091,483	7.41%
(iii) K. Shalini	2,316,483	8.66%	2,091,483	7.41%	2,091,483	7.82%	2,091,483	7.41%	2,091,483	7.41%
(iv) Parvat Srinivas Reddy	1,692,903	6.33%	1,692,903	6.00%	1,692,903	6.33%	1,692,903	6.00%	1,692,903	6.00%
(v) Leelavathi Parvatha Reddy **	2,168,712	8.10%								
(vi) P. Jayaprakash Reddy*			2,658,549 #	9.42%			1,454,541	5.16%	1,454,541	5.16%

* The Company has bought back 1,454,541 equity shares of Rs. 10 each during the year ended March 31, 2020. Post buy back, share holding of P. Jayaprakash Reddy is below 5%, hence not disclosed in above table in subsequent period / year.

** Certain shares have been transferred to Leelavathi Parvatha Reddy during the period ended December 31, 2020 which resulted in increase in share holding to more than 5%. The share holding for previous period is less than 5% and hence not disclosed in above table for previous period / year.

The above includes 1,204,008 equity shares currently held in the demat account of late P. Girija, demised on July 29, 2019 wife of P. Jayaprakash Reddy.
P. Jayaprakash Reddy, along with certain others, has filed an application in November 2020 for the transmission of such equity shares in his name, which is currently pending.

As per records of the Company, including its register of shareholders / members, the above shareholding represents both legal and beneficial ownership of shares.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

(d) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back (during 5 years immediately preceding December 31, 2020):

(i) There are no equity shares issued as bonus and shares issued for consideration other than cash, during 5 years immediately preceding December 31, 2020.

(ii) Aggregate number of shares bought back (during 5 years immediately preceding December 31, 2020):

Particulars	December 31, 2020	December 31, 2019	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016
Equity shares of Rs. 10 each	-	-	1,454,541	-	-	-	-

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

12 Other equity

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Securities premium					
Balance at the beginning of the period / year	1,097.24	1,315.43	1,315.43	1,315.43	1,315.43
Less: Amount utilized towards buy back of equity shares (refer note 11(a)(i) in Annexure VII)	-	-	(203.64)	-	-
Less: Transferred to capital redemption reserve (refer note 11(a)(i) in Annexure VII)	-	-	(14.55)	-	-
Balance at the end of the period / year	1,097.24	1,315.43	1,097.24	1,315.43	1,315.43
Capital redemption reserve					
Balance at the beginning of the period / year	14.55	-	-	-	-
Add: Transferred from securities premium on buy back of equity shares (refer note 11(a)(i) in Annexure VII)	-	-	14.55	-	-
Balance at the end of the period / year	14.55	-	14.55	-	-
Retained earnings					
Balance at the beginning of the period / year	871.39	752.25	752.25	457.67	427.69
Add: Restated profit for the period / year	280.69	224.53	313.18	391.99	54.23
Add: Restated total other comprehensive gain / (loss) for the period / year, net of tax	5.04	(11.71)	(23.97)	4.63	(24.45)
Add: Others	-	-	-	-	0.20
Less: Equity dividend (@ Rs. 3 per share for December 31, 2020, Rs. 5 per share for December 31, 2019, Rs. 5 per share for March 31, 2020 and Rs. 3 per share for March 31, 2019)	(80.28)	(141.07)	(141.07)	(84.64)	-
Less: Tax on equity dividend	-	(29.00)	(29.00)	(17.40)	-
Balance at the end of the period / year	1,076.84	795.00	871.39	752.25	457.67
	2,188.63	2,110.43	1,983.18	2,067.68	1,773.10

Nature and purpose of reserves

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Capital redemption reserve

Capital redemption reserve represents the amount of profits transferred from securities premium for the buy back of equity shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Retained earnings

Retained earnings are the profits that the Company has earned till date, less dividends or other distributions paid to shareholders. Retained earnings includes re-measurement gains / (losses) on defined benefit plans, net of taxes that will not be reclassified to Restated Ind AS Unconsolidated Summary Statement of profits and losses. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

13 Borrowings

	Non-current				
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Secured bank loans					
Long-term loan	71.70	-	-	-	-
Current maturities of long-term loans	17.93	-	-	-	-
	89.63	-	-	-	-
Less: Amount clubbed under "other financial liabilities" (refer note 17 in Annexure VII)	(17.93)	-	-	-	-
	71.70	-	-	-	-

The Long-term loan including current maturities of Rs. 89.63 (sanctioned amount Rs. 250.00) from a bank is secured against all property, plant and equipments purchased by utilising the term loan fund. Further the borrowing is secured by first charge on the certain land and building of the Company and extension of charge on inventories, trade receivables, and all other charges on current assets of the present and future current assets of the Company. Interest will be charged @2.25% over 1 year MCLR. The loan is repayable in 20 equal quarterly instalment of Rs. 4.48 + interest after a moratorium of 6 months.

The reconciliation between the opening and the closing balances for liabilities arising from financing activities (borrowings, including current maturities) is as follows:

	Opening Balance	Proceeds/(repayment) (net)	Forex loss/(gain)	Closing Balance
For the period ended December 31, 2020	-	89.63	-	89.63
For the period ended December 31, 2019	-	-	-	-
For the year ended March 31, 2020	-	-	-	-
For the year ended March 31, 2019	-	-	-	-
For the year ended March 31, 2018	-	-	-	-

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

14 Provisions

	Non-current				
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits					
- Gratuity (refer note 31 in Annexure VII)	32.99	4.26	23.81	5.57	29.92
	32.99	4.26	23.81	5.57	29.92

	Current				
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits					
- Gratuity (refer note 31 in Annexure VII)	11.39	10.61	13.34	5.58	8.14
- Compensatory absences	14.28	14.46	21.00	2.68	5.28
	25.67	25.07	34.34	8.26	13.42

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

15 Trade payables

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Dues of micro enterprises and small enterprises	-	-	-	-	-
Dues of creditors other than micro enterprises and small enterprises	145.25	199.25	305.55	59.80	136.28
	145.25	199.25	305.55	59.80	136.28

Note: The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED act") and hence disclosures relating to amounts unpaid as at the end of reporting period together with interest paid / payable as required under the MSMED act are not applicable.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018

16 Borrowings

	Current				
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Secured bank loans					
Cash credit	544.07	106.70	122.46	158.71	152.46
Export packing credit (INR)	-	53.26	-	128.60	45.40
Export packing credit (USD)	-	-	168.87	-	-
Short-term loan	38.91	-	-	-	-
	582.98	159.96	291.33	287.31	197.86

The cash credit, export packing credit facility (USD and INR) and short term loan aggregating to Rs. 582.98 for December 31, 2020, Rs. 159.96 for December 31, 2019, Rs. 291.33 for March 31, 2020, Rs. 287.31 for March 31, 2019 and Rs. 197.86 for March 31, 2018 are secured against inventories, trade receivables, and all other charges on current assets of the present and future current assets of the Company. Further the borrowing is secured by collateral security on the certain land and building of the Company.

The cash credit is repayable on demand and carries interest rate of 9.85% for December 31, 2020, 10.80% for December 31, 2019, 10.05% to 12.30% for March 31, 2020, 9.40% to 9.60% for March 31, 2019 and 12.45% to 12.65% for March 31, 2018.
The export packing credit (INR) carried interest rate of 8.60% for December 31, 2020, 9.10% for December 31, 2019, 8.60% to 9.10% for March 31, 2020, 8.70% to 9.10% for March 31, 2019 and 12.30% to 12.90% for March 31, 2018. The facility got repaid in full in the month of December 2020.
The export packing credit (USD) carried interest rate of 2.50% to 3.95% for December 31, 2020 and 3.00% for March 31, 2020. The facility got repaid in full in the month of December 2020.
The short-term loan is repayable in 6 equal monthly instalments of Rs. 9.70 (principal amount) commencing from October 2020. The short-term loan carries interest rate of @ 7.75% p.a payable monthly.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

The reconciliation between the opening and the closing balances for liabilities arising from financing activities (borrowings) is as follows:

	Opening Balance	Proceeds/(repayment) (net)	Forex loss/(gain)	Closing Balance
For the period ended December 31, 2020	291.33	293.86	(2.21)	582.98
For the period ended December 31, 2019	287.31	(127.35)	-	159.96
For the year ended March 31, 2020	287.31	(4.95)	8.97	291.33
For the year ended March 31, 2019	197.86	89.45	-	287.31
For the year ended March 31, 2018	291.16	(93.30)	-	197.86

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

17 Other financial liabilities

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Payable for capital goods	2.45	1.72	-	-	-
Current maturity of long-term loans (refer note 13 in Annexure VII)	17.93	-	-	-	-
Dividend payable *	3.34	-	-	-	-
Interest payable	-	-	2.13	-	-
	23.72	1.72	2.13	-	-

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

Breakup of financial liabilities carried at amortised cost

Carrying amount	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Borrowings - Non current including current maturities	89.63	-	-	-	-
Borrowings - current	582.98	159.96	291.33	287.31	197.86
Payable for capital goods	2.45	1.72	-	-	-
Dividend payable	3.34	-	-	-	-
Interest payable	-	-	2.13	-	-
Trade payables	145.25	199.25	305.55	59.80	136.28
Total financial liabilities carried at amortised cost	823.65	360.93	599.01	347.11	334.14

Fair Value	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Borrowings - Non current including current maturities	89.63	-	-	-	-
Borrowings - current	582.98	159.96	291.33	287.31	197.86
Payable for capital goods	2.45	1.72	-	-	-
Dividend payable	3.34	-	-	-	-
Interest payable	-	-	2.13	-	-
Trade payables	145.25	199.25	305.55	59.80	136.28
Total financial liabilities carried at amortised cost	823.65	360.93	599.01	347.11	334.14

The management assessed that trade payables, current borrowings and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
The fair value of non-current borrowings are based on discounted cash flow using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

18 Deferred tax liabilities (net)

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Deferred tax liability arising on account of timing differences relating to:					
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	198.55	202.23	201.66	205.15	205.20
	198.55	202.23	201.66	205.15	205.20
Deferred tax asset arising on account of timing differences relating to:					
Expenses allowed on payment basis	(20.84)	(13.98)	(22.03)	(7.44)	(19.41)
MAT credit entitlement	(78.24)	(147.67)	(126.56)	(146.92)	(43.37)
Carry forward of unabsorbed deprecation loss	-	-	-	(50.47)	(54.53)
	(99.08)	(161.65)	(148.59)	(204.83)	(117.31)
Deferred tax liability (net)	99.47	40.58	53.07	0.32	87.89

For the period ended December 31, 2020:

	Opening balance as on April 01, 2020	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as on December 31, 2020
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	201.66	(3.11)	-	198.55
Expenses allowed on payment basis	(22.03)	(0.88)	2.07	(20.84)
MAT credit entitlement*	(126.56)	48.32	-	(78.24)
Deferred tax liability (net)	53.07	44.33	2.07	99.47

* The Company is confident of utilising the MAT Credit balance before the expiry of the statutory time limit i.e between financial year 2032-33 and 2033-34.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

For the period ended December 31, 2019:

	Opening balance as on April 01, 2019	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as on December 31, 2019
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	205.15	(2.92)	-	202.23
Expenses allowed on payment basis	(7.44)	(1.73)	(4.81)	(13.98)
MAT credit entitlement *	(146.92)	(0.75)	-	(147.67)
Carry forward of unabsorbed deprecation loss	(50.47)	50.47	-	-
Deferred tax liability (net)	0.32	45.07	(4.81)	40.58

* The Company is confident of utilising the MAT Credit balance before the expiry of the statutory time limit i.e between financial year 2032-33 and 2033-34.

For the year ended March 31, 2020:

	Opening balance as on April 01, 2019	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as on March 31, 2020
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	205.15	(3.49)	-	201.66
Expenses allowed on payment basis	(7.44)	(4.74)	(9.85)	(22.03)
MAT credit entitlement *	(146.92)	20.36	-	(126.56)
Carry forward of unabsorbed deprecation loss	(50.47)	50.47	-	-
Deferred tax liability (net)	0.32	62.60	(9.85)	53.07

* The Company is confident of utilising the MAT Credit balance before the expiry of the statutory time limit i.e between financial year 2032-33 and 2033-34.

For the year ended March 31, 2019:

	Opening balance as on April 01, 2018	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as on March 31, 2019
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	205.20	(0.05)	-	205.15
Expenses allowed on payment basis	(19.41)	10.07	1.90	(7.44)
MAT credit entitlement *	(43.37)	(103.55)	-	(146.92)
Carry forward of unabsorbed deprecation loss	(54.53)	4.06	-	(50.47)
Deferred tax liability (net)	87.89	(89.47)	1.90	0.32

* The Company has created MAT credit entitlement of Rs. 17.59 pertaining to financial years 2011-12, 2012-13, 2013-14 and 2015-16 and is confident of utilising the balance before the expiry of the statutory time limit i.e financial year 2026-27, 2027-28, 2028-29 and 2030-31 respectively.
The Company also created MAT credit entitlement of Rs. 85.96 pertaining to financial year 2018-19 and is confident of utilising the balance before the expiry of the statutory time limit i.e financial year 2033-34.
Apart from the above, the Company created MAT credit entitlement of Rs. 43.37 in the financial year ended March 31, 2018 and is confident of utilising the amount before the expiry of the statutory time limit i.e financial year 2032-33.

For the year ended March 31, 2018:

	Opening balance as on April 01, 2017	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as on March 31, 2018
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	224.38	(19.18)	-	205.20
Expenses allowed on payment basis	(9.30)	(0.20)	(9.91)	(19.41)
MAT credit entitlement *	-	(43.37)	-	(43.37)
Carry forward of unabsorbed deprecation loss	(191.22)	136.69	-	(54.53)
Deferred tax liability (net)	23.86	73.94	(9.91)	87.89

* The Company is confident of utilising the MAT Credit balance before the expiry of the statutory time limit i.e financial year 2032-33.
The Company offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

19 Current tax liabilities (net)

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Income tax (net of advance tax and tax deducted at source)	-	-	9.23	11.70	-
	-	-	9.23	11.70	-

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities.
The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

20 Other current liabilities

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Contract liability - Advance from customers	367.87	435.35	438.68	308.33	263.75
Statutory remittances	11.69	13.17	52.22	20.47	25.96
Others	1.58	-	1.58	-	-
	381.14	448.52	492.48	328.80	289.71

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

21 Revenue from operations

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
(A) Revenue from contracts with customers					
A1. Sale of products	1,742.18	1,484.91	2,084.50	1,776.61	1,581.66
A2. Sale of services	-	-	0.08	0.76	0.61
Sub-total (A=A1+A2)	1,742.18	1,484.91	2,084.58	1,777.37	1,582.27
(B) Other operating revenue					
- Export benefits	26.72	31.70	40.27	52.08	-
- Others	3.78	5.15	12.89	7.26	13.70
(B)	30.50	36.85	53.16	59.34	13.70
(A+B)	1,772.68	1,521.76	2,137.74	1,836.71	1,595.97

With effect from July 01, 2017 Goods and Service Tax (GST) has been implemented which has replaced several indirect taxes including excise duty. While Ind-AS required excise duty to be included while computing revenues, GST is required to be excluded from revenue computation.

(i) Disaggregated revenue information

Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
India	804.47	376.21	675.76	643.42	798.00
Outside India	937.71	1,108.70	1,408.82	1,133.95	784.27
	1,742.18	1,484.91	2,084.58	1,777.37	1,582.27
Timing of revenue recognition					
Goods transferred at a point of time	1,742.18	1,484.91	2,084.50	1,776.61	1,581.66
Service transferred over a period of time	-	-	0.08	0.76	0.61
Total	1,742.18	1,484.91	2,084.58	1,777.37	1,582.27

(ii) Contract balances

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018	As at April 01, 2017
Trade receivables	731.19	588.78	616.37	504.17	489.66	386.58
Retention money	60.16	5.46	13.92	122.35	102.09	96.74
Contract asset						
Unbilled revenue	15.15	12.43	12.43	19.82	44.03	296.24
Contract liability						
Advance from customers	367.87	435.35	438.68	308.33	263.75	427.68

The performance obligation is satisfied when control of the goods are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

Trade receivables and retention money are non-interest bearing. Refer note 5 in Annexure VII for details on expected credit loss.

Unbilled revenue are initially recognised for revenue earned from transfer of goods and services but not billed to customer because the work completed has to meet requirements of various milestones as set out in the contract with customers. Upon fulfilling the milestones and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Advance from customers pertain to balance received as advance from various parties as certain percentage of the order value. The same will be adjusted against the order on the basis of delivery and collection of receivables.

There is no difference in the contract price negotiated and the revenue recognised in the statement of profit and loss for the respective period / year. There is no significant revenue recognised in the current period / year from performance obligations satisfied in previous period / year.

(iii) Amounts included in contract liabilities at the beginning of the period recognised as revenue is Rs. 99.63 for December 31, 2020, Rs. 41.69 for December 31, 2019, Rs. 87.24 for March 31, 2020, Rs. 65.54 for March 31, 2019 and Rs. 204.75 for March 31, 2018. Generally the advance from customers are settled over a period ranging 1 to 3 years.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

22 Other income

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Foreign exchange gain (net)	-	1.95	29.06	10.18	0.74
Profit on sale of property, plant and equipment (net)	-	-	-	1.63	-
Liabilities no longer required written back	-	2.77	4.26	3.34	0.30
Miscellaneous income	-	0.19	0.40	0.55	1.29
Interest income on bank deposits	7.23	5.57	9.01	6.24	7.15
Interest on income tax refund	-	0.95	0.95	0.45	-
	7.23	11.43	43.68	22.39	9.48

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

23 Cost of materials consumed

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventory at the beginning of the period / year	397.37	204.37	204.37	242.68	149.54
Add: Purchases	720.84	687.20	1,065.55	617.01	752.91
	1,118.21	891.57	1,269.92	859.69	902.45
Less: Inventory at the end of the period / year	(370.14)	(253.03)	(397.37)	(204.37)	(242.68)
Cost of materials consumed	748.07	638.54	872.55	655.32	659.77

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

24 Changes in inventories of work-in-progress

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Inventories at the end of the period / year	421.32	339.68	357.22	206.34	176.64
	421.32	339.68	357.22	206.34	176.64
Inventories at the beginning of the period / year	357.22	206.34	206.34	176.64	86.15
	357.22	206.34	206.34	176.64	86.15
	(64.10)	(133.34)	(150.88)	(29.70)	(90.49)

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

25 Employee benefits expense

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	346.17	342.59	472.78	398.31	413.97
Contribution to provident and other funds (refer note 31 in Annexure VII)	17.59	25.24	27.32	23.40	21.41
Gratuity expense (refer note 31 in Annexure VII)	7.48	5.13	8.22	7.31	6.67
Staff welfare expenses	3.13	4.20	7.94	6.06	4.04
	374.37	377.16	516.26	435.08	446.09

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

26 Depreciation and amortisation expenses

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Depreciation on property, plant and equipment	91.81	90.54	119.79	111.62	109.59
Amortisation on intangible assets	1.44	0.49	0.69	0.72	2.48
	93.25	91.03	120.48	112.34	112.07

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

27 Finance costs

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest expenses:					
- Short term borrowings	23.05	8.44	14.89	15.74	23.86
- Long term borrowings	2.33	-	-	-	-
- On others	0.11	3.55	4.79	2.82	0.08
Bank charges	22.80	15.26	27.85	26.04	20.67
	48.29	27.25	47.53	44.60	44.61

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

28 Other expenses

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Sub-contractor charges	33.98	41.32	78.60	70.40	73.05
Production expenses	21.11	18.66	31.12	9.95	4.67
Power and fuel	49.44	53.58	72.35	64.68	63.30
Material testing charges	1.78	1.57	3.04	2.00	1.93
Repairs and maintenance:					
- Buildings	10.88	5.77	9.17	12.03	6.94
- Plant and machinery	16.90	15.56	22.98	17.35	20.05
- Others	2.30	0.97	3.06	1.37	0.99
Insurance	6.47	4.32	6.39	4.95	4.08
Rates and taxes	8.08	5.44	9.68	7.62	7.92
Communication	0.83	0.80	1.36	1.52	1.52
Travelling and conveyance	1.45	3.97	5.70	7.49	5.78
Printing and stationery	0.87	0.95	1.39	1.54	1.14
Foreign exchange loss (net)	3.83	-	-	-	-
Commission	-	-	-	0.02	0.03
Freight and forwarding	1.49	1.14	4.11	2.78	2.23
Business promotion	0.67	1.47	2.57	0.52	0.66
Provision for doubtful receivables and advances	-	9.72	14.78	-	11.91
Legal and professional charges	14.03	26.93	33.32	14.65	9.70
Security charges	5.98	5.29	7.90	7.25	5.26
Payment to auditors (refer below)	1.35	1.28	1.85	0.62	0.40
Bad debts written off	-	0.01	1.82	9.61	8.01
Miscellaneous expenses	2.63	6.19	8.96	2.50	2.44
Loss on sale of property, plant and equipment (net)	-	-	-	-	0.07
	184.07	204.94	320.15	238.85	232.08

Payment to auditors:

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Statutory audit*	1.35	1.28	1.70	0.60	0.40
Certifications fees and others	-	-	0.15	-	-
Out of pocket expenses	-	-	-	0.02	-
	1.35	1.28	1.85	0.62	0.40

* Net of Rs. 9 for the period ended December 31, 2020 accrued towards IPO (refer note 7 in Annexure VII)

Details of CSR expenditure

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
(a) Gross amount required to be spent by the Company during the period / year:	5.15	1.50	2.08	-	-
(b) Amount spent during the period / year	-	-	-	-	-

The Company has not spent any amount for CSR activities.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

29 Taxes

(a) Income tax expense:

The major components of income tax expenses are :

(i) Profit and loss section

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Current tax	70.94	56.57	78.11	92.13	43.37
B. Deferred tax					
Tax expense on origination and reversal of temporary differences	(3.99)	45.82	42.24	14.08	117.31
MAT credit utilisation / (entitlement)	48.32	(0.75)	20.36	(85.96)	(43.37)
MAT credit entitlement of earlier years	-	-	-	(17.59)	-
	44.33	45.07	62.60	(89.48)	73.94
C. Adjustment of tax for earlier period/year	-	1.44	1.44	20.91	0.01
Total income tax expense recognised in Restated Ind AS Unconsolidated Statement of profits and losses for the period/year (A+B+C)	115.27	103.08	142.15	23.56	117.32

(ii) OCI section

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Income tax effect	(2.07)	4.81	9.85	(1.90)	9.91
Income tax charged to Restated total other comprehensive gain/(loss) for the period/year	(2.07)	4.81	9.85	(1.90)	9.91

(b) Reconciliation of effective tax rate:

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Restated profit before tax (A)	395.96	327.61	455.33	415.55	171.55
Enacted tax rate in India (B)	29.12%	29.12%	29.12%	29.12%	28.84%
Expected tax expenses (C = A*B)	115.30	95.40	132.59	121.01	49.48
Tax effect of					
Utilisation of unrecognised carry forward losses	-	-	-	(99.71)	-
Expenses disallowed under Income Tax Act, 1961	-	-	8.87	0.74	0.02
Adjustment for taxes with respect to earlier period / year	-	1.44	1.44	20.91	0.01
Recognition of previously unrecognised MAT credit	-	-	-	(17.60)	-
Impact of rate change	-	-	-	0.85	(1.59)
Reversal of deferred tax on carry forward losses including unabsorbed depreciation	-	-	-	-	69.42
Others	(0.03)	6.24	(0.75)	(2.64)	(0.02)
Total (D)	(0.03)	7.68	9.56	(97.45)	67.84
Expected tax expense (C+D)	115.27	103.08	142.15	23.56	117.32
Income tax expense	115.27	103.08	142.15	23.56	117.32
Effective tax rate	29.11%	31.46%	31.22%	5.67%	68.39%

(c) Unrecognised deferred tax assets

The details of unrecognised deferred tax assets are summarised as below:

Particulars	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Losses including unabsorbed depreciation on which deferred tax assets have not been recognised	-	-	-	-	342.42
	-	-	-	-	342.42

During the year ended March 31, 2018, the Company did not recognise deferred tax assets of Rs. 98.75, primarily on unused tax losses including unabsorbed depreciation, as the Company believed that availability of taxable profits was not probable.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

30 Earnings per share (EPS)

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
i) Restated profit for the period / year attributable to equity shareholders	280.69	224.53	313.18	391.99	54.23
ii) Weighted average number of equity shares in calculating basic and diluted EPS *	26,759,591	28,214,132	28,194,261	28,214,132	28,214,132
iii) Face value of each equity share (Rs.)	10.00	10.00	10.00	10.00	10.00
iv) Basic and diluted earnings per share (not annualised)	10.49	7.96	11.11	13.89	1.92

* The weighted average number of equity shares takes into account the weighted average effect of changes in equity share on account of share bought back during the year ended March 31, 2020 (refer note 11(a)(i) in Annexure VII).

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

31 Employment benefit plans

I. Defined benefit plan

The Employees' Gratuity Fund Scheme managed by a trust is a defined benefit gratuity plan which is administered through gratuity scheme with Life Insurance Corporation of India. Every employee who has completed five years or more of service gets gratuity, on retirement / termination from Company, at 15 days last drawn salary for each completed year of service subject to a maximum of Rs. 2. The following tables summarise the components of net benefit expense recognised in the Restated Ind AS Unconsolidated Summary Statement of profits and losses and the funded status and amounts recognised in the Restated Ind AS Unconsolidated Summary Statement of assets and liabilities for gratuity benefit.

A) Amounts recognised in the Restated Ind AS Unconsolidated Summary Statement of profits and losses (recognised in employee benefits expense):

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Net employee benefits expense (recognised in employee benefits expenses)					
Current service cost	5.63	4.77	7.74	5.60	5.52
Past service cost	-	-	-	-	1.13
Interest cost on defined benefit obligation	6.64	5.99	8.05	8.31	5.22
Interest income on plan assets	(4.79)	(5.63)	(7.57)	(6.60)	(5.20)
Net employee benefit expenses	7.48	5.13	8.22	7.31	6.67

B) Amount recognised in the Restated Ind AS Unconsolidated Summary Statement of assets and liabilities:

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Defined benefit obligation	137.35	117.31	140.97	112.45	106.79
Fair value of plan assets	(92.97)	(102.44)	(103.82)	(101.30)	(68.73)
Net defined benefit liability	44.38	14.87	37.15	11.15	38.06

C) Changes in the present value of the defined benefit obligation	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Opening defined benefit obligation	140.97	112.45	112.45	106.79	74.34
Interest cost	6.64	5.99	8.05	8.31	5.22
Current service cost	5.63	4.77	7.74	5.60	5.52
Past service cost	-	-	-	-	1.13
Net actuarial losses / (gains) on obligation for the period / year recognised under OCI	(0.05)	8.19	27.20	(2.53)	29.24
Benefits paid from plan assets	(15.84)	(14.09)	(14.47)	(5.72)	(8.66)
Closing defined benefit obligation	137.35	117.31	140.97	112.45	106.79

D) Change in the fair value of plan assets	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Opening fair value of plan assets	103.82	101.30	101.30	68.73	61.39
Interest income	4.79	5.63	7.57	6.60	5.20
Net actuarial (losses) / gains on plan assets for the period / year recognised under OCI	0.20	(0.17)	(0.29)	(1.22)	(5.20)
Contributions by employer	-	9.76	9.71	32.91	16.00
Benefit payments from plan assets	(15.84)	(14.09)	(14.47)	(5.72)	(8.66)
Closing fair value of plan assets	92.97	102.44	103.82	101.30	68.73
Expected contribution to the gratuity fund in the next period / year	44.37	14.87	16.03	5.58	19.03

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Investment details of plan assets	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Investment with insurer - Assets under Schemes of Insurance	100.00%	100.00%	100.00%	100.00%	100.00%

E) Amount recognised in restated statement of other comprehensive income (OCI)	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Remeasurements - due to experience adjustments	(1.21)	5.02	19.16	(4.86)	-
Return on plan assets	(0.20)	0.17	0.29	1.22	5.20
Remeasurements - due to financial assumptions	1.16	3.17	8.04	2.33	29.24
Re-measurement loss/ (gain) recognised in restated total other comprehensive income	(0.25)	8.36	27.49	(1.31)	34.44

(i) The principal assumptions used in determining gratuity obligation are as shown below:

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Discount rate	6.58%	7.21%	6.71%	7.65%	8.00%
Rate of increase in compensation	5.00%	5.00%	5.00%	5.00%	5.00%
Employee attrition rate	5.00%	5.00%	5.00%	5.00%	5.00%
Mortality rate	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)

(ii) Disclosure related to indication of effect of the defined benefit plan on the entity's future cash flows:

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
1 year	3.24	1.96	13.34	11.69	8.14
2-5 years	57.38	52.16	63.32	52.89	53.09
6-10 years	74.74	66.35	72.91	60.72	57.93
The weighted average duration of the defined benefit plan obligation at the end of the reporting period / year (in years)	10.84	10.71	9.98	9.78	10.09

(iii) Sensitivity analysis:
A quantitative sensitivity analysis for significant assumption is as shown below:

(a) Effect of 1% change in assumed discount rate	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
- 1% increase	(8.48)	(6.97)	(8.53)	(6.41)	(6.26)
- 1% decrease	9.57	7.83	9.59	7.18	7.01
(b) Effect of 1% change in rate of increase in compensation					
- 1% increase	10.03	8.31	10.43	7.96	7.77
- 1% decrease	(9.07)	(7.52)	(9.46)	(7.22)	(7.05)
(c) Effect of 1% change in assumed attrition rate					
- 1% increase	0.82	0.95	0.88	1.08	1.22
- 1% decrease	(0.91)	(1.06)	(1.00)	(1.19)	(1.35)

II. Defined contribution plan

The Company made provident fund and other fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes. The Company recognised provident fund and other fund contributions in the Restated Ind AS Unconsolidated Summary Statement of profits and losses as mentioned below:

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
Contribution to provident fund and other fund	17.59	25.24	27.32	23.40	21.41

III. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules / interpretation have not yet been issued. The Company will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

IV. In respect of Provident fund (PF), there are numerous interpretative issues relating to the Supreme Court (SC) Judgement on PF dated February 28, 2019. As a matter of caution, the Company has made the payments on prospective basis from financial year 2019-20. The Company will update its position, on receiving further clarity on this subject.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

32 Related party disclosures

Names of related parties and description of relationship

I. Name and Relationship of the related party

(a) Subsidiary company

Magnatar Aero Systems Private Limited #

from November 04, 2019

(b) Key managerial personnel

Devesh Dhar Dwivedi, Chief operating officer (Chief financial officer upto August 31, 2020)
Abhaya Shankar, Chief executing officer (Resigned w.e.f May 09, 2020)
Sudipto Bhattacharya, Chief financial officer (Chief financial officer w.e.f September 01, 2020)
M. Anushman Reddy, Director (Director w.e.f April 13, 2018 and upto October 19, 2020)
P. Jayaprakash Reddy, Director (Director upto April 10, 2020)
Parvat Srinivas Reddy, Managing Director (Director upto August 31, 2020 and Managing director w.e.f September 01, 2020)
Vamshidhar Reddy Kallem, Director (Director upto December 14, 2020)
Mathew Cyriac, Director
Venkatasatishkumar Reddy Gangapatnam, Director (appointed w.e.f September 21, 2017)
Praveen Kumar Reddy Akepati, Director (appointed w.e.f December 14, 2020)
K. Satyanarayana Reddy, Director (Director upto May 07, 2020)
Shubham Sunil Bagadia, Company secretary (appointed w.e.f October 20, 2020)
Dr. C. Sukesh Kumar Reddy (Director upto August 25, 2020)
Loka Manohar Reddy (Director upto March 16, 2019)
Nambi Iyengar Rangachary (Director upto October 23, 2019)
P. Simhadri Reddy (Director upto October 19, 2020)
Rohith Loka Reddy (appointed w.e.f April 13, 2018 and upto October 19, 2020)
P. Kalpana Reddy (appointed w.e.f March 16, 2019 and upto August 18, 2020)

(c) Relatives of key management personnel

A. Praveen Kumar Reddy
A. Pranay Kumar Reddy

(d) Independent Directors

Padmashri Nagarajan Vedachalam (appointed w.e.f December 05, 2020)
B V R Subbu (appointed w.e.f December 05, 2020)
A. Krishna Kumar (appointed w.e.f December 05, 2020)
Ameeta Chatterjee (appointed w.e.f December 05, 2020)
U C Muktibodh (appointed w.e.f December 05, 2020)
V.G. Sekaran (appointed w.e.f December 05, 2020)

II. Transactions during the period/year:

	Nature	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Transactions with related parties						
P. Jayaprakash Reddy	Remuneration ^	-	-	-	7.20	7.20
K. Satyanarayana Reddy	Remuneration ^	-	-	-	7.20	7.20
Parvat Srinivas Reddy	Remuneration ^	2.80	-	-	-	-
M. Anushman Reddy	Remuneration ^	1.53	1.62	2.15	0.36	0.35
Devesh Dhar Dwivedi	Remuneration ^	3.85	1.33	2.51	-	-
Abhaya Shankar	Remuneration ^	0.41	5.27	7.38	-	-
Praveen Kumar Reddy Akepati	Remuneration ^	1.11	0.97	1.20	1.06	1.20
A. Pranay Kumar Reddy	Remuneration ^	1.08	1.17	1.52	0.31	0.29
Sudipto Bhattacharya	Remuneration ^	1.67	-	-	-	-
Shubham Sunil Bagadia	Remuneration ^	0.10	-	-	-	-
P. Jayaprakash Reddy	Professional charges	-	5.14	6.64	-	-
K. Satyanarayana Reddy	Professional charges	-	3.30	4.80	-	-
Parvat Srinivas Reddy	Professional charges	2.25	6.90	8.00	4.80	-
P. Jayaprakash Reddy	Buy back of equity shares	-	-	179.21	-	-
Dr. C. Sukesh Kumar Reddy	Sitting Fees	0.01	0.02	0.03	0.04	0.02
Venkatasatishkumar Reddy Gangapatnam	Sitting Fees	0.09	0.03	0.04	0.05	0.03
Vamshidhar Reddy Kallem	Sitting Fees	0.01	0.02	0.03	0.04	0.03
Loka Manohar Reddy	Sitting Fees	-	-	-	0.03	0.01
M. Anushman Reddy	Sitting Fees	0.01	0.03	0.04	0.04	-
Nambi Iyengar Rangachary	Sitting Fees	-	-	-	0.04	0.03
P. Simhadri Reddy	Sitting Fees	0.01	0.02	0.03	0.03	0.04
Parvat Srinivas Reddy	Sitting Fees	0.01	0.03	0.04	0.05	0.02
Rohith Loka Reddy	Sitting Fees	0.01	0.02	0.03	0.03	-
P. Kalpana Reddy	Sitting Fees	0.01	0.03	0.04	0.01	-
Praveen Kumar Reddy Akepati	Sitting Fees	0.08	-	-	-	-
P. Jayaprakash Reddy	Sitting Fees	-	0.02	0.03	-	-
Mathew Cyriac	Sitting Fees	0.09	0.02	0.03	-	-
Padmashri Nagarajan Vedachalam	Sitting Fees	0.08	-	-	-	-
B V R Subbu	Sitting Fees	0.08	-	-	-	-
A. Krishna Kumar	Sitting Fees	0.08	-	-	-	-
Ameeta Chatterjee	Sitting Fees	0.08	-	-	-	-
U C Muktibodh	Sitting Fees	0.08	-	-	-	-
V.G. Sekaran	Sitting Fees	0.08	-	-	-	-
Magnatar Aero Systems Private Limited	Investment	-	0.10	0.10	-	-
	Advances given	0.05	-	0.03	-	-

III. Closing balances receivable:

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Magnatar Aero Systems Private Limited	0.08	-	0.03	-	-

^ As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the individual is not ascertainable and, therefore, not included above.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

33 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. There are no significant areas involving a high degree of judgement or complexity.

Estimates and assumptions

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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

(i) 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. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Rate of increase in compensation are based on expected future inflation. Further details about gratuity obligations are given in note 31 in Annexure VII.

(ii) Taxes

Deferred tax asset, comprising of Minimum Alternative Tax (“MAT”) credit is recognised to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward and sufficient taxable profit will be available against which the MAT credit can be utilised. Significant management judgement is required to determine the amount of MAT credit that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iii) Depreciation on property, plant and equipment and amortization of intangible assets

Depreciation on property, plant and equipment and amortization of intangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation and amortization rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and intangible assets.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

34 Financial risk management objectives and policies

The Company’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. The Company’s principal financial assets include trade receivables, other financial assets, cash and cash equivalent and Bank Balance other than cash and cash equivalent. The Company is exposed to credit risk, liquidity risk, interest rate risk and market risk . The Company has a risk management policy and its management is supported by a risk management committee that advices on risk and appropriate financial risk governance framework for the Company. The risk management committee provides assurance to the Company’s management that the risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Company’s policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks.

A 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 Company is exposed to credit risk from its operating activities (primarily trade receivables), cash and cash equivalent, Bank balances other than cash and cash equivalent and other financial assets. The Company deals with parties which has good credit rating / worthiness given by external rating agencies or based on groups internal assessment. The major customers are usually the Government parties and export customers with high credit worthiness.

Exposure to credit risk

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer and the carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was (i) Rs. 806.50 for December 31, 2020, Rs. 606.67 for December 31, 2019, Rs. 642.72 for March 31, 2020, Rs. 646.34 for March 31, 2019 and Rs. 635.78 for March 31, 2018, being the total of the carrying amount of balances with trade receivables (including retention money and unbilled revenue) (ii) cash and cash equivalent (excluding cash on hand), balance at bank other than cash and cash equivalent, non-current bank balances and interest accrued on bank deposits of Rs. 223.16 for December 31, 2020, Rs. 126.14 for December 31, 2019, Rs. 241.52 for March 31, 2020, Rs. 202.15 for March 31, 2019 and Rs. 94.05 for March 31, 2018 and (iii) other financial assets of Rs. 16.97 for December 31, 2020, Rs. 14.69 for December 31, 2019, Rs. 14.20 for March 31, 2020, Rs. 13.64 for March 31, 2019 and Rs. 11.18 for March 31, 2018.

The measurement of impaired credit for carrying amount of the above financial assets is ascertained using the expected credit loss model (ECL) approach. Credit risk is managed through continuously monitoring the creditworthiness of customers. The Company is considerate of the fact the majority of the collection is receivable from export customers with high credit worthiness or the government Companies where there are no significant risk of bad debts. The customers of the Company have a defined period for payment of receivables, hence the Company evaluates the concentration of risk with respect to trade receivables as low. The total amount receivable from top 2 customers is Rs. 487.82 for December 31, 2020, Rs. 410.04 for December 31, 2019, Rs. 430.27 for March 31, 2020, Rs. 450.16 for March 31, 2019 and Rs. 352.50 for March 31, 2018.

The cash and cash equivalent (excluding cash on hand), balance at bank other than cash and cash equivalent, non-current bank balances and interest accrued on bank deposits of Rs. 222.79 for December 31, 2020, Rs. 126.03 for December 31, 2019, Rs. 241.31 for March 31, 2020, Rs. 201.96 for March 31, 2019 and Rs. 93.88 for March 31, 2018 are held with banks having good credit rating.

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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

B Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments (including interest payments):

	Within 1 year	1 to 5 years	After 5 years	Total
December 31, 2020:				
Borrowings	600.91	71.70	-	672.61
Other financial liabilities	5.79	-	-	5.79
Trade payables	145.25	-	-	145.25
	751.95	71.70	-	823.65
December 31, 2019:				
Borrowings	159.96	-	-	159.96
Other financial liabilities	1.72	-	-	1.72
Trade payables	199.25	-	-	199.25
	360.93	-	-	360.93
March 31, 2020:				
Borrowings	291.33	-	-	291.33
Other financial liabilities	2.13	-	-	2.13
Trade payables	305.55	-	-	305.55
	599.01	-	-	599.01
March 31, 2019:				
Borrowings	287.31	-	-	287.31
Trade payables	59.80	-	-	59.80
	347.11	-	-	347.11
March 31, 2018:				
Borrowings	197.86	-	-	197.86
Trade payables	136.28	-	-	136.28
	334.14	-	-	334.14

The cash credit facility amounting to Rs. 544.07 for December 31, 2020, Rs. 106.70 for December 31, 2019, Rs. 122.46 for March 31, 2020, Rs. 158.71 for March 31, 2019 and Rs. 152.46 for March 31, 2018 is repayable on demand has been disclosed as within 1 year for the purpose of disclosure of liquidity risk of the Company.

C 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 two types of risk: interest rate risk and foreign currency risk

The sensitivity analyses in the following sections relate to the position as at December 31, 2020, December 31, 2019, March 31, 2020, March 31, 2019 and March 31, 2018.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk because of certain funds are borrowed at floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Company are principally denominated in rupees and US dollars with a mix of fixed and floating rates of interest. The Company has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

If interest rates had been 100 basis points (1%) higher / lower and all other variables were held constant, the Company's profit would decrease / increase by Rs. 1.09 for December 31, 2020, Rs. 0.90 for December 31, 2019, Rs. 1.39 for March 31, 2020, Rs. 1.41 for March 31, 2019 and Rs. 2.17 for March 31, 2018.

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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Foreign currency risk

The fluctuation in foreign currency exchange rates may have potential impact on the Restated Unconsolidated Ind AS Summary Statement of profits and losses. The risks primarily relate to fluctuations in US Dollar (USD) as against the functional currency of the Company. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

(a) Details of foreign currency risk from non-derivative financial instruments:

The period / year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under -

	Currency	As at December 31, 2020			As at December 31, 2019			As at March 31, 2020			As at March 31, 2019			As at March 31, 2018		
		Amount in foreign currency	Amount in Rs.	Conversion rate	Amount in foreign currency	Amount in Rs.	Conversion rate	Amount in foreign currency	Amount in Rs.	Conversion rate	Amount in foreign currency	Amount in Rs.	Conversion rate	Amount in foreign currency	Amount in Rs.	Conversion rate
Trade receivables	USD	6.06	442.68	73.05	5.28	376.31	71.27	5.08	382.65	75.39	4.83	332.96	68.89	3.56	231.54	65.04
Trade payables	USD	0.18	12.92	73.05	-	-	-	1.15	86.41	75.39	0.51	34.79	68.89	1.43	92.88	65.04
	GBP	0.00	0.02	98.85	-	-	-	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	USD	0.23	16.80	73.05	0.29	20.67	71.27	0.00	0.04	75.39	-	-	-	-	-	-
Export packing credit (Borrowings)	USD	-	-	-	-	-	-	2.24	168.87	75.39	-	-	-	-	-	-

(b) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Company's restated profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Change in exchange rate		Effect on restated profit before tax	
	Increase	Decrease	Increase	Decrease
December 31, 2020				
USD	1.00%	1.00%	4.47	(4.47)
December 31, 2019				
USD	1.00%	1.00%	3.95	(3.95)
March 31, 2020				
USD	1.00%	1.00%	1.27	(1.27)
March 31, 2019				
USD	1.00%	1.00%	2.98	(2.98)
March 31, 2018				
USD	1.00%	1.00%	1.39	(1.39)

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

35 The Company is closely monitoring the impact of COVID-19 pandemic on all aspects of it's business, including how it will impact its customers, employees, vendors and business partners. The Company based on the information available to date, both internal and external, considered the uncertainty relating to the COVID-19 pandemic in assessing its impact. Based on the current estimates, the Company expects to fully recover the carrying amount of assets and does not foresee any significant material adverse impact on its operations. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic condition.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

36 Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The entity manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the entity may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The entity monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The entity's policy is to keep the gearing ratio minimal. The entity includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing in the period / year presented.

No changes were made in the objectives, policies or processes for managing capital during the period ended December 31, 2020, December 31, 2019 and year ended March 31, 2020, March 31, 2019 and March 31, 2018.

	December 31, 2020	December 31, 2019	March 31, 2020	March 31, 2019	March 31, 2018
Borrowings	672.61	159.96	291.33	287.31	197.86
Less: Cash and cash equivalents	(110.20)	(21.87)	(135.44)	(107.67)	(90.68)
Net debt (A)	562.41	138.09	155.89	179.64	107.18
Equity (B)	2,456.22	2,392.57	2,250.77	2,349.82	2,055.24
Equity and Net debt (C)= (A)+(B)	3,018.63	2,530.66	2,406.66	2,529.46	2,162.42
Gearing ratio (A)/(C)	18.63%	5.46%	6.48%	7.10%	4.96%

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

37 Commitments and contingencies

a. Commitments

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	110.96	117.97	142.73	48.70	17.09

b. Contingent liabilities

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020	As at March 31, 2019	As at March 31, 2018
(i) Provident fund	-	-	-	9.04	9.04

The Assessing Officer issued demand notice of Rs. 9.04 for non-deduction of provident fund on allowance and house rent allowance from April 2015 to April 2017 on January 04, 2018. A prohibitory order for the recovery of the same was issued by department on January 22, 2018 pursuant to which Rs. 7.46 was deposited by the Company under protest. The Company has appealed to the Central Government Industrial Tribunal cum Labour Court at Hyderabad against such notice.
Subsequent to year ended March 31, 2019, the Company has created provision for the amounts paid under protest.

(ii) Claims against the Company not acknowledged as debts (excluding interest arrears) is amounting to Rs. 32.67 for December 31, 2020, Rs. 20.61 for December 31, 2019, Rs. 21.20 for March 31, 2020, Rs. 18.82 for March 31, 2019 and Rs. 16.44 for March 31, 2018.

(iii) Claims against the Company not acknowledged as debts (excluding interest arrears) is amounting to Rs. 22.67 for December 31, 2020, Rs. 20.61 for December 31, 2019, Rs. 21.20 for

(iv) The Company has not made certain filings with the Reserve Bank of India (RBI) as per the requirements of applicable foreign exchange related laws. The Company is in the process of taking corrective action to comply with the applicable foreign exchange laws. The management of the Company, based on its internal assessment and legal advice, believes that the impact of the above non-compliance will not be material to the Restated Ind AS Unconsolidated Summary Statements.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

38 Segment reporting

From the year ended March 31, 2020, the Company has changed its structure of information reported to Chief Operating Decision Maker (CODM) which has resulted into change in the composition of reportable segments. Accordingly, corresponding information for comparative years has been restated in the segment reporting.

The chief operating officer / chief executive officer of the Company takes decision in respect of allocation of resources and assesses the performance basis the report / information provided by functional heads and are thus considered to be Chief Operating Decision Maker.

Based on the Company's business model, manufacturing high precision and heavy equipment, components, machines have been considered as a single business segment for the purpose of making decision on allocation of resources and assessing its performance. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the financial statements. The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below.

The geographic information analyses the Company's revenues and non-current assets by the country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of the assets.

a) Revenue from from contracts with customers

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020	For the year ended March 31, 2019	For the year ended March 31, 2018
India	804.47	376.21	675.76	643.42	798.00
Outside India	937.71	1,108.70	1,408.82	1,133.95	784.27
	1,742.18	1,484.91	2,084.58	1,777.37	1,582.27

(b) The Company has entire non-current assets within India. Hence, separate figures have not been furnished.

(c) Customer contributing more than 10% of revenue

	No of customers	Amount
For the period ended December 31, 2020	2	1,261.34
For the period ended December 31, 2019	1	1,054.43
For the year ended March 31, 2020	2	1,573.44
For the year ended March 31, 2019	3	1,508.45
For the year ended March 31, 2018	2	1,220.40

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

39 Reconciliation of equity between Previous GAAP and Ind AS

The audited financial statements of the Company as at March 31, 2017 were prepared in accordance with accounting principles generally accepted in India including the accounting standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Previous GAAP"). The same has been converted into Ind AS to confirm with the accounting policies generally accepted in India including Indian Accounting Standards ("Ind AS") specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, while preparing first Ind AS financials of the Company for the year ended March 31, 2018. These converted Ind AS financials statements as at March 31, 2017 is used as opening balance as at April 01, 2017 for the purpose of Restated Ind AS Unconsolidated Summary Statements.

Reconciliation between Previous GAAP equity as at March 31, 2017 and Restated equity as per Restated Ind AS Unconsolidated Summary Statements as at April 01, 2017 is as follows:

Particulars	Note	As at April 01, 2017
Equity under Previous GAAP		1,937.75
Adjustments		
Property, plant and equipment	1	72.79
Deferred tax (net)	2	18.81
Others		(4.09)
Total Adjustments		87.51
Equity under Ind AS		2,025.26

Notes to first time adoption

1. Property, plant and equipment

Under the Previous GAAP, Property, plant and equipment (refer note 1 of Annexure VII), were carried at cost. Under Ind AS, the Company has opted for the policy to carry such Property, plant and equipment at fair value on the date of transition (April 01, 2016) as deemed cost. Accordingly, the Company has recognized fair value changes in Property, plant and equipment as on April 01, 2017.

2. Deferred tax (net)

a) Deferred tax liability is recognised on fair value changes in Property, plant and equipment on the date of transition.

b) Under previous GAAP, deferred tax asset in respect of carry forward of unused tax losses and unused tax credits was recognised on virtual certainty of recoverability of the same. Under Ind AS, deferred tax asset in respect of carry forward of unused tax losses and unused tax credits is recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Adoption of Ind AS has resulted in change in recognition and measurement of assets and liabilities, giving rise to origination or reversal of temporary differences, accordingly deferred tax is recognised in respect of those changes, wherever applicable.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

40 Material Regroupings

Appropriate regroupings have been made in the Restated Ind AS Unconsolidated Summary Statement of assets and liabilities and cash flow, wherever required, by reclassification of the corresponding items of assets, liabilities and cash flows.

I. For the year ended March 31, 2018.

A. Balance sheet as at March 31, 2018

	Note No.	As per audited financials	Regroupings	As per restated financials
Assets				
Non-current financial assets - Others	1	102.09	11.11	113.20
Non-current tax assets (net)	2	40.75	(17.98)	22.77
Deferred tax assets	3	73.95	(73.95)	-
Other non-current assets	4	0.29	37.88	38.17
Current financial assets - Others	5	3.31	44.03	47.34
Current tax assets (net)	6	25.40	(25.40)	-
Other current assets	1,4,5	141.23	(93.03)	48.20
Liabilities				
Deferred tax liabilities (net)	2,3,6	205.23	(117.34)	87.89

The below material regroupings have been made for appropriate presentation of restated financial statements.

Note 1

Security deposits of Rs. 11.11 regrouped from Other current assets to Non Current Financial assets-Others.

Note 2

MAT credit entitlement of Rs. 17.98 regrouped from Non-current tax assets (net) to Deferred tax liabilities (net).

Note 3

Deferred tax asset of Rs. 73.95 regrouped from Deferred tax assets to Deferred tax liabilities (net).

Note 4

Balance with statutory / government authorities of Rs. 37.88 regrouped from Other Current assets to Other non-current assets.

Note 5

Unbilled revenue of Rs. 44.03 regrouped from Other current assets to Current Financial assets-Others.

Note 6

MAT credit entitlement of Rs. 25.40 regrouped from Current tax assets (net) to Deferred tax liabilities (net).

B. Statement of Cash flow

Short term borrowings amounting to Rs. 197.86 which was presented as component of cash and cash equivalents is presented separately in financing activities in Restated Ind AS Unconsolidated Summary Statement of Cash Flow.

I. For the year ended March 31, 2020.

A. Balance Sheet & Statement of Cash flow

Deposits with original maturity less than three months' amounting to Rs. 85.37 has been inadvertently presented under 'Note 10 - Balances at bank other than cash and cash equivalents'. The same has been appropriately regrouped under 'Note 9 - Cash and cash equivalents' in Restated Ind AS Unconsolidated Summary Statement of assets and liabilities. Consequently in the Statement of Cash flow, the same has been appropriately regrouped from 'Investment in deposits (net)' under Cash flows from investing activities to 'Cash and cash equivalents' under 'Components of cash and cash equivalents'.

B. Statement of Profit and Loss

MAT credit utilisation of Rs. 20.36 has been inadvertently presented under Current tax. The same has been appropriately regrouped to Deferred tax in Restated Ind AS Unconsolidated Summary Statement of profits and losses.

The above regroupings shall not have any impact on equity balance as at March 31, 2018 & March 31, 2020 and profit for the year ended March 31, 2018 & March 31, 2020.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

41 Fair values

There are no significant financial assets and liabilities measured at fair value through profit or loss.

The fair value of the financial assets and liabilities measured at amortised cost approximates their carrying amounts as at the balance sheet date. (refer breakup of financial assets carried at fair value through profit or loss and breakup of financial liabilities carried at amortised cost)

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

42 Exceptional items

Profit on sale of land

During the year ended March 31, 2019, the Company has sold land on which Company made a profit of Rs. 12.94. The same has been treated as exceptional item.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

43 Subsequent events

No significant subsequent events have been observed till February 13, 2021 which may require any additional disclosure or an adjustment to the Restated Ind AS Unconsolidated Summary Statements.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Unconsolidated Summary Statements.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W / E300004

per Navneet Rai Kabra
Partner
Membership No. 102328

Place: Hyderabad
Date: February 15, 2021

for and on behalf of the Board of Directors
MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)

Parvat Srinivas Reddy
Managing Director
DIN: 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN: 06535717

Devesh Dhar Dwivedi
Chief Operating Officer

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Place: Hyderabad
Date: February 15, 2021

1. Corporate Information

MTAR Technologies Limited (formerly known as "MTAR Technologies Private Limited") ("MTAR" or "the Company") was a private limited company domiciled in India, and incorporated on November 11, 1999 under the provisions of the erstwhile Companies Act, 1956 replaced with Companies Act 2013 ("Act") w.e.f April 1, 2014 with its registered office at 18, Technocrats Industrial Estate, Balanagar, Hyderabad, Telangana, India 500037. The Company is engaged in the business of manufacturing high precision and heavy equipment, components, machines for sectors including nuclear, aerospace, defence, etc. The Company has become a Public Limited Company w.e.f. November 02, 2020 and consequently the name of the Company has changed from MTAR Technologies Private Limited to MTAR Technologies Limited.

2. Significant accounting policies

2.1 Basis of preparation

The Restated Ind AS Unconsolidated Summary Statements of assets and liabilities of the Company as at December 31, 2020, December 31, 2019 and as at March 31, 2020, March 31, 2019, March 31, 2018 and the related Restated Ind AS Unconsolidated Summary Statements of profits and losses, changes in equity and cash flow for the nine months ended December 31, 2020, December 31, 2019 and for each of the years ended March 31, 2020, March 31, 2019 and March 31, 2018, and accompanying annexures to financial statements (hereinafter collectively called "Restated Ind AS Unconsolidated Summary Statements") have been prepared specifically for inclusion in the Red Herring Prospectus ("RHP") to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed initial public offer of equity shares of face value of Rs. 10 each of the Company (the "Offering").

These Restated Ind AS Unconsolidated Summary Statements have been prepared to comply in all material respects with the requirements of

a) Sub-section (1) of Section 26 of Chapter III of the Act and
b) Relevant provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("the SEBI ICDR Regulations") issued by the Securities and Exchange Board of India ('SEBI') on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.
c) Guidance note on Reports in Company Prospectuses (Revised 2019) ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI").

The Restated Ind AS Unconsolidated Summary Statements has been compiled from:

a) audited interim unconsolidated financial statements of the Company as at and for the nine months ended December 31, 2020 and December 31, 2019 which have been prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting", specified under the Indian Accounting Standards 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 and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), which have been approved by the Board of Directors at their meeting held on February 15, 2021;

b) the audited unconsolidated financial statements of the Company as at and for the years ended March 31, 2020, March 31, 2019 and March 31, 2018 which have been 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 from time to time, other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable, which have been approved by the Board of Directors at their meeting held on September 08, 2020, July 09, 2019, and July 07, 2018 respectively;

The Restated Ind AS Unconsolidated Summary Statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and
- Defined benefits plan - plan assets measured at fair value

The Restated Ind AS Unconsolidated Summary Statements are presented in Indian Rupees "INR" or "Rs." and all values are stated as INR millions, except when otherwise indicated.

These notes provide a list of the significant accounting policies adopted in the preparation of these Restated Ind AS Unconsolidated Summary Statements. These policies have been consistently applied to all the years/ periods presented, unless otherwise stated.

The accompanying Restated Ind AS Unconsolidated Summary Statements was approved by the Board of directors on February 15, 2021.

2.2 Summary of significant accounting policies

a) Amended standards

Several amendments apply for the first time for the period ended December 31, 2020, but do not have significant impact on the Restated Ind AS Unconsolidated Summary Statements of the Company.

b) Current versus non-current classification

The Company presents assets and liabilities in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities based on current/ non-current classification. An asset is treated as current when it is:

► Expected to be realised or intended to be sold or consumed in normal operating cycle
► Held primarily for the purpose of trading
► Expected to be realised within twelve months after the reporting period, or
► Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
► It is expected to be settled in normal operating cycle
► It is held primarily for the purpose of trading
► It is due to be settled within twelve months after the reporting period, or
► There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c) Property, plant and equipment

Freehold land is measured at cost, net of tax / duty credit availed, net of accumulated impairment, if any. All items of property, plant and equipment are stated at cost, net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises of purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the items and restoring the site on which it located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses as incurred.

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/ under development net off accumulated impairment loss, if any, as at the balance sheet date. Directly attributable expenditure incurred on project under implementation are shown under CWIP. At the point when an asset is capable of operating in the manner intended by management, the capital work in progress is transferred to the appropriate category of property, plant and equipment.

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognised as capital advance.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, which is equal to the life prescribed under the Schedule II to the Companies Act, 2013.

The useful lives estimated by the management are given below:

Category of Asset	Estimated useful life (years)
Property, plant and equipment	
Buildings	30
Plant and machinery	15
Electrical equipment	5
Furniture and fixtures	10
Office equipment	5
Computers	3 / 6
Vehicles	8

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each period end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within “other (income) / expense, net” in the Restated Ind AS Unconsolidated Summary Statements of profits and losses.

d) Intangible assets

Costs relating to computer software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of three years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses when the asset is derecognised.

e) Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

i. Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

ii. Finished goods and Work-in-progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

f) Revenue

i. Revenue from contract with customers

Revenue from contracts with customer is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates. Amounts collected on behalf of third parties such as Goods and service Tax (GST), sales tax and value added tax (VAT) are excluded from revenue. Excise duty shown in Restated Ind AS Unconsolidated Summary Statements of profits and losses is the amount that is included in the Revenue from operations and not the entire amount of liability that arose during the year.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue is recognized at the point in time when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. The contracts that Company enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Contract Balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (j) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

ii. Export benefits

Export benefits are recognised where there is reasonable assurance that the benefit will be received and all attached conditions will be complied with. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

iii. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

g) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets / forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i) Foreign currency transactions

Items included in the Restated Ind AS Unconsolidated Summary Statements of Company are measured using currency of the primary economic environment in which the Company operates ("the functional currency"). The Restated Ind AS Unconsolidated Summary Statements are presented in Indian rupees (INR), which is the functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in INR at spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at INR spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (f) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

Debt instruments at amortised cost

Debt instruments at fair value through other comprehensive income (FVTOCI)

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 other income in the Restated Ind AS Unconsolidated Summary Statements of profits and losses. The losses arising from impairment are recognised in the profit or loss.

Debt instruments at FVTOCI
A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Restated Ind AS Unconsolidated Summary Statements of profits and losses. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Restated Ind AS Unconsolidated Summary Statements of profits and losses. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debts Instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Restated Ind AS Unconsolidated Summary Statements of profits and losses.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are carried in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities at fair value with net changes in fair value recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses when the right of payment has been established.

Equity instruments designated at fair value through OCI
Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading are classified as at FVTPL.
Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Restated Ind AS Unconsolidated Summary Statements of profits and losses when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Investment in subsidiary:
The Company has elected to recognize its investments in subsidiary at cost less impairment loss, if any in accordance with the option available in Ind AS 27, 'Separate Financial Statements'. Cost represents amount paid for acquisition of the said investments.
On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.
The details of such investment are given in Note 3 of Annexure VII. Refer to Annexure V in (g) Impairment of non-financial assets.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:
► The rights to receive cash flows from the asset have expired, or
► The Company has transferred its rights to receive cash flows from the asset 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. 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 Company could be required to repay. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets
The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition.

ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement
The measurement of financial liabilities is as described below:

Loans and borrowings
This is the category most relevant to the Company. After initial recognition, interest-bearing loans and 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 amortisation process. 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 Restated Ind AS Unconsolidated Summary Statements of profits and losses.

De-recognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the

derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses.

Reclassification of financial instruments
The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

k) Segment reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating officer / chief executive officer. The chief operating officer / chief executive officer is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

l) Fair value measurement
The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:
- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Restated Ind AS Unconsolidated Summary Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Restated Ind AS Unconsolidated Summary Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period / year.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.
This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.
- Disclosures for valuation methods, significant estimates and assumptions (note 33 in Annexure VII)
- Investment in unquoted equity shares (note 3 in Annexure VII)
- Financial instruments (including those carried at amortised cost) (note 3, 4, 5, 9, 10, 13, 15, 16 and 17 in Annexure VII)

m) Taxes

Current income tax

Current income tax assets and 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 substantively enacted, at the reporting date in India.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.
Deferred tax liabilities are recognised for all taxable temporary differences, except:
- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:
- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Minimum alternate tax (MAT) paid in a year is charged to the Restated Ind AS Unconsolidated Summary Statements of profits and losses as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the Restated Ind AS Unconsolidated Summary Statements of profits and losses and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses
Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:
- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities.

n) Retirement and other employee benefits
Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to Restated Ind AS Unconsolidated Summary Statements of profits and losses in subsequent periods.

Past service costs are recognised in Restated Ind AS Unconsolidated Summary Statements of profits and losses on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Restated Ind AS Unconsolidated Summary Statements of profits and losses:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Restated Ind AS Unconsolidated Summary Statement of profits and losses and are not deferred. The Company presents the leave as a current liability in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities, as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

o) Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Restated Ind AS Unconsolidated Summary Statements of profits and losses net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise the contingent liability but discloses its existence in the Restated Ind AS Unconsolidated Summary Statements.

p) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the period / year are adjusted for the effects of all dilutive potential equity shares.

q) Cash and Cash Equivalents

Cash and cash equivalent in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Company’s cash management.

r) Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. A corresponding amount is recognised directly in equity.

s) Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed as such in the Restated Ind AS Unconsolidated Summary Statements.

Auditors' Examination Report on the Restated Ind AS Consolidated Summary Statement of assets and liabilities as at December 31, 2020, December 31, 2019 and March 31, 2020 and the related Restated Ind AS Consolidated Summary Statement of profits and losses (including other comprehensive income), Restated Ind AS Consolidated Summary Statement of Consolidated Cash Flow and Restated Ind AS Consolidated Summary Statement of Changes in Equity, the Summary Statement of Significant Accounting Policies and other explanatory information for the nine months ended December 31, 2020 and December 31, 2019 and for the year ended March 31, 2020 of MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited) and its subsidiary (collectively, the "Restated Ind AS Consolidated Summary Statements")

To
The Board of Directors,
MTAR Technologies Limited
18, Technocrats Industrial Estate
Balanagar, Hyderabad, Telangana - 500034

Dear Sirs,

1. We, S.R. Batliboi & Associates LLP ("we", "us" or "SRBA") have examined the attached Restated Ind AS Consolidated Summary Statements of MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited) (the "Company") and its subsidiary (the Company and its subsidiary together referred to as the "Group") as at and for the nine months ended December 31, 2020 and December 31, 2019 and as at and for the year ended March 31, 2020, annexed to this report and prepared by the Company for the purpose of inclusion in the Offer documents in connection with the proposed initial public offer of equity shares of face value of Rs. 10 each of the Company (the "Offering"). The Restated Ind AS Consolidated Summary Statements, which have been approved by the Board of Directors of the Company, have been prepared in accordance with the requirements of:

   a) Section 26 of Part I of Chapter III of the Companies Act 2013 (the "Act");
   b) Relevant provisions of 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"), (the "Guidance Note").

Management's Responsibility for the Restated Ind AS Consolidated Summary Statements

2. The preparation of the Restated Ind AS Consolidated Summary Statements, which are to be included in the Offer documents is the responsibility of the management of the Company. The Restated Ind AS Consolidated Summary Statements have been prepared by the management of the Company on the basis of preparation stated in paragraph 2.1 of Annexure V to the Restated Ind AS Consolidated Summary Statements. The Management's responsibility includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Ind AS Consolidated Summary Statements. The Management is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and Guidance Note.

Auditors' Responsibilities

3. We have examined such Restated Ind AS Consolidated Summary Statements taking into consideration:

a) the terms of reference and terms of our engagement agreed with you vide our engagement letter dated November 05, 2020, requesting us to carry out the assignment, in connection with the proposed Offering of the Company;

b) the Guidance Note. The Guidance Note also requires that we comply with ethical requirements of the Code of Ethics issued by the ICAI;

c) concepts of test checks and materiality to obtain reasonable assurance based on the verification of evidence supporting the Restated Ind AS Consolidated Summary Statements; 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 Offering.

4. The Company proposes to make an initial public offer of equity shares of face value of Rs. 10 each of the Company at such premium arrived at by the book building process (referred to as the 'Offer'), as may be decided by the Company's Board of Directors.

Restated Ind AS Consolidated Summary Statements as per audited Ind AS consolidated financial statements

5. These Restated Ind AS Consolidated Summary Statements have been compiled by the management of the Company from

a) audited interim consolidated financial statements of the Group as at and for the nine months ended December 31, 2020 and December 31, 2019 which were prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting" 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 February 15, 2021; and

b) audited consolidated financial statements of the Group as at and for the year ended March 31, 2020 which were prepared in accordance with the Indian Accounting Standards 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 (referred to as "Ind AS"), which have been approved by the Board of Directors at their meeting held on September 08, 2020. The subsidiary company was incorporated on November 04, 2019 and accordingly financial period ended March 31, 2020 was the first period of consolidated financial statements.

6. For the purpose of our examination, we have relied on:

a) the auditors' reports issued by us dated February 15, 2021, February 15, 2021 and September 08, 2020, on the consolidated financial statements of the Group as at and for the nine months ended December 31, 2020 and December 31, 2019 and as at and for the year ended March 31, 2020, respectively, as referred in paragraph 5 above.

b) the auditors' reports dated February 15, 2021, February 15, 2021 and September 07, 2020, issued by the auditor of the subsidiary on the financial statements of the subsidiary as at and for the nine months ended December 31, 2020 and December 31, 2019 and as at and for the year ended March 31, 2020, respectively.

7. As indicated in our audit reports referred to in para 6a above, we did not audit the financial statements in respect of Magnatar Aero Systems Private Limited, a subsidiary, whose share of total assets, total revenues and net cash flows included in the Ind AS consolidated financial statements, as at and for the nine months ended December 31, 2020 and December 31, 2019 and as at and for the year ended March 31, 2020, which have been audited by other auditor 'M.V. Vijay Kumar & Co.', Chartered Accountants and whose reports have been furnished to us by the Company's management and our opinion on the Ind AS consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on the reports of the other auditor is as below:

(Rs. in million)

As at and for the period/year ended	Total assets	Total revenue	Net Cash Inflow / (Outflow)
December 31, 2020	0.10	Nil	Nil
December 31, 2019	0.10	Nil	0.10
March 31, 2020	0.15	Nil	0.10

The other auditor of the subsidiary as mentioned above, has examined the restated Ind AS financial information of the subsidiary and vide their examination report dated February 15, 2021 have confirmed that these statements:

a) have been prepared after incorporating adjustments for the changes in accounting policies retrospectively in the nine months ended December 31, 2019 and in the financial year ended March 31, 2020 to reflect the same accounting treatment as per the accounting policies as at and for the nine months ended December 31, 2020;
b) there are no qualifications in the auditors' reports of the subsidiary to be adjusted; and
c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

8. The audit report on the interim consolidated financial statements for the nine months ended December 31, 2019 has the following 'Other Matter' paragraph

   The corresponding financial information for the nine months period ended December 31, 2018 presented in the accompanying Interim Consolidated Ind AS Financial Statements is on unconsolidated basis, as explained in note 2 to the Consolidated Ind AS financial statements, and have not been subjected to an audit or independent review by a firm of chartered accountants and is based on management certified accounts.

9. Based on our examination and according to the information and explanations given to us and as per the reliance placed on the examination report submitted by the other auditor, we report that Restated Ind AS Consolidated Summary Statements:

   a) have been prepared after incorporating adjustments for the changes in accounting policies retrospectively in the nine months ended December 31, 2019 and in the financial year ended March 31, 2020 to reflect the same accounting treatment as per the accounting policies as at and for the nine months ended December 31, 2020;

   b) does not contain any qualifications requiring adjustments in the audited Ind AS consolidated financial statements of the Group as at and for the nine months ended December 31, 2020, December 31, 2019 and as at and for the year ended March 31, 2020; and

   c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

10. We have not audited any financial statements of the Group as of any date or for any period subsequent to December 31, 2020. Accordingly, we express no opinion on the financial position, results of operations, cash flows and statement of changes in equity of the Group as of any date or for any period subsequent to December 31, 2020

11. The Restated Ind AS Consolidated Summary Statements do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited financial statements mentioned in paragraph 5 above.

12. 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 other auditor, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

13. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

14. Our report is intended solely for use of the Board of Directors for inclusion in the Offer documents to be filed with Securities and Exchange Board of India, National Stock Exchange of India Limited and BSE Limited in connection with the proposed Offering. Our report should not be used, referred to, or distributed for any other purpose.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Navneet Rai Kabra
Partner
Membership No: 102328
UDIN: 21102328AAAABJ6822

Place: Hyderabad
Date: February 15, 2021

MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)
CIN: U72200TG1999PTC032836
Annexure I
Restated Ind AS Consolidated Summary Statement of assets and liabilities
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Annexure VII Note	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Assets				
Non-current assets				
Property, plant and equipment	1	1,550.26	1,576.98	1,549.61
Capital work-in-progress	1.1	188.63	100.78	117.39
Intangible assets	2	8.74	1.07	1.39
Financial assets				
Investments	3	0.10	0.10	0.10
Others	4	71.97	23.97	32.98
Non-current tax assets (net)	6	14.67	14.44	6.19
Other non-current assets	7	46.30	46.65	39.88
		1,880.67	1,763.99	1,747.54
Current assets				
Inventories	8	791.46	592.71	754.59
Financial assets				
Trade receivables	5	731.19	588.78	616.37
Cash and cash equivalents	9	110.31	21.97	135.54
Bank balances other than cash and cash equivalents	10	105.20	96.00	96.98
Others	4	28.07	16.88	16.66
Other current assets	7	172.17	191.60	95.05
		1,938.40	1,507.94	1,715.19
Total assets		3,819.07	3,271.93	3,462.73
Equity and Liabilities				
Equity				
Equity share capital	11	267.59	282.14	267.59
Other equity	12	2,188.51	2,110.43	1,983.18
Equity attributable to equity holders of the parent		2,456.10	2,392.57	2,250.77
Non-controlling interests		-		-
Total equity		2,456.10	2,392.57	2,250.77
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	13	71.70	-	-
Provisions	14	32.99	4.26	23.81
Deferred tax liabilities (net)	18	99.47	40.58	53.07
		204.16	44.84	76.88
Current liabilities				
Financial liabilities				
Borrowings	16	582.98	159.96	291.33
Trade payables	15			
- dues of micro enterprises and small enterprises		-	-	-
- dues of creditors other than micro enterprises and small enterprises		145.30	199.25	305.57
Other financial liabilities	17	23.72	1.72	2.13
Provisions	14	25.67	25.07	34.34
Current tax liabilities (net)	19	-	-	9.23
Other current liabilities	20	381.14	448.52	492.48
		1,158.81	834.52	1,135.08
Total equity and liabilities		3,819.07	3,271.93	3,462.73

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W / E300004

per Navneet Rai Kabra
Partner
Membership No. 102328

Place: Hyderabad
Date: February 15, 2021

For and on behalf of the Board of Directors of
MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)

Parvat Srinivas Reddy
Managing Director
DIN: 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN: 06535717

Devesh Dhar Dwivedi
Chief Operating Officer

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Place: Hyderabad
Date: February 15, 2021

MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)
CIN: U72200TG1999PTC032836
Annexure II
Restated Ind AS Consolidated Summary Statement of profits and losses
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	Annexure VII Note	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Income				
Revenue from operations	21	1,772.68	1,521.76	2,137.74
Other income	22	7.23	11.43	43.68
Total income (i)		1,779.91	1,533.19	2,181.42
Expenses				
Cost of materials consumed	23	748.07	638.54	872.55
Changes in inventories of work-in-progress	24	(64.10)	(133.34)	(150.88)
Employee benefits expense	25	374.37	377.16	516.26
Depreciation and amortisation expense	26	93.25	91.03	120.48
Finance costs	27	48.29	27.25	47.53
Other expenses	28	184.19	204.94	320.15
Total expenses (ii)		1,384.07	1,205.58	1,726.09
Restated profit before tax (I)		395.84	327.61	455.33
Tax expenses	29			
Current tax		70.94	56.57	78.11
Adjustment of tax relating to earlier period / year		-	1.44	1.44
Deferred tax charge		44.33	45.07	62.60
Total tax expense (II)		115.27	103.08	142.15
Restated profit for the period/year (III)=(I-II)		280.57	224.53	313.18
Other comprehensive income (OCI)				
OCI not to be reclassified to profit and loss in subsequent period/year:				
Re-measurement gains / (losses) on defined benefit plans		7.11	(16.52)	(33.82)
Income tax effect		(2.07)	4.81	9.85
Restated total other comprehensive income/(loss) for the period/year, net of tax (IV)		5.04	(11.71)	(23.97)
Restated total comprehensive income for the period/year (V)=(III+IV)		285.61	212.82	289.21
Profit for the period/year				
Attributed to:				
Equity holders of the Parent		280.57	224.53	313.18
Non-controlling interest		-	-	-
Comprehensive income/(loss) for the period/year				
Attributed to:				
Equity holders of the Parent		5.04	(11.71)	(23.97)
Non-controlling interest		-	-	-
Total comprehensive income for the period/year				
Attributed to:				
Equity holders of the Parent		285.61	212.82	289.21
Non-controlling interest		-	-	-
Restated earnings per share of Rs. 10 each fully paid up (not annualised for period ended December 31, 2020 and December 31, 2019):	30			
Basic and diluted, computed on the basis of restated profit attributable to equity holders of Parent Company		10.48	7.96	11.11

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W / E300004

per Navneet Rai Kabra
Partner
Membership No. 102328

For and on behalf of the Board of Directors of
MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)

Parvat Srinivas Reddy
Managing Director
DIN: 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN: 06535717

Devesh Dhar Dwivedi
Chief Operating Officer

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Place: Hyderabad
Date: February 15, 2021

Place: Hyderabad
Date: February 15, 2021

MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)
CIN: U72200TG1999PTC032836
Annexure III
Restated Ind AS Consolidated Summary Statement of changes in equity
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

a. Equity share capital

Equity shares of Rs. 10 each, issued, subscribed and fully paid	No. of shares	Amount
As at April 01, 2019	28,214,132	282.14
Add: Issued during the period		
As at December 31, 2019	28,214,132	282.14
As at April 01, 2019	28,214,132	282.14
Add: Issued during the year	-	-
Less: Equity shares bought back during the year (refer note 1 below)	(1,454,541)	(14.55)
As at March 31, 2020	26,759,591	267.59
Add: Issued during the period	-	-
As at December 31, 2020	26,759,591	267.59

b. Other equity

	Attributable to the equity holders of the Parent — Reserves and surplus				Non-controlling interests	Total
	Securities premium	Capital redemption reserve	Retained earnings	Total Other Equity		
As at April 01, 2019	1,315.43	-	752.25	2,067.68	-	2,067.68
Restated profit for the period	-	-	224.53	224.53	-	224.53
Restated total other comprehensive loss for the period	-	-	(11.71)	(11.71)	-	(11.71)
Equity dividend paid and tax thereon	-	-	(170.07)	(170.07)	-	(170.07)
As at December 31, 2019	1,315.43	-	795.00	2,110.43	-	2,110.43
As at April 01, 2019	1,315.43	-	752.25	2,067.68	-	2,067.68
Restated profit for the year	-	-	313.18	313.18	-	313.18
Restated total other comprehensive loss for the year	-	-	(23.97)	(23.97)	-	(23.97)
Equity dividend paid and tax thereon	-	-	(170.07)	(170.07)	-	(170.07)
Amount utilised towards buy back of equity shares (refer note 1 below)	(203.64)	-	-	(203.64)	-	(203.64)
Amount transferred on account of buy back of equity shares (refer note 1 below)	(14.55)	14.55	-	-	-	-
As at March 31, 2020	1,097.24	14.55	871.39	1,983.18	-	1,983.18
Restated profit for the period	-	-	280.57	280.57	-	280.57
Restated total other comprehensive income for the period	-	-	5.04	5.04	-	5.04
Equity dividend paid	-	-	(80.28)	(80.28)	-	(80.28)
As at December 31, 2020	1,097.24	14.55	1,076.72	2,188.51	-	2,188.51

Note 1: The Board of Directors at its meeting held on January 27, 2020, approved the buy back of 2,658,621 equity shares at a price of Rs. 123.21 per share for a total value of Rs. 327.56 being 9.42% of the paid-up equity share capital and free reserves of the Holding Company. Accordingly, during the year ended March 31, 2020, the Holding Company has bought back 1,454,541 equity shares at a price of Rs. 123.21 per share for an aggregate amount of Rs. 179.21. Further, the Holding Company has paid buy back tax of Rs. 38.98. The extinguishment of shares was completed in October 2020. The nominal value of equity shares bought back and extinguished amounting to Rs. 14.55 has been reduced from the paid up equity share capital and a corresponding amount has been transferred from securities premium to capital redemption reserve as per Section 69 of Companies Act 2013. The premium paid for buy-back amounting to Rs. 203.64 (including the buy back tax) has been appropriated from the securities premium.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W / E300004

per Navneet Rai Kabra
Partner
Membership No. 102328

Place: Hyderabad
Date: February 15, 2021

For and on behalf of the Board of Directors of
MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)

Parvat Srinivas Reddy
Managing Director
DIN: 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN: 06535717

Devesh Dhar Dwivedi
Chief Operating Officer

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Place: Hyderabad
Date: February 15, 2021

MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)
CIN: U72200TG1999PTC032836
Annexure IV
Restated Ind AS Consolidated Summary Statement of Cash Flow
(All amounts in Indian Rupees millions, except share data and where otherwise stated)

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
A. Cash flow from operating activities			
Restated profit before tax	395.84	327.61	455.33
Adjustments to reconcile restated profit before tax to net cash flows			
Depreciation and amortisation expense	93.25	91.03	120.48
Provision for doubtful receivable and advances	-	9.72	14.77
Bad debts written off	-	0.01	1.82
Finance costs	48.29	27.25	47.53
Liabilites no longer required written back	-	(2.77)	(4.26)
Unrealised exchange gain	(0.53)	(0.83)	(16.81)
Interest income	(7.23)	(6.52)	(9.96)
Operating profit before working capital changes	529.62	445.50	608.90
Movements in working capital:			
Increase in trade receivables	(116.53)	(84.62)	(90.06)
Increase in inventories	(36.87)	(182.00)	(343.88)
(Increase) / decrease in current and non current financial assets	(51.74)	123.22	115.26
Increase in other current and non current assets	(70.65)	(148.13)	(38.98)
Increase / (decrease) in trade payables	(164.77)	142.24	250.05
Increase / (decrease) in other current liabilities	(72.37)	119.72	122.88
Increase / (decrease) in provisions	7.62	(1.03)	10.49
Cash generated (used in)/from operations	24.31	414.90	634.66
Income tax paid (net of refunds)	(88.65)	(68.38)	(72.44)
Net cash flow (used in)/from operating activities (A)	(64.34)	346.52	562.22
B. Cash flows from investing activities			
Purchase of property, plant and equipment, including intangible assets, capital work in progress, capital creditors and capital advances	(163.15)	(105.11)	(119.22)
Investment in bank deposits (net)	(4.88)	(9.83)	(10.81)
Interest received	8.57	6.56	9.17
Net cash flow used in investing activities (B)	(159.46)	(108.39)	(120.87)
C. Cash flows from financing activities			
Dividend and dividend distribution tax paid	(80.28)	(170.07)	(170.07)
Share issue expenses paid	(23.58)	-	-
Amount paid on equity shares bought back and buy back tax (refer note 11(a)(i) in Annexure VII)	(38.98)	-	(179.21)
Proceeds from / (repayment of) short term borrowings (net)	293.86	(127.35)	(4.95)
Proceeds from long term borrowings, including current maturities	89.63	-	-
Finance costs paid	(42.11)	(27.25)	(59.26)
Net cash flows from/(used in) financing activities (C)	198.54	(324.67)	(413.49)
Net (decrease)/increase in cash and cash equivalents (A+B+C)	(25.26)	(86.54)	27.86
Effect of exchange differences on cash & cash equivalents held in foreign currency	0.03	0.83	-
Cash and cash equivalents at the beginning of the period / year	135.54	107.68	107.68
Cash and cash equivalents at the end of the period/year	110.31	21.97	135.54
Components of cash and cash equivalents			
Cash on hand	0.37	0.11	0.21
Balance with banks:			
Current accounts	22.02	21.86	1.00
Deposits with original maturity of less than three months	87.92	-	134.33
Total cash and cash equivalents (refer note 9 in Annexure VII)	110.31	21.97	135.54

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W / E300004

per Navneet Rai Kabra
Partner
Membership No. 102328

Place: Hyderabad
Date: February 15, 2021

For and on behalf of the Board of Directors of
MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)

Parvat Srinivas Reddy
Managing Director
DIN: 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN: 06535717

Devesh Dhar Dwivedi
Chief Operating Officer

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Place: Hyderabad
Date: February 15, 2021

1. Corporate Information

The Restated Ind AS Consolidated Summary Statements comprise financial statements of MTAR Technologies Limited, (formerly known as "MTAR Technologies Private Limited") ("MTAR" or "the Holding Company" or "the Company" or "the parent") and its subsidiary (collectively, the Group). The Company was a private limited company domiciled in India, and incorporated on November 11, 1999 under the provisions of the erstwhile Companies Act, 1956 replaced with Companies Act 2013 (the "Act") w.e.f. April 1, 2014 with its registered office at 18, Technocrats Industrial Estate, Balanagar, Hyderabad, Telangana, India 500037. The Company has become a Public Limited Company w.e.f. November 02, 2020 and consequently the name of the Company has changed from MTAR Technologies Private Limited to MTAR Technologies Limited.

The Group is engaged in the business of manufacturing high precision and heavy equipment, components, machines for sectors including nuclear, aerospace, defence, etc.

2. Significant accounting policies

2.1. Basis of preparation

The Restated Ind AS Consolidated Summary Statements of assets and liabilities of the Group as at December 31, 2020, December 31, 2019 and March 31, 2020 and the related Restated Ind AS Consolidated Summary Statements of profits and losses, changes in equity and cash flow for the nine months ended December 31, 2020, December 31, 2019 and for the year ended March 31, 2020 and accompanying annexures to financial statements (hereinafter collectively called "Restated Ind AS Consolidated Summary Statements") have been prepared specifically for inclusion in the Red Herring Prospectus ("RHP") to be filed by the Holding Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed initial public offer of equity shares of Rs. 10 each of the Holding Company (the "Offering").

These Restated Ind AS Consolidated Summary Statements have been prepared to comply in all material respects with the requirements of:

a) Sub-section (1) of Section 26 of Chapter III of the Act;
b) Relevant provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("the SEBI ICDR Regulations") issued by the Securities and Exchange Board of India ('SEBI') on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992 and
c) Guidance note on Reports in Company Prospectuses (Revised 2019) ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI").

The Restated Ind AS Consolidated Summary Statements has been compiled from:

a) audited interim consolidated financial statements of the Group as at and for the nine months ended December 31, 2020 and December 31, 2019 which have been prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting", specified under the Indian Accounting Standards 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 and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III) which have been approved by the Board of Directors at their meeting held on February 15, 2021; and

b) the audited consolidated financial statements of the Group as at and for the year ended March 31, 2020 which have been 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 from time to time, other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable, which have been approved by the Board of Directors at their meeting held on September 08, 2020.

The Restated Ind AS Consolidated Summary Statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and
- Defined benefits plan - plan assets measured at fair value

The Restated Ind AS Consolidated Summary Statements are presented in Indian Rupees "INR" or "Rs." and all values are stated as INR millions, except when otherwise indicated.

These notes provide a list of the significant accounting policies adopted in the preparation of these Restated Ind AS Consolidated Summary Statements. These policies have been consistently applied to all the year / period presented, unless otherwise stated.

The accompanying Restated Ind AS Consolidated Summary Statements was approved by the Board of directors on February 15, 2021.

2.2 Basis of consolidation

The Restated Ind AS Consolidated Summary Statements comprise the financial statements of the Company and its subsidiary as at December 31, 2020, December 31, 2019 and March 31, 2020.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Interim consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of subsidiary used for the purpose of consolidation are drawn up to same reporting date as that of the parent company. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure

1. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiary.

2. Eliminate the carrying amount of the Holding Company's investment in subsidiary and the Holding Company's portion of equity of subsidiary.

3. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Interim consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

4. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

2.3 Summary of significant accounting policies

a) Amended standards

Several amendments apply for the first time for the nine months ended December 31, 2020, but do not have significant impact on the Restated Ind AS Consolidated Summary Statements of the Group.

b) Current versus non-current classification

The Group presents assets and liabilities in the Restated Ind AS Consolidated Summary Statements of assets and liabilities based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

c) Property, plant and equipment

Freehold land is carried at cost, net of tax / duty credit availed, net of accumulated impairment, if any. All other items of property, plant and equipment are stated at cost, net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses as incurred.

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation / under development, net off accumulated impairment loss, if any, as at the balance sheet date.

Directly attributable expenditure incurred on project under implementation are shown under CWIP. At the point when an asset is capable of operating in the manner intended by management, the capital work in progress is transferred to the appropriate category of property, plant and equipment.

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognised as capital advance.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, which is equal to the life prescribed under the Schedule II to the Companies Act, 2013.

The useful lives estimated by the management are given below:

Category of Asset	Estimated useful life (years)
Property, plant and equipment	
Buildings	30
Plant and machinery	15
Electrical equipment	5
Furniture and fixtures	10
Office equipment	5
Computers	3/ 6 years
Vehicles	8

The residual value, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within “other (income)/expense, net” in the Restated Ind AS Consolidated Summary Statements of profits and losses.

d) Intangible assets

Costs relating to computer software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of three years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses when the asset is derecognised.

e) Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

(i) Raw materials: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

(ii) Finished goods and Work-in-progress: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

f) Revenue

(i) Revenue from contract with customers

Revenue from contracts with customer is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Goods and service Tax (GST) is not received by the Group on its own account. It is a tax collected on value added to the commodity by the Group on behalf of the government. Accordingly, it has been excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue is recognized at the point in time when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. The contracts that Group enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Contract Balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (k) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(ii) Export benefits

Export benefits are recognised where there is reasonable assurance that the benefit will be received and all attached conditions will be complied with. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

(iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

g) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets / forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Group operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i) Foreign currency transactions

Items included in the Restated Ind AS Consolidated Summary Statements of Group are measured using currency of the primary economic environment in which the Group operates ("the functional currency"). The Restated Ind AS Consolidated Summary Statements are presented in Indian rupees (INR), which is the functional currency of the Group.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group in INR at spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at INR spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (f) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 other income in the Restated Ind AS Consolidated Summary Statements of profits and losses. The losses arising from impairment are recognised in the profit or loss.

Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Restated Ind AS Consolidated Summary Statements of profits and losses. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debts Instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Restated Ind AS Consolidated Summary Statements of profits and losses

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the Restated Ind AS Consolidated Summary Statements of Assets and Liabilites at fair value with net changes in fair value recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses when the right of payment has been established.

Equity instruments designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Restated Ind AS Consolidated Summary Statements of profits and losses when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its 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 has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 continues to recognise the transferred asset to the extent of the Group's continuing involvement. 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 could be required to repay. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition.

ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities is as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and 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 amortisation process. 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 Restated Ind AS Consolidated Summary Statements of profits and losses.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses.

Reclassification of financial instruments

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Restated Ind AS Consolidated Summary Statements of Assets and Liabilites if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

k) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating officer / chief executive officer. The chief operating officer / chief executive officer is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

l) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Restated Ind AS Consolidated Summary Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Restated Ind AS Consolidated Summary Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (notes 34 and 35 in Annexure VII)
- Investment in unquoted equity shares (note 3 in Annexure VII)
- Financial instruments (including those carried at amortised cost) (notes 4, 5, 9, 10, 13, 15,16, 17 in Annexure VII)

m) Taxes

Current income tax

Current income tax assets and 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 substantively enacted, at the reporting date in India.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Minimum alternate tax (MAT) paid in a year is charged to the Restated Ind AS Consolidated Summary Statements of profits and losses as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which

MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the Restated Ind AS Consolidated Summary Statements of profits and losses and shown as part of deferred tax asset. The Group reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Restated Ind AS Consolidated Summary Statements of Assets and Liabilities.

n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Restated Ind AS Consolidated Summary Statements of Assets and Liabilities with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to Restated Ind AS Consolidated Summary Statements of profits and losses in subsequent periods.

Past service costs are recognised in statement of profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Restated Ind AS Consolidated summary statement of profits and losses and are not deferred. The Group presents the leave as a current liability in the Restated Ind AS Consolidated Summary Statements of Assets and Liabilities, as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

o) Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Restated Ind AS Consolidated Summary Statements of profits and losses net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise the contingent liability but discloses its existence in the Restated Ind AS Consolidated Summary Statements.

p) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the period / year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Holding Company and the weighted average number of shares outstanding during the period / year are adjusted for the effects of all dilutive potential equity shares.

q) Cash and Cash Equivalents

Cash and cash equivalent in the Restated Ind AS Consolidated Summary Statements of Assets and Liabilities comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Group's cash management.

r) Cash dividend to equity holders of the Parent

The Group recognises a liability to make cash distributions to equity holders of the Parent when the distribution is authorised, and the distribution is no longer at the discretion of the Group. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and Interim dividends are recorded as a liability on the date of declaration by the Parent's Board of Directors. A corresponding amount is recognised directly in equity.

s) Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed as such in the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Part A: Statement of Restatement Adjustments to Audited Consolidated Financial Statements

Reconciliation between audited profit and restated profit

Particulars	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Audited total comprehensive income	285.61	212.82	289.21
Impact of adjustments due to change in accounting policy	-	-	-
Restated total comprehensive income	285.61	212.82	289.21

Reconciliation between audited equity and restated equity

Particulars	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
A. Audited equity	2,456.10	2,392.57	2,250.77
B. Material restated adjustments			
(i) Audit qualifications	-	-	-
(ii) Other material adjustments			
Change in accounting policies	-	-	-
Other adjustment	-	-	-
C. Total equity as per Restated Ind AS Consolidated Summary Statement of assets and liabilities	2,456.10	2,392.57	2,250.77

Part B: Non adjusting items

There are no audit qualifications for the respective period / year, which require any adjustments / disclosure in the Restated Ind AS Consolidated Summary Statements.

Part C: Material regrouping

Appropriate regroupings have been made in the Restated Ind AS Consolidated Summary Statement of assets and liabilities, profits and losses and cash flow, wherever required, by reclassification of the corresponding items of income, expenses, assets, liabilities and cash flows, in order to bring them in line with the accounting policies and classification as per the Ind AS Consolidated financial information of the Group for the period ended December 31, 2020 prepared in accordance with Schedule III of the Act, requirements of Ind AS 1 - 'Presentation of financial statements' and other applicable Ind AS principles and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations, 2018, as amended.
Refer note 40 in Annexure VII for further details.

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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

1 Property, plant and equipment

	Freehold land	Buildings	Plant and machinery	Electrical equipment	Furniture and fixtures	Office equipment	Computers	Vehicles	Total
Gross carrying amount									
As at April 01, 2019	467.14	292.16	1,133.38	17.48	17.37	5.77	16.20	6.13	1,955.63
Additions during the period	-	0.36	43.45	-	0.35	0.41	1.84	0.66	47.07
Disposals during the period	-	-	-	-	-	-	-	-	-
As at December 31, 2019	467.14	292.52	1,176.83	17.48	17.72	6.18	18.04	6.79	2,002.70
As at April 01, 2019	467.14	292.16	1,133.38	17.48	17.37	5.77	16.20	6.13	1,955.63
Additions during the year	-	0.36	44.51	-	0.46	0.57	2.39	0.66	48.95
Disposals during the year	-	-	-	-	-	-	-	-	-
As at March 31, 2020	467.14	292.52	1,177.89	17.48	17.83	6.34	18.59	6.79	2,004.58
Additions during the period	-	3.20	81.49	-	0.41	0.42	6.94	-	92.46
Disposals during the period	-	-	-	-	-	-	-	-	-
As at December 31, 2020	467.14	295.72	1,259.38	17.48	18.24	6.76	25.53	6.79	2,097.04
Accumulated depreciation									
As at April 01, 2019	-	34.43	250.69	16.61	11.33	5.46	14.31	2.35	335.18
Charge for the period	-	9.03	79.17	-	1.26	0.03	0.62	0.43	90.54
Disposals for the period	-	-	-	-	-	-	-	-	-
As at December 31, 2019	-	43.46	329.86	16.61	12.59	5.49	14.93	2.78	425.72
As at April 01, 2019	-	34.43	250.69	16.61	11.33	5.46	14.31	2.35	335.18
Charge for the year	-	11.94	104.67	-	1.67	0.07	0.86	0.58	119.79
Disposals for the year	-	-	-	-	-	-	-	-	-
As at March 31, 2020	-	46.37	355.36	16.61	13.00	5.53	15.17	2.93	454.97
Charge for the period	-	9.05	79.58	-	1.29	0.12	1.30	0.47	91.81
Disposals for the period	-	-	-	-	-	-	-	-	-
As at December 31, 2020	-	55.42	434.94	16.61	14.29	5.65	16.47	3.40	546.78
Net carrying value									
As at December 31, 2020	467.14	240.30	824.44	0.87	3.95	1.11	9.06	3.39	1,550.26
As at March 31, 2020	467.14	246.15	822.53	0.87	4.83	0.81	3.42	3.86	1,549.61
As at December 31, 2019	467.14	249.06	846.97	0.87	5.13	0.69	3.11	4.01	1,576.98

Certain land and buildings are subject to a first charge to secure the Holding Company's bank loans. (Refer note 13 and 16 in Annexure VII)

1.1 Capital work in progress

	Amount
As at April 01, 2019	56.17
Add: Additions (subsequent expenditure)	52.62
Less: Amount written off/adjustment	(8.01)
As at December 31, 2019	100.78
As at April 01, 2019	56.17
Add: Additions (subsequent expenditure)	73.76
Less: Amount written off/adjustment	(11.62)
Less: Capitalised during the year	(0.92)
As at March 31, 2020	117.39
Add: Additions (subsequent expenditure)	98.47
Less: Amount written off/adjustment	(0.10)
Capitalised during the period	(27.13)
As at December 31, 2020	188.63

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

2 Intangible assets

	Software	Total
Gross carrying amount		
As at April 01, 2019	22.67	22.67
Additions during the period	0.13	0.13
Disposals during the period	-	-
As at December 31, 2019	22.80	22.80
As at April 01, 2019	22.67	22.67
Additions during the year	0.65	0.65
Disposals during the year	-	-
As at March 31, 2020	23.32	23.32
Additions during the period	8.79	8.79
Disposals during the period	-	-
As at December 31, 2020	32.11	32.11
Accumulated amortisation		
As at April 01, 2019	21.24	21.24
Charge for the period	0.49	0.49
Disposals for the period	-	-
As at December 31, 2019	21.73	21.73
As at April 01, 2019	21.24	21.24
Charge for the year	0.69	0.69
Disposals for the year	-	-
As at March 31, 2020	21.93	21.93
Charge for the period	1.44	1.44
Disposals for the period	-	-
As at December 31, 2020	23.37	23.37
Net carrying value		
As at December 31, 2020	8.74	8.74
As at March 31, 2020	1.39	1.39
As at December 31, 2019	1.07	1.07

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

3 Investments

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Non-current			
Unquoted equity shares			
Samuha Engineering Industries Limited	0.10	0.10	0.10
[10,000 (December 31, 2019: 10,000 and March 31, 2020: 10,000) equity shares of par value Rs. 10 each fully paid]			
	0.10	0.10	0.10
Aggregate amount of unquoted investments - in others	0.10	0.10	0.10

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

4 Financial assets - others

	Non-current		
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
(Unsecured, considered good)			
Retention money	51.11	5.46	13.92
Security deposits	15.64	13.51	13.88
Non-current bank balances (refer note 10 in Annexure VII)	5.00	5.00	5.00
Interest accrued on bank deposits	0.22	-	0.18
	71.97	23.97	32.98

	Current		
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
(Unsecured, considered good)			
Interest accrued on bank deposits	2.54	3.27	3.92
Contract asset - unbilled revenue	15.15	12.43	12.43
Loans and advances to employees	1.33	1.18	0.31
Retention money	9.05	-	-
	28.07	16.88	16.66

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

5 Trade receivables

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Trade receivables	731.19	588.78	616.37
	731.19	588.78	616.37
Breakup for security details			
Considered good, unsecured	731.19	588.78	616.37
Credit impaired	-	-	1.81
Less: allowance for credit losses	-	-	(1.81)
	731.19	588.78	616.37

Movement in expected credit loss during the period/year ended are as follows:

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Balance at the beginning of the period / year	1.81	-	-
Provision made during the period / year	-	-	1.81
Bad debts written off against opening provision during the period / year	(1.81)	-	-
Balance at the end of the period/year	-	-	1.81

No trade or other receivable are due from directors or other officers of the Group either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

The Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

6 Non-current tax assets (net)

	Non-current		
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Advance income tax and tax deducted at source (net)	14.67	14.44	6.19
	14.67	14.44	6.19

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities.
The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

7 Other assets

	Non-current		
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
(Unsecured, considered good)			
Prepaid expenses	11.05	15.50	14.32
Advance for capital goods	9.72	23.52	16.61
Balances recoverable from government authorities	25.53	7.63	8.95
	46.30	46.65	39.88
(Unsecured, considered doubtful)			
Balances recoverable from government authorities	12.97	9.72	12.97
Less: provision for doubtful debts	(12.97)	(9.72)	(12.97)
	-	-	-
	46.30	46.65	39.88

Movement in provision for doubtful debt during the period/year ended are as follows:

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Balance at the beginning of the period / year	12.97	-	-
Provision made during the period / year	-	9.72	12.97
Balance at the end of the period/year	12.97	9.72	12.97

	Current		
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
(Unsecured, considered good)			
Advance to suppliers	69.79	140.83	34.28
Prepaid expenses	19.93	20.58	26.03
Export incentives receivable	28.18	25.49	21.70
Balances recoverable from government authorities	26.19	4.70	13.04
Share issue expenses *	28.08	-	-
	172.17	191.60	95.05

* The Holding Company has incurred share issue expenses in connection with proposed public offer of equity shares of which Rs. 28.08 for December 31, 2020, Rs. Nil for December 31, 2019 and Rs. Nil for March 31, 2020 is paid to the statutory auditor, Lawyers and others. In accordance with the Companies Act 2013 ("the Act") and also as per the Offer Agreement entered between the Holding Company and the selling shareholders, the selling shareholders shall reimburse the share issue expenses in proportion to the respective shares offered for sale. Accordingly, the Holding Company will partly recover the expenses incurred in connection with the Issue on completion of Initial Public Offer (IPO). The Holding Company's share of expenses shall be adjusted against securities premium to the extent permissible under Section 52 of the Act on successful completion of IPO. The entire amount has been carried forward and disclosed under this head (to the extent of not written off or adjusted). The amount which is receivable from the selling shareholders is not disclosed separately as the amount is not determinable at this stage pending completion of the IPO.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

8 Inventories (at lower of cost and net realisable value)

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Raw materials [(1)]	370.14	253.03	397.37
Work-in-progress	421.32	339.68	357.22
	791.46	592.71	754.59
[(1)] Raw materials includes -			
Goods in transit	56.87	-	84.18

Write down of inventories to net realisable value amounted to Rs. 15.64 for December 31, 2020, Rs. 12.29 for December 31, 2019 and Rs. 21.52 for March 31, 2020. These were recognised as an expense and included in 'Cost of materials consumed' and 'Changes in inventories of work-in-progress'.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

9 Cash and cash equivalents

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Cash on hand	0.37	0.11	0.21
Balances with banks			
On current accounts	22.02	21.86	1.00
Deposits with original maturity of less than three months	87.92	-	134.33
	110.31	21.97	135.54

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

10 Balances at bank other than cash and cash equivalents

	Current		
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Earmarked Balance with Bank on Dividend account*	3.34	-	-
Margin money deposits**			
Deposits with original maturity for more than three months but remaining maturity of less than twelve months	101.86	96.00	96.98
Deposits with remaining maturity of more than twelve months	5.00	5.00	5.00
Less: Amount clubbed under non current financial assets-Others (refer note 4 in Annexure VII)	(5.00)	(5.00)	(5.00)
	105.20	96.00	96.98

* Can be utilised only for payment of dividend

**Margin money deposits represent security held by bank for the bank guarantees of Rs. 838.00 for December 31, 2020, Rs. 822.79 for December 31, 2019 and Rs. 814.76 for March 31, 2020 issued by the bankers on behalf of the Group.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

Breakup of financial assets carried at fair value through profit or loss:

Carrying amount	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Investments in unquoted equity shares - others	0.10	0.10	0.10
Total financial assets carried at fair value through profit or loss	0.10	0.10	0.10

Fair Value	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Investments in unquoted equity shares - others	0.10	0.10	0.10
Total financial assets carried at fair value through profit or loss	0.10	0.10	0.10

Breakup of financial assets carried at amortised cost:

Carrying amount	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Trade receivables	731.19	588.78	616.37
Cash and cash equivalents	110.31	21.97	135.54
Balances at bank other than cash and cash equivalents	105.20	96.00	96.98
Retention money	60.16	5.46	13.92
Contract asset - unbilled revenue	15.15	12.43	12.43
Security deposits	15.64	13.51	13.88
Non-current bank balances	5.00	5.00	5.00
Interest accrued on bank deposits	2.76	3.27	4.10
Loans and advances to employees	1.33	1.18	0.31
Total financial assets carried at amortised cost	1,046.74	747.60	898.53

Fair Value	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Trade receivables	731.19	588.78	616.37
Cash and cash equivalents	110.31	21.97	135.54
Balances at bank other than cash and cash equivalents	105.20	96.00	96.98
Retention money	60.16	5.46	13.92
Contract asset - unbilled revenue	15.15	12.43	12.43
Security deposits	15.64	13.51	13.88
Non-current bank balances	5.00	5.00	5.00
Interest accrued on bank deposits	2.76	3.27	4.10
Loans and advances to employees	1.33	1.18	0.31
Total financial assets carried at amortised cost	1,046.74	747.60	898.53

The management assessed that cash and cash equivalents and trade receivables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
For financial assets that are measured at fair value, the carrying amounts are equal to the fair values. The fair value of security deposits and other non-current financial were calculated based on cash flows discounted using current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

11 Equity share capital

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Authorised share capital			
66,000,000 (December 31, 2019: 66,000,000 and March 31, 2020: 66,000,000) equity shares of Rs. 10 each	660.00	660.00	660.00
Issued, subscribed and fully paid up shares			
26,759,591 (December 31, 2019: 28,214,132 and March 31, 2020: 26,759,591) equity shares of Rs. 10 each	267.59	282.14	267.59

(a) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period/ year

Equity shares	As at December 31, 2020		As at December 31, 2019		As at March 31, 2020	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
At the beginning of the period / year	26,759,591	267.59	28,214,132	282.14	28,214,132	282.14
Add: Issued during the period / year	-	-	-	-	-	-
Less: Shares bought back during the period / year (refer note below)	-	-	-	-	(1,454,541)	(14.55)
At the end of the period / year	26,759,591	267.59	28,214,132	282.14	26,759,591	267.59

(i) The Board of Directors of the Holding Company at its meeting held on January 27, 2020, approved the buy back of 2,658,621 equity shares at a price of Rs. 123.21 per share for a total value of Rs. 327.56 being 9.42% of the paid-up equity share capital and free reserves of the Holding Company. Accordingly, during the year ended March 31, 2020, the Holding Company has bought back 1,454,541 equity shares at a price of Rs. 123.21 per share for an aggregate amount of Rs. 179.21. Further, the Holding Company has paid buy back tax of Rs. 38.98. The extinguishment of shares was completed in October 2020. The nominal value of equity shares bought back and extinguished amounting to Rs. 14.55 has been reduced from the paid up equity share capital and a corresponding amount has been transferred from securities premium to capital redemption reserve as per Section 69 of Companies Act 2013. The premium paid for buy-back amounting to Rs. 203.64 (including the buy back tax) has been appropriated from the securities premium.

(b) Rights, preferences and restrictions attached to shares

The Holding Company has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors of the Holding Company is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shareholders holding more than 5% shares in the Holding Company

Name of the shareholder	As at December 31, 2020		As at December 31, 2019		As at March 31, 2020	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
(i) Fabmohur Advisors LLP	8,371,040	31.28%	8,371,040	29.67%	8,371,040	31.28%
(ii) Vamshidhar Reddy Kallem	2,091,483	7.82%	2,091,483	7.41%	2,091,483	7.82%
(iii) K. Shalini	2,316,483	8.66%	2,091,483	7.41%	2,091,483	7.82%
(iv) Parvat Srinivas Reddy	1,692,903	6.33%	1,692,903	6.00%	1,692,903	6.33%
(v) Leelavathi Parvatha Reddy **	2,168,712	8.10%				
(vi) P. Jayaprakash Reddy*			2,658,549 #	9.42%		

* The Holding Company has bought back 1,454,541 equity shares of Rs. 10 each during the year ended March 31, 2020. Post buy back, share holding of P. Jayaprakash Reddy is below 5%, hence not disclosed in above table in subsequent period / year.

** Certain shares have been transfereed to Leelavathi Parvatha Reddy during the period ended December 31, 2020 which resulted in increase in share holding to more than 5%. The share holding for previous period is less than 5% and hence not disclosed in above table for previous period / year.

The above includes 1,204,008 equity shares currently held in the demat account of late P. Girija, demised on July 29, 2019 wife of P. Jayaprakash Reddy.
P. Jayaprakash Reddy, along with certain others, has filed an application in November 2020 for the transmission of such equity shares in his name, which is currently pending.

As per records of the Holding Company, including its register of shareholders / members, the above shareholding represents both legal and beneficial ownership of shares.

(d) Aggregate number of equity shares issued as bonus, shares issued for consideration other than cash and shares bought back (during 5 years immediately preceeding December 31, 2020):
(i) There are no equity shares issued as bonus and shares issued for consideration other than cash, during 5 years immediately preceeding December 31, 2020.

(ii) Aggregate number of shares bought back (during 5 years immediately preceeding December 31, 2020):

Particulars	December 31, 2020	December 31, 2019	March 31, 2020
Equity shares of Rs. 10 each	-	-	1,454,541

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

12 Other equity

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Securities premium			
Balance at the beginning of the period / year	1,097.24	1,315.43	1,315.43
Less: Amount utilized towards buy back of equity shares (refer note 11(a)(i) in Annexure VII)	-	-	(203.64)
Less: Transferred to capital redemption reserve (refer note 11(a)(i) in Annexure VII)	-	-	(14.55)
Balance at the end of the period / year	1,097.24	1,315.43	1,097.24
Capital redemption reserve			
Balance at the beginning of the period / year	14.55	-	-
Add: Transferred from securities premium on buy back of equity shares (refer note 11(a)(i) in Annexure VII)	-	-	14.55
Balance at the end of the period / year	14.55	-	14.55
Retained earnings			
Balance at the beginning of the period / year	871.39	752.25	752.25
Add: Restated profit for the period / year	280.57	224.53	313.18
Add: Restated total other comprehensive gain / (loss) for the period / year, net of tax	5.04	(11.71)	(23.97)
Less: Equity dividend (@ Rs. 3 per share for December 31, 2020, Rs. 5 per share for December 31, 2019 and Rs. 5 per share for March 31, 2020)	(80.28)	(141.07)	(141.07)
Less: Tax on equity dividend	-	(29.00)	(29.00)
Balance at the end of the period / year	1,076.72	795.00	871.39
	2,188.51	2,110.43	1,983.18

Nature and purpose of reserves

Securities premium

Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes such as issuance of bonus shares in accordance with the provisions of the Companies Act, 2013.

Capital redemption reserve

Capital redemption reserve represents the amount of profits transferred from securities premium for the buy back of equity shares. The reserve can be utilised only for limited purposes in accordance with the provisions of the Companies Act, 2013.

Retained earnings

Retained earnings are the profits that the Group has earned till date, less dividends or other distributions paid to shareholders. Retained earnings includes re-measurement gains / (losses) on defined benefit plans, net of taxes that will not be reclassified to Restated Ind AS Consolidated Summary Statement of profits and losses. Retained earnings is a free reserve available to the Company and eligible for distribution to shareholders.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

13 Borrowings

	Non-current		
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Secured bank loans			
Long-term loan	71.70	-	-
Current maturities of long-term loans	17.93	-	-
	89.63	-	-
Less: Amount clubbed under "other financial liabilities" (refer note 17 in Annexure VII)	(17.93)	-	-
	71.70	-	-

The Long-term loan including current maturities of Rs. 89.63 (sanctioned amount Rs. 250.00) from a bank is secured against all property, plant and equipments purchased by utilising the term loan fund. Further the borrowing is secured by first charge on the certain land and building of the Holding Company and extension of charge on inventories, trade receivables, and all other charges on current assets of the present and future current assets of the Holding Company. Interest will be charged @2.25% over 1 year MCLR. The loan is repayable in 20 equal quarterly instalment of Rs. 4.48 + interest after a moratorium of 6 months.

The reconciliation between the opening and the closing balances for liabilities arising from financing activities (borrowings, including current maturities) is as follows:

	Opening Balance	Proceeds/(repayment) (net)	Forex loss/(gain)	Closing Balance
For the period ended December 31, 2020	-	89.63	-	89.63
For the period ended December 31, 2019	-	-	-	-
For the year ended March 31, 2020	-	-	-	-

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

14 Provisions

	Non-current		
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Provision for employee benefits			
- Gratuity (refer note 31 in Annexure VII)	32.99	4.26	23.81
	32.99	4.26	23.81

	Current		
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Provision for employee benefits			
- Gratuity (refer note 31 in Annexure VII)	11.39	10.61	13.34
- Compensatory absences	14.28	14.46	21.00
	25.67	25.07	34.34

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

15 Trade payables

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Dues of micro enterprises and small enterprises	-	-	-
Dues of creditors other than micro enterprises and small enterprises	145.30	199.25	305.57
	145.30	199.25	305.57

Note: The Group has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 ("MSMED act") and hence disclosures relating to amounts unpaid as at the end of reporting period together with interest paid / payable as required under the MSMED act are not applicable.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

16 Borrowings

	Current		
	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Secured bank loans			
Cash credit	544.07	106.70	122.46
Export packing credit (INR)	-	53.26	-
Export packing credit (USD)	-	-	168.87
Short-term loan	38.91	-	-
	582.98	159.96	291.33

The cash credit, export packing credit facility (USD and INR) and short term loan aggregating to Rs. 582.98 for December 31, 2020, Rs. 159.96 for December 31, 2019 and Rs. 291.33 for March 31, 2020 is secured against inventories, trade receivables, and all other charges on current assets of the present and future current assets of the Holding Company. Further the borrowing is secured by collateral security on the certain land and building of the Holding Company.

The cash credit is repayable on demand and carries interest rate of 9.85% for December 31, 2020, 10.80% for December 31, 2019 and 10.05% to 12.30% for March 31, 2020.
The export packing credit (INR) carried interest rate of 8.60% for December 31, 2020, 9.10% for December 31, 2019 and 8.60% to 9.10% for March 31, 2020
The export packing credit (USD) carried interest rate of 2.50% to 3.95% for December 31, 2020 and 3.00% for March 31, 2020. The facility got repaid in full in the month of December 2020.
The short-term loan is repayable in 6 equal monthly installments of Rs. 9.70 (principal amount) commencing from October 2020. The short-term loan carries interest rate of 7.75% p.a payable monthly.

The reconciliation between the opening and the closing balances for liabilities arising from financing activities (borrowings) is as follows:

	Opening balance	Proceeds/(repayment) (net)	Forex loss/(gain)	Closing balance
For the period ended December 31, 2020	291.33	293.86	(2.21)	582.98
For the period ended December 31, 2019	287.31	(127.35)	-	159.96
For the year ended March 31, 2020	287.31	(4.95)	8.97	291.33

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

17 Other financial liabilities

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Payable for capital goods	2.45	1.72	-
Current maturity of long-term loans (refer note 13 in Annexure VII)	17.93	-	-
Dividend payable *	3.34	-	-
Interest payable	-	-	2.13
	23.72	1.72	2.13

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.
The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

Breakup of financial liabilities carried at amortised cost

Carrying amount	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Borrowings - Non current including current maturities	89.63	-	-
Borrowings - current	582.98	159.96	291.33
Payable for capital goods	2.45	1.72	-
Dividend payable	3.34	-	-
Interest payable	-	-	2.13
Trade payables	145.30	199.25	305.57
Total financial liabilities carried at amortised cost	823.70	360.93	599.03

Fair Value	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Borrowings - Non current including current maturities	89.63	-	-
Borrowings - current	582.98	159.96	291.33
Payable for capital goods	2.45	1.72	-
Dividend payable	3.34	-	-
Interest payable	-	-	2.13
Trade payables	145.30	199.25	305.57
Total financial liabilities carried at amortised cost	823.70	360.93	599.03

The management assessed that trade payables, current borrowings and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
The fair value of non-current borrowings are based on discounted cash flow using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

18 Deferred tax liabilities (net)

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Deferred tax liability arising on account of timing differences relating to:			
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	198.55	202.23	201.66
	198.55	202.23	201.66
Deferred tax asset arising on account of timing differences relating to:			
Expenses allowed on payment basis	(20.84)	(13.98)	(22.03)
MAT credit entitlement	(78.24)	(147.67)	(126.56)
	(99.08)	(161.65)	(148.59)
Deferred tax liability (net)	99.47	40.58	53.07

For the period ended December 31, 2020:

	Opening balance as on April 01, 2020	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as on December 31, 2020
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	201.66	(3.11)	-	198.55
Expenses allowed on payment basis	(22.03)	(0.88)	2.07	(20.84)
MAT credit entitlement *	(126.56)	48.32	-	(78.24)
Deferred tax liability (net)	53.07	44.33	2.07	99.47

* The Group is confident of utilising the MAT credit balance before the expiry of the statutory time limit i.e between financial year 2032-33 and 2033-34.

For the period ended December 31, 2019:

	Opening balance as on April 01, 2019	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as on December 31, 2019
Written down value difference of property, plant and	205.15	(2.92)	-	202.23
Expenses allowed on payment basis	(7.44)	(1.73)	(4.81)	(13.98)
MAT credit entitlement *	(146.92)	(0.75)	-	(147.67)
Carry forward of unabsorbed deprecation loss	(50.47)	50.47	-	-
Deferred tax liability (net)	0.32	45.07	(4.81)	40.58

* The Group is confident of utilising the MAT Credit balance before the expiry of the statutory time limit i.e between financial year 2032-33 and 2033-34.

For the year ended March 31, 2020:

	Opening balance as on April 01, 2019	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance as on March 31, 2020
Written down value difference of property, plant and equipment and intangible assets between tax and financial books	205.15	(3.49)	-	201.66
Expenses allowed on payment basis	(7.44)	(4.74)	(9.85)	(22.03)
MAT credit entitlement *	(146.92)	20.36	-	(126.56)
Carry forward of unabsorbed deprecation loss	(50.47)	50.47	-	-
Deferred tax liability (net)	0.32	62.60	(9.85)	53.07

* The Group is confident of utilising the MAT Credit balance before the expiry of the statutory time limit i.e between financial year 2032-33 and 2033-34.

The Group offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

19 Current tax liabilities (net)

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Income tax (net of advance tax and tax deducted at source)	-	-	9.23
	-	-	9.23

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

20 Other current liabilities

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Contract liability - Advance from customers	367.87	435.35	438.68
Statutory remittances	11.69	13.17	52.22
Others	1.58	-	1.58
	381.14	448.52	492.48

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

21 Revenue from operations

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
(A) Revenue from contracts with customers			
Sale of products	1,742.18	1,484.91	2,084.50
Sale of services	-	-	0.08
	1,742.18	1,484.91	2,084.58
(B) Other operating revenue			
- Export benefits	26.72	31.70	40.27
- Others	3.78	5.15	12.89
(B)	30.50	36.85	53.16
(A+B)	1,772.68	1,521.76	2,137.74

(i) Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers:

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
India	804.47	376.21	675.76
Outside India	937.71	1,108.70	1,408.82
	1,742.18	1,484.91	2,084.58
Timing of revenue recognition			
Goods transferred at a point of time	1,742.18	1,484.91	2,084.50
Service transferred over a period of time	-	-	0.08
Total	1,742.18	1,484.91	2,084.58

(ii) Contract balances

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Trade receivables	731.19	588.78	616.37
Retention money	60.16	5.46	13.92
Contract asset			
Unbilled revenue	15.15	12.43	12.43
Contract liability			
Advance from customers	367.87	435.35	438.68

The performance obligation is satisfied when control of the goods are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

Trade receivables and retention money are non-interest bearing. Refer note 5 in Annexure VII for details on expected credit loss.

Unbilled revenue are initially recognised for revenue earned from transfer of goods and services but not billed to customer because the work completed has to meet requirements of various milestones as set out in the contract with customers. Upon fulfilling the milestones and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables.

Advance from customers pertain to balance received as advance from various parties as certain percentage of the order value. The same will be adjusted against the order on the basis of delivery and collection of receivables.

There is no difference in the contract price negotiated and the revenue recognised in the statement of profit and loss for the respective period / year. There is no significant revenue recognised in the current period / year from performance obligations satisfied in previous period / year.

(iii) Amounts included in contract liabilities at the beginning of the period recognised as revenue in the current period is Rs. 99.63 for December 31, 2020, Rs. 41.69 for December 31, 2019 and Rs. 87.24 for March 31, 2020. Generally the advance from customers are settled over a period ranging 1 to 3 years.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

22 Other income

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Foreign exchange gain (net)	-	1.95	29.06
Liabilites no longer required written back	-	2.77	4.26
Interest income on bank deposits	7.23	5.57	9.01
Interest on income tax refund	-	0.95	0.95
Miscellaneous income	-	0.19	0.40
	7.23	11.43	43.68

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

23 Cost of materials consumed

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Inventory at the beginning of the period / year	397.37	204.37	204.37
Add: Purchases	720.84	687.20	1,065.55
	1,118.21	891.57	1,269.92
Less: Inventory at the end of the period / year	(370.14)	(253.03)	(397.37)
Cost of materials consumed	748.07	638.54	872.55

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

24 Changes in inventories of work-in-progress

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Inventories at the beginning of the period / year	357.22	206.34	206.34
	357.22	206.34	206.34
Inventories at the end of the period / year	421.32	339.68	357.22
	421.32	339.68	357.22
	(64.10)	(133.34)	(150.88)

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

25 Employee benefits expense

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Salaries, wages and bonus	346.17	342.59	472.78
Contribution to provident and other funds (refer note 31(II) in Annexure VII)	17.59	25.24	27.32
Gratuity expense (refer note 31(I) in Annexure VII)	7.48	5.13	8.22
Staff welfare expenses	3.13	4.20	7.94
	374.37	377.16	516.26

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

26 Depreciation and amortisation expenses

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Depreciation on property, plant and equipment	91.81	90.54	119.79
Amortisation on intangible assets	1.44	0.49	0.69
	93.25	91.03	120.48

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

27 Finance costs

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Interest expenses:			
- Short term borrowings	23.05	8.44	14.89
- Long term borrowings	2.33	-	-
- Others	0.11	3.55	4.79
Bank charges	22.80	15.26	27.85
	48.29	27.25	47.53

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

28 Other expenses

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Sub-contractor charges	33.98	41.32	78.60
Production expenses	21.11	18.66	31.12
Power and fuel	49.44	53.58	72.35
Material testing charges	1.78	1.57	3.04
Repairs and maintenance:			
- Buildings	10.88	5.77	9.17
- Plant and machinery	16.90	15.56	22.98
- Others	2.30	0.97	3.06
Insurance	6.47	4.32	6.39
Rates and taxes	8.08	5.44	9.68
Communication	0.83	0.80	1.36
Travelling and conveyance	1.45	3.97	5.70
Printing and stationery	0.87	0.95	1.39
Foreign exchange loss (net)	3.83	-	-
Freight and forwarding	1.49	1.14	4.11
Provision for doubtful receivables and advances	-	9.72	14.78
Business promotion	0.67	1.47	2.57
Legal and professional charges	14.08	26.93	33.32
Security charges	5.98	5.29	7.90
Payment to auditors (refer below)	1.35	1.28	1.85
Bad debts written off	-	0.01	1.82
Miscellaneous expenses	2.70	6.19	8.96
	184.19	204.94	320.15

Payment to auditors:			
Statutory audit*	1.35	1.28	1.70
Certifications fees and others	-	-	0.15
	1.35	1.28	1.85

* Net of Rs. 9 for the period ended December 31, 2020 accrued towards IPO (refer note 7 in Annexure VII)

Details of CSR expenditure

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
(a) Gross amount required to be spent by the Group during the period / year	5.15	1.50	2.08
(b) Amount spent during the period / year	-	-	-

The Group has not spent any amount for CSR activities.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

29 Tax expenses

(a) Income tax expense:

The major components of income tax expenses are :

(i) Profit and loss section

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
A. Current tax	70.94	56.57	78.11
B. Deferred tax charge			
Tax expense on origination and reversal of temporary differences	(3.99)	45.82	42.24
MAT credit (entitlement) / utlisation	48.32	(0.75)	20.36
	44.33	45.07	62.60
C. Adjustment of tax relating to earlier periods / years	-	1.44	1.44
Total income tax expense recognised in Restated Ind AS Consolidated Statement of profits and losses for the period/year (A+B+C)	115.27	103.08	142.15

(ii) OCI section

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Income tax effect	(2.07)	4.81	9.85
Income tax charged to Restated total other comprehensive gain/(loss) for the period/year	(2.07)	4.81	9.85

(b) Reconciliation of effective tax rate:

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Restated profit before tax (A)	395.84	327.61	455.33
Enacted tax rate in India (B)	29.12%	29.12%	29.12%
Expected tax expenses (C = A*B)	115.27	95.40	132.59
Tax effect of			
Expenses disallowed under Income Tax Act, 1961 (net)	-	-	8.87
Adjustment for taxes with respect to earlier period / year	-	1.44	1.44
Others	-	6.24	(0.75)
Total (D)	-	7.68	9.56
Expected tax expense (C+D)	115.27	103.08	142.15
Income tax expense	115.27	103.08	142.15
Effective tax rate	29.12%	31.46%	31.22%

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

30 Earnings per share (EPS)

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
i) Restated profit for the period / year attributable to equity shareholders of Holding Company	280.57	224.53	313.18
ii) Weighted average number of equity shares in calculating basic and diluted EPS *	26,759,591	28,214,132	28,194,261
iii) Face value of each equity share (Rs.)	10.00	10.00	10.00
iv) Basic and diluted earnings per share (not annualised)	10.48	7.96	11.11

* The weighted average number of equity shares takes into account the weighted average effect of changes in equity share on account of share bought back during the year ended March 31, 2020 (refer note 11(a)(i) in Annexure VII).

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

31 Employment benefit plans

I. Defined benefit plan

The Employees' Gratuity Fund Scheme managed by a trust is a defined benefit gratuity plan which is administered through gratuity scheme with Life Insurance Corporation of India. Every employee who has completed five years or more of service gets gratuity, on retirement / termination from Group, at 15 days last drawn salary for each completed year of service subject to a maximum of Rs. 2. The following tables summarise the components of net benefit expense recognised in the Restated Ind AS Consolidated Summary Statement of profits and losses and the funded status and amounts recognised in the Restated Ind AS Consolidated Summary Statement of assets and liabilities for gratuity benefit.

A) Amounts recognised in the Restated Ind AS Consolidated Summary Statement of profits and losses:

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Net employee benefit expense (recognised in employee benefits expenses)			
Current service cost	5.63	4.77	7.74
Interest cost on defined benefit obligation	6.64	5.99	8.05
Expected return on plan assets	(4.79)	(5.63)	(7.57)
Net employee benefit expenses	7.48	5.13	8.22

B) Amount recognised in the Restated Ind AS Consolidated Summary Statement of assets and liabilities:

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Defined benefit obligation	137.35	117.31	140.97
Fair value of plan assets	(92.97)	(102.44)	(103.82)
Net defined liability	44.38	14.87	37.15

C) Changes in the present value of the defined benefit obligation

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Opening defined benefit obligation	140.97	112.45	112.45
Interest cost on defined benefit obligation	6.64	5.99	8.05
Current service cost	5.63	4.77	7.74
Net actuarial losses / (gains) on obligation for the period / year recognised under OCI	(0.05)	8.19	27.20
Benefits paid from plan assets	(15.84)	(14.09)	(14.47)
Closing defined benefit obligation	137.35	117.31	140.97

D) Change in the fair value of plan assets

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Opening fair value of plan assets	103.82	101.30	101.30
Interest income	4.79	5.63	7.57
Contributions by employer	-	9.76	9.71
Benefits payments from plan assets	(15.84)	(14.09)	(14.47)
Net actuarial (losses) / gains on plan assets for the period / year recognised under OCI	0.20	(0.17)	(0.29)
Closing fair value of plan assets	92.97	102.44	103.82

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Expected contribution to the gratuity fund in the next period / year	44.37	14.87	16.03

Investment details of plan assets	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Investments with Insurer - Assets under Schemes of Insurance	100.00%	100.00%	100.00%

E) Amount recognised in restated statement of other comprehensive income (OCI)	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Remeasurements - due to experience adjustments	(1.21)	5.02	19.16
Return on plan assets	(0.20)	0.17	0.29
Remeasurements - due to financial assumptions	1.16	3.17	8.04
Re-measurement loss/ (gain) recognised in restated total other comprehensive income	(0.25)	8.36	27.49

(i) The principal assumptions used in determining gratuity for the Group's plans are shown below:

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Discount rate	6.58%	7.21%	6.71%
Rate of increase in compensation	5.00%	5.00%	5.00%
Rate of increase in compensation	5.00%	5.00%	5.00%
Mortality rate	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)

(ii) Disclosure related to indication of effect of the defined benefit plan on the Group's future cash flows:

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
1 year	3.24	1.96	13.34
2-5 years	57.38	52.16	63.32
6-10 years	74.74	66.35	72.91
The weighted average duration of the defined benefit plan obligation at the end of the reporting period / year (in years)	10.84	10.71	9.98

(iii) Sensitivity analysis:
A quantitative sensitivity analysis for significant assumption is as shown below:

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
(a) Effect of 1% change in assumed discount rate			
- 1% increase	(8.48)	(6.97)	(8.53)
- 1% decrease	9.57	7.83	9.62
(b) Effect of 1% change in rate of increase in compensation			
- 1% increase	10.03	8.31	10.43
- 1% decrease	(9.07)	(7.52)	(9.46)
(c) Effect of 1% change in assumed attrition rate			
- 1 % increase	0.82	0.95	0.88
- 1 % decrease	(0.91)	(1.06)	(1.00)

II. Defined contribution plan
The Group made provident fund and other fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Group are at rates specified in the rules of the schemes. The Group recognised provident fund contribution and other fund in the Restated Ind AS Consolidated Summary Statement of profits and losses as mentioned below:

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Contribution to provident fund and other fund	17.59	25.24	27.32

III. The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Group will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.

IV. In respect of Provident fund (PF), there are numerous interpretative issues relating to the Supreme Court (SC) Judgement on PF dated February 28, 2019. As a matter of caution, the Group has made the payments on prospective basis from financial year 2019-20. The Group will update its position, on receiving further clarity on this subject.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

32 Related party disclosures

I. Names of related parties and description of relationship

(a) Key managerial personnel
Devesh Dhar Dwivedi, Chief operating officer (Chief financial officer upto August 31, 2020)
Abhaya Shankar, Chief executing officer (Resigned w.e.f May 09, 2020)
Sudipto Bhattacharya, Chief financial officer (Chief financial officer w.e.f September 01, 2020)
M. Anushman Reddy, Director (Director w.e.f April 13, 2018 and upto October 19, 2020)
P. Jayaprakash Reddy, Director (Director upto April 10, 2020)
Parvat Srinivas Reddy, Managing Director (Director upto August 31, 2020 and Managing director w.e.f September 01, 2020)
Vamshidhar Reddy Kallem, Director (Director upto December 14, 2020)
Mathew Cyriac, Director
Venkatasatishkumar Reddy Gangapatnam, Director (appointed w.e.f September 21, 2017)
Praveen Kumar Reddy Akepati, Director (appointed w.e.f December 14, 2020)
K. Satyanarayana Reddy, Director (Director upto May 07, 2020)
Shubham Sunil Bagadia, Company secretary (appointed w.e.f October 20, 2020)
Dr. C. Sukesh Kumar Reddy (Director upto August 25, 2020)
Loka Manohar Reddy (Director upto March 16, 2019)
Nambi Iyengar Rangachary (Director upto October 23, 2019)
P. Simhadri Reddy (Director upto October 19, 2020)
Rohith Loka Reddy (appointed w.e.f April 13, 2018 and upto October 19, 2020)
P. Kalpana Reddy (appointed w.e.f March 16, 2019 and upto August 18, 2020)

(b) Relatives of key management personnel
Praveen Kumar Reddy Akepati
A. Pranay Kumar Reddy

(c) Independent Directors
Padmashri Nagarajan Vedachalam (appointed w.e.f December 05, 2020)
B V R Subbu (appointed w.e.f December 05, 2020)
A. Krishna Kumar (appointed w.e.f December 05, 2020)
Ameeta Chatterjee (appointed w.e.f December 05, 2020)
U C Muktibodh (appointed w.e.f December 05, 2020)
V.G. Sekaran (appointed w.e.f December 05, 2020)

II. Transactions during the period/year:

	Nature	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
A. Transactions with related parties				
Parvat Srinivas Reddy	Remuneration ^	2.80	-	-
M. Anushman Reddy	Remuneration ^	1.53	1.62	2.15
Devesh Dhar Dwivedi	Remuneration ^	3.85	1.33	2.51
Abhaya Shankar	Remuneration ^	0.41	5.27	7.38
Praveen Kumar Reddy Akepati	Remuneration ^	1.11	0.97	1.20
A. Pranay Kumar Reddy	Remuneration ^	1.08	1.17	1.52
Sudipto Bhattacharya	Remuneration ^	1.67	-	-
Shubham Sunil Bagadia	Remuneration ^	0.10	-	-
P. Jayaprakash Reddy	Professional charges	-	5.14	6.64
K. Satyanarayana Reddy	Professional charges	-	3.30	4.80
Parvat Srinivas Reddy	Professional charges	2.25	6.90	8.00
P. Jayaprakash Reddy	Buy back of equity shares	-	-	179.21
Dr. C. Sukesh Kumar Reddy	Sitting Fees	0.01	0.02	0.03
Venkatasatishkumar Reddy Gangapatnam	Sitting Fees	0.09	0.03	0.04
Vamshidhar Reddy Kallem	Sitting Fees	0.01	0.02	0.03
M.Anushman Reddy	Sitting Fees	0.01	0.03	0.04
Nambi Iyengar Rangachary	Sitting Fees	-	-	-
P. Simhadri Reddy	Sitting Fees	0.01	0.02	0.03
Parvat Srinivas Reddy	Sitting Fees	0.01	0.03	0.04
Rohith Loka Reddy	Sitting Fees	0.01	0.02	0.03
P. Kalpana Reddy	Sitting Fees	0.01	0.03	0.04
Praveen Kumar Reddy Akepati	Sitting Fees	0.08	-	
P. Jayaprakash Reddy	Sitting Fees	-	0.02	0.03
Mathew Cyriac	Sitting Fees	0.09	0.02	0.03
Padmashri Nagarajan Vedachalam	Sitting Fees	0.08	-	-
B V R Subbu	Sitting Fees	0.08	-	-
A. Krishna Kumar	Sitting Fees	0.08	-	-
Ameeta Chatterjee	Sitting Fees	0.08	-	-
U C Muktibodh	Sitting Fees	0.08	-	-
V.G. Sekaran	Sitting Fees	0.08	-	-

^ As the future liability for gratuity and leave encashment is provided on actuarial basis for the Group as a whole, the amount pertaining to the individual is not ascertainable and, therefore, not included above.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

III. On consolidation, following transactions and balances with the subsidiary have been eliminated:

A. Names of related parties and description of relationship

Name of the entity	Nature of relationship
Magnatar Aero Systems Private Limited #	Subsidiary company

from November 04, 2019

B. Transactions during the period/year:

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
Investment	-	0.10	0.10
Advances given	0.05	-	0.03

C. Closing balances receivable:

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Advances given	0.08	-	0.03

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

33 Interest in other entities

a) Subsidiary

The Group's subsidiary is set out below. Unless otherwise stated, they have share capital consisting solely of equity shares that are held directly by the Group and proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business:

Name of entity	Principle activity	Country of Incorporation
Magnatar Aero Systems Private Limited *	Specialising in the manufacture of domestic appliance	India

Ownership interest held by the group %

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Magnatar Aero Systems Private Limited *	100	100	100

* On November 4, 2019, the Holding Company has incorporated Magnatar Aero Systems Private Limited ('Subsidiary').

Pursuant to incorporation of subsidiary, the Holding Company has prepared consolidiated financial statement for the period ended Decemebr 31, 2019 and year ended March 31, 2020 for the first time.

b) Additional information, as required under schedule III of the Companies Act, 2013, as required enterprises considered as subsidiary.

(i) Net assets

	As at December 31, 2020		As at December 31, 2019		As at March 31, 2020	
	%	Amount	%	Amount	%	Amount
A. Holding Company	100.00%	2,456.10	100%	2,392.57	100%	2,250.77
B. Subsidiary						
Magnatar Aero Systems Private Limited	0.00%	0.10	0%	0.10	0%	0.10
Total	100.00%	2,456.20	100%	2,392.67	100%	2,250.87
Consolidation adjustments	0.00%	(0.10)	0%	(0.10)	0%	(0.10)
Net Amount	100%	2,456.10	100%	2,392.57	100%	2,250.77

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

(ii) Share of profit

	For the period ended December 31, 2020		For the period ended December 31, 2019		For the year ended March 31, 2020	
	%	Amount	%	Amount	%	Amount
A. Holding Company	100.00%	280.57	100%	224.53	100%	313.18
B. Subsidiary						
Magnatar Aero Systems Private Limited	0.00%	(0.12)	0%	-	0%	-
Total	100.00%	280.45	100%	224.53	100%	313.18
Consolidation adjustments	0.00%	-	0%		0%	-
Net Amount	100.00%	280.45	100%	224.53	100%	313.18

(iii) Share in other comprehensive income/(loss)

	For the period ended December 31, 2020		For the period ended December 31, 2019		For the year ended March 31, 2020	
	%	Amount	%	Amount	%	Amount
A. Holding Company	100%	5.04	100%	(11.71)	100%	(23.97)
B. Subsidiary						
Magnatar Aero Systems Private Limited	0%	-	0%	-	0%	-
Total	100%	5.04	100%	(11.71)	100%	(23.97)
Consolidation adjustments	0%	-	0%	-	0%	-
Net Amount	100%	5.04	100%	(11.71)	100%	(23.97)

(iv) Share in total comprehensive income

	For the period ended December 31, 2020		For the period ended December 31, 2019		For the year ended March 31, 2020	
	%	Amount	%	Amount	%	Amount
A. Holding Company	100.04%	285.61	100%	212.82	100%	289.21
B. Subsidiary						
Magnatar Aero Systems Private Limited	-0.04%	(0.12)	0%	-	0%	-
Total	100.00%	285.49	100%	212.82	100%	289.21
Consolidation adjustments	0.04%	-	0%	-	0%	-
Net Amount	100.04%	285.49	100%	212.82	100%	289.21

The disclosure above represents separate information for each of the consolidated entities before elimination of inter-company transactions. The net impact on elimination of inter-company transactions / profits / losses / consolidation adjustments have been disclosed separately. Based on the group structure, the management is of the view that the above disclosure is appropriate under requirements of the Companies Act, 2013.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

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34 Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with the recognition and measurement principles of Ind AS requires management to make judgements, estimates and assumptions that affect the reported balances of revenues, expenses, assets and liabilities and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. There are no significant areas involving a high degree of judgement or complexity.

Estimates and assumptions

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. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(i) 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. The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Rate of increase in compensation are based on expected future inflation. Further details about gratuity obligations are given in note 31 in Annexure VII.

(ii) Taxes

Deferred tax asset, comprising of Minimum Alternative Tax (“MAT”) credit is recognised to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward and sufficient taxable profit will be available against which the MAT credit can be utilised. Significant management judgement is required to determine the amount of MAT credit that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

(iii) Depreciation on property, plant and equipment and amortisation of Intangible assets

Depreciation of property, plant and equipment and amortization of Intangible assets is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values as estimated by the management. The management believes that depreciation and amortization rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment and Intangible assets.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

35 Financial risk management objectives and policies

The Group’s principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group’s operations. The Group’s principal financial assets include trade receivables and other financial assets, and cash and cash equivalent. The Group is exposed to credit risk, liquidity risk, interest rate risk and market risk . The Group has a risk management policy and its management is supported by a risk management committee that advices on risk and appropriate financial risk governance framework for the Group. The risk management committee provides assurance to the Group’s management that the risk activities are governed by appropriate policies and procedures and that risks are identified, measured and managed in accordance with the Group’s policies and risk objectives. The Board of Directors reviews and agrees policies for managing each of these risks.

A. 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 is exposed to credit risk from its operating activities (primarily trade receivables), cash and cash equivalent, bank balances other than cash and cash equivalent and other financial assets. The Group deals with parties which has good credit rating/worthiness given by external rating agencies or based on groups internal assessment. The major customers are usually the Government parties and export customers with high credit worthiness.

Exposure to credit risk

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer and the carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was (i) Rs. 806.50 for December 31, 2020, Rs. 606.67 for December 31, 2019 and Rs. 642.72 for March 31, 2020, being the total of the carrying amount of balances with trade receivables (including retention money and unbilled revenue) (ii) cash and cash equivalent (excluding cash on hand), balance at bank other than cash and cash equivalent, non-current bank balances and interest accrued on bank deposits of Rs. 223.27 for December 31, 2020, Rs. 126.24 for December 31, 2019 and Rs. 241.62 for March 31, 2020 and (iii) other financial assets of Rs. 16.97 for December 31, 2020, Rs. 14.69 for December 31, 2019 and Rs. 14.20 for March 31, 2020.

The measurement of impaired credit for carrying amount of the above financial assets is ascertained using the expected credit loss model (ECL) approach. Credit risk is managed through continuously monitoring the creditworthiness of customers. The Group is considerate of the fact the majority of the collection is receivable from export customers with high credit worthiness or the government companies where there are no significant risk of bad debts. The customers of the Group have a defined period for payment of receivables, hence the Group evaluates the concentration of risk with respect to trade receivables as low. The total amount receivable from top 2 customers is Rs. 487.82 for December 31, 2020, Rs. 410.04 for December 31, 2019 and Rs. 430.27 for March 31, 2020.

The cash and cash equivalent (excluding cash on hand), balance at bank other than cash and cash equivalent, non-current bank balances and interest accrued on bank deposits of Rs. 222.90 for December 31, 2020, Rs. 126.13 for December 31, 2019 and Rs. 241.41 for March 31, 2020 are held with banks having good credit rating.

(All amounts in Indian Rupees millions, except share data and where otherwise stated)

B. Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank deposits and loans. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments (including interest payments):

	Within 1 year	1 to 5 years	After 5 years	Total
December 31, 2020:				
Borrowings	600.91	71.70	-	672.61
Trade payables	145.30	-	-	145.30
Other financial liabilities	5.79	-	-	5.79
	752.00	71.70	-	823.70
December 31, 2019:				
Borrowings	159.96	-	-	159.96
Trade payables	199.25	-	-	199.25
Other financial liabilities	1.72	-	-	1.72
	360.93	-	-	360.93
March 31, 2020:				
Borrowings	291.33	-	-	291.33
Trade payables	305.57	-	-	305.57
Other financial liabilities	2.13	-	-	2.13
	599.03	-	-	599.03

The cash credit facility amounting to Rs. 544.07 for December 31, 2020, Rs. 106.70 for December 31, 2019 and Rs. 122.46 for March 31, 2020 is repayable on demand has been disclosed as within 1 year for the purpose of disclosure of liquidity risk of the Group.

C. 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 two types of risk: interest rate risk and foreign currency risk.

The sensitivity analysis in the following sections relate to the position as at December 31, 2020, March 31, 2020 and December 31, 2019

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 is exposed to interest rate risk because of certain funds are borrowed at floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The borrowings of the Group are principally denominated in Rupees and US dollars (USD) with a mix of fixed and floating rates of interest. The Group has exposure to interest rate risk, arising principally on changes in base lending rate and LIBOR rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

If interest rates had been 100 basis points (1%) higher / lower and all other variables were held constant, the Group's profit would decrease / increase by Rs. 1.09 for December 31, 2020, Rs. 0.90 for December 31, 2019 and Rs. 1.39 for March 31, 2020.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

Foreign currency risk

The fluctuation in foreign currency exchange rates may have potential impact on the Restated Consolidated Ind AS Summary Statement of profits and losses. The risks primarily relate to fluctuations in US Dollar as against the functional currency of the Group. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks.

(a) Details of foreign currency risk from non-derivative financial instruments:

The period / year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under -

	Currency	As at December 31, 2020			As at December 31, 2019			As at March 31, 2020		
		Amount in foreign currency	Amount in Rs.	Conversion rate	Amount in foreign currency	Amount in Rs.	Conversion rate	Amount in foreign currency	Amount in Rs.	Conversion rate
Trade receivables	USD	6.06	442.68	73.05	5.28	376.31	71.27	5.08	382.65	75.39
Cash and cash equivalents	USD	0.23	16.80	73.05	0.29	20.67	71.27	0.00	0.04	75.39
Trade payables	USD	0.18	12.92	73.05	-	-	-	1.15	86.41	75.39
	GBP	0.00	0.02	98.55	-	-	-	-	-	-
Export packing credit (Borrowings)	USD	-	-	-	-	-	-	2.24	168.87	75.39

(b) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with all other variables held constant. The impact on the Group's restated profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Change in USD exchange rate		Effect on Restated profit before tax	
	Increase	Decrease	Increase	(Decrease)
December 31, 2020	1.00%	1.00%	4.47	(4.47)
December 31, 2019	1.00%	1.00%	3.95	(3.95)
March 31, 2020	1.00%	1.00%	1.27	(1.27)

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

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(All amounts in Indian Rupees millions, except share data and where otherwise stated)

36 The Group is closely monitoring the impact of COVID-19 pandemic on all aspects of it's business, including how it will impact its customers, employees, vendors and business partners. The Group based on the information available to date, both internal and external, considered the uncertainty relating to the COVID-19 pandemic in assessing its impact. Based on the current estimates, the Group expects to fully recover the carrying amount of assets and does not foresee any significant material adverse impact on its operations. As the outbreak continues to evolve, the Group will continue to closely monitor any material changes to future economic condition.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

37 Capital management

For the purpose of the Group's capital management, capital includes issued equity capital and other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.
The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio minimal. The Group includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing borrowing in the current period.
No changes were made in the objectives, policies or processes for managing capital during the period ended December 31, 2020, December 31, 2019 and year ended March 31, 2020.

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Borrowings	672.61	159.96	291.33
Less: Cash and cash equivalents	(110.31)	(21.97)	(135.54)
Net debt (A)	562.30	137.99	155.79
Equity (B)	2,456.10	2,392.57	2,250.77
Equity and Net debt (C)= (A)+(B)	3,018.40	2,530.56	2,406.56
Gearing ratio (A)/(C)	18.63%	5.45%	6.47%

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

38 Commitments and contingencies

a. Commitments

	As at December 31, 2020	As at December 31, 2019	As at March 31, 2020
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for	110.96	117.97	142.73

b. Contingent liabilities

(i) Claims against the Group not acknowledged as debts (excluding interest arrears) is amounting to Rs. 32.67 for December 31, 2020, Rs. 20.61 for December 31, 2019 and Rs. 21.20 for March 31, 2020.

(ii) The Holding Company has not made certain filings with the Reserve Bank of India (RBI) as per the requirements of applicable foreign exchange related laws. The Holding Company is in the process of taking corrective action to comply with the applicable foreign exchange laws. The management of the Holding Company, based on its internal assessment and legal advice, believes that the impact of the above non-compliance will not be material to the Restated Ind AS Consolidated Summary Statements.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

39 Segment Reporting

From the year ended March 31, 2020, the Group has changed its structure of information reported to Chief Operating Decision Maker (CODM) which has resulted into change in the composition of reportable segments. Accordingly, corresponding information for comparative years has been restated in the segment reporting.
The chief operating officer / chief executive officer of the Group takes decision in respect of allocation of resources and assesses the performance basis the report / information provided by functional heads and are thus considered to be Chief Operating Decision Maker.
Based on the Group's business model, manufacturing high precision and heavy equipment, components, machines have been considered as a single business segment for the purpose of making decision on allocation of resources and assessing its performance. Accordingly, there are no separate reportable segments in accordance with the requirements of Ind AS 108 'Operating segment' and hence, there are no additional disclosures to be provided other than those already provided in the financial statements. The information relating to revenue from external customers and location of non-current assets of its single reportable segment has been disclosed as below.

The geographic information analyses the Group's revenues and non-current assets by the country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customer and segment assets are based on geographical location of the assets.

(a) Revenue from contracts with customers

	For the period ended December 31, 2020	For the period ended December 31, 2019	For the year ended March 31, 2020
India	804.47	376.21	675.76
Outside India	937.71	1,108.70	1,408.82
Total	1,742.18	1,484.91	2,084.58

(b) The Group has entire non-current assets within India. Hence, separate figures have not been furnished.
(c) Customer contributing more than 10% of revenue

	No of customers	Amount
For the period ended December 31, 2020	2	1,261.34
For the period ended December 31, 2019	1	1,054.43
For the year ended March 31, 2020	2	1,573.44

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

40 Material Regroupings

Appropriate regroupings have been made in the Restated Ind AS Consolidated Summary Statement of assets and liabilities and cash flow, wherever required, by reclassification of the corresponding items of assets, liabilities and cash flows.

For the year ended March 31, 2020.

A. Balance Sheet & Statement of Cash flow

Deposits with original maturity less than three months' amounting to Rs. 85.37 has been inadvertently presented under 'Note 10 - Balances at bank other than cash and cash equivalents'. The same has been appropriately regrouped under 'Note 9 - Cash and cash equivalents' in Restated Ind AS Consolidated Summary Statement of assets and liabilities. Consequently in the Statement of Cash flow, the same has been appropriately regrouped from 'Investment in deposits (net)' under Cash flows from investing activities to 'Cash and cash equivalents' under 'Components of cash and cash equivalents'.

B. Statement of Profit and Loss

MAT credit utilisation of Rs. 20.36 has been inadvertently presented under Current tax. The same has been appropriately regrouped to Deferred tax in Restated Ind AS Unconsolidated Summary Statement of profits and losses.

The above regroupings shall not have any impact on equity balance as at March 31, 2020 and profit for the year ended March 31, 2020.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

41 Fair values

There are no significant financial assets and liabilities measured at fair value through profit or loss.
The fair value of the financial assets and liabilities measured at amortised cost approximates their carrying amounts as at the balance sheet date. (refer breakup of financial assets carried at fair value through profit or loss and breakup of financial liabilities carried at amortised cost).

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

42 Subsequent events

No significant subsequent events have been observed till February 15, 2021 which may require any additional disclosure or an adjustment to the Restated Ind AS Consolidated Summary Statements.

The above statement should be read with Annexure V and Annexure VI to the Restated Ind AS Consolidated Summary Statements.

As per our report of even date attached

for S.R.BATLIBOI & ASSOCIATES LLP
Chartered Accountants
ICAI Firm Registration Number : 101049W/E300004

per Navneet Rai Kabra
Partner
Membership No. 102328

Place: Hyderabad
Date: February 15, 2021

For and on behalf of the Board of Directors of
MTAR Technologies Limited (formerly known as MTAR Technologies Private Limited)

Parvat Srinivas Reddy
Managing Director
DIN: 00359139

Venkatasatishkumar Reddy Gangapatnam
Director
DIN: 06535717

Devesh Dhar Dwivedi
Chief Operating Officer

Sudipto Bhattacharya
Chief Financial Officer

Shubham Sunil Bagadia
Company Secretary
Membership no: ACS-55748

Place: Hyderabad
Date: February 15, 2021

CAPITALISATION STATEMENT

The following table sets forth our capitalisation as at December 31, 2020, derived from our Restated Consolidated Financial Information:

(in ₹ million)

Particulars	Pre-Offer as at December 31, 2020	As adjusted for the Offer*
Borrowings		
Non-current borrowings (I)	71.70	71.70
Current maturity of long-term loans (II)	17.93	17.93
Current borrowings (III)	582.98	582.98
Total borrowings (IV = I + II + III)	**672.61**	**672.61**
Equity		
Equity share capital (V)	267.59	307.59
Other equity (VI)	2,188.51	4383.70
Total equity (VII = V + VI)	**2,456.10**	**4,691.29**
Total borrowings / Equity (VIII = IV / VII)	**0.27**	**0.14**

* *As adjusted for the proposed offer column reflects changes in equity on account of (a) proceeds from the Fresh Issue of ₹ 1,235.18 million out of which ₹ 21.48 million has been adjusted against equity share capital and ₹ 1,213.70 million has been adjusted against other equity; and (b) proceeds from the pre-IPO placement (by way of preferential allotment) of ₹ 1,000.00 million out of which ₹ 18.52 million has been adjusted against equity share capital and ₹ 981.48 million has been adjusted against other equity. Further, the other equity amount has not been adjusted for share issue expenses of the proposed Offer.*

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our Restated Financial Statements which is included in this Prospectus. Our Restated Financial Statements differ in certain material respects from IFRS, U.S. GAAP and GAAP in other countries, and our assessment of the factors that may affect our prospects and performance in future periods. Accordingly, the degree to which our Restated Financial Statements will provide meaningful information to a prospective investor in countries other than India is entirely dependent on the reader's level of familiarity with Ind AS. These regulations may also vary with ICDS, which may be material to an investor's assessment of our results of operations and financial condition.

Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section "Forward-Looking Statements" on page 19 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 as a result of various factors, including those described below and elsewhere in this Prospectus. Also read "Risk Factors" and "– Significant Factors Affecting our Results of Operations" on pages 29 and 384, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations.

The restated consolidated financial information for Fiscal 2020 and the nine months ended December 31, 2019 and December 31, 2020 is not directly comparable with the restated unconsolidated financial information for Fiscals 2018, 2019 and 2020 and the nine months ended December 31, 2019 and December 31, 2020 given that we incorporated a subsidiary in such later period. Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2018, 2019, and 2020 and the nine months ended December 31, 2019 and December 31, 2020 included herein is derived from on our Restated Unconsolidated Financial Information, included in this Prospectus. For further information, see "Restated Unconsolidated Financial Information" and "Restated Consolidated Financial Information" on pages 287 and 335, respectively. Further, unless otherwise indicated or the context otherwise requires, all operational information included herein for Fiscals 2018 and 2019 is on an unconsolidated basis, while all such information for Fiscal 2020 and the nine months ended December 31, 2019 and December 31, 2020 is on a consolidated basis.

*Unless otherwise indicated, industry and market data used in this section has been derived from the report "Assessment of global and Indian engineering equipment industry" dated December 2020 (the "**Company Commissioned CRISIL Report**") prepared and released by CRISIL Research and commissioned by us. Unless otherwise indicated, all financial, operational, industry and other related information derived from the Company Commissioned CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

Our Fiscal ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the 12 months ended March 31 of that year.

Overview

We are a leading precision engineering solutions company engaged in the manufacture of mission critical precision components with close tolerances (5-10 microns), and in critical assemblies, to serve projects of high national importance, through our precision machining, assembly, testing, quality control, and specialized fabrication competencies, some of which have been indigenously developed and manufactured (*Source: Company Commissioned CRISIL Report*). We primarily serve customers in the clean energy, nuclear and space and defence, sectors. Since inception, we have strived to grow continually, contributing to the Indian civilian nuclear power programme, Indian space programme, Indian defence and aerospace sector, as well as to the global clean energy sector and the global defence and aerospace sector. Over the years, we have also developed import substitutes such as ball screws and water lubricated bearings that are specialized and used in the sectors we cater to (*Source: Company Commissioned CRISIL Report*). We believe the engineering capability of our Company, evolved over decades, has enabled us to consistently offer quality complex precision manufactured components and assemblies, within stipulated timelines and at reasonable cost in most cases, allowing us to forge a robust relationship with our customers.

While we commenced operations as a partnership firm in 1970, our Company was incorporated on November 11, 1999 upon the conversion of the erstwhile partnership firm into a private limited company, in accordance with the provisions of Part IX of the Companies Act, 1956. Our offerings are served in the clean energy, nuclear and space and defence sectors where we manufacture critical and differentiated engineered products with a healthy mix of developmental and volume-based production, customized to meet the specific requirements of our customers. While the bids for the projects in the nuclear and space and defence sectors are invited by issuing tender enquiries, the qualification process for securing such tenders is extremely stringent as there is no scope for faults in such sectors. We believe that our past experience in the supply of our products, ability to meet specific technical requirements of our customers, reputation for quality and safety features present in our products, financial strength, and the price competitiveness of our offerings, has not only strengthened our position in the market but also has enabled us to establish and maintain relationships with our customers.

We focus on clean energy as one of our key customer sectors and are accordingly, involved in the manufacture of power units, specifically hot boxes, and in the development and manufacture of hydrogen boxes and electrolyzers, to serve Bloom Energy Inc., United States ("**Bloom Energy**") with which, we have been associated with for over nine years. While hot boxes use methane to generate power, hydrogen boxes shall use methane to generate hydrogen that shall in-turn, be used to generate power. In addition, electrolysers will produce methane-free hydrogen that shall be used to produce power. During the Fiscals ended 2018, 2019 and 2020, and for the nine months ended December 31, 2019 and for the nine months ended December 31, 2020, our revenue from customers in the clean energy sector accounted for 49.14%, 61.42%, 64.34%, 71.01% and 49.33%, respectively, of our revenue from operations.

In addition, we have been serving customers in the nuclear sector for over 35 years, and have established relationships with the Nuclear Power Corporation of India Limited ("**NPCIL**") having served them for over 16 years. We manufacture and supply specialized products such as fuel machining head, drive mechanisms, bridge and column and coolant channel assemblies, among others, not just for the new pressurised heavy water nuclear reactors, but also for refurbishment of the existing reactors. We have also supplied critical products such as grid plate, control plug and inclined fuel transfer machine for the prototype fast breeder reactor. During the Fiscals ended 2018, 2019 and 2020, and for the nine months ended December 31, 2019 and for the nine months ended December 31, 2020, our revenue from customers belonging to the nuclear sector accounted for 28.89%, 13.05%, 14.27%, 7.33% and 27.13%, respectively, of our revenue from operations.

We are also a key supplier of mission critical assemblies and components to customers within the space and defence sectors for their programs of national importance. Through our long-standing relationships of over three decades and four decades with customers such as the Indian Space Research Organisation ("**ISRO**") and the Defence Research and Development Organisation ("**DRDO**"), we have been able to supply specialized products to the Indian space programme and the Indian missile programme, respectively. For instance, our offerings to ISRO comprised a wide variety of mission critical components and critical assemblies such as liquid propulsion engines, components and assemblies for cryogenic engines, specifically turbo pumps, booster pumps, gas generators and injector heads for such engines, and electro-pneumatic modules to serve its space launch vehicles. Within the defence sector, we undertook complex assemblies for the DRDO, including such as the base shroud assembly (for Agni missiles), and the assembly of secondary injection thrust vector control ("**SITVC**") valves and hydraulic fin tip control ("**HFTC**") valves. In addition, we also supplied critical defence products such as aluminium weldments and other machined components to our international customers including, an Israeli defense technology company. During the Fiscals ended 2018, 2019 and 2020, and for the nine months ended December 31, 2019 and for the nine months ended December 31, 2020, our revenue from customers in the space and defence sectors accounted for 16.39%, 20.06%, 18.40%, 18.56% and 20.59%, respectively, of our revenue from operations

We currently operate through seven manufacturing facilities, including an export-oriented unit ("**EOU**"). These manufacturing facilities, each of which is situated in Hyderabad, Telangana, employ advanced equipment to undertake precision machining, assembly, testing and quality control, specialized fabrication, brazing and heat treatment, and other specialized processes, leading to us being a one-stop solutions company for our customers. Over the years, we have made investments in processes, infrastructure and systems, and in specialized training to our technical team to become a leading player in nuclear and space and defence sectors. We have also implemented various information technology solutions including for assisting in our designing and manufacturing operations, and enterprise resource planning ("**ERP**") solutions to integrate key areas of our operations.

We lay special emphasis on research and development ("**R&D**") of our manufacturing processes as we believe, it allows us to evolve our own process technologies thereby enabling us to achieve design specifications with accuracy irrespective of the size of the products. We have also recently established an engineering cell that works on cycle time reductions to enhance cost-effective manufacturing solutions in niche engineering segment. Given our operations are specialized, our manufacturing facilities also employ extensive and stringent quality control mechanism at various stages including that of material issue and manufacturing process, to ensure that our finished product conforms to the quality and traceability requirements of our customers. Owing to the critical end-applications of our products and such stringent quality requirements, we believe it becomes very difficult for new players to get qualified for the projects we undertake. Various awards such as the 'Best Quality Supplier Award', 'Defence Technology Absorption Award', 'INS Industrial Excellence Award' and the 'Award for Excellence in Aerospace Indigenization' received by us in the past bear testimony to the faith our customers have in us and our ability to successfully serve and meet their requirements. For further details, see "*History and Certain Corporate Matters*" on page 247.

Our Company was originally promoted by Late P. Ravinder Reddy, Late K. Satyanarayana Reddy and P. Jayaprakash Reddy. We are now led by one of our Promoters, and our Managing Director, Parvat Srinivas Reddy, who has over 29 years of work experience. Through his experience, he has been able to establish relationships with not just the domestic customers but also the global customers. In addition, we also have an experienced management team which has brought in organizational and operational changes in our Company over the past few years. This team is backed by a core technical team that has substantial experience in manufacturing and the technical know-how to manufacture niche engineering products. The commitment and the level of engagement of our employees to create complex manufacturing technologies is further demonstrated by the current average employee tenure with our Company, which is approximately 15 years, with a low attrition rate of about 6% in the last three years.

In the Fiscal ended 2020, and in the nine months ended December 31, 2020, our total income was ₹ 2,181.42 million and ₹ 1,779.91 million, respectively. Our restated profit for the period / year has grown at a CAGR of 140.31%, from ₹ 54.23 million in Fiscal 2018 to ₹ 313.18 million in Fiscal 2020 and was ₹ 224.53 million and ₹ 280.69 million for the nine months ended December 31, 2019 and for the nine months ended December 31, 2020, respectively. In the Fiscal ended 2020, and in the nine months ended December 31, 2020, we reported EBITDA of ₹ 623.34 million and ₹ 537.50 million, respectively. Our aggregate Order Book as on December 31, 2020 was ₹ 3,361.91 million, comprising Order Book in the clean energy sector, the nuclear sector and the space and defence sectors of ₹ 801.86 million, ₹ 931.86 million and ₹ 1,606.10 million, respectively.

Presentation of Financial Statements

Unless stated or the context requires otherwise, the financial information in this Prospectus is derived from our Restated Financial Statements. Our Restated Financial Statements comprise our Restated Consolidated Financial Information and our Restated Unconsolidated Financial Information, which have been prepared in terms of the requirements of Section 26 of the Companies Act, the SEBI ICDR Regulations, as amended from time to time, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI. For further information on our Company's financial information, see "*Financial Information*" beginning on page 281.

The Restated Consolidated Financial Information for the nine months ended December 31, 2020 and December 31, 2019 is not indicative of full year results, and accordingly, such information is not comparable to the Restated Consolidated Financial Information for Fiscal ended March 31, 2020. Similarly, the Restated Unconsolidated Financial Information for the nine month periods ended December 31, 2020 and December 31, 2019 is not indicative of full year results, and is not comparable to the Restated Unconsolidated Financial Information for the Fiscals ended March 31, 2020, March 31, 2019 and March 31, 2018.

Additionally, our Company did not have any subsidiary or associate company or joint venture in the Fiscals ended March 31, 2019 and March 31, 2018, and accordingly, our Company has not prepared consolidated financial statements for any of those Fiscals. Accordingly, no comparative financial information for prior periods has been presented to the Restated Consolidated Financial Information for the Fiscal ended March 31, 2020. Further, the Restated Consolidated Financial Information for Fiscal 2020 and the nine months ended December 31, 2020 and December 31, 2019 is not directly comparable with the Restated Unconsolidated Financial Information for Fiscals 2018, 2019 and 2020 and the nine months ended December 31, 2019 and December 31, 2020, given that we incorporated a subsidiary in such later period.

In this 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. In certain instances, (i) the sum or percentage change of such numbers may not conform exactly to the total figure given; and (ii) the sum of the numbers in a column or row in certain tables may not conform exactly to the total figure given for that column or row.

Further, any figures sourced from third party industry sources may be rounded off to other than to the second decimal to conform to their respective sources.

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

Significant Factors Affecting Our Results of Operations and Financial Condition

We believe that the following factors have significantly affected our results of operations and financial condition during the periods under review, and may continue to affect our results of operations and financial condition in the future:

Change in policy framework governing nuclear, space and defence procurement and manufacture

Our business is subject to the laws, regulations and policies of the Government of India. Changes in applicable regulations may have an impact on our business and results of operations. For instance, the Government of India has sanctioned manufacture of 10 fleet reactors with a combined generation capacity of 7,000 MWe. (*Source: Company Commissioned CRISIL Report*) In addition, the Government of India has recently announced import ban on 101 defence based items which will allow a wide spread manufacturing base, introduce global best practices and aide job creation. (*Source: Company Commissioned CRISIL Report*) Further, the 'Make in India' campaign introduced in 2014 and the 'Atma-Nirbhar Bharat' initiative, according to the Company Commissioned CRISIL Report, share similar goals with regards to development of domestic defence industry. The objective behind these programs is to attain strategic independence by reducing import dependence. (*Source: Company Commissioned CRISIL Report*) In addition, in terms of the Defence Acquisition Procedure, 2020, issued by the Ministry of Defence, Government of India, any order released by the government shall mandatorily require 50% of indigenous content. Further, in terms of Press Note No.4 (2020 Series) in relation to the 'Review of Foreign Direct Investment ("**FDI**") Policy in Defence Sector' dated September 17, 2020, the foreign direct investment limit in the Indian defence sector was increased to 74% from 49% under the automatic route, and this is expected to attract global players to India, according to the Company Commissioned CRISIL Report. In addition, ISRO intends to commercialise the Indian space sector and offer its products and services to other countries. ISRO has also announced the manufacture of a small satellite launch vehicle ("**SSLV**") that shall be able to lift satellites up to 500 kilograms in the lower Earth orbit thereby making the space launches of ISRO, even more competitive for lower payloads. ISRO is also working on certain major missions such as Gaganyaan, Aditya-1 and Shukrayaan-1, among others.

These policies and initiatives have raised and are expected to further raise the level of competition and while we believe that our Company is well-poised to capitalize on these opportunities owing to our prior experience and robust relationships with our customers, we cannot assure you that we will be as competitive under the new policies or that our future Order Book shall grow significantly in the future. Our results of operations may be impacted by our ability to formulate and adjust business strategies in accordance with market demand as influenced by changing Government of India regulations and policies and competitive landscape.

Significant dependence on orders from Bloom Energy, NPCIL, ISRO and DRDO and the maintenance of standards of quality

We presently derive and expect to continue to derive a significant amount of our revenue from work performed for the Bloom Energy, NPCIL, ISRO and DRDO. However, NPCIL, ISRO, and DRDO's orders to us depend upon the continuing availability of budgets extended to the respective departments of the Government of India under which these customers operate. Our future revenues are reliant on the continuing availability of such budgetary appropriations and any disruptions or reductions to the availability of such appropriations or unavailability of funds to such departments, could have an adverse impact on the funding of these orders and consequently, adversely affect our revenues.

Further, continued economic challenges may place pressure on the Government budgets and allocation of spending. While we believe that our programmes are well aligned with India's national nuclear, space and defence programmes and other related priorities, shifts in domestic spending and tax policy, changes in security levels, defence, and intelligence priorities, general economic conditions and developments, and other factors may affect a decision to fund, or the amount of funding available to, existing or proposed nuclear, space or defence programmes. Under such conditions, large or complex projects are potentially subject to performance challenges. In addition, in the event the number of space launches undertaken by ISRO is reduced due to reasons including COVID-19, there would be a delay in the provision of the free issue materials to us by our customers and consequently, our business would be adversely impacted. In view of such challenges faced by us, there is no guarantee that our customers will continue to place orders at the same levels as they have in the past or if at all in the future. While we expect to compete, and be particularly well positioned as the incumbent on existing programs, our results of operations will be affected by our success in competing for business in future and level of budget available to the sectors we serve. For further details, see "*Risk Factors – We depend on Bloom Energy Inc. and a limited number of other customers for a significant portion of our revenue. The loss of one or more of our top three customers or a significant reduction in demand for our products from such top three customers, our failure to succeed in tendering for projects for them in the future despite our previous track record, or a decline in their business performance may adversely affect our business, financial condition, result of operations and cash flows.*" and "*Risk Factors – We depend significantly on orders from the NPCIL, ISRO and DRDO. A decline or reprioritisation of funding in the Indian budget towards the respective departments of the Government of India under which these customers operate, or delays in the budget process could adversely affect our ability to grow or maintain our sales, earnings, and cash flow. Further, the liberalisation of the defence or space sectors to allow the entry of private and foreign companies may increase the level of competition we face, and there is no assurance that we shall be able to compete effectively.*" on pages 29 and 31, respectively.

Further, to ensure continued association with these customers, adherence to quality standards is a critical factor as any defects in any of the products manufactured by our Company or failure to comply with the specifications of our customers may lead to cancellation of the purchase order placed by our customers. In order to maintain the quality standards and comply with the design specifications provided by our customers and to ensure that our products successfully pass all validations and quality checks, the quality control team is tasked not only with thorough pre-manufacturing checks and balances but also with employing an extensive and stringent quality control mechanism at each stage of the manufacturing process including inspection of raw materials to check their tensile strength, surface finish, resistivity; in-process inspection of products to check thickness of insulation and tensile strength, among others; and test of finished goods to check thickness of insulation and sheath, among other processes. Most of our manufacturing facilities, including our EOU have accreditations such as the ISO 9001:2015 certification and AS9100D certification (technically equivalent to the EN 9100:2018 and JISQ 9100:2016 certifications) for quality management systems. We have also initiated the process for receiving ISO 14001:2015, ISO 45001:2018, ISO 27001:2013 and applying for NADCAP certifications for some of our units.

Foreign currency fluctuations

Our financial statements are presented in Indian Rupees. However, our expenditure and revenue are influenced by the currencies that we export in as well as by currencies of countries from where we procure our raw materials and plant and machinery. For the year ended March 31, 2020 and as on the nine months ended December 31, 2020, the revenue from contracts with customers located in India amounted to ₹ 675.76 million and ₹ 804.47 million, reflecting 32.42% and 46.18% of our revenue from contracts with customers, respectively, whereas the revenue from contracts with customers located outside India amounted to ₹ 1,408.82 million and ₹ 937.71 million, reflecting 67.58% and 53.82% of our revenue from contracts with customers, respectively during the same period.

The exchange rate between the Indian Rupee and these currencies has fluctuated in the past and our results of operations have been impacted by such fluctuations and may be impacted by such fluctuations in the future. Appreciation or depreciation of the Indian rupee against the U.S. Dollar and other foreign currencies may affect our results of operations. Volatility in the exchange rate and/or sustained appreciation of the Indian Rupee will negatively impact our revenue and operating results.

Raw material, operating costs, and maintaining efficiencies

Operating costs and maintaining efficiencies is critical to our competitiveness and profitability. Towards this, we intend to continue to maintain or improve upon our benchmarks for cost structure. This cost structure sustainability shall be achieved over the years through emphasis on economies of scale, employment of learnings acquired in manufacturing end components, and in assemblies, and a robust supply chain developed for sourcing of specialised raw materials. For instance, owing to our consistent supply of products to Bloom Energy, our Company has been able to achieve cost reduction over the years. This has been possible through adoption of lean practices including in respect of supply chain and design as well as through reduction of operational costs. For further details, see "*Our Business — Our Business Strategies — Continue to strive for operational efficiencies, supply chain rationalisation and effective planning*" on page 233.

Cost of materials consumed accounted for 46.01%, 44.99%, 50.55%, 52.97%, and 54.05% of our total expenses for Fiscal 2018, 2019, 2020, and for the nine months ended December 31, 2019 and for the nine months ended December 31, 2020, respectively and, accordingly, cost of materials consumed constitutes a significant portion of our expenses. The raw materials used for manufacture of products catered to customers in the clean energy sector are inconel sheets of various grades, to customers in the nuclear sector are specialised steels such as 17-4 PH, SS 410, 13-8 MO PH, and to customers in the space and defence sectors are alloy steels and aluminium including bearing and seals. Prices for these raw materials can be volatile and depend on commodity prices in the markets, which, in turn, depend on changes in global economic conditions, industry cycles, supply-and-demand dynamics, attempts by individual producers to capture market share, and market speculation, among other factors. In addition to market fluctuations, our raw material prices can be affected by contractual arrangements and hedging strategies, if any.

Further, an increase in raw material prices may result in increased prices for our customers' products, which may in turn result in decreased demand for their products and, consequently, the components that we supply for their products. For further details see, "*Risk Factors – Volatility in the supply of our raw materials may have an adverse effect on our business, financial condition and results of operations. Our raw material suppliers could fail to meet their obligations, which may have a material adverse effect on our business, results of operations and financial condition*" on page 35.

Strength of Our Order book

Our results of operations are affected by the strength of our Order Book. Our aggregate Order Book as on December 31, 2020 was ₹ 3,361.91 million, comprising Order Book in the clean energy sector, nuclear sector and space and defence sectors of ₹ 801.86 million, ₹ 931.86 million and ₹ 1,606.10 million, respectively. Major products forming part of our current Order Book include hot boxes, fuel machining head, semi cryo engines, and Vikas engines.

Going forward, our Order Book may be affected by delays, cancellations and the renegotiations of the contracts, if any, and therefore, we cannot assure you that we will be able to deliver all of our existing orders on schedule and successfully turn them into our revenue. Our ability to convert our future Order Book into revenues in any period is affected by factors such as our ability to efficiently produce and deliver the products to satisfy customer demand as well as on the ability of the various departments of Government of India to successfully implement their policies which will in turn encourage growth in the sectors we serve, and general economic conditions in India. We do not include unexercised options or indefinite-quantity orders in our Order Book. If any of our contracts were to be terminated, our Order Book would be reduced by the expected value of the remaining terms of such contracts.

Ability to keep technical knowledge confidential and to keep pace with evolving technology

We possess extensive technical knowledge about our products. Such technical knowledge has been built up through our own experiences and through our research and development. Our technical knowledge is a significant independent asset, which may not be adequately protected by intellectual property rights such as patent registration. Some of our technical knowledge is protected only by secrecy. As a result, we cannot be certain that our technical knowledge will remain confidential in the long run.

Certain proprietary knowledge may be leaked, either inadvertently or wilfully, at various stages of the production process. A significant number of our employees have access to confidential design and product information and there can be no assurance that this information will remain confidential. Moreover, certain of our employees may leave us and join our various competitors. Although we may seek to enforce non-disclosure agreements in respect of research and development with our key employees, we cannot guarantee that we will be able to successfully enforce such agreements. In the event that the confidential technical information in respect of our processes and products or business becomes available to third parties or to the general public, any competitive advantage we may have over our peers could be harmed. If a competitor is able to reproduce or otherwise capitalise on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects.

Further, to remain competitive, we must keep abreast with the modern technological practices, and consistently provide products with superior performance and capability to our customers, advanced technology solutions and service at an affordable cost. Our inability to successfully do so could have a material adverse effect on our business, prospects, financial condition and/ or our operating results.

Imposition of liquidated damages and invocation of performance bank guarantees/ indemnity bonds by our customers

Our contracts with customers typically provide for liquidated damages for delays in delivery. The maximum extent of such liquidated damages range between 5.00% and 10.00% of the value, of the supplies of the purchase order. In the past, we have been required to renegotiate some of the terms such as price, date of delivery and scope of work of our contracts due to a delay in delivering the products owing to a combination of internal as well as external factors beyond our control. We were also required to pay liquidated damages for such delays.

The industry in which we operate is a capital intensive industry and as the contract prices for the products we manufacture are generally high, we are usually required to furnish our customers with performance guarantees as security for the fulfilment of our contractual obligations under our contracts, against which payments and mobilization advances are released by our customers upon our execution of the contracts. In order for us to secure performance guarantees, banks and financial institutions review, among other things, our financial standing and creditworthiness. Generally, we arrange for banks to issue performance guarantees to our customers from our available banking facilities. If we do not have available banking facilities to issue the performance guarantees, we approach other banks or financial institutions to issue the performance guarantee. While we have been able to procure performance guarantees for new contracts to date, in the event that we are unable to do so and we are unable to satisfy the financial requirements prescribed by banks and financial institutions, we will not be able to procure the requisite performance guarantees and as a result, we may be unable to secure new contracts, which would have a material adverse effect on our business, financial condition, results of operations and prospects. Further, these performance bank guarantees and indemnity bonds require us to incur liabilities, to the extent of the value of such bank guarantees and indemnity bonds, for and on behalf of our customers against all losses and damages incurred by them due to any breach of the terms and conditions of such contracts by us or due to the acts and omissions of our vendors and suppliers.

The incurring of liabilities pursuant to the imposition of liquidated damages as well as invocation of performance bank guarantees and indemnity bonds could have an adverse effect on our business, operations, revenues and earnings.

Costs and Availability of Skilled Labour

We are heavily dependent on highly trained engineers and other skilled labour. Our ability to meet future business challenges depends on our ability to attract, recruit and retain talented and skilled personnel. We have generally been successful in recruiting the talent we need in India.

However, many factors could make it more difficult, or more expensive, for us to recruit and retain the personnel we need, particularly as we grow our business. We believe that our ability to implement a compensation package which extends benefits on par with other similar organisations is a key factor in our ability to attract skilled labour and maintain employee morale.

Significant Accounting Policies under Ind AS (Unconsolidated)

1.1 Basis of preparation

The Restated Ind AS Unconsolidated Summary Statements of assets and liabilities of the Company as at December 31, 2020, December 31, 2019 and as at March 31, 2020, March 31, 2019, March 31, 2018 and the related Restated Ind AS Unconsolidated Summary Statements of profits and losses, changes in equity and cash flow for the nine months ended December 31, 2020, December 31, 2019 and for each of the years ended March 31, 2020, March 31, 2019 and March 31, 2018, and accompanying annexures to financial statements (hereinafter collectively called "Restated Ind AS Unconsolidated Summary Statements") have been prepared specifically for inclusion in the Prospectus ("RHP") to be filed by the Company with the Securities and Exchange Board of India ("SEBI") in connection with proposed initial public offer of equity shares of face value of Rs. 10 each of the Company (the "Offering").

These Restated Ind AS Unconsolidated Summary Statements have been prepared to comply in all material respects with the requirements of

a) Sub-section (1) of Section 26 of Chapter III of the Act and
b) Relevant provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("the SEBI ICDR Regulations") issued by the Securities and Exchange Board of India ('SEBI') on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.
c) Guidance note on Reports in Company Prospectuses (Revised 2019) ("Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI").

The Restated Ind AS Unconsolidated Summary Statements has been compiled from:

a) audited interim unconsolidated financial statements of the Company as at and for the nine months ended December 31, 2020 and December 31, 2019 which have been prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting", specified under the Indian Accounting Standards 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 and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), which have been approved by the Board of Directors at their meeting held on February 15, 2021;

b) the audited unconsolidated financial statements of the Company as at and for the years ended March 31, 2020, March 31, 2019 and March 31, 2018 which have been 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 from time to time, other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable, which have been approved by the Board of Directors at their meeting held on September 08, 2020, July 09, 2019, and July 07, 2018 respectively;

The Restated Ind AS Unconsolidated Summary Statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and
- Defined benefits plan - plan assets measured at fair value

The Restated Ind AS Unconsolidated Summary Statements are presented in Indian Rupees "INR" or "Rs." and all values are stated as INR millions, except when otherwise indicated.

These notes provide a list of the significant accounting policies adopted in the preparation of these Restated Ind AS Unconsolidated Summary Statements. These policies have been consistently applied to all the years/ periods presented, unless otherwise stated.

The accompanying Restated Ind AS Unconsolidated Summary Statements was approved by the Board of directors on February 15, 2021.

1.2 Summary of significant accounting policies

a) Amended standards

Several amendments apply for the first time for the period ended December 31, 2020, but do not have significant impact on the Restated Ind AS Unconsolidated Summary Statements of the Company.

b) Current versus non-current classification

The Company presents assets and liabilities in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities based on current/ non-current classification. An asset is treated as current when it is:

► Expected to be realised or intended to be sold or consumed in normal operating cycle
► Held primarily for the purpose of trading
► Expected to be realised within twelve months after the reporting period, or

► Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

► It is expected to be settled in normal operating cycle
► It is held primarily for the purpose of trading
► It is due to be settled within twelve months after the reporting period, or
► There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

c) Property, plant and equipment

Freehold land is measured at cost, net of tax / duty credit availed, net of accumulated impairment, if any. All items of property, plant and equipment are stated at cost, net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises of purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the items and restoring the site on which it located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses as incurred.

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/ under development net off accumulated impairment loss, if any, as at the balance sheet date. Directly attributable expenditure incurred on project under implementation are shown under CWIP. At the point when an asset is capable of operating in the manner intended by management, the capital work in progress is transferred to the appropriate category of property, plant and equipment.

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognised as capital advance.

Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, which is equal to the life prescribed under the Schedule II to the Companies Act, 2013.

The useful lives estimated by the management are given below:

Category of Asset	Estimated useful life (years)
Property, plant and equipment	
Buildings	30
Plant and machinery	15
Electrical equipment	5
Furniture and fixtures	10
Office equipment	5
Computers	3 / 6

Vehicles	8

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each period end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other (income)/expense, net" in the Restated Ind AS Unconsolidated Summary Statements of profits and losses.

d) Intangible assets

Costs relating to computer software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of three years.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses when the asset is derecognised.

e) Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

i. **Raw materials:** Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

ii. **Finished goods and Work-in-progress:** Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

f) Revenue

i. Revenue from contract with customers

Revenue from contracts with customer is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

Revenue is measured at the fair value of the consideration received or receivable. Amount disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates. Amounts collected on behalf of third parties such as Goods and service Tax (GST), sales tax and value added tax (VAT) are excluded from revenue. Excise duty shown in Restated Ind AS Unconsolidated Summary Statements of profits and losses is the amount that is included in the Revenue from operations and not the entire amount of liability that arose during the year.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue is recognized at the point in time when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. The contracts that Company enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price. The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Contract Balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (j) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

ii. Export benefits

Export benefits are recognised where there is reasonable assurance that the benefit will be received and all attached conditions will be complied with. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

iii. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

g) Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i) Foreign currency transactions

Items included in the Restated Ind AS Unconsolidated Summary Statements of Company are measured using currency of the primary economic environment in which the Company operates ("the functional currency"). The Restated Ind AS Unconsolidated Summary Statements are presented in Indian rupees (INR), which is the functional currency of the Company.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company in INR at spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at INR spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Company initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Company determines the transaction date for each payment or receipt of advance consideration.

j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (f) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.
Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 other income in the Restated Ind AS Unconsolidated Summary Statements of profits and losses. The losses arising from impairment are recognised in the profit or loss.

Debt instruments at FVTOCI

A ‘debt instrument’ is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset’s contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Restated Ind AS Unconsolidated Summary Statements of profits and losses. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Restated Ind AS Unconsolidated Summary Statements of profits and losses. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debts Instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’). The Company has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Restated Ind AS Unconsolidated Summary Statements of profits and losses.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities at fair value with net changes in fair value recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses when the right of payment has been established.

Equity instruments designated at fair value through OCI

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Restated Ind AS Unconsolidated Summary Statements of profits and losses when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Investment in subsidiary:

The Company has elected to recognize its investments in subsidiary at cost less impairment loss, if any in accordance with the option available in Ind AS 27, ‘Separate Financial Statements’. Cost represents amount paid for acquisition of the said investments.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

The details of such investment are given in Note 3 of Annexure VII. Refer to Annexure V in (g) Impairment of non-financial assets.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

► The rights to receive cash flows from the asset have expired, or
► The Company has transferred its rights to receive cash flows from the asset 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company 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 Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. 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 Company could be required to repay. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition.

ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities is as described below:

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and 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 amortisation process. 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 Restated Ind AS Unconsolidated Summary Statements of profits and losses.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Restated Ind AS Unconsolidated Summary Statements of profits and losses.

Reclassification of financial instruments

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

k) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating officer/ chief executive officer. The chief operating officer/ chief executive officer is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

l) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Restated Ind AS Unconsolidated Summary Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Restated Ind AS Unconsolidated Summary Statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period / year.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 33 in Annexure VII)
- Investment in unquoted equity shares (note 3 in Annexure VII)
- Financial instruments (including those carried at amortised cost) (note 3, 4, 5, 9, 10, 13, 15, 16 and 17 in Annexure VII)

m) Taxes

Current income tax

Current income tax assets and 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 substantively enacted, at the reporting date in India.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Company offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Minimum alternate tax (MAT) paid in a year is charged to the Restated Ind AS Unconsolidated Summary Statements of profits and losses as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset, it is created by way of credit to the Restated Ind AS Unconsolidated Summary Statements of profits and losses and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities.

n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to Restated Ind AS Unconsolidated Summary Statements of profits and losses in subsequent periods.

Past service costs are recognised in Restated Ind AS Unconsolidated Summary Statements of profits and losses on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Restated Ind AS Unconsolidated Summary Statements of profits and losses:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Restated Ind AS Unconsolidated Summary Statement of profits and losses and are not deferred. The Company presents the leave as a current liability in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities, as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Provisions and Contingent Liabilities

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Restated Ind AS Unconsolidated Summary Statements of profits and losses net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise the contingent liability but discloses its existence in the Restated Ind AS Unconsolidated Summary Statements.

o) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period / year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Company and the weighted average number of shares outstanding during the period / year are adjusted for the effects of all dilutive potential equity shares.

p) Cash and Cash Equivalents

Cash and cash equivalent in the Restated Ind AS Unconsolidated Summary Statements of assets and liabilities comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Company’s cash management.

q) Cash dividend to equity holders of the Company

The Company recognises a liability to make cash distributions to equity holders of the Company when the distribution is authorised, and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. A corresponding amount is recognised directly in equity.

r) Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed as such in the Restated Ind AS Unconsolidated Summary Statements.

Significant Accounting Policies under Ind AS (Consolidated)

1.1. Basis of preparation

The Restated Ind AS Consolidated Summary Statements of assets and liabilities of the Group as at December 31, 2020, December 31, 2019 and March 31, 2020 and the related Restated Ind AS Consolidated Summary Statements of profits and losses, changes in equity and cash flow for the nine months ended December 31, 2020, December 31, 2019 and for the year ended March 31, 2020 and accompanying annexures to financial statements (hereinafter collectively called “Restated Ind AS Consolidated Summary Statements”) have been prepared specifically for inclusion in the Prospectus (“RHP”) to be filed by the Holding Company with the Securities and Exchange Board of India (“SEBI”) in connection with proposed initial public offer of equity shares of Rs. 10 each of the Holding Company (the “Offering”).

These Restated Ind AS Consolidated Summary Statements have been prepared to comply in all material respects with the requirements of:

a) Sub-section (1) of Section 26 of Chapter III of the Act;
b) Relevant provisions of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“the SEBI ICDR Regulations”) issued by the Securities and Exchange Board of India ('SEBI') on September 11, 2018 as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992 and
c) Guidance note on Reports in Company Prospectuses (Revised 2019) (“Guidance Note”) issued by the Institute of Chartered Accountants of India (“ICAI”).

The Restated Ind AS Consolidated Summary Statements has been compiled from:

a) audited interim consolidated financial statements of the Group as at and for the nine months ended December 31, 2020 and December 31, 2019 which have been prepared in accordance with Indian Accounting Standard 34 "Interim Financial Reporting", specified under the Indian Accounting Standards 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 and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III) which have been approved by the Board of Directors at their meeting held on February 15, 2021; and

b) the audited consolidated financial statements of the Group as at and for the year ended March 31, 2020 which have been 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 from time to time, other accounting principles generally accepted in India and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable, which have been approved by the Board of Directors at their meeting held on September 08, 2020.

The Restated Ind AS Consolidated Summary Statements have been prepared on the historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments) and
- Defined benefits plan - plan assets measured at fair value

The Restated Ind AS Consolidated Summary Statements are presented in Indian Rupees "INR" or "Rs." and all values are stated as INR millions, except when otherwise indicated.

These notes provide a list of the significant accounting policies adopted in the preparation of these Restated Ind AS Consolidated Summary Statements. These policies have been consistently applied to all the year/period presented, unless otherwise stated.

The accompanying Restated Ind AS Consolidated Summary Statements was approved by the Board of directors on February 15, 2021.

2.2 Basis of consolidation

The Restated Ind AS Consolidated Summary Statements comprise the financial statements of the Company and its subsidiary as at December 31, 2020, December 31, 2019 and March 31, 2020.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the Interim consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of subsidiary used for the purpose of consolidation are drawn up to same reporting date as that of the parent company. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

Consolidation procedure

1. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Holding Company with those of its subsidiary.

2. Eliminate the carrying amount of the Holding Company's investment in subsidiary and the Holding Company's portion of equity of subsidiary.

3. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the Interim consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

4. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Holding Company of the Group and to the non-controlling interests. When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies into line with the Group's accounting policies.

2.3 Summary of significant accounting policies

a) Amended standards

Several amendments apply for the first time for the nine months ended December 31, 2020, but do not have significant impact on the Restated Ind AS Consolidated Summary Statements of the Group.

b) Current versus non-current classification

The Group presents assets and liabilities in the Restated Ind AS Consolidated Summary Statements of assets and liabilities based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

c) Property, plant and equipment

Freehold land is carried at cost, net of tax / duty credit availed, net of accumulated impairment, if any. All other items of property, plant and equipment are stated at cost, net of tax / duty credit availed, less accumulated depreciation and accumulated impairment losses, if any. Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it located. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses as incurred.

Capital work-in-progress (CWIP) includes cost of property, plant and equipment under installation/ under development, net off accumulated impairment loss, if any, as at the balance sheet date.

Directly attributable expenditure incurred on project under implementation are shown under CWIP. At the point when an asset is capable of operating in the manner intended by management, the capital work in progress is transferred to the appropriate category of property, plant and equipment.

Cost of assets not ready for use at the balance sheet date are disclosed under capital work-in-progress. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognised as capital advance.
Depreciation is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management, which is equal to the life prescribed under the Schedule II to the Companies Act, 2013.

The useful lives estimated by the management are given below:

Category of Asset	Estimated useful life (years)
Property, plant and equipment	
Buildings	30
Plant and machinery	15
Electrical equipment	5
Furniture and fixtures	10
Office equipment	5
Computers	3/ 6 years
Vehicles	8

The residual value, useful life and methods of depreciation of property, plant and equipment are reviewed at each financial period end and adjusted prospectively, if appropriate.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognized net within "other (income)/expense, net" in the Restated Ind AS Consolidated Summary Statements of profits and losses.

d) Intangible assets

Costs relating to computer software, which is acquired, are capitalised and amortised on a straight-line basis over their estimated useful lives of three years.
Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses when the asset is derecognised.

e) Inventories

Inventories are valued at the lower of cost and net realizable value after providing for obsolescence and other losses, where considered necessary. Cost of inventories comprises all cost of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:

(i) **Raw materials**: Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

(ii) **Finished goods and Work-in-progress**: Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity but excluding borrowing costs. Cost is determined on weighted average basis.

f) Revenue

(i) **Revenue from contract with customers**
Revenue from contracts with customer is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group has concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

The Goods and service Tax (GST) is not received by the Group on its own account. It is a tax collected on value added to the commodity by the Group on behalf of the government. Accordingly, it has been excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue is recognized at the point in time when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. The contracts that Group enters into relate to sales order containing single performance obligations for the delivery of goods as per Ind AS 115. Variable consideration is estimated using the expected value method or most likely amount as appropriate in a given circumstance. Payment terms agreed with a customer are as per business practice and there is no financing component involved in the transaction price. The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

Contract Balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivable

A receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (k) Financial instruments – initial recognition and subsequent measurement.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

(ii) Export benefits

Export benefits are recognised where there is reasonable assurance that the benefit will be received and all attached conditions will be complied with. Export benefits on account of export promotion schemes are accrued and accounted in the period of export and are included in other operating revenue.

(iii) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

g) Impairment of non-financial assets

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Group operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus. An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior periods. Such reversal is recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

i) Foreign currency transactions

Items included in the Restated Ind AS Consolidated Summary Statements of Group are measured using currency of the primary economic environment in which the Group operates ("the functional currency"). The Restated Ind AS Consolidated Summary Statements are presented in Indian rupees (INR), which is the functional currency of the Group.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group in INR at spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at INR spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section (f) Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 other income in the Restated Ind AS Consolidated Summary Statements of profits and losses. The losses arising from impairment are recognised in the profit or loss.

Debt instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Restated Ind AS Consolidated Summary Statements of profits and losses. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debts Instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the Restated Ind AS Consolidated Summary Statements of profits and losses

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the Restated Ind AS Consolidated Summary Statements of Assets and Liabilites at fair value with net changes in fair value recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses.

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses when the right of payment has been established.

Equity instruments designated at fair value through OCI

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Equity instruments which are held for trading are classified as at FVTPL.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the Restated Ind AS Consolidated Summary Statements of profits and losses when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its 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 has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group 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 continues to recognise the transferred asset to the extent of the Group's continuing involvement. 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 could be required to repay. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition.

ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities is as described below:

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and 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 amortisation process. 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 Restated Ind AS Consolidated Summary Statements of profits and losses.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Restated Ind AS Consolidated Summary Statements of profits and losses.

Reclassification of financial instruments

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Restated Ind AS Consolidated Summary Statements of Assets and Liabilites if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

k) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating officer/ chief executive officer. The chief operating officer/ chief executive officer is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker.

l) Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Restated Ind AS Consolidated Summary Statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Restated Ind AS Consolidated Summary Statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (notes 34 and 35 in Annexure VII)
- Investment in unquoted equity shares (note 3 in Annexure VII)
- Financial instruments (including those carried at amortised cost) (notes 4, 5, 9, 10, 13, 15,16, 17 in Annexure VII)

m) Taxes

Current income tax

Current income tax assets and 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 substantively enacted, at the reporting date in India.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Minimum alternate tax (MAT) paid in a year is charged to the Restated Ind AS Consolidated Summary Statements of profits and losses as current tax for the year. The deferred tax asset is recognised for MAT credit available only to the extent that it is probable that the Group will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Group recognizes MAT credit as an asset, it is created by way of credit to the Restated Ind AS Consolidated Summary Statements of profits and losses and shown as part of deferred tax asset. The Group reviews the “MAT credit entitlement” asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

Sales/ value added taxes paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Restated Ind AS Consolidated Summary Statements of Assets and Liabilities.

n) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Group has no obligation, other than the contribution payable to the provident fund. The Group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Restated Ind AS Consolidated Summary Statements of Assets and Liabilities with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to Restated Ind AS Consolidated Summary Statements of profits and losses in subsequent periods.

Past service costs are recognised in statement of profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Restated Ind AS Consolidated summary statement of profits and losses and are not deferred. The Group presents the leave as a current liability in the Restated Ind AS Consolidated Summary Statements of Assets and Liabilities, as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

o) Provisions and Contingent Liabilities

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Restated Ind AS Consolidated Summary Statements of profits and losses net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A contingent liability is possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise the contingent liability but discloses its existence in the Restated Ind AS Consolidated Summary Statements.

p) Earnings per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders of the parent by the weighted average number of equity shares outstanding during the period / year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders of the Holding Company and the weighted average number of shares outstanding during the period / year are adjusted for the effects of all dilutive potential equity shares.

q) Cash and Cash Equivalents

Cash and cash equivalent in the Restated Ind AS Consolidated Summary Statements of Assets and Liabilities comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Group's cash management.

r) Cash dividend to equity holders of the Parent

The Group recognises a liability to make cash distributions to equity holders of the Parent when the distribution is authorised, and the distribution is no longer at the discretion of the Group. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and Interim dividends are recorded as a liability on the date of declaration by the Parent's Board of Directors. A corresponding amount is recognised directly in equity.

s) Exceptional items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed as such in the Restated Ind AS Consolidated Summary Statements.

Principal Components of revenue and expenditure

Income

Our total income comprises (i) revenue from operations; and (ii) other income.

Revenue from operations

Revenue from operations comprise the following:

(i) revenue from contracts with customers, which comprise:

- revenue from sales of products; and
- revenue from sale of services

(ii) other operating income, which comprise:

- export benefits; and
- others (which comprises, among others, scrap sale, freight outward collected, packing income received, and tooling cost reimbursed.)

Other income

Other income includes (i) foreign exchange gain (net); (ii) profit on sale of property, plant and equipment (net); (iii) liabilities no longer required written back; and (iv) miscellaneous income.

Expenses

Our expenses comprise (i) cost of materials consumed; (ii) increase in inventories of finished goods and work-in-progress; (iii) excise duty on sale of goods; (iv) employee benefits expense; (v) depreciation and amortisation expense; (vi) finance costs; and (vii) other expenses.

Cost of materials consumed

Cost of materials consumed include cost of raw materials such as alloys steels and bought out items, and the cost of consumables, stores and spares.

Increase in inventories of finished goods and work-in-progress

Changes in inventories of finished goods and work-in-progress.

Excise Duty on Sale of Goods

Excise duty paid on sale of finished goods. Revenue from operations for periods up to June 30, 2017 includes excise duty, and revenue from operations for periods commencing July 1, 2017 onwards exclude excise duty, due to the introduction of the Goodsand Service Tax (GST) which is not included in revenue from operations.

Employee benefits expense

Employee benefits expense comprises (i) salaries, wages, and bonus; (ii) contribution to provident and other funds; (iii) gratuity expense; and (v) staff welfare expenses.

Depreciation and amortisation expense

Depreciation and amortisation expense comprises (i) depreciation on property, plant and equipment; and (ii) amortisation on intangible assets.

Finance costs

Finance costs expense comprises (i) interest expenses on borrowings and others; and (ii) bank charges.

Other expenses

Other expenses includes, amongst others (i) sub-contractor charges; (ii) production expenses; (iii) power and fuel; (iv) repair and maintenance (buildings, plant and machinery, and others); (v) insurance; (vi) rates and taxes; (vii) legal and professional charges; and (viii) security charges; (ix) material testing charges; (x) communication; (xi) travelling and conveyance; (xii) printing and stationery; (xiii) foreign exchange loss (net); (xiv) freight and forwarding; (xv) business promotion; (xvi) Provision for doubtful receivables and advances; (xvii) Bad debts written off; (xviii) Payment to auditors and (xix) miscellaneous expenses.

Results of Operations

The following table sets forth certain information with respect to our results of operations, on an unconsolidated basis, for the periods indicated:

Particulars	Fiscal 2018		Fiscal 2019		Fiscal 2020		Nine months ended December 31, 2019		Nine months ended December 31, 2020	
	₹ in million	% of total income	₹ in million	% of total income	₹ in million	% of total income	₹ in million	% of total income	₹ in million	% of total income
Income										
Revenue from operations	1,595.97	99.41	1,836.71	98.80	2,137.74	98.00	1,521.76	99.25	1,772.68	99.59
Other income	9.48	0.59	22.39	1.20	43.68	2.00	11.43	0.75	7.23	0.41
Total income (i)	**1,605.45**	**100.00**	**1,859.10**	**100.00**	**2,181.42**	**100.00**	**1,533.19**	**100.00**	**1,779.91**	**100.00**
Expenses										
Cost of materials consumed	659.77	41.10	655.32	35.25	872.55	40.00	638.54	41.65	748.07	42.03
Changes in inventories of work-in-progress	(90.49)	(5.64)	(29.70)	(1.60)	(150.88)	(6.92)	(133.34)	(8.70)	(64.10)	(3.60)
Excise duty on sale of goods	29.77	1.85	-	-	-	-	-	-	-	-
Employee benefits expense	446.09	27.79	435.08	23.40	516.26	23.67	377.16	24.60	374.37	21.03
Depreciation and amortisation expense	112.07	6.98	112.34	6.04	120.48	5.52	91.03	5.94	93.25	5.24
Finance costs	44.61	2.78	44.60	2.40	47.53	2.18	27.25	1.78	48.29	2.71
Other expenses	232.08	14.46	238.85	12.85	320.15	14.68	204.94	13.37	184.07	10.34
Total expenses (ii)	**1,433.90**	**89.32**	**1,456.49**	**78.34**	**1,726.09**	**79.13**	**1,205.58**	**78.63**	**1,383.95**	**77.75**
Restated profit before exceptional items and tax (I)	**171.55**	**10.68**	**402.61**	**21.66**	**455.33**	**20.87**	**327.61**	**21.37**	**395.96**	**22.25**
Exceptional items (II)	-	-	12.94	0.70	-	-	-	-	-	-
Restated profit before tax (III)= (I+II)	**171.55**	**10.68**	**415.55**	**22.35**	**455.33**	**20.87**	**327.61**	**21.37**	**395.96**	**22.25**
Tax expenses										
Current tax	43.37	2.70	92.13	4.96	78.11	3.58	56.57	3.69	70.94	3.99
Adjustment of tax relating to earlier period / year	0.01	0.00	20.91	1.12	1.44	0.07	1.44	0.09	-	-
Deferred tax (credit) / charge	73.94	4.61	(89.47)	(4.81)	62.60	2.87	45.07	2.94	44.33	2.49
Total tax expenses (IV)	**117.32**	**7.31**	**23.56**	**1.27**	**142.15**	**6.52**	**103.08**	**6.72**	**115.27**	**6.48**
Restated profit for the period / year (V) = (III – IV)	**54.23**	**3.38**	**391.99**	**21.09**	**313.18**	**14.36**	**224.53**	**14.64**	**280.69**	**15.77**
Other comprehensive income (OCI)										
Other comprehensive income not to be reclassified to profit and loss in subsequent period / year:										
Re-measurement gains/(losses) on defined benefit plans	(34.36)	(2.14)	6.53	0.35	(33.82)	(1.55)	(16.52)	(1.08)	7.11	0.40
Income tax effect	9.91	0.62	(1.90)	(0.10)	9.85	0.45	4.81	0.31	(2.07)	(0.12)
Restated total other comprehensive income / (loss) for the period / year, net of tax (VI)	**(24.45)**	(1.52)	**4.63**	0.25	**(23.97)**	(1.10)	**(11.71)**	(0.76)	**5.04**	0.28

Particulars	Fiscal 2018		Fiscal 2019		Fiscal 2020		Nine months ended December 31, 2019		Nine months ended December 31, 2020	
	₹ in million	% of total income	₹ in million	% of total income	₹ in million	% of total income	₹ in million	% of total income	₹ in million	% of total income
Restated total comprehensive income for the period / year (VII) = (V + VI)	**29.78**	**1.85**	**396.62**	**21.34**	**289.21**	**13.26**	**212.82**	**13.88**	**285.73**	**16.05**

The following table sets forth certain information with respect to our results of operations, on a consolidated basis, for the periods indicated:

Particulars	Fiscal 2020		Nine months ended December 31, 2019		Nine months ended December 31, 2020	
	₹ in million	% of total income	₹ in million	% of total income	₹ in million	% of total income
Income						
Revenue from operations	2,137.74	98.00	1,521.76	99.25	1,772.68	99.59
Other income	43.68	2.00	11.43	0.75	7.23	0.41
Total income (i)	**2,181.42**	**100.00**	**1,533.19**	**100.00**	**1,779.91**	**100.00**
Expenses						
Cost of materials consumed	872.55	40.00	638.54	41.65	748.07	42.03
Changes in inventories of work-in-progress	(150.88)	(6.92)	(133.34)	(8.70)	(64.10)	(3.60)
Employee benefits expense	516.26	23.67	377.16	24.60	374.37	21.03
Depreciation and amortisation expense	120.48	5.52	91.03	5.94	93.25	5.24
Finance costs	47.53	2.18	27.25	1.78	48.29	2.71
Other expenses	320.15	14.68	204.94	13.37	184.19	10.35
Total expenses (ii)	**1,726.09**	**79.13**	**1,205.58**	**78.63**	**1,384.07**	**77.76**
Restated profit before tax (I)	**455.33**	**20.87**	**327.61**	**21.37**	**395.84**	**22.24**
Tax expenses						
Current tax	78.11	3.58	56.57	3.69	70.94	3.99
Adjustment of tax related to earlier period / year	1.44	0.07	1.44	0.09	-	-
Deferred tax charge	62.60	2.87	45.07	2.94	44.33	2.49
Total tax expenses (II)	**142.15**	**6.52**	**103.08**	**6.72**	**115.27**	**6.48**
Restated profit for the period/year (III) = (I-II)	**313.18**	**14.36**	**224.53**	**14.64**	**280.57**	**15.76**
Other comprehensive income (OCI)						
OCI not to be reclassified to profit and loss in subsequent period/year:						
Re-measurement gains/(losses) on defined benefit plans	(33.82)	(1.55)	(16.52)	(1.08)	7.11	0.40
Income tax effect	9.85	0.45	4.81	0.31	(2.07)	(0.12)
Restated total other comprehensive income/(loss) for the period/year, net of tax (IV)	**(23.97)**	**(1.10)**	**(11.71)**	**(0.76)**	**5.04**	**0.28**
Restated total comprehensive income for the period/year (V) = (III+IV)	**289.21**	**13.26**	**212.82**	**13.88**	**285.61**	**16.05**

Nine months ended December 31, 2019 compared with nine months ended December 31, 2020

Set forth below is a discussion of our results of operations, on an unconsolidated basis, in the nine months ended December 31, 2019 as compared with nine months ended December 31, 2020.

Income

Despite the effects of the ongoing COVID 19 pandemic, our total income increased by ₹ 246.72 million, or 16.09% to ₹ 1,779.91 million in the nine months ended December 31, 2020 from ₹ 1,533.19 million in the nine months ended December 31, 2019. This was primarily due to the following reasons:

Revenue from operations

Revenue from operations increased by ₹ 250.92 million or 16.49%, from ₹ 1,521.76 million in the nine months ended December 31, 2019 to ₹ 1,772.68 million in the nine months ended December 31, 2020.

This was primarily attributable to an increase in the sale of products, from ₹ 1,484.91 million in the nine months ended December 31, 2019 to ₹ 1,742.18 million in the nine months ended December 31, 2020.

However, such increase was partially offset by a reduction in export benefits from ₹ 31.70 million in the nine months ended December 31, 2019 to ₹ 26.72 million in the nine months ended December 31, 2020. This was due to a decrease in our Company's exports.

Other income

Other income in the nine months ended December 31, 2019 was ₹ 11.43 million, comprising primarily of foreign exchange gain (net) of ₹ 1.95 million. This was on account of favorable conditions in forex rates. Liabilities no longer required written back amounted to ₹ 2.77 million. Interest income on bank deposits of ₹ 5.77 million. However, other income in the nine months ended December 31, 2020 was ₹ 7.23 million comprising primarily of interest income on bank deposits of ₹ 7.23 million.

Expenses

Our total expenses increased by ₹ 178.37 million, or 14.80% to ₹ 1,383.95 million in the nine months ended December 31, 2020 from ₹ 1,205.58 million in the nine months ended December 31, 2019.

This was due to an increase in expenses primarily towards cost of materials consumed, towards finance costs, and a minor increase in depreciation and amortisation expenses. This was partially offset by a reduction in the other expenses, and a reduction in the employee benefits expense on account of the lockdown imposed by the Central and the various State Governments in order to contain the spread of the COVID-19 pandemic.

Cost of materials consumed

Cost of materials consumed increased by ₹ 109.53 million or 17.15%, from ₹ 638.54 million in the nine months ended December 31, 2019 to ₹ 748.07 million in the nine months ended December 31, 2020. This was owing to an increase in purchases from ₹ 687.20 million in the nine months ended December 31, 2019 to ₹ 720.84 million in the nine months ended December 31, 2020.

Changes in inventories of finished goods and work-in-progress

Changes in inventories of finished goods and work-in-progress were ₹ (133.34) million in the nine months ended December 31, 2019 whereas they were ₹ (64.10) million in the nine months ended December 31, 2020.

Employee benefits expense

Employee benefits expense decreased by ₹ 2.79 million or 0.74%, from ₹ 377.16 million in the nine months ended December 31, 2019, to ₹ 374.37 million in the nine months ended December 31, 2020. This was primarily attributable to the shutdown of our offices and operations, on account of the lockdown imposed by the Central and the various State Governments in order to contain the spread of the COVID-19 pandemic. There was a minor increase in expenses towards salaries, wages and bonus from ₹ 342.59 million in the nine months ended December 31, 2019 to ₹ 346.17 million in the nine months ended December 31, 2020 and gratuity expense from ₹ 5.13 million in the nine months ended December 31, 2019 to ₹ 7.48 million in the nine months ended December 31, 2020. This was partially offset by a reduction in contribution towards provident and other funds from ₹ 25.24 million in the nine months ended December 31, 2019 to ₹ 17.59 million in the nine months ended December 31, 2020, and staff welfare expenses from ₹ 4.20 million in the nine months ended December 31, 2019 to ₹ 3.13 million in the nine months ended December 31, 2020.

Other expenses

Our other expenses decreased by ₹ 20.87 million or 10.18%, from ₹ 204.94 million in the nine months ended December 31, 2019, to ₹ 184.07 million in the nine months ended December 31, 2020. This was primarily due to reduction in sub-contractor charges from ₹ 41.32 million in the nine months ended December 31, 2019 to ₹ 33.98 million in the nine months ended December 31, 2020, expenses towards power and fuel from ₹ 53.58 million in the nine months ended December 31, 2019 to ₹ 49.44 million in the nine months ended December 31, 2020, travelling and conveyance from ₹ 3.97 million in the nine months ended December 31, 2019 to ₹ 1.45 million in the nine months ended December 31, 2020, printing and stationery from ₹ 0.95 million in the nine months ended December 31, 2019 to ₹ 0.87 million in the nine months ended December 31, 2020, provision for doubtful receivables and advances from ₹ 9.72 million in the nine months ended December 31, 2019 to nil in the nine months ended December 31, 2020, expenses on busines promotion from ₹ 1.47 million in the nine months ended December 31, 2019 to ₹ 0.67 million in the nine months ended December 31, 2020, legal and professional charges from ₹ 26.93 million in the nine months ended December 31, 2019 to ₹ 14.03 million in the nine months ended December 31, 2020, bad debts written off from ₹ 0.01 million in the nine months ended December 31, 2019 to nil million in the nine months ended December 31, 2020, and miscellaneous expenses from ₹ 6.19 million in the nine months ended December 31, 2019 to ₹ 2.63 million in the nine months ended December 31, 2020. However, such decreases were partially offset by an increase in production expenses from ₹ 18.66 million in the nine months ended December 31, 2019 to ₹ 21.11 million in the nine months ended December 31, 2020, repairs and maintenance on buildings from ₹ 5.77 million in the nine months ended December 31, 2019 to ₹ 10.88 million in the nine months ended December 31, 2020, repairs and maintenance on plant and machinery from ₹ 15.56 million in the nine months ended December 31, 2019 to ₹ 16.90 million in the nine months ended December 31, 2020, repairs and maintenance on others from ₹ 0.97 million in the nine months ended December 31, 2019 to ₹ 2.30 million in the nine months ended December 31, 2020, expenses on insurance from ₹ 4.32 million in the nine months ended December 31, 2019 to ₹ 6.47 million in the nine months ended December 31, 2020, expenses on rates and taxes from ₹ 5.44 million in the nine months ended December 31, 2019 to ₹ 8.08 million in the nine months ended December 31, 2020, expenses on communication from ₹ 0.80 million in the nine months ended December 31, 2019 to ₹ 0.83 million in the nine months ended December 31, 2020, expenses on foreign exchange loss (net) from nil in the nine months ended December 31, 2019 to ₹ 3.83 million in the nine months ended December 31, 2020, expenses on freight and forwarding from ₹ 1.14 million in the nine months ended December 31, 2019 to ₹ 1.49 million in the nine months ended December 31, 2020, expenses on security charges from ₹ 5.29 million in the nine months ended December 31, 2019 to ₹ 5.98 million in the nine months ended December 31, 2020, and expenses on payment to auditors from ₹ 1.28 million in the nine months ended December 31, 2019 to ₹ 1.35 million in the nine months ended December 31, 2020.

Depreciation and amortisation expense

Depreciation and amortisation expense increased marginally by ₹ 2.22 million or by 2.44%, from ₹ 91.03 million in the nine months ended December 31, 2019, to ₹ 93.25 million in the nine months ended December 31, 2020. This was primarily due to an increase in the depreciation on property, plant and equipment from ₹ 90.54 million in the nine months ended December 31, 2019 to ₹ 91.81 million in the nine months ended December 31, 2020 and increase in amortisation on intangible assets from ₹ 0.49 million in the nine months ended December 31, 2019 to ₹ 1.44 million in the nine months ended December 31, 2020. Such increase was also on account of investment in fixed assets.

Finance costs

Finance costs increased by ₹ 21.04 million or 77.21%, from ₹ 27.25 million in the nine months ended December 31, 2019, to ₹ 48.29 million in the nine months ended December 31, 2020. This was primarily due to an increase in interest on short term borrowings from ₹ 8.44 million in the nine months ended December 31, 2019 to ₹ 23.05 million in the nine months ended December 31, 2020, interest on long term borrowings from nil in the nine months ended December 31, 2019 to ₹ 2.33 million in the nine months ended December 31, 2020, and bank charges from ₹ 15.26 million in the nine months ended December 31, 2019 to ₹ 22.80 million in the nine months ended December 31, 2020. This was partially offset by an decrease in interest expenses on others from ₹ 3.55 million in the nine months ended December 31, 2019 to ₹ 0.11 million in the nine months ended December 31, 2020. Interest on short term borrowings for the nine months ended December 31, 2020 includes interest on the loan facility for COVID -19 availed by our Company. The increase in bank charges was on account of bank guarantees.

Restated profit before tax

For the reasons discussed above, our restated profit before exceptional items and tax increased by ₹ 68.35 million, or 20.86 %, from ₹ 327.61 million in the nine months ended December 31, 2019, to ₹ 395.96 million in the nine months ended December 31, 2020.

Tax expenses

Current tax increased from ₹ 56.57 million in the nine months ended December 31, 2019 to ₹ 70.94 million in the nine months ended December 31, 2020. Adjustment of tax related to earlier period decreased from ₹ 1.44 million in the nine months ended December 31, 2019 to nil million in the nine months ended December 31, 2020 and deferred tax charge decreased marginally ₹ 45.07 million in the nine months ended December 31, 2019 to ₹ 44.33 million in the nine months ended December 31, 2020 and taxes. In the nine months ended December 31, 2019, the impact on deferred tax was primarily because of (i) utilization of unabsorbed depreciation; (ii) expenses allowed on payment basis whereas in the nine months ended December 31, 2020, the impact on deferred tax was primarily because of (i) utilization of MAT credit; (ii) expenses allowed on payment basis.

Restated profit for the period

For the reasons discussed above, our restated profit for the period increased by ₹ 56.16 million, or 25.01%, from ₹ 224.53 million in the nine months ended December 31, 2019, to ₹ 280.69 million in the nine months ended December 31, 2020.

Restated total comprehensive income for the period

Our restated total comprehensive income for the period increased by ₹ 72.91 million, or 34.26% from ₹ 212.82 million in the nine months ended December 31, 2019, to ₹ 285.73 million in the nine months ended December 31, 2020.

Fiscal 2019 compared with Fiscal 2020

Set forth below is a discussion of our results of operations, on an unconsolidated basis, in Fiscal 2019 as compared with Fiscal 2020.

Income

Our total income increased by ₹ 322.32 million, or 17.34% to ₹ 2,181.42 million in Fiscal 2020 from ₹ 1,859.10 million in Fiscal 2019. This was primarily due to the following reasons:

Revenue from operations

Revenue from operations increased by ₹ 301.03 million or 16.39%, from ₹ 1,836.71 million in Fiscal 2019 to ₹ 2,137.74 million in Fiscal 2020. This was primarily attributable to an increase in the sale of products from ₹ 1,776.61 million in Fiscal 2019 to ₹ 2,084.50 million in Fiscal 2020. However, such increase was partially offset by a reduction in revenue from sale of services, which decreased from ₹ 0.76 million in Fiscal 2019 to ₹ 0.08 million in Fiscal 2020 and a reduction in export benefits which decreased from ₹ 52.08 million in Fiscal 2019 to ₹ 40.27 million in Fiscal 2020.

Other income

Our other income increased by ₹ 21.29 million or 95.09%, from ₹ 22.39 million in Fiscal 2019 to ₹ 43.68 million in Fiscal 2020. This was primarily on account of increase in the foreign exchange gain (net) from ₹ 10.18 million in Fiscal 2019 to ₹ 29.06 million in Fiscal 2020. This was as a result of foreign exchange gains made owing to an increase in export of manufactured products. Further, there was an increase in the liabilities no longer required written back, rising from ₹ 3.34 million in Fiscal 2019 to ₹ 4.26 million in Fiscal 2020.

Expenses

Our total expenses increased by ₹ 269.60 million, or 18.51% to ₹ 1,726.09 million in Fiscal 2020 from ₹ 1,456.49 million in Fiscal 2019. This was primarily due to an increase in expenses towards cost of materials consumed, employee benefit expense, and in other expenses.

Cost of materials consumed

Cost of materials consumed increased by ₹ 217.23 million or 33.15%, from ₹ 655.32 million in Fiscal 2019 to ₹ 872.55 million in Fiscal 2020. This was owing to an increase in purchases from ₹ 617.01 million in Fiscal 2019 to ₹ 1,065.55 million in Fiscal 2020 as well as an increase in our inventory. Such increase was due the overall growth of our Company.

Changes in inventories of work-in-progress

Changes in inventories of work-in-progress were ₹ (29.70) million in Fiscal 2019 whereas they were ₹ (150.88) million in Fiscal 2020.

Employee benefits expense

Employee benefits expense increased by ₹ 81.18 million or 18.66%, from ₹ 435.08 million in Fiscal 2019, to ₹ 516.26 million in Fiscal 2020. This was primarily due to an increase in salaries, wages and bonus from ₹ 398.31 million in Fiscal 2019 to ₹ 472.78 million in Fiscal 2020, contribution towards provident and other funds from ₹ 23.40 million in Fiscal 2019 to ₹ 27.32 million in Fiscal 2020, staff welfare expenses from ₹ 6.06 million in Fiscal 2019 to ₹ 7.94 million in Fiscal 2020 and gratuity expense from ₹ 7.31 million in Fiscal 2019 to ₹ 8.22 million in Fiscal 2020. This was in line with our higher labour requirement, in view of the growth in our revenue and the inventory build-up.

Other expenses

Our other expenses increased by ₹ 81.30 million or 34.04%, from ₹ 238.85 million in Fiscal 2019, to ₹ 320.15 million in Fiscal 2020. This was primarily due to an increase in sub-contractor charges from ₹ 70.40 million in Fiscal 2019 to ₹ 78.60 million in Fiscal 2020, production expenses from ₹ 9.95 million in Fiscal 2019 to ₹ 31.12 million in Fiscal 2020, power and fuel expenses from ₹ 64.68 million in Fiscal 2019 to ₹ 72.35 million in Fiscal 2020, repairs and maintenance on plant and machinery from ₹ 17.35 million in Fiscal 2019 to ₹ 22.98 million in Fiscal 2020, and legal and professional charges from ₹ 14.65 million in Fiscal 2019 to ₹ 33.32 million in Fiscal 2020. However, such increases were partially offset by primarily a reduction in expenses towards repairs and maintenance on buildings from ₹ 12.03 million in Fiscal 2019 to ₹ 9.17 million in Fiscal 2020 and travelling and conveyance from ₹ 7.49 million in Fiscal 2019 to ₹ 5.70 million in Fiscal 2020.

Depreciation and amortisation expense

Depreciation and amortisation expense increased marginally by ₹ 8.14 million or by 7.25%, from ₹ 112.34 million in Fiscal 2019, to ₹ 120.48 million in Fiscal 2020. This was primarily due to an increase in the depreciation on property, plant and equipment from ₹ 111.62 million in Fiscal 2019, to ₹ 119.79 million in Fiscal 2020. However, this was partially offset by a decrease in amortisation on intangible assets from ₹ 0.72 million in Fiscal 2019, to ₹ 0.69 million in Fiscal 2020.

Finance costs

Finance costs increased by ₹ 2.93 million or 6.57%, from ₹ 44.60 million in Fiscal 2019, to ₹ 47.53 million in Fiscal 2020. This was primarily due to an increase in the bank charges from ₹ 26.04 million in Fiscal 2019, to ₹ 27.85 million Fiscal 2020, and an increase in interest on others from ₹ 2.82 million in Fiscal 2019 to ₹ 4.79 million in Fiscal 2020. This was however, partially offset by a decrease in interest on borrowings availed by our Company from ₹ 15.74 million in Fiscal 2019, to ₹ 14.89 million in Fiscal 2020. This was due to a reduction in interest rates on fund-based limits.

Restated profit before exceptional items and tax

For the reasons discussed above, our restated profit before exceptional items and tax increased by ₹ 52.72 million, or 13.09%, from ₹ 402.61 million in Fiscal 2019, to ₹ 455.33 million in Fiscal 2020.

Tax expenses

Current tax expense decreased from ₹ 92.13 million in Fiscal 2019 to ₹ 78.11 million in Fiscal 2020. Deferred tax (credit) / charge increased from ₹ (89.47) million in Fiscal 2019 to ₹ 62.60 million in Fiscal 2020. Such increase was primarily on account of utilization of MAT credit in Fiscal 2020.

Restated profit for the year

For the reasons discussed above, our restated profit for the year decreased by ₹ 78.81 million, or 20.11%, from ₹ 391.99 million in Fiscal 2019, to ₹ 313.18 million in Fiscal 2020.

Restated total comprehensive income for the year

Our restated total comprehensive income for the year decreased by ₹ 107.41 million, or 27.08%, from ₹ 396.62 million in Fiscal 2019, to ₹ 289.21 million in Fiscal 2020.

Fiscal 2018 compared with Fiscal 2019

Set forth below is a discussion of our results of operations, on an unconsolidated basis, in Fiscal 2018 as compared with Fiscal 2019.

Income

Our total income increased by ₹ 253.65 million, or 15.80% to ₹ 1,859.10 million in Fiscal 2019 from ₹ 1,605.45 million in Fiscal 2018. This was primarily due to the following reasons:

Revenue from operations

Revenue from operations increased by ₹ 240.74 million or 15.08%, from ₹ 1,595.97 million in Fiscal 2018 to ₹ 1,836.71 million in Fiscal 2019. This was primarily attributable to an increase in the sale of products from ₹ 1,581.66 million in Fiscal 2018 to ₹ 1,776.61 million in Fiscal 2019. Further, while we did not have any export benefits in Fiscal 2018, we had received export benefits amounting to ₹ 52.08 million in Fiscal 2019. However, such increases were partially offset by a reduction in others, from ₹ 13.70 million in Fiscal 2018 to ₹ 7.26 million in Fiscal 2019. This was due to a decrease in scrap sales.

Other income

Our other income increased by ₹ 12.91 million or 136.18%, from ₹ 9.48 million in Fiscal 2018 to ₹ 22.39 million in Fiscal 2019. This was primarily on account of increase in the foreign exchange gain (net) from ₹ 0.74 million in Fiscal 2018 to ₹ 10.18 million in Fiscal 2019, an increase in profit on sale of property, plant and equipment (net) from nil in Fiscal 2018 to ₹ 1.63 million in Fiscal 2019, and an increase in the liabilities no longer required written back, rising from ₹ 0.30 million in Fiscal 2018 to ₹ 3.34 million in Fiscal 2019. This was partially offset by a reduction in miscellaneous income, from ₹ 1.29 million in Fiscal 2018 to ₹ 0.55 million in Fiscal 2019.

Expenses

Our total expenses marginally increased by ₹ 22.59 million, or 1.57% to ₹ 1,456.49 million in Fiscal 2019 from ₹ 1,433.90 million in Fiscal 2018. This was due to an increase in the other expenses primarily towards increased outsourcing of workmen. This was partially offset by a reduction in the expenses towards cost of materials consumed, excise duty on sale of goods, and employee benefits expense on account of retirement of workers.

Cost of materials consumed

Cost of materials consumed decreased by ₹ 4.45 million or 0.67%, from ₹ 659.77 million in Fiscal 2018 to ₹ 655.32 million in Fiscal 2019. This was owing to a decrease in purchases from ₹ 752.91 million in Fiscal 2018 to ₹ 617.01 million in Fiscal 2019. This was because there was an increase in issue of free issue materials by our customers as well as an increase in dispatches in Fiscal 2019 as compared with Fiscal 2018.

Changes in inventories of work- in- progress

Changes in inventories of work-in-progress were ₹ (90.49) million in Fiscal 2018 whereas they were ₹ (29.70) million in Fiscal 2019.

Excise duty on sale of goods

Our expenses on excise duty were nil in Fiscal 2019 compared to ₹ 29.77 million in Fiscal 2018. This was due to the introduction of Goods and Services Tax.

Employee benefits expense

Employee benefits expense decreased marginally by ₹ 11.01 million or 2.47%, from ₹ 446.09 million in Fiscal 2018, to ₹ 435.08 million in Fiscal 2019. This was primarily due to a decrease in salaries, wages and bonus from ₹ 413.97 million in Fiscal 2018 to ₹ 398.31 million in Fiscal 2019 due to retirement of workers during the year. However, this was offset by an increase in contribution towards provident and other funds from ₹ 21.41 million in Fiscal 2018 to ₹ 23.40 million in Fiscal 2019, staff welfare expenses from ₹ 4.04 million in Fiscal 2018 to ₹ 6.06 million in Fiscal 2019 and gratuity expense from ₹ 6.67 million in Fiscal 2018 to ₹ 7.31 million in Fiscal 2019.

Other expenses

Our other expenses increased marginally by ₹ 6.77 million or 2.92%, from ₹ 232.08 million in Fiscal 2018, to ₹ 238.85 million in Fiscal 2019. This was primarily due to an increase in production expenses from ₹ 4.67 million in Fiscal 2018 to ₹ 9.95 million in Fiscal 2019, repairs and maintenance on buildings from ₹ 6.94 million in Fiscal 2018 to ₹ 12.03 million in Fiscal 2019, travelling and conveyance from ₹ 5.78 million in Fiscal 2018 to ₹ 7.49 million in Fiscal 2019, security charges from ₹ 5.26 million in Fiscal 2018 to ₹ 7.25 million in Fiscal 2019, and legal and professional charges from ₹ 9.70 million in Fiscal 2018 to ₹ 14.65 million in Fiscal 2019. However, such increases were partially offset by primarily a reduction in expenses towards sub-contractor charges from ₹ 73.05 million in Fiscal 2018 to ₹ 70.40 million in Fiscal 2019 and repairs and maintenance on plant and machinery from ₹ 20.05 million in Fiscal 2018 to ₹ 17.35 million in Fiscal 2019.

Depreciation and amortisation expense

Depreciation and amortisation expense increased marginally by ₹ 0.27 million or by 0.24%, from ₹ 112.07 million in Fiscal 2018, to ₹ 112.34 million in Fiscal 2019. This was primarily due to an increase in the depreciation on property, plant and equipment from ₹ 109.59 million in Fiscal 2018, to ₹ 111.62 million in Fiscal 2019. However, this was partially offset by a decrease in amortisation on intangible assets from ₹ 2.48 million in Fiscal 2018, to ₹ 0.72 million in Fiscal 2019.

Finance costs

Finance costs increased marginally from ₹ 44.61 million in Fiscal 2018, to ₹ 44.60 million in Fiscal 2019. This was primarily due to an increase in the bank charges from ₹ 20.67 million in Fiscal 2018, to ₹ 26.04 million in Fiscal 2019 and an increase in interest on others from ₹ 0.08 million in Fiscal 2018 to ₹ 2.82 million in Fiscal 2019. This was however, partially offset by a decrease in interest on borrowings availed by our Company from ₹ 23.86 million in Fiscal 2018, to ₹ 15.74 million in Fiscal 2019. This was a result of improved management of the net working capital and higher internal accruals result in lower cash credit drawls.

Restated profit before exceptional items and tax

For the reasons discussed above, our restated profit before exceptional items and tax increased by ₹ 231.06 million, or 134.69%, from ₹ 171.55 million in Fiscal 2018, to ₹ 402.61 million in Fiscal 2019.

Tax expenses

Current tax increased from ₹ 43.37 million in Fiscal 2018 to ₹ 92.13 million in Fiscal 2019. Deferred tax (credit) / charge decreased from ₹ 73.94 million in Fiscal 2018 to ₹ (89.47) million in Fiscal 2019.

Restated profit for the year

For the reasons discussed above, our restated profit for the year increased by ₹ 337.76 million, or 622.83%, from ₹ 54.23 million in Fiscal 2018, to ₹ 391.99 million in Fiscal 2019.

Restated total comprehensive income for the year

Our restated total comprehensive income for the year increased by ₹ 366.84 million, or 1,231.83%, from ₹ 29.78 million in Fiscal 2018, to ₹ 396.62 million in Fiscal 2019.

Liquidity and Capital Resources

Historically, we have maintained liquidity for our business operations primarily from the cash generated from operations and bank borrowings. As of March 31, 2020 and as on the nine months ended December 31, 2020, we had cash and bank balances available for use in our operations (which includes cash and cash equivalents and bank balances other than cash and cash equivalents) of ₹ 232.42 million and ₹ 215.40 million, respectively. From time to time, we may obtain loan facilities to finance our short term working capital requirements. For further information, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations - Indebtedness*" on page 428. Based on our current level of expenditures, we believe that our current working capital, together with cash flows from operating activities and the proceeds from the offer contemplated herein, will be adequate to meet our anticipated cash requirements for capital expenditure and working capital for the next 12 months.

Cash Flows

The following table sets forth certain information relating to our cash flows in the periods indicated on an unconsolidated basis:

(*₹ in million*)

Particulars	Fiscal			Nine months ended December 31	
	2018	2019	2020	2019	2020
Net cash flow (used in) / from operating activities	144.18	421.06	561.89	346.54	(64.28)
Net cash flow (used in) investing activities	(13.23)	(327.69)	(120.63)	(108.50)	(159.52
Net cash flows from / (used in) financing activities	(137.91)	(74.86)	(413.49)	(324.67)	198.53
Net increase / (decrease) in cash and cash equivalents	**(6.96)**	**18.51**	**27.77**	**(86.63)**	**(25.27)**
Cash and cash equivalents at the beginning of the period / year	**97.66**	**90.68**	**107.67**	**107.67**	**135.44**
Effect of exchange differences on cash & cash equivalents held in foreign currency	**(0.02)**	**(1.52)**	**-**	**0.83**	**0.03**
Cash and cash equivalents at the end of the period / year	**90.68**	**107.67**	**135.44**	**21.87**	**110.20**

Operating Activities

Nine months ended December 31, 2020

Net cash used in operating activities was ₹ 64.28 million in the nine months ended December 31, 2020. Restated profit before tax was ₹ 395.96 million in the nine months ended December 31, 2020. Adjustments to reconcile restated profit before tax to net cash flows primarily consisted of depreciation and amortisation expense of ₹ 93.25 million and finance costs of ₹ 48.29 million, which was partially offset by unrealised exchange gain of ₹ 0.53 million and interest income of ₹ 7.23 million. Operating profit before working capital changes was ₹ 529.74 million in the nine months ended December 31, 2020. The main working capital adjustments in the nine months ended December 31, 2020, included increase in trade receivables of ₹ 116.53 million, increase in inventories of ₹ 36.87 million, increase in current and non current financial assets of ₹ 51.73 million, increase in other current and non current assets of ₹ 70.70 million, decrease in trade payables of ₹ 164.80 million and decrease in other current liabilities of ₹ 72.36 million. This was partially offset by an increase in provisions of ₹ 7.62 million. Cash generated from operations in the nine months ended December 31, 2020 amounted to ₹ 24.37 million. Income tax paid (net of refunds) amounted to ₹ 88.65 million.

Nine months ended December 31, 2019

Net cash flow from operating activities was ₹ 346.54 million in the nine months ended December 31, 2019. Restated profit before tax was ₹ 327.61 million in the nine months ended December 31, 2019. Adjustments to reconcile restated profit before tax to net cash flows primarily consisted of depreciation and amortisation expense of ₹ 91.03 million, provision for doubtful receivable and advances of ₹ 9.72 million, bad debts written off of ₹ 0.01 million, and finance costs of ₹ 27.25 million, which was partially offset by liabilities no longer required written back of ₹ 2.77 million, unrealised exchange gain of ₹ 0.83 million, and interest income of ₹ 6.52 million. Operating profit before working capital changes was ₹ 445.50 million in the nine months ended December 31, 2019. The main working capital adjustments in the nine months ended December 31, 2019, included increase in trade receivables of ₹ 84.62 million, increase in inventories of ₹ 182.00 million, increase in other current and non current assets of ₹ 148.11 million, and an increase in provisions of ₹ 1.02 million. This was partially offset by a decrease in current and non current financial assets of ₹ 123.24 million, increase in trade payables of ₹ 142.22 million, and an increase in other current liabilities of ₹ 119.72 million. Cash generated from operations in the nine months ended December 31, 2019 amounted to ₹ 414.93 million. Income tax paid (net of refunds) amounted to ₹ 68.39 million.

Fiscal 2020

Net cash flow from operating activities was ₹ 561.89 million in Fiscal 2020. Restated profit before tax was ₹ 455.33 million in Fiscal 2020. Adjustments to reconcile restated profit before tax to net cash flows primarily consisted of depreciation and amortisation expense of ₹ 120.48 million, provision for doubtful receivable and advances of ₹ 14.78 million and finance cost of ₹ 47.53 million, which was partially offset by liabilities no longer required written back of ₹ 4.26 million, unrealised exchange gain of ₹ 16.80 million and interest income of ₹ 9.96 million. Operating profit before working capital changes was ₹ 608.93 million in Fiscal 2020. The main working capital adjustments in Fiscal 2020, included increase in trade receivables of ₹ 90.06 million, increase in inventories of ₹ 343.88 million, and increase in other current and non current assets of ₹ 39.29 million. This was partially offset by a decrease in current and non current financial assets of ₹ 115.27 million, increase in trade payables of ₹ 250.01 million, increase in other current liabilities of ₹ 122.87 million and increase in provisions of ₹ 10.50 million. Cash generated from operations in Fiscal 2020 amounted to ₹ 634.34 million. Income tax paid (net of refunds) amounted to ₹ 72.45 million.

Fiscal 2019

Net cash flow from operating activities was ₹ 421.06 million in Fiscal 2019. Restated profit before tax was ₹ 415.55 million in Fiscal 2019. Adjustments to reconcile restated profit before tax to net cash flows primarily consisted of depreciation and amortisation expense of ₹ 112.34 million, finance cost of ₹ 44.60 million and unrealised exchange loss of ₹ 14.75 million, which was partially offset by liabilities no longer required written back of ₹ 3.34 million, profit on sale of land of ₹ 12.94 million and interest income of ₹ 6.69 million. Operating profit before working capital changes was ₹ 572.26 million in Fiscal 2019. The main working capital adjustments in Fiscal 2019, included increase in trade receivables of ₹ 34.66 million, decrease in trade payables of ₹ 75.85 million and decrease in provisions of ₹ 22.98 million. This was partially offset by a decrease in inventories of ₹ 8.61 million, decrease in other current and non current assets of ₹ 27.43 million and an increase in other current liabilities of ₹ 39.09 million. Cash generated from operations in Fiscal 2019 amounted to ₹ 515.38 million. Income tax paid (net of refunds) amounted to ₹ 94.32 million.

Fiscal 2018

Net cash flow from operating activities was ₹ 144.18 million in Fiscal 2018. Restated profit before tax was ₹ 171.55 million in Fiscal 2018. Adjustments to reconcile restated profit before tax to net cash flows primarily consisted of depreciation and amortisation expense of ₹ 112.07 million, provision for doubtful receivable and advances of ₹ 11.91 million and finance cost of ₹ 44.61 million, which was partially offset by liabilities no longer required written back of ₹ 0.30 million and unrealised exchange gain of ₹ 10.43 million. Operating profit before working capital changes was ₹ 330.34 million in Fiscal 2018. The main working capital adjustments in Fiscal 2018, included increase in trade receivables of ₹ 113.84 million, increase in inventories of ₹ 104.13 million, decrease in trade payables of ₹ 75.96 million and decrease in other current liabilities of ₹ 151.74 million. This was partially offset by a decrease in current and non current financial assets of ₹ 235.91 million and a decrease in other current and non current assets of ₹ 58.00 million. Cash generated from operations in Fiscal 2018 amounted to ₹ 169.58 million. Income tax paid (net of refunds) amounted to ₹ 25.40 million.

Investing Activities

Nine months ended December 31, 2020

Net cash used in investing activities in the nine months ended December 31, 2020 was ₹ 159.52 million. This was primarily on account of purchase of property, plant and equipment, including intangible assets, capital work in progress, capital creditors and capital advances amounting to ₹ 163.21 million and investment in bank deposits (net) of ₹ 4.88 million. This was partially offset by interest received of ₹ 8.56 million on money multiplier deposits and fixed deposits.

Nine months ended December 31, 2019

Net cash used in investing activities in the nine months ended December 31, 2019 was ₹ 108.50 million. This was primarily on account of purchase of property, plant and equipment, including intangible assets, capital work in progress, capital creditors and capital advances amounting to ₹ 105.12 million, investment in our Subsidiary in view of its incorporation amounting to ₹ 0.10 million and investment in bank deposits (net) of ₹ 9.83 million. This was partially offset by interest received of ₹ 6.56 million on money multiplier deposits.

Fiscal 2020

Net cash used in investing activities in Fiscal 2020 was ₹ 120.63 million. This was primarily on account of purchase of property, plant and equipment, including intangible assets, capital work in progress, capital creditors and capital advances amounting to ₹ 118.89 million, investment in our Subsidiary in view of its incorporation amounting to ₹ 0.10 million and investment in bank deposits (net) of ₹ 10.81 million. This was partially offset by interest received of ₹ 9.17 million on money multiplier deposits.

Fiscal 2019

Net cash used in investing activities in Fiscal 2019 was ₹ 327.69 million. This was primarily on account of purchase of property, plant and equipment, including intangible assets, capital work in progress, capital creditors and capital advances amounting to ₹ 273.23 million and investment in bank deposits (net) of ₹ 91.04 million. This was partially offset by proceeds from sale of property, plant and equipment of ₹ 29.96 million and interest received of ₹ 6.62 million on money multiplier deposits.

Fiscal 2018

Net cash used in investing activities in Fiscal 2018 was ₹ 13.23 million. This was primarily on account of purchase of property, plant and equipment, including intangible assets, capital work in progress, capital creditors and capital advances amounting to ₹ 21.01 million and investment in bank deposits (net) of ₹ 0.13 million. This was partially offset by proceeds from sale of property, plant and equipment of ₹ 0.79 million and interest received of ₹ 7.12 million on money multiplier deposits.

Financing Activities

Nine months ended December 31, 2020

Net cash flows from financing activities in the nine months ended December 31, 2020 was ₹ 198.53 million. This was primarily on account of proceeds from short term borrowings of ₹ 293.86 million, proceeds from long term borrowings, including current maturities of ₹ 89.63 million and share issue expenses paid of ₹ 23.58 million. This was partially offset by dividend and dividend distribution tax paid of ₹ 80.28 million, amount paid on equity shares bought back and buy back tax of ₹ 38.98 million, and finance costs paid of ₹ 42.12 million.

Nine months ended December 31, 2019

Net cash used in financing activities in the nine months ended December 31, 2019 was ₹ 324.67 million. This was primarily on account of dividend and dividend distribution tax paid amounting to ₹ 170.07 million, repayment of short term borrowings of ₹ 127.35 million and finance costs paid of ₹ 27.25 million.

Fiscal 2020

Net cash used in financing activities in Fiscal 2020 was ₹ 413.49 million. This was primarily on account of dividend and dividend distribution tax paid amounting to ₹ 170.07 million, amount paid on equity shares bought back of ₹ 179.21 million and finance cost paid of ₹ 59.26 million. This was partially offset by repayment of short term borrowings of ₹ 4.95 million.

Fiscal 2019

Net cash used in financing activities in Fiscal 2019 was ₹ 74.86 million. This was primarily on account of dividend and dividend distribution tax paid amounting to ₹ 102.04 million and finance cost paid of ₹ 62.27 million. This was partially offset by proceeds from short term borrowings (net) of ₹ 89.45 million.

Fiscal 2018

Net cash used in financing activities in Fiscal 2018 was ₹ 137.91 million. This was primarily on account of repayment of short term borrowings of ₹ 93.30 million and finance costs paid of ₹ 44.61 million.

Indebtedness

As on December 31, 2020, we had total outstanding indebtedness (consisting of fund based borrowings and non-fund based borrowings) of ₹ 1,488.63 million, of which ₹ 557.23 million was fund based borrowings (which includes long term borrowings of ₹ 38.91 million and short term borrowings of ₹ 518.32 million) and ₹ 841.77 million was non fund based borrowings. The loan agreements that we have entered into with the lender banks contain certain restrictive covenants that limit our ability to undertake certain types of transactions. Also, see "*Risk Factors – Our indebtedness and the conditions and restrictions imposed on us by our financing agreements could adversely affect our ability to conduct our business.*" on page 46.

The following table sets out borrowings as of December 31, 2020:

Particulars	**As on December 31, 2020 Payment due by period (₹ million)**				
	Total	**Not later than 1 year**	**1-3 years**	**3 -5 years**	**More than 5 years**
Fund based borrowings					
Long term borrowings					
Secured					
Long term loans (including current maturities)	89.63	13.45	35.85	35.85	4.48
Others	-	-	-	-	-
Unsecured					
Others	-	-	-	-	-
Total long term borrowings (including current maturities)	**89.63**	**13.45**	**35.85**	**35.85**	**4.48**
Short term borrowings					
Secured	**557.23**	**557.23**	-	-	-
Unsecured	-	-	-	-	-
Total short term borrowings	**557.23**	**557.23**	-	-	-
Total fund based borrowings	**646.86**	**570.68**	**35.85**	**35.85**	**4.48**
Non-fund based borrowings	-	-	-	-	-
Letter of credit (inland / foreign)	3.76	3.76	-	-	-
Bank guarantee	838.01	838.01	-	-	-
Total non-fund based working capital limits	**841.77**	**841.77**	-	-	-
Total indebtedness	**1,488.63**	**1,412.45**	**35.85**	**35.85**	**4.48**

Trade receivables

Trade receivables represent receivables from our domestic and export customers. Our trade receivables increased to ₹ 616.37 million as of Fiscal 2020 from ₹ 504.17 million as of Fiscal 2019. Further, our trade receivables increased to ₹ 731.19 million as of the nine months ended December 31, 2020 from ₹ 588.78 million as of the nine months ended December 31, 2019, corresponding to the growth in demand for our products during this period.

Trade payables

Our trade payables primarily comprise of dues to micro enterprises and small enterprises, as well as dues of other creditors. Our trade payables increased to ₹ 305.55 million as of Fiscal 2020, from ₹ 59.80 million as of Fiscal 2019. Further, our trade payables decreased to ₹ 145.25 million as of the nine months ended December 31, 2020, from ₹ 199.25 million as of the nine months ended December 31, 2019. Such decrease corresponds to our growth in business during this period owing to favourable discounts received from our suppliers due to volume increases.

Contractual Obligations and Commitments

Our estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for amounted to ₹ 110.96 million as of December 31, 2020.

Contingent Liabilities

As at December 31, 2020, we had disclosed the following contingent liabilities as per Ind AS 37 – Provisions, Contingent Liabilities and Contingent Assets in the Restated Unconsolidated Financial Information:

(₹ in million)

	Particulars	As at December 31, 2020 (Unconsolidated)
a)	Claims against the Company not acknowledged as debts (excluding interest arrears)	32.67

b) The Company has not made certain filings with the Reserve Bank of India (RBI) as per the requirements of applicable foreign exchange related laws. The Company is in the process of taking corrective action to comply with the applicable foreign exchange laws. The management of the Company, based on its internal assessment and legal advice, believes that the impact of the above non-compliance will not be material to the Restated Unconsolidated Financial Information.

As at December 31, 2020, we had disclosed the following contingent liabilities as per Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets in the Restated Consolidated Financial Information:

(*₹ in million*)

	Particulars	As at December 31, 2020 (Consolidated)
a)	Claims against the Company not acknowledged as debts (excluding interest arrears)	32.67

b) The Holding Company has not made certain filings with the Reserve Bank of India (RBI) as per the requirements of applicable foreign exchange related laws. The Holding Company is in the process of taking corrective action to comply with the applicable foreign exchange laws. The management of the Holding Company, based on its internal assessment and legal advice, believes that the impact of the above non-compliance will not be material to the Restated Consolidated Financial Information.

Capital Expenditures

In Fiscals 2018, 2019 and 2020, and in the nine months ended December 31, 2019 and in the nine months ended December 31, 2020, our capital expenditure towards additions to property, plant and equipment and intangible assets was ₹ 80.01 million, ₹ 227.30 million, ₹ 49.60 million, ₹ 47.20 million and ₹ 101.25 million, respectively.

The following table sets forth our property, plant and equipment and intangible assets as of the dates indicated:

(₹ in million)

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	Nine months ended December 2019	Nine months ended December 2020
	(Unconsolidated)		(Consolidated)		
Property, plant and equipment	1,777.30	1,955.63	2,004.58	2,002.70	2,097.04
Intangible assets	20.83	22.67	23.32	22.80	32.11
Accumulated depreciation	(255.30)	(335.18)	(454.97)	(425.72)	546.78
Accumulated	(20.52)	(21.24)	(21.93)	(21.73)	(23.37)

Particulars	Fiscal 2018	Fiscal 2019	Fiscal 2020	Nine months ended December 2019	Nine months ended December 2020
	(Unconsolidated)		(Consolidated)		
amortisation					

We expect to meet our capital expenditure in the next three Fiscals through a mix of internal accruals and funding from financial institutions.

Related Party Transactions

We enter into various transactions with related parties in the ordinary course of business. For further information relating to our related party transactions, see "*Related Party Transactions*" on page 285.

Changes in Accounting Policies

Except as disclosed in this Prospectus, there have been no changes in our accounting policies during Fiscals 2018, 2019 and 2020.

Quantitative and Qualitative Disclosure about Market Risks

Market risk is attributable to all market-sensitive financial instruments, including foreign currency receivables and payables. The value of a financing instrument may change as a result of changes in interest rates, foreign currency exchange rates, commodity, prices, equity prices and other market changes that affect market risk sensitive instruments. Our exposure to market risk is a function of our revenue generating activities and any future borrowing activities in foreign currencies. The objective of market risk management is to avoid excessive exposure of our earnings and equity to loss.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Our Company is exposed to credit risk primarily from our operating activities (primarily trade receivables), including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. Trade receivables are typically unsecured. Credit risk is managed by our Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which our Company grants credit terms in the normal course of business. Credit risk on cash and cash equivalent is limited as we generally transact with banks and financial institutions with high credit ratings assigned by international and domestic credit rating. In Fiscal 2018, 2019, 2020, and in the nine months ended December 31, 2019 and in the nine months ended December 31, 2020, our trade receivables were ₹ 489.66 million, ₹ 504.17 million, ₹ 616.37 million, ₹ 588.78 million and ₹ 731.19 million, respectively.

Foreign Currency Risk

Although our Company's reporting currency is in INR, we transact a significant portion of our business in other currencies, primarily USD. A significant portion of our revenue from contracts with customers in Fiscals 2020, 2019 and 2018, respectively, were derived from sales outside India. The fluctuation in foreign currency exchange rates may have a potential impact on our statement of profit or loss, where any transaction references more than one currency or where assets/ liabilities are denominated in a currency other than the functional currency of our Company. Our Company undertakes transactions denominated in foreign currencies and as a result, we are exposed to exchange rate fluctuations. Our Company has a finance team dealing with treasury activities, which evaluates the impact of foreign currency risk and manages other concerns relating to foreign exchange transactions. The exchange rate between the Rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. Further, our Company does not have a hedging policy. Accordingly, adverse movements in foreign exchange rates may adversely affect our results of operations and financial condition.

Therefore, our exchange rate risk primarily arises from our foreign currency revenues, cost and other foreign currency assets and liabilities to the extent that there is no natural hedge.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate on account of changes in market interest rates. Interest rates for borrowings have been volatile in India in recent periods. Our operations are funded to a certain extent by borrowings and increases in interest expense may have an adverse effect on our results of operations and financial condition. Our exposure to the risk of changes in market interest rates relates primarily to our long-term and short term debt obligations with floating interest rates. Increases in interest rates would increase interest expenses relating to our outstanding floating rate borrowings and increase the cost of new debt. In addition, an increase in interest rates may adversely affect our ability to service term loans and to finance development of new projects, all of which in turn may adversely affect our results of operations. We manage our interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. We do not enter into any interest rate swaps.

Liquidity risk

Liquidity risk is the risk that we may not be able to meet our present and future cash and collateral obligations without incurring unacceptable losses. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. We monitor our risk to a shortage of funds using a recurring liquidity-planning tool, which considers the maturity of both our financial investments and financial assets (*i.e.* trade receivables and other financial assets) and projected cash flows from operations. We aim to maintain a balance between continuity of funding and flexibility through the use of working capital loans, letter of credit facility, bank loans and credit purchases.

Inflation

In recent years, India has experienced relatively high rates of inflation. While we believe inflation has not had any material impact on our business and results of operations, inflation generally impacts the overall economy and business environment and hence could affect us.

Auditor Qualifications

There were no auditor qualifications which require corrective adjustments, and which have not been given effect to in the Restated Unconsolidated Financial Information or the Restated Consolidated Financial Information.

Known Trends and Uncertainties

Other than as described in this Prospectus, particularly in the sections "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 29 and 381, respectively, to our knowledge, there are no known trends or uncertainties that are expected to have a material adverse impact on our revenues or income from continuing operations.

Unusual or Infrequent Events or Transactions

As of the date of this Prospectus, there have been no unusual or infrequent events or transactions including unusual trends on account of business activity, unusual items of income, change of accounting policies and discretionary reduction of expenses that have in the past, or may in the future, affect our business operations or future financial performance.

Significant Economic Changes that Materially Affected or are likely to Affect Revenue from Operations

There are no significant economic changes that materially affected our Company's operations or are likely to affect income from continuing operations except as described in the sections "*Risk Factors*", "*Industry Overview*" and "*Our Business*" on pages 29, 117 and 223, respectively.

Material Increase in Revenue from Contract with Customers or Other Income

Our business has been affected and we expect that it will continue to be affected by the trends identified above in "*– Significant Factors Affecting Our Results of Operations*" and the uncertainties described in the section "*Risk Factors*" on pages 384 and 29, respectively. To our knowledge, except as disclosed in this Prospectus, there are no known factors which we expect to have a material adverse impact on revenue from operations or other income.

Future Relationships between Costs and Income

Other than as described elsewhere in the sections "*Risk Factors*", "*Our Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 29, 223 and 381, respectively, to our knowledge there are no known factors that will have a material adverse impact on our operations and finances.

New Products or New Business Segments

Except as set out in this Prospectus, we have not announced and do not expect to announce in the near future any new products or new business segments.

Competitive Conditions

We expect competition in our industry from existing and potential competitors to intensify. For details, please refer to the discussions of our competition in "*Our Business*", "*Industry Overview*" and "*Risk Factors – We face competition in our product line, including from competitors that may have greater financial and marketing resources. Failure to compete effectively may have an adverse impact on our business, financial condition, results of operations and cash flows.*" on pages 223, 117 and 42, respectively.

Significant dependence on a single or few Customers or Suppliers

Other than as described in this Prospectus, particularly in sections "*Risk Factors*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on pages 29 and 381, respectively, to our knowledge, there is no significant dependence on a single or few customers or suppliers.

Seasonality of Business

Our business is not seasonal in nature.

Significant Developments after December 31, 2020

Except as set out in this Prospectus, to our knowledge, no circumstances have arisen since the date of the last financial statements as disclosed in this Prospectus which have materially or adversely affected or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

FINANCIAL INDEBTEDNESS

Our Company avails loans and bank facilities in the ordinary course of its business. As on the date of this Prospectus, such indebtedness is primarily availed to fund our working capital requirements and for the purchase of new machinery. Our Company has obtained the necessary consents required under the relevant financing documentation for undertaking the Offer**.**

Pursuant to a resolution passed by our Shareholders at their extra-ordinary general meeting held on October 20, 2020, our Board has been authorised to borrow any sum or sums of monies in excess of our Company's aggregate paid-up capital and free reserves, provided that the total amount which may be so borrowed and outstanding shall not exceed a sum of ₹ 3,000 million.

The details of the indebtedness of our Company as on December 31, 2020 is provided below:

(in ₹ million)

Category of Borrowing	Sanctioned Amount	Outstanding as per Bank Statement as on December 31, 2020
Working Capital Limits		
Fund based limits		
Cash credit *	300.00	518.32
Export packing credit ("**EPC**") *	280.00	-
Packing credit in foreign currency (sub-limit of EPC) *	(280.00)	-
Foreign bill discounting (sub-limit of EPC)	(100.00)	-
COVID-19 emergency credit line ("**CECL**")	58.00	38.91
Total fund-based working capital limits	**638.00**	**557.23**
Non-fund based limits		
Letter of credit (inland / foreign)	100.00	3.76
Bank guarantee	1,000.00	838.01
Total non-fund based working capital limits	**1,100.00**	**841.77**
Other Facilities		
Term loan	250.00	89.63
Credit exposure limit (for forward contracts)	20.00	-
Total indebtedness	**2,008.00**	**1,488.63**

* *The amount sanctioned for cash credit and export packing credit is interchangeable.*

Principal terms of the borrowings availed by us:

The details provided below are indicative and there may be additional terms, conditions and requirements under the various loan documentation executed by our Company in relation to our indebtedness.

1. ***Interest:*** The interest rate for our term loan and fund-based working capital facilities of our Company (other than CECL) is linked to the marginal cost of funds-based lending rate of our lenders for one year. The interest rate for the CECL is 7.75% per annum.

2. ***Penal Interest***: We are required to pay a penal interest at the rate of 5.00% per annum for any irregularity in payments or maintenance of accounts, for our term loan and other fund-based working capital facilities. In addition, the terms of certain facilities availed by us prescribe penal interest or flat penalties for non-compliance with certain obligations by our Company.

3. ***Pre-payment penalty:*** Our term loan carries a pre-payment penalty of at least 2.00% on the entire outstanding amount, should the same be fully drawn, or on the entire sanctioned limit.

4. ***Security:*** The security for our borrowings includes:

   (a) For our term loan, a first charge on various fixed assets of our Company, first charges and equitable mortgages on various properties of our Company, and an extension of charges on (i) all types of stocks in all godowns / sites, including goods in transit, (ii) book debts and receivables, and (iii) all other chargeable current assets in the name of our Company; and

(b) For other fund-based and non fund-based working capital facilities, including the CECL, a first charge on (i) all types of stocks in all godowns / sites, including goods in transit, (ii) book debts and receivables, and (iii) all other chargeable current assets in the name of our Company; as well as first charges and equitable mortgages on various properties of our Company.

5. ***Validity and repayment:*** The term loan availed by us is repayable in 20 quarterly instalments, after a moratorium of 6 months until December 2020. The CECL availed by us is repayable in six monthly instalments, beginning from the seventh month from the sanction of the loan. The other fund-based facilities and non fund-based working capital facilities availed by us are typically valid for a period of 12 months from the date of sanction, and are payable on demand.

6. ***Key Covenants:*** The financing documentation executed by our Company entail certain restrictive covenants and conditions restricting certain corporate actions, and for which we are required to take the prior approval of the respective lender before carrying out such actions, including for:

(a) effectuating any change in our capital structure, where the shareholding of the Promoters in our Company is diluted
(b) formulation of any scheme of amalgamation, reconstruction, merger or demerger
(c) entering any borrowing arrangement with any other bank or financial institution, which increases our borrowing above limits stipulated by our lenders
(d) any change in the practice of our Company regarding the remuneration of directors
(e) undertaking any trading activity other than the sale of products arising out of our manufacturing operations; and
(f) any transfer of a controlling interest in our Company, drastic changes in our management set-up (including our Key Managerial Personnel), or resignation of Promoter-Directors from our board

SECTION VIII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

Except as stated below there are no outstanding (i) criminal proceedings, (ii) actions by statutory or regulatory authorities, (iii) claims for any direct or indirect tax liabilities; or (iv) other pending litigation as have been determined to be material pursuant to the Materiality Policy (as disclosed herein below), involving our Company, Directors, Promoters or Subsidiary.

In relation to (iv) above, our Board in its meeting held on December 14, 2020, has considered and adopted the Materiality Policy, inter alia, for identification of material litigation. In terms of the Materiality Policy, any outstanding litigation or arbitration proceeding:

a) *involving our Company, our Subsidiary, our Promoters and / or our Directors, in which the aggregate monetary claim made by or against our Company, our Subsidiary, our Promoters and / or our Directors (individually or in the aggregate) is in excess of one per cent of our consolidated profit after tax, derived from the Restated Financial Statements for the Fiscal ended March 31, 2020, would be considered as material. The total restated profit for the year, on a consolidated basis, of our Company for the Fiscal 2020 is ₹ 313.18 million, and accordingly, all litigation involving our Company, our Subsidiary, our Promoters and / or our Directors, in which the amount involved exceeds ₹ 3.13 million have been considered as material, if any; and*

b) *involving our Company, our Subsidiary, our Directors and our Promoters, wherein the monetary liability is not quantifiable or which does not fulfil the thresholds specified in (a) above, but the outcome of which could, nonetheless, have a material adverse effect on the business, operations, performance, prospects, financial position or reputation of our Company, has been considered as material.*

Further, except as disclosed in this section, there are no (i) disciplinary actions, including penalties, taken against any of our Promoters by SEBI or any stock exchange in the five Fiscals preceding the date of this Prospectus, including outstanding actions; and (ii) any litigation involving any group company which may have a material impact on our Company.

For the purposes of the above, pre-litigation notices received by our Company, Subsidiary, Directors or Promoters from third parties (excluding those notices issued by statutory / regulatory / tax authorities or notices threatening criminal action) have not and shall not, unless otherwise decided by our Board, be considered material until such time that our Company, our Subsidiary, or such Director or Promoter, as the case may be, is impleaded as a defendant in litigation before any judicial / arbitral forum.

All terms defined in a particular litigation disclosure below are for that particular litigation only.

Further, in terms of the Materiality Policy, a creditor of our Company shall be considered 'material' if the amount due to such creditor exceeds 5% percent of the trade payables of our Company, on a consolidated basis, as at the end of the most recent period included in the Restated Financial Statements. The trade payables of our Company as on December 31, 2020 was ₹ 145.30 million. Accordingly, a creditor has been considered 'material' if the amount due to such creditor exceeds ₹ 7.27 million as on December 31, 2020.

Unless stated to the contrary, the information provided below is as of the date of this Prospectus.

Litigation proceedings involving our Company

I. Litigation proceedings against our Company

(a) *Criminal proceedings*

As on the date of this Prospectus, there are no pending criminal proceedings against our Company.

(b) ***Actions by statutory or regulatory authorities***

Except as disclosed below, on the date of this Prospectus, there are no pending actions taken by statutory or regulatory authorities against our Company:

1. The Inspector of Factories, Medchal-Malkajgiri I Circle ("**Inspector**"), has initiated proceedings against our Company under the Factories Act, 1948. Following an inspection carried out at Unit 1 of our Company on March 15, 2018, the Inspector has claimed that our Company had required our workers to work over-time hours for a period of over 50 hours, and had not paid over-time wages, at the rate of double the normal wages, to such workers. Accordingly, the Inspector has initiated proceedings against our Company, in this regard, before the court of the III AJCJ-cum-XXIV Metropolitan Magistrate, Kukatpally, seeking (a) a direction that our Company comply with the provisions of the Factories Act, 1948, and (b) that punishment is imposed on our Company under the provisions of the Factories Act, 1948. The matter is currently pending.

2. The Inspector of Factories, Medchal-Malkajgiri III Circle ("**Inspector**"), has initiated proceedings against our Company under the Factories Act, 1948. Following an inspection carried out at Unit II of our Company on February 28, 2018, the inspector has claimed that our Company (a) had required our workers to work over-time hours for a period of over 50 hours, (b) had not provided and maintained an adequate canteen for the use of workers, and (c) had failed to have plans of our canteen certified by the Director of Factories, Hyderabad. Accordingly, the Inspector has initiated proceedings against our Company, in this regard, before the court of the VI Metropolitan Magistrate, Cyberabad, Medchal, seeking (a) a direction that our Company comply with the provisions of the Factories Act, 1948, and (b) that punishment is imposed on our Company under the provisions of the Factories Act, 1948. The matter is currently pending.

(c) ***Other material proceedings***

As on the date of this Prospectus there are no other proceedings pending against our Company, which have been considered material by our Company in accordance with the Materiality Policy.

(d) ***Claims related to direct and indirect taxes***

Other than disclosed below, as on the date of this Prospectus, there are no pending claims related to direct or indirect taxes against our Company:

Direct tax proceedings

S.No.	Nature of Proceedings	Number of cases	Approximate amount in dispute (in ₹ million)
1	Property tax	1	14.37
Total		**1**	**14.37**

Indirect tax proceedings

S.No.	Nature of Proceedings	Number of cases	Approximate amount in dispute (in ₹ million)
1	Goods and services tax	1	22.42
Total		**1**	**22.42**

II. Litigation proceedings by our Company

(a) ***Criminal proceedings***

As on the date of this Prospectus, there are no pending criminal proceedings by our Company.

(b) ***Other pending proceedings***

Other than as disclosed below, as on the date of this Prospectus, there are no other pending proceedings by our Company, which have been considered material by our Company in accordance with the Materiality Policy:

Compounding applications and condonation of secretarial non-compliances

1. Our Company has filed an application on November 26, 2020 with the Regional Director, South East Region, Hyderabad, for the compounding of our non-compliance with provisions of the Companies Act, 2013 which mandate the appointment of a whole-time company secretary by companies with a share capital above the statutorily prescribed threshold. In this regard, the RoC has issued a notice dated February 5, 2021 to our Company, seeking certain clarifications regarding the compounding application and adjudication of non-compliances regarding the appointment of a whole-time company secretary, and our Company has responded to the same through a letter dated February 22, 2021. The matter is currently pending.

2. Our Company has filed an application on November 26, 2020 with the Regional Director, South East Region, Hyderabad, for the compounding of our non-compliance with provisions of the Companies Act, 2013 which require a company to extinguish its equity shares within seven days from buying them back from a shareholder. Our Company completed a buy-back of the Equity Shares on March 27, 2020, and the necessary corporate action for extinguishment of such shares was filed with NSDL on March 27, 2020. However, the Equity Shares which were bought back were only extinguished by NSDL on October 22, 2020, and accordingly, our Company has applied for compounding of the non-compliance. The matter is currently pending.

Litigation proceedings involving our Subsidiary

I. Litigation proceedings against our Subsidiary

(a) ***Criminal proceedings***

As on the date of this Prospectus, there are no pending criminal proceedings against our Subsidiary.

(b) ***Statutory or regulatory proceedings***

As on the date of this Prospectus, there are no pending actions taken by statutory or regulatory authorities against our Subsidiary.

(c) ***Claims related to direct and indirect taxes***

As on the date of this Prospectus, there are no pending claims related to direct or indirect taxes against our Subsidiary.

(d) ***Other pending proceedings***

As on the date of this Prospectus there are no other pending proceedings against our Subsidiary, which have been considered material by our Company in accordance with the Materiality Policy.

II. Litigation proceedings by our Subsidiary

(a) ***Criminal proceedings***

As on the date of this Prospectus, there are no pending criminal proceedings by our Subsidiary.

(b) ***Other pending proceedings***

As on the date of this Prospectus there are no other pending proceedings by our Subsidiary, which have been considered material by our Company in accordance with the Materiality Policy.

Litigation proceedings involving our Directors

I. Litigation proceedings against our Directors

(a) ***Criminal proceedings***

As on the date of this Prospectus, there are no pending criminal proceedings against any of our Directors.

(b) ***Statutory or regulatory proceedings***

As on the date of this Prospectus, there are no pending actions taken by statutory or regulatory authorities against our Directors.

(c) ***Claims related to direct and indirect taxes***

As on the date of this Prospectus, there are no pending claims related to direct or indirect taxes against our Directors.

(d) ***Other pending proceedings***

As on the date of this Prospectus there are no other pending proceedings against any of our Directors, which have been considered material by our Company in accordance with the Materiality Policy.

II. Litigation proceedings by our Directors

(a) ***Criminal proceedings***

As on the date of this Prospectus, there are no pending criminal proceedings by any of our Directors.

(b) ***Other pending proceedings***

As on the date of this Prospectus there are no other pending proceedings by any of our Directors, which have been considered material by our Company in accordance with the Materiality Policy.

Litigation proceedings involving our Promoters

I. Litigation proceedings against our Promoters

(a) ***Criminal proceedings***

As on the date of this Prospectus, there are no pending criminal proceedings against any of our Promoters.

(b) ***Statutory or regulatory proceedings***

As on the date of this Prospectus, there are no pending actions taken by statutory or regulatory authorities against our Promoters.

(c) ***Claims related to direct and indirect taxes***

As on the date of this Prospectus, there are no pending claims related to direct or indirect taxes against our Promoters.

(d) ***Other pending proceedings***

Except as disclosed below, as on the date of this Prospectus there are no other pending proceedings against any of our Promoters, which have been considered material by our Company in accordance with the Materiality Policy:

1. Thokala Narsimha and Thokala Srinivas (collectively the "**Plaintiffs**") have filed a suit for permanent injunction against Anushman Reddy and K. Shalini, who are Promoters of our Company, as well as certain other persons (collectively, the "**Defendants**"), before the II Additional Senior Civil Judge, Ranga Reddy District ("**Judge**"). The Plaintiffs have claimed ownership over land admeasuring 39.50 guntas ("**Disputed Land**"), which is currently in possession of the Defendants, claiming that they had acquired the same from their ancestors. K. Shalini filed an interlocutory application ("**Defendant Application**"), seeking to restrain the Plaintiffs from accessing the Disputed Land, as well as a counter claim against the suit. *Vide* an order dated December 8, 2020, the Judge has restrained the Plaintiff from interfering with her peaceful enjoyment of the Disputed Land. The matter is currently pending.

2. Thokala Narsimha and Thokala Srinivas (collectively the "**Plaintiffs**") have filed a suit against K. Shalini, a Promoter of our Company, as well as certain other persons (collectively, the "**Defendants**") before the Junior Civil Judge, Ranga Reddy District. The Plaintiffs have claimed to be the joint owners of land admeasuring 2 acres and 24 guntas ("**Disputed Land**") and have sought partition of the Disputed Land and allotment of their separate shares therein. The Plaintiffs have also filed an interlocutory application, seeking to restrain the Defendants from alienating or otherwise encumbering the Disputed Land. The matter is currently pending.

3. Gouni Sujatha and Bandaram Sunitha (collectively the "**Plaintiffs**") have filed a suit against K. Shalini, a Promoter of our Company, as well as certain other persons (collectively, the "**Defendants**") before the IX Additional Senior Civil Judge, Ranga Reddy District. The Plaintiffs have claimed to be the joint owners of land admeasuring 3 acres and 11 guntas ("**Disputed Land**") and have sought partition of the Disputed Land and allotment of their separate shares therein. The Plaintiffs have also filed an interlocutory application, seeking to restrain the Defendants from alienating or otherwise encumbering the Disputed Land. The matter is currently pending.

(e) ***Disciplinary action taken against our Promoters by SEBI or any stock exchange***

No disciplinary action has been taken against our Promoter in the five Fiscals preceding the date of this Prospectus either by SEBI or any stock exchange, or is currently outstanding.

II. Litigation proceedings by our Promoters

(a) ***Criminal proceedings***

As on the date of this Prospectus, there are no pending criminal proceedings by any of our Promoters.

(b) ***Other pending proceedings***

As on the date of this Prospectus there are no other pending proceedings by any of our Promoters, which have been considered material by our Company in accordance with the Materiality Policy.

Litigation proceedings involving our group companies

Our Company does not have any group company as on the date of this Prospectus.

Outstanding dues to small scale undertakings or any other creditors

Except as stated below, there are no outstanding overdues to creditors of our Company determined to be material by our Board, as on December 31, 2020.

As of December 31, 2020, the Company owed a total sum of ₹ 99.30 million to a total number of 301 creditors. The details of our outstanding dues to the 'material' creditors of our Company, MSMEs and other creditors, on a consolidated basis, as on December 31, 2020 are as follows:

Particulars	No. of creditors	Amount due (in ₹ million)
Micro, small or medium enterprises*	-	-
'Material' creditors	2	32.09
Other Creditors	299	67.21

* *Our Company has not received any intimations from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and, hence, disclosures relating to amounts unpaid as at the end of reporting period together with interest paid / payable as required under the Micro, Small and Medium Enterprises Development Act, 2006 are not applicable.*

For complete details of outstanding overdues to material creditors, see https://mtar.in/investor-relations/creditors-list/.

Material Developments

Other than as stated in the section entitled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 381, there have not arisen, since the date of the last financial information disclosed in this Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability taken as a whole or the value of our consolidated assets or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Except as disclosed herein, we have obtained all material consents, licenses, registrations, permissions and approvals from various governmental, statutory and regulatory authorities, which are necessary for undertaking our Company's current business activities and operations. Except as disclosed below, no further approvals are material for carrying on the present business operations of our Company. In the event any of the approvals and licenses that are required for our business operations expire in the ordinary course, we make applications for their renewal from time to time. Unless otherwise stated, these approvals are valid as on the date of this Prospectus. For details in connection with the regulatory and legal framework within which our Company operates, see "Key Regulations and Policies in India" on page 244.

For Issue related approvals, see "Other Regulatory and Statutory Disclosures" on page 443 and for incorporation details of our Company, see "History and Certain Corporate Matters" on page 247.

Material approvals in relation to our business and operations

Business related approvals

1. Licenses to work factories issued by the Government of Telangana under the Factories Act, 1948 to enable our Company to operate our manufacturing units.

2. Consolidated consent and authorization to (i) operate a facility for the collection and storage of hazardous wastes under the Hazardous Wastes Rules; (ii) operate an industrial plant for the manufacture of certain items capable of causing air emission; and (iii) operate an industrial plant for the manufacture of certain items capable of discharging industrial effluent, issued by the Telangana State Pollution Control Board, under the Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981 and the Hazardous and other Wastes (Management and Transboundary Movement) Rules, 2006.

3. Certification for installation of an electrical installation exceeding 650 volts, issued by the Electrical Inspectorate, Government of Telangana under the Electricity Act, 2003 and the Central Electricity Authority (Measures relating to Safety and Electric Supply) Regulations, 2010.

Export related approvals for our export-oriented unit

1. Certificate of Importer-Exporter Code issued by the office of the Joint Director General of Foreign Trade, Ministry of Commerce and Industry, Government of India, under the Foreign Trade (Development and Regulation) Act, 1992, to enable our Company to carry out its export and import operations.

2. Letter of Permission, issued by the Deputy Development Commissioner, Vishakhapatnam Special Economic Zone under the Foreign Trade (Development and Regulation) Act, 1992, read with the Foreign Trade Policy 2015-2020, to enable our Company to operate the EOU Unit.

Labour/employment related approvals

1. Certificates of registration as a principal employer under the Contract Labour (Regulation & Abolition) Act, 1970 for our Manufacturing Facility, issued by relevant registering officer, to enable our Company to employ labour on a contractual basis.

2. Registration for employees' provident fund issued by the Employees' Provident Fund Organization under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952.

3. Registration for employees' insurance issued by the relevant regional office of the Employees State Insurance Corporation under the Employees' State Insurance Act, 1948.

Tax related approvals

1. Permanent account number issued by the Income Tax Department under the Income Tax Act, 1961.

2. Tax deduction account number issued by the Income Tax Department under the Income Tax Act, 1961.

3. Goods and services tax registration issued by the Government of India, under the Central Goods and Service Tax Act, 2017 and the Telangana Goods and Services Tax Act, 2017.

Material approvals applied for, including renewal applications

As on the date of this Prospectus, the following are material approvals for which applications have been made:

Nature of approval	Issuing authority	Date of acknowledgement of renewal application / date of renewal application
No-objection certificate for fire safety for Unit 2	Telangana State Disaster Response and Fire Services Department	January 9, 2021
No-objection certificate for fire safety for our EOU Unit	Telangana State Disaster Response and Fire Services Department	January 9, 2021
No-objection certificate for fire safety for Unit 6	Telangana State Disaster Response and Fire Services Department	January 9, 2021

Material approvals to be applied for, including renewal applications

As on the date of this Prospectus, the following are the material approvals for which applications are yet to be made by our Company:

1. No-objection certificates for fire safety from the Telangana State Disaster Response and Fire Services Department for each of Units 1 and 3 of our Company.

Intellectual property

As on the date of this Prospectus, there is no intellectual property which is registered in the name of our Company. We have made an application for trademark registration for 'MTAR; Building Nation with Exceptional Engineering' and for our logo, in class 7.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Offer has been authorized by a resolution of our Board dated December 5, 2020 and the Fresh Issue has been authorized by a special resolution of our Shareholders, dated December 5, 2020.

Our Board has approved the Draft Red Herring Prospectus pursuant to their resolution dated December 14, 2020. The Red Herring Prospectus was approved by our Board *vide* its resolution in its meeting dated February 22, 2021. This Prospectus has been approved by our Board *vide* its resolution in its meeting dated March 8, 2021.

Each of the Selling Shareholders has, severally and not jointly, authorized and confirmed inclusion of their portion of the Offered Shares as part of the Offer for Sale, as set out below:

S. No.	Name of the Selling Shareholder	Offered Shares*	Date of Selling Shareholders' Consent Letter
Promoter Selling Shareholders			
1.	P. Leelavathi	450,000 Equity Shares aggregating to ₹ 258.75 million	December 5, 2020
2.	Parvat Srinivas Reddy	300,000 Equity Shares aggregating to ₹ 172.50 million	December 5, 2020
3.	P. Kalpana Reddy	149,970 Equity Shares aggregating to ₹ 86.23 million	December 5, 2020
4.	Saranya Loka Reddy	300,000 Equity Shares aggregating to ₹ 172.50 million	December 5, 2020
5.	C. Usha Reddy	200,000 Equity Shares aggregating to ₹ 115.00 million	December 5, 2020
6.	G. Kavitha Reddy	300,000 Equity Shares aggregating to ₹ 172.50 million	December 5, 2020
7.	D. Anitha Reddy	125,000 Equity Shares aggregating to ₹ 71.88 million	December 5, 2020
8.	K. Shalini	225,000 Equity Shares aggregating to ₹ 129.38 million	December 5, 2020
9.	A. Manogna	300,000 Equity Shares aggregating to ₹ 172.50 million	December 5, 2020
Investor Selling Shareholders			
10.	Fabmohur Advisors LLP	5,784,300 Equity Shares aggregating to ₹ 3,325.97 million	December 5, 2020**
11.	P. Simhadri Reddy	90,000 Equity Shares aggregating to ₹ 51.75 million	December 5, 2020

* *Subject to finalisation of the Basis of Allotment.*

** *The participation of Fabmohur Advisors LLP in the Offer has been approved pursuant to the resolution of its designated partners dated December 5, 2020.*

Our Company has, in consultation with the Book Running Lead Managers, undertaken a Pre-IPO Placement of 1,851,851 Equity Shares, aggregating to ₹ 1,000.00 million. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, of up to 4,000,000 Equity Shares accordingly has been reduced by 1,851,851 Equity Shares pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue was of 2,148,149 Equity Shares.

Our Company has received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated January 1, 2021 and January 20, 2021, respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, our Directors, the members of the Promoter Group and each of the Selling Shareholders 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 jurisdiction or any other authority/court.

Compliance with the Companies (Significant Beneficial Ownership) Rules, 2018

Our Company, our Promoters, the members of the Promoter Group and each of the Selling Shareholders are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent in force and applicable.

Directors associated with the Securities Market

None of the Directors are, in any manner, associated with the securities market. There are no outstanding action(s) initiated by SEBI against the Directors of our Company in the five years preceding the date of this Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

(a) Our Company has had net tangible assets of at least ₹ 30 million, calculated on a restated basis, in each of the preceding three full years (of 12 months each), of which not more than 50 % are held in monetary assets

(b) Our Company has an average operating profit of at least ₹ 150 million, calculated on a restated basis, during the preceding three years (of 12 months each), with operating profit in each of these preceding three years

(c) Our Company has a net worth of at least ₹ 10 million in each of the preceding three full years (of 12 months each), calculated on a restated basis; and

(d) Our Company was converted into a public limited company, and consequently, a fresh certificate of incorporation dated November 2, 2020 was issued by the RoC recording the change of our Company's name from 'MTAR Technologies Private Limited' to our present name. No change in business activity is indicated by our present name, and there has not been any change in the business activities of our Company.

Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, restated pre-tax operating profits and net worth, on a consolidated basis, derived from the Restated Consolidated Financial Information included in this Prospectus, as at and for the Fiscal ended March 31, 2020 is set forth below:

(*₹ in million, unless otherwise stated*)

Particulars	As at and for the Fiscal ended March 31, 2020
Net tangible assets[(1)]	2,302.45
Monetary assets[(2)]	237.52
Monetary assets as a percentage of net tangible assets (in %)	10.32
Restated pre-tax operating profit[(3)]	459.18
Net worth[(4)]	2,250.77

(1) *'Net tangible assets' means the sum of all the net assets of the Group/Company excluding intangible assets and deferred tax assets (net) reduced by total liabilities excluding deferred tax liability (net) of the Group/Company.*

(2) *'Monetary assets' means cash and cash equivalents, bank balances other than cash and cash equivalents and non-current bank balances.*

(3) *"Restated pre-tax operating profit" means restated profit before tax excluding other income and finance costs.*

(4) *'Net worth' means the aggregate value of the paid-up share capital and all reserves created out of profits and securities premium account and debit or credit balance of profit and loss account , after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation..*

Our Company did not have any subsidiary or associate company in the Fiscals ended March 31, 2019 and March 31, 2018, and accordingly, the financial information of our Company for such periods is only available on an unconsolidated basis. Our Company's net tangible assets, monetary assets, monetary assets as a percentage of the net tangible assets, operating profits and net worth, on an unconsolidated basis, derived from the Restated Unconsolidated Financial Information included in this Prospectus, as at and for the Fiscals ended March 31, 2018 and 2019 are set forth below:

(*₹ in million, unless otherwise stated*)

Particulars	As at and for the Fiscal ended	
	March 31, 2018	March 31, 2019
Net tangible assets[(1)]	2,142.82	2,348.71
Monetary assets[(2)]	90.81	198.84
Monetary assets as a percentage of net tangible assets (in %)	4.24	8.47
Restated pre-tax operating profit[(3)]	206.68	437.76
Net worth[(4)]	2,055.24	2,349.82

(1) *'Net tangible assets' means the sum of all the net assets of the Group/Company excluding intangible assets and deferred tax assets (net) reduced by total liabilities excluding deferred tax liability (net) of the Group/Company.*

(2) *'Monetary assets' means cash and cash equivalents, bank balances other than cash and cash equivalents and non-current bank balances.*

(3) *"Restated pre-tax operating profit" means restated profit before tax excluding other income and finance costs.*

(4) *'Net worth' means the aggregate value of the paid-up share capital and all reserves created out of profits and securities premium account and debit or credit balance of profit and loss account , after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation..*

Our Company has operating profits in each of Fiscal 2020, 2019 and 2018 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 ICDR Regulations, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulation 5 of the SEBI ICDR Regulations, to the extent applicable. The details of our compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:

(a) None of our Company, our Promoters, members of our Promoter Group, our Directors or any of the Selling Shareholders are debarred from accessing the capital markets by the SEBI.

(b) None of our Promoters or Directors are promoters or directors of companies which are debarred from accessing the capital markets by the SEBI.

(c) None of our Company, our Promoters or Directors is a wilful defaulter.

(d) None of our Promoters or Directors has been declared a fugitive economic offender in accordance with the Fugitive Economic Offenders Act, 2018.

(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 Prospectus.

Each of the Selling Shareholders confirms that it is in compliance with Regulation 8 of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, JM FINANCIAL LIMITED AND IIFL SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLMS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED DECEMBER 18, 2020 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018.

THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGERS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

Disclaimer from our Company, our Directors, the Selling Shareholders and the BRLMs

Our Company, the Directors, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this 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.mtar.in, or the website of any affiliate of our Company, would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement to be entered into between the Underwriters, the Selling Shareholders and our Company.

All information shall be made available by our Company, the Selling Shareholders and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at Bidding centres or elsewhere.

None among our Company, the Selling Shareholders or any member of the Syndicate is liable for any failure in (i) uploading the Bids due to faults in any software/ hardware system or otherwise, or (ii) the blocking of the Bid Amount in the ASBA Account on receipt of instructions from the Sponsor Bank on the account of any errors, omissions or non-compliance by various parties involved, or any other fault, malfunctioning, breakdown or otherwise, in the UPI Mechanism.

Investors who Bid in the Offer were required to confirm and were deemed to have represented to our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, Underwriters and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

The BRLMs and their respective associates and affiliates may engage in transactions with, and perform services for, our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties in the ordinary course of business and have engaged, or may in the future engage, in commercial banking and investment banking transactions with our Company, the Selling Shareholders and their respective group companies, affiliates or associates or third parties, for which they have received, and may in the future receive, compensation.

Disclaimer in respect of Jurisdiction

Any dispute arising out of the Offer will be subject to the jurisdiction of appropriate court(s) in Hyderabad only.

The Offer was made in India to persons resident in India (including Indian nationals resident in India who are competent to contract under the Indian Contract Act 1872, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with the SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, permitted insurance companies and pension funds, insurance funds set up and managed by the army and navy and insurance funds set up and managed by the Department of Posts, India) and permitted Non-Residents including FPIs and Eligible NRIs, AIFs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

The Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India. Any person into whose possession the Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.

Eligibility and Transfer Restrictions

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders were advised to ensure that any Bid from them did not exceed investment limits or maximum number of Equity Shares that can be held by them under applicable law.

Disclaimer Clause of BSE

A copy of the Draft Red Herring Prospectus had been submitted to BSE. The disclaimer clause as intimated by BSE to our Company, post scrutiny of the Draft Red Herring Prospectus, *vide* its in-principle approval dated January 1, 2021 is as under:

> "BSE Limited ("**the Exchange**") has given vide its letter dated January 01, 2021 permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner: -
>
> a. warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
> b. warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
> c. take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;
>
> and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Disclaimer Clause of the NSE

A copy of the Draft Red Herring Prospectus had been submitted to NSE. The disclaimer clause as intimated by NSE to our Company, post scrutiny of the Draft Red Herring Prospectus, *vide* its in-principle approval dated January 20, 2021 is as under:

> "As required, a copy of this Offer Document has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref.: NSE/LIST/879 dated January 20, 2021 permission to the Issuer to use the Exchange's name in this Offer Document as one of the Stock Exchanges

on which this Issuer's securities are proposed to be listed. The Exchange has scrutinized this draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Listing

The Equity Shares issued pursuant to the Red Herring Prospectus and this Prospectus are proposed to be listed on BSE and NSE. NSE will be the Designated Stock Exchange with which the Basis of Allotment will be finalised. Applications have been made to the BSE and NSE for the listing and trading of the Equity Shares.

Consents

Consents in writing of the Selling Shareholders, our Directors, our Company Secretary and Compliance Officer, our Chief Financial Officer, our Previous Auditor, Chartered Accountants, legal counsel to the Company, legal counsel to the Book Running Lead Managers, legal counsel to the Selling Shareholders, Banker to our Company, the BRLMs, the Registrar to the Offer, CRISIL and V. Nageswara Rao, Chartered Engineer have been obtained; and consents in writing of the Syndicate Member, Public Offer Account Bank, Sponsor Bank, Escrow Collection Bank(s) and Refund Bank(s) to act in their respective capacities, have been be obtained and were filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act. Further, such consents were not withdrawn up to the time of filing of the Red Herring Prospectus with the RoC and have not been withdrawn up to the time of filing of this Prospectus with the RoC.

Expert to the Offer

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

Our Company has received written consent dated February 22, 2021 from M/s S. R. Batliboi & Associates LLP, Chartered Accountants, to include their name as required under section 26 (1) of the Companies Act, 2013 read with the SEBI ICDR Regulations, in this Prospectus, and as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report dated February 15, 2021 on our Restated Unconsolidated Financial Information (ii) examination report dated February 15, 2021 on our Restated Consolidated Financial Information; and (iii) their report dated February 15, 2021 on the 'Statement of possible special tax benefits available to MTAR Technologies Limited and its shareholders under the applicable tax laws in India' in this Prospectus, and such consent has not been withdrawn as on the date of this Prospectus. However, the term 'expert' shall not be construed to mean an 'expert' as defined under the U.S. Securities Act.

Particulars regarding public or rights issues by our Company during the last five years and performance *vis-à-vis* objects

Our Company has not made any public or rights issues (as defined under the SEBI ICDR Regulations) during the five years preceding the date of this Prospectus.

Performance vis-à-vis objects – Last issue of Subsidiary and Promoters

Our Company does not have any corporate Promoters. Our Subsidiary has not made any public issue or rights issue during the ten years immediately preceding the date of this Prospectus.

Underwriting Commission, Brokerage and Selling Commission paid on previous issues of the Equity Shares

Since this is the initial public issue of Equity Shares, no sum has been paid or is payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares in the five years preceding the date of this Prospectus.

Capital issue during the previous three years by our Company

Our Company has not undertaken a capital issue in the last three years preceding the date of this Prospectus.

Capital issue during the previous three years by listed group companies, subsidiaries or associates of our Company

Our Company does not have any associate or group companies. None of the securities of our Subsidiary are listed on any stock exchange**.**

Price information of past issues handled by the Book Running Lead Managers (during the current Fiscal and two Fiscals preceding the current Fiscal)

A. JM Financial Limited

1. Price information of past issues handled by JM Financial Limited (during the current Fiscal and two Fiscals preceding the current financial year):

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.	Stove Kraft Limited	4,126.25	385.00	February 05, 2021	498.00	30.68% [0.09%]	Not Applicable	Not Applicable
2.	Burger King India Limited	8,100.00	60.00	December 14, 2020	112.50	146.50% [7.41%]	Not Applicable	Not Applicable
3.	Equitas Small Finance Bank Limited	5,176.00	33.00	November 02, 2020	31.10	5.45% [12.34%]	19.55% [16.84%]	Not Applicable
4.	UTI Asset Management Company Limited	21,598.84	554.00	October 12, 2020	500.00	-10.43% [5.87%]	-0.60% [20.25%]	Not Applicable
5.	Mazgaon Dock Shipbuilders Limited	4,436.86	145.00	October 12, 2020	214.90	18.90% [5.87%]	52.90% [20.25%]	Not Applicable
6.	Prince Pipes and Fittings Limited	5,000.00	178.00	December 30, 2019	160.00	+0.14% [-1.63%]	-44.33% [-29.34%]	-35.00% [-15.28%]
7.	Ujjivan Small Finance Bank Limited[7]	7,459.46	37.00	December 12, 2019	58.75	+41.08% [+2.38%]	+10.27% [-12.70%]	-16.62% [-15.07%]
8.	Spandana Sphoorty Financial Limited	12,009.36	856.00	August 19, 2019	825.00	-0.56% [-2.14%]	+52.76% [+7.61%]	+17.32%[+9.59%]
9.	Metropolis Healthcare Limited	12,042.88	880.00	April 15, 2019	958.00	+3.75% [-4.01%]	+21.39% [-1.18%]	+45.93% [-3.30%]
10.	Chalet Hotels Limited	16,411.80	280.00	February 7, 2019	294.00	+1.14% [-0.31%]	+24.41% [+3.87%]	+10.77% [-1.87%]

Source*: www.nseindia.com for price information and prospectus/basis of allotment for issue details*

Notes:

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, viz. NIFTY 50.*
4. *In case of reporting dates falling on a trading holiday, values for the trading day immediately preceding 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 a listing date plus 179 calendar days.*
6. *Restricted to last 10 issues.*
7. *A discount of ₹ 2 per Equity Share was offered to Eligible Ujjivan Financial Services Limited Shareholders bidding in Ujjivan Financial Services Limited Shareholders Reservation Portion*
8. *Not Applicable – Period not completed*

2. **Summary statement of price information of past issues handled by JM Financial Limited:**

Fiscal	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%
2020-2021	5	43,437.95	-	-	1	1	1	2	-	-	-	-	-	-
2019-2020	4	36,400.83**	-	-	1	-	1	2	-	1	1	-	1	1
2018-2019	4	68,856.80	-	-	1	1	-	2	-	1	-	1	-	2

* *The information is as on the date of this Prospectus.*
** *Spandana Sphoorty Financial Limited raised ₹ 11,898.49 million as against the issue size of ₹ 12,009.36 million.*

B. IIFL Securities Limited

1. **Price information of past issues handled by IIFL Securities Limited (during the current Fiscal and two Fiscals preceding the current financial year):**

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.	HDFC Asset Management Company Limited	28,003.31	1,100.00	August 6, 2018	1,726.25	+58.04%,[+1.17%]	+30.61%,[-7.32%]	+23.78%,[-4.33%]
2.	Credit Access Grameen Limited	11,311.88	422.00	August 23, 2018	390.00	-21.16%,[-3.80%]	-14.91%,[-8.00%]	-5.71%,[-8.13%]
3.	Polycab India Limited	13,452.60	538.00	April 16, 2019	633.00	+15.36% [-5.35%]	+14.70% [-1.99%]	+23.76% [-4.09%]
4.	Spandana Sphoorty Financial Ltd	12,009.36	856.00	August 19, 2019	825.00	-0.56% [-2.14%]	+52.76% [+7.61%]	+17.32%[+9.59%]
5.	Sterling and Wilson Solar Ltd	28,809.42	780.00	August 20, 2019	706.00	-21.88% [-1.60%]	-48.63% [+7.97%]	-64.78% [+9.95%]
6.	CSB Bank Ltd	4,096.77	195.00	December 4, 2019	275.00	+8.36%, [+1.98%]	-12.18%, [-7.56%]	-36.95%, [-20.45%]
7.	Ujjivan Small Finance Bank Limited	7,459.46	37.00	December 12, 2019	58.75	+41.08%, [+2.38%]	+10.27% ,[-12.70%]	-16.62%, [-15.07%]
8.	Equitas Small Finance Bank Ltd	5,176.00	33.00	November 2, 2020	31.10	+5.45%, [+12.34%]	+19.55%, [16.84%]	N.A.
9.	Mrs. Bectors Food Specialities Ltd	5,405.40	288.00	December 24, 2020	500.00	+37.69%, [+4.53%]	N.A.	N.A.
10.	Antony Waste Handling Cell Limited	2,999.85	315.00	January 1, 2021	436.10	-10.27%, [-2.74%]	N.A.	N.A.

***Source**: www.nseindia.com*

***Note:** Benchmark Index taken as CNX NIFTY. Price on NSE is considered for all of the above calculations. The 30th, 90th and 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th /90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered. % change taken against the Issue Price in case of the Issuer. The Nifty 50 index is considered as the benchmark index. NA means Not Applicable.*

2. Summary statement of price information of past issues handled by IIFL Securities Limited:

Fiscal	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	4	94,013.29	-	1	1	1	-	1	-	1	2	-	-	1
2020	5	65,827.61	-	-	2	-	1	2	1	1	1	-	-	2
2021	3	13,581.25	-	-	1	-	1	1	-	-	-	-	-	-

* *The information is as on the date of this Prospectus.*
Source: *www.nseindia.com*

Note: *Data for number of IPOs trading at premium/discount taken at closing price on NSE on the respective date. In case any of the days falls on a non-trading day, the closing price on the previous trading day has been considered.*

NA means Not Applicable.

Track record of past issues handled by the BRLMs

For details regarding the track record of the Book Running Lead Managers, as specified in circular (reference CIR/MIRSD/1/2012) dated January 10, 2012 issued by SEBI, please see the websites of the Book Running Lead Managers, as set forth in the table below:

S. No.	Name of the Book Running Lead Manager	Website
1.	JM Financial Limited	www.jmfl.com
2.	IIFL Securities Limited	www.iiflcap.com

Stock Market Data of Equity Shares

This being an initial public issue of the Equity Shares of our Company, the Equity Shares are not listed on any stock exchange and accordingly, no stock market data is available for the Equity Shares.

Mechanism for Redressal of Investor Grievances in the Offer

The agreement between the Registrar to the Offer, our Company and the Selling Shareholders provides for retention of records with the Registrar to the Offer for a period of at least eight years from the last date of dispatch of the letters of allotment and demat credit to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

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

All Offer related grievances, other than by Anchor Investors, may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary, with whom the ASBA Form was submitted, quoting the full name of the sole or first Bidder, ASBA Form number, Bidders' DP ID, Client ID, UPI ID, PAN, address of the Bidder, number of Equity Shares applied for, date of ASBA Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number (for Bidders other than RIBs using the UPI Mechanism) in which the amount equivalent to the Bid Amount was blocked or the UPI ID in case of RIBs using the UPI Mechanism. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.Our Company, the BRLMs and the Registrar to the Offer accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable SEBI ICDR Regulations. 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.

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

All grievances relating to Bids submitted with Registered Brokers, may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer. Further, Bidders shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediaries in addition to the information mentioned hereinabove.

Disposal of Investor Grievances by our Company

We shall obtain authentication on the SCORES and shall comply with the SEBI circular (CIR/OIAE/1/2014) dated December 18, 2014 in relation to redressal of investor grievances through SCORES.

Our Company has also 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 details of our Stakeholders Relationship Committee, please see "*Our Management*" beginning on page 252.

Our Company has also appointed Shubham Sunil Bagadia, Company Secretary of our Company, as the Compliance Officer for the Offer. For details, "*General Information – Company Secretary and Compliance Officer*" beginning on page 69. The Selling Shareholder has authorised the Company Secretary and Compliance Officer of the Company, and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

Our Company has not received any investor complaint during the three years preceding the date of the Draft Red Herring Prospectus, the Red Herring Prospectus or this Prospectus. Further, no investor complaint in relation to our Company is pending as on the date of filing of the Draft Red Herring Prospectus, the Red Herring Prospectus or this Prospectus.

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 IX - OFFER INFORMATION

TERMS OF THE OFFER

The Equity Shares being offered and transferred pursuant to this Offer are subject to the provisions of the Companies Act, the SCRA, SCRR, SEBI ICDR Regulations, SEBI Listing Regulations, our Memorandum and Articles of Association, the terms of the Red Herring Prospectus, this Prospectus and the Abridged Prospectus, the Bid cum Application Form, the Revision Form, CAN, the Allotment Advice and other terms and conditions as may be incorporated in the Allotment Advice and other documents or certificates that may be executed in respect of this Offer. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the offer of capital and listing and trading of securities offered from time to time by the SEBI, the Government, the Stock Exchanges, the RoC, the RBI, 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 such governmental, regulatory or statutory authority while granting its approval for the Offer.

The Offer

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

The listing fees shall be borne by our Company. Other Offer-related expenses shall be shared be borne by each Selling Shareholder in proportion to the Equity Shares to be offered by each Selling Shareholder. However, all Offer-related expenses shall initially be borne by our Company. Upon successful completion of the Offer, each of Selling Shareholder shall reimburse our Company their proportionate share of the Offer-related expenses.

Ranking of the Equity Shares

The Equity Shares being offered and transferred in the Offer shall be subject to the provisions of the Companies Act, our Memorandum of Association and our Articles of Association, and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend and other corporate benefits if any, declared by our Company after the date of Allotment. For further details, see "*Main Provisions of the Articles of Association*" beginning on page 484.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to shareholders of our Company as per the provisions of the Companies Act, 2013, our Memorandum and Articles, the SEBI Listing Regulations and other applicable law. All dividends, if any, declared by our Company after the date of Allotment, will be payable to the Bidders who have been Allotted Equity Shares in the Offer, including pursuant to the Offer for Sale, for the entire year, in accordance with applicable law. For further details in relation to dividends, see *"Dividend Policy"* and *"Main Provisions of the Articles of Association"* beginning on pages 280 and 484, respectively.

Face Value and Offer Price

The face value of the Equity Shares is ₹ 10. The Floor Price of Equity Shares is ₹ 574 per Equity Share and the Cap Price is ₹ 575 per Equity Share. The Anchor Investor Offer Price is ₹ 575 per Equity Share. The Price Band and minimum Bid Lot for the Offer was decided by our Company and the Selling Shareholders, in consultation with the BRLMs, and advertised in all editions of Financial Express (a widely circulated English national daily newspaper), all editions of Jansatta (a widely circulated Hindi national daily newspaper), and the Hyderabad edition of Surya (a widely circulated Telugu daily newspaper, Telugu being the regional language of Telangana, where our Registered and Corporate Office is located), each with wide circulation, respectively, over two Working Days prior to the Bid/ Offer Opening Date and was made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price, was pre-filled in the Bid cum Application Forms available at the websites of the Stock Exchanges.

The Offer Price was determined by our Company and the Selling Shareholders in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with disclosure and accounting norms

Our Company shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, the equity shareholders of our Company shall have the following rights:

- The right to receive dividend, if declared
- The right to attend general meetings and exercise voting powers, unless prohibited by law
- The right to vote on a poll either in person or by proxy or 'e-voting', in accordance with the provisions of the Companies Act
- The right to receive offers for rights shares and be allotted bonus shares, if announced
- The right to receive any surplus on liquidation subject to any statutory or preferential claims being satisfied
- The right to freely transfer their Equity Shares, subject to foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under applicable law, including the Companies Act, 2013, the terms of the SEBI Listing Regulations, and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see "*Main Provisions of the Articles of Association*" beginning on page 484.

Allotment of Equity Shares in dematerialised form

Pursuant to Section 29 of the Companies Act, 2013, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares offered through the Red Herring Prospectus can be applied for in the dematerialised form only. In this context, two agreements have been signed amongst our Company, the respective Depositories and the Registrar to the Offer:

- Agreement dated November 27, 2007 amongst our Company, NSDL and the Registrar to the Offer.
- Agreement dated November 24, 2020 amongst our Company, CDSL and the Registrar to the Offer.

Market Lot and Trading Lot

Further, the trading of our Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment of Equity Shares will be only in electronic form in multiples of 26 Equity Shares, subject to a minimum Allotment of 26 Equity Shares.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Jurisdiction

The courts of Hyderabad, India will have exclusive jurisdiction in relation to this Offer.

Period of operation of subscription list

See "*Terms of the Offer – Bid / Offer Programme*" beginning on page 457.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, 2013 read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person 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, alienation or transfer of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee by the holder of the Equity Shares who has made the nomination by giving a notice of such cancellation. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form, which is available on request at our Registered and Corporate Office or with the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of Section 72 of the Companies Act, 2013 as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our 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, our Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Company. Nominations registered with the respective Depository Participant of the Bidder will prevail. If Bidders wish to change their nomination, they are requested to inform their respective Depository Participant.

Bid / Offer Programme

BID / OFFER OPENED ON*	Wednesday, March 3, 2021
BID / OFFER CLOSED ON	Friday, March 5, 2021

***** *The Anchor Investor Bidding Date was one Working Day prior to the Bid/Offer Opening Date, i.e. March 2, 2021*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about Wednesday, March 10, 2021
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account*	On or about Friday, March 12, 2021
Credit of the Equity Shares to depository accounts of Allottees	On or about Monday, March 15, 2021
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about Tuesday, March 16, 2021

* *In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid/Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid/Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.*

The above timetable is indicative and does not constitute any obligation on our Company, the Selling Shareholders or the BRLMs.

While our Company and the Selling Shareholders shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within six Working Days of the Bid / Offer Closing Date or such period as may be prescribed, the timetable may change due to various factors, such as extension of the Bid / Offer Period by

our Company and the Selling Shareholders, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

Each Selling Shareholder confirms that it shall extend complete 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 within such other period as may be prescribed.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding four Working Days from the Bid / Offer Closing Date, the Bidder shall be compensated at a uniform rate of ₹ 100 per day for the entire duration of delay exceeding four Working Days from the Bid / Offer Closing Date by the intermediary responsible for causing such delay in unblocking. The Book Running Lead Managers shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids were accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time ("**IST**")) during the Bid / Offer Period (except on the Bid / Offer Closing Date) at the Bidding Centres as mentioned on the Bid cum Application Form **except that:**

(i) on the QIB Bid / Offer Closing Date, in case of Bids by QIBs under the Net QIB Portion, the Bids and the revisions in Bids were accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. (IST);

(ii) on the Bid / Offer Closing Date:

  (a) in case of Bids by Non-Institutional Bidders, the Bids and the revisions in Bids were accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 4.00 p.m. (IST); and

  (b) in case of Bids by Retail Individual Bidders, the Bids and the revisions in Bids were accepted only between 10.00 a.m. and 3.00 p.m. (IST) and uploaded until 5.00 p.m. (IST), or such extended time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges.

For the avoidance of doubt, it is clarified that Bids not uploaded on the electronic bidding system or in respect of which full Bid Amount is not blocked by SCSBs will be rejected.

Due to limitation of the time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders were advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (IST) on the Bid/Offer Closing Date. Bidders were cautioned that, in the event a large number of Bids were received on the Bid/Offer Closing Date, as is typically experienced in public offerings in India, it may have lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that could not be uploaded on the electronic bidding system have not been considered for allocation under this Offer. Bids were only accepted on Working Days.

Investors may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges. Neither our Company, nor the Selling Shareholders, nor any member of the Syndicate is liable for any failure in: (i) uploading or downloading the Bids due to faults in any software / hardware system or otherwise, and (ii) the blocking of the Bid Amount in the ASBA Account of Bidders 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.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid cum Application Form for a particular Bidder, the details as per the Bid file received from the Stock Exchanges may be taken as the final data for the purpose of Allotment.

Minimum Subscription

In the event our Company does not receive (i) a minimum subscription of 90% of the Fresh Issue, and (ii) a subscription in the Offer as specified under Rule 19(2)(b) of the SCRR, including through devolvement of Underwriters, as applicable, within 60 days from the date of Bid Closing Date, or if the subscription level falls below the thresholds mentioned above after the Bid Closing Date, on account of withdrawal of applications or after technical rejections, or if the listing or trading permission is not obtained from the Stock Exchanges for the Equity Shares being offered under the Red Herring Prospectus and this Prospectus, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after our Company becomes liable to pay the amount, our Company and every Director of our Company who is an officer in default, shall pay interest at the rate of fifteen percent per annum.

However, no liability to make any payment of interest or expenses shall accrue to any Selling Shareholder unless the delay in making any of the payments/refund hereunder or the delay in obtaining listing or trading approvals or any other approvals in relation to the Offer is caused solely by, and is directly attributable to, an act or omission of such Selling Shareholder and to the extent of its portion of the Offered Shares.

In the event of under-subscription in the Offer, the Allotment for the valid Bids will be made, in the first instance, towards subscription for 90% of the Fresh Issue. If there remain any balance valid Bids in the Offer, the Allotment for the balance valid Bids will be made *pro rata* towards Equity Shares offered by the Selling Shareholders, and thereafter, towards the balance Fresh Issue.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be one Equity Share, no arrangements for disposal of odd lots are required.

Restriction on transfer and transmission of shares

Except for the lock-in of the pre-Offer Equity Share Capital of our Company, Promoters' Contribution and Equity Shares allotted to Anchor Investors pursuant to the Offer, as detailed in "*Capital Structure*" beginning on page 77 and except as provided in our Articles, there are no restrictions on transfers and transmission of Equity Shares or on their consolidation or splitting. See, "*Main Provisions of the Articles of Association*" at page 484.

Option to receive Equity Shares in Dematerialized Form

Allotment of Equity Shares to successful Bidders will only be in the dematerialized form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialized segment of the Stock Exchanges.

Withdrawal of the Offer

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the entire or portion of the Offer for any reason at any time after the Bid / Offer Opening Date but before the Allotment. Further, each of the Selling Shareholders reserves the right not to proceed with the Offer for Sale, in whole or in part thereof, to the extent of their respective portion of the Offered Shares, after the Bid / Offer Opening Date but before Allotment. In such an event, our Company would issue a public notice in the same newspapers, in which the pre-Offer advertisements were published, within two days of the Bid / Offer Closing Date, providing reasons for not proceeding with the Offer. Further, the Stock Exchanges shall be informed promptly in this regard by our Company, and the BRLMs, through 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 and inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. 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. In the event of withdrawal of the Offer and subsequently, plans of a fresh offer by our Company, a fresh draft red herring prospectus will be submitted again to SEBI.

Notwithstanding the foregoing, this Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment and within six Working Days from the Bid/Offer Closing Date or such other period as may be prescribed, and the final RoC approval of this Prospectus after it is filed with the RoC.

OFFER STRUCTURE

The Offer is being made through the Book Building Process. The Offer is of 10,372,419* Equity Shares for cash at price of ₹ 575 per Equity Share (including a premium of ₹ 565 per Equity Share) aggregating to ₹ 5,964.14 million* comprising of a Fresh Issue of 2,148,149* Equity Shares aggregating up to ₹ 1,235.19 million* by our Company and an Offer of Sale of 8,224,270* Equity Shares aggregating to ₹ 4,728.95 million* by the Selling Shareholders. The Offer will constitute 33.72%* of the post-Offer paid-up Equity Share capital of our Company

Our Company has, in consultation with the Book Running Lead Managers, undertaken a Pre-IPO Placement of 1,851,851 Equity Shares, aggregating to ₹ 1,000.00 million. The size of the Fresh Issue as disclosed in the Draft Red Herring Prospectus, of up to 4,000,000 Equity Shares accordingly has been reduced by 1,851,851 Equity Shares pursuant to the Pre-IPO Placement, and accordingly, the Fresh Issue was of 2,148,149 Equity Shares.

Particulars	QIBs (1)	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/ allocation* (2)	5,186,209 Equity Shares	1,555,863 Equity Shares	3,630,347 Equity Shares
Percentage of Offer Size available for Allotment/ allocation	Not more than 50% of the Offer size was allocated to QIB Bidders. However, up to 5% of the QIB Portion (excluding the Anchor Investor Portion) was available available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion were also eligible for allocation in the remaining balance QIB Portion. Any unsubscribed portion in the Mutual Fund portion was available to QIBs.	Not less than 15% of the Offer, or the Offer less allocation to QIB Bidders and Retail Individual Bidders.	Not less than 35% of the Offer, or the Offer less allocation to QIB Bidders and Non-Institutional Bidders
Basis of Allotment/ allocation if respective category is oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) 103,725 Equity Shares were allocated on a proportionate basis to Mutual Funds only; and (b) 1,970,759 Equity Shares shall be Allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above 3,111,725 Equity Shares were allocated on a discretionary basis to Anchor Investors	Proportionate	Proportionate, subject to the minimum bid lot. The allotment to each Retail Individual Bidder was not less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, were allotted on a proportionate basis. For details see, "*Offer Procedure*" beginning on page 464
Minimum Bid	Such number of Equity Shares in multiples of 26 Equity Shares, that the Bid Amount exceeds ₹200,000	Such number of Equity Shares that the Bid Amount exceeds ₹200,000 and in multiples of 26 Equity Shares thereafter	26 Equity Shares and in multiples of 26 Equity Shares thereafter
Maximum Bid	Such number of Equity Shares in multiples of 26 Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares in multiples of 26 Equity Shares not exceeding the size of the Offer, subject to applicable limits	Such number of Equity Shares in multiples of 26 Equity Shares so that the Bid Amount does not exceed ₹200,000
Bid Lot	26 Equity Shares and in multiples of 26 Equity Shares thereafter		
Mode of allotment	Compulsorily in dematerialised form		
Allotment Lot	26 Equity Shares and in multiples of one Equity Share thereafter		
Trading Lot	One Equity Share		

Particulars	QIBs [1]	Non-Institutional Bidders	Retail Individual Bidders
Who can apply[3]	Public financial institutions as specified in Section 2(72) of the Companies Act, 2013, scheduled commercial banks, Mutual Funds, FPIs other than individuals, corporate bodies and family offices, VCFs, AIFs, FVCIs registered with SEBI, multilateral and bilateral development financial institutions, state industrial development corporation, insurance companies registered with IRDAI, provident funds (subject to applicable law) with minimum corpus of ₹250 million, pension funds with minimum corpus of ₹250 million, National Investment Fund set up by the Government of India, the insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by the Department of Posts, India and Systemically Important Non-Banking Financial Companies.	Resident Indian individuals, Eligible NRIs, HUFs (in the name of the *karta*), companies, corporate bodies, scientific institutions societies and trusts, corporate bodies and family offices which are recategorised as Category II FPIs and registered with SEBI	Resident Indian individuals, Eligible NRIs and HUFs (in the name of the *karta*)
Terms of Payment	**In case of Anchor Investors**: Full Bid Amount was be payable by the Anchor Investors at the time of submission of their Bids[4] **In case of all other Bidders**: Full Bid Amount has been blocked by the SCSBs in the bank account of the ASBA Bidder (other than Anchor Investors) that is specified in the ASBA Form at the time of submission of the ASBA Form		
Mode of Bidding	Only through the ASBA process (except for Anchor Investors).	Only through the ASBA process.	Only through the ASBA process

* *Subject to finalisation of the Basis of Allotment.*

(1) *Our Company and the Selling Shareholders, in consultation with the BRLMs, allocated up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion was reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. For further details, see "Offer Procedure" beginning on page* 464.

(2) *Subject to valid Bids being received at or above the Offer Price. The Offer is being made in terms of Rule 19(2)(b) of the SCRR read with Regulation 45 of the SEBI ICDR Regulations. The Offer was made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer was available for allocation on a proportionate basis to Qualified Institutional Buyers. Such number of Equity Shares representing 5% of the Net QIB Portion was available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion was available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds was less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion would have been added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not less than 15% of the Offer was available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price.*
Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would have been allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis. However, under-subscription, if any, in the QIB Portion would not have been allowed to be met with spill-over from other categories or a combination of categories. In the event of under-subscription in the Offer, the Allotment for the valid Bids would have been made, in the first instance, towards subscription for 90% of the Fresh Issue. If there remain any balance valid Bids in the Offer, the Allotment for the balance valid Bids will be made pro rata towards Equity Shares offered by the Investor Selling Shareholders and the Promoter Selling Shareholders, and thereafter, towards the balance Fresh Issue. For further details, please see "Terms of the Offer" beginning on page 455.

(3) *In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders. Our Company reserves the right to reject, in its absolute discretion, all or any multiple Bids in any or all categories.*

(4) *Anchor Investors have paid the entire Bid Amount at the time of submission of the Anchor Investor Bid, provided that any positive difference between the Anchor Investor Allocation Price and the Offer Price, shall be payable by the Anchor Investor Pay-in Date as mentioned in the CAN.*

Note: *Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.*

OFFER PROCEDURE

*All Bidders should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 (the "**General Information Document**") and the UPI Circulars, which highlight the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document 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, especially in relation to the process for Bids by RIBs through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

*Additionally, all Bidders may refer to the General Information Document for information in relation to (i) Category of investor 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) General instructions (limited to instructions for completing the Bid Form); (vii) Submission of Bid cum Application Forms; (viii) Other Instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (ix) designated date; (x) disposal of applications; (xi) applicable provisions of the Companies Act, 2013 relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.*

*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 Unified Payments Interface ("**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 was mandated for a period of three months or launch of five main board public issues, whichever is later ("**UPI Phase II**"). However, given the prevailing uncertainty due to the COVID-19 pandemic, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, has decided to continue with the UPI Phase II till further notice. 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. The Offer will be undertaken pursuant to the processes and procedures under UPI Phase II, subject to any circulars, clarification or notification issued by the SEBI from time to time.*

Our Company, the Selling Shareholders and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this 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 Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and this Prospectus.

Further, our Company, the Selling Shareholders 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 wherein not more than 50% of the Offer shall be Allotted to QIBs on a proportionate basis. Our Company and the Selling Shareholders, in consultation with the BRLMs, have allocated up to 60% of the QIB Category to Anchor Investors, on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third was reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the price at which allocation is made to Anchor Investors. 5% of the QIB Category was available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Category was available for allocation on a proportionate basis to all QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer was available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Offer was available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Under-subscription, if any, in any category, except the QIB Category, would have been allowed to be met with spill-over from any other category or categories, as applicable, at the discretion of our Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable laws. Under-subscription, if any, in the QIB Portion, would not have been 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.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialised form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including DP ID, Client ID and PAN and UPI ID (for RIBs 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.

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 up to 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. SEBI vide its circular no. SEBI/HO/CFD/DCR2/CIR/P/2019/133 dated November 8, 2019 had extended the timeline for implementation of UPI Phase II till March 31, 2020. Further, SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2020 dated March 30, 2020 decided to continue Phase II of UPI with ASBA until further notice. Under this phase, submission of the ASBA Form by RIBs through Designated Intermediaries (other than SCSBs) to SCSBs for blocking of funds will be discontinued and will be replaced by the UPI Mechanism. 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 is proposed to 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

Bidders (other than Anchor Investors) were compulsorily required to use the ASBA process to participate in the Offer. Anchor Investors were not permitted to participate in this Offer through the ASBA process.

Copies of the ASBA Forms and the abridged prospectus were available with the Designated Intermediaries at relevant Bidding Centres and at our Registered and Corporate Office. The ASBA Forms were also available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) one day prior to the Bid/Offer Opening Date. Anchor Investor Application Forms were available at the offices of the BRLMs at the Anchor Investor Bidding Date.

Bidders (other than RIBs using the UPI Mechanism and Anchor Investors) must provide bank account details and authorisation by the ASBA bank account holder to block funds in their respective ASBA Accounts in the relevant space provided in the Bid cum Application Form. Bid cum Application Forms that do not contain such details are liable to be rejected. The Sponsor Bank shall provide details of the UPI linked bank account of the Bidders to the Registrar to the Offer for purpose of reconciliation.

RIBs 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 shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to 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 the SCSBs. ASBA Bidders are also required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount which can be blocked by the SCSB or by Sponsor Bank under the UPI Mechanism, as applicable at the time of submitting the Bid.

Anchor Investors were not permitted to participate in the Offer through the ASBA process. For Anchor Investors, the Anchor Investor Application Form was available with the Book Running Lead Managers.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	**Colour of Bid cum Application Form***
Resident Indians including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	White
Non-Residents including FPIs and Eligible NRIs, FVCIs and registered bilateral and multilateral development financial institutions applying on a repatriation basis	Blue
Anchor Investors	White

** Excluding electronic Bid cum Application Forms*

In case of ASBA Forms, Designated Intermediaries shall upload the relevant bid details in the electronic bidding system of the Stock Exchanges.

Subsequently, for ASBA Forms (other than RIBs using UPI Mechanism). Designated Intermediaries (other than SCSBs) shall submit / deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For RIBs using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate UPI Mandate Request to RIBs for blocking of funds. The Sponsor Bank shall initiate request for blocking of funds through NPCI to RIBs, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate RIBs (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e. the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Banks and the issuer bank. The Sponsor Banks and the Bankers to the Offer shall provide the audit trail to the Book Running Lead Managers for analysing the same and fixing liability.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Banks on a continuous basis.

Who can Bid?

In addition to the category of Bidders set forth in the General Information Document, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines:

- FPIs other than individuals, corporate bodies and family offices
- Individuals, corporate bodies and family offices categorised as Category II FPIs and registered with SEBI
- Scientific and/or industrial research organisations in India, which are authorised to invest in equity shares; and
- Any other person eligible to Bid in this Offer, under the laws, rules, regulations, guidelines and polices applicable to them.

Participation by associates and affiliates of the BRLMs and the Syndicate Member, Promoters, Promoter Group and persons related to Promoters / Promoter Group

The BRLMs and the Syndicate Member were not allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Member could purchase Equity Shares in the Offer, either in the Net QIB Portion or in the Non-Institutional Portion as may be applicable to such Bidders, and such Bid subscription could be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Member, were treated equally for the purpose of allocation to be made on a proportionate basis.

Except as stated below, neither the Book Running Lead Managers nor any associates of the Book Running Lead Managers could apply in the Offer under the Anchor Investor Portion:

(i) mutual funds sponsored by entities which are associate of the Book Running Lead Managers

(ii) insurance companies promoted by entities which are associate of the Book Running Lead Managers

(iii) AIFs sponsored by the entities which are associate of the Book Running Lead Managers; or

(iv) FPIs (other than individuals, corporate bodies and family offices) sponsored by the entities which are associate of the Book Running Lead Managers.

Further, persons related to our Promoters and Promoter Group could not apply in the Offer under the Anchor Investor Portion.

For the purposes of this section, a QIB who has any of the following rights shall be deemed to be a "*person related to the Promoters or Promoter Group*": (a) rights under a shareholders' agreement or voting agreement entered into with the Promoters or members of the Promoter Group; (b) veto rights; or (c) right to appoint any nominee director on our Board.

Further, an Anchor Investor shall be deemed to be an associate of a BRLM, if: (a) either of them controls , directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (b) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (c) there is a common director, excluding a nominee director, amongst the Anchor Investor and the BRLMs.

The Selling Shareholders, Promoters and the members of the Promoter Group did not participate in the Offer except to the extent of the Offered Shares.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate was required to be lodged with the Bid cum Application Form. Failing this, our Company reserved the right to reject any Bid without assigning any reason therefore.

Bids made by asset management companies or custodians of Mutual Funds were required to specifically state names of the concerned schemes for which such Bids were made. In case of a Mutual Fund, a separate Bid could be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund would not be treated as multiple Bids, provided that such Bids clearly indicated the scheme for which the Bid is submitted.

No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights. 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 scheme.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs were required to be made in the individual name of the *karta*. The Bidder/Applicant was required to specify that the Bid was being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: "Name of sole or first Bidder / Applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *karta*". Bids / Applications by HUFs were considered at par with Bids / Applications from individuals.

Bids by Eligible NRIs

Eligible NRIs could obtain copies of Bid cum Application Form from the BRLMs, Syndicate Member and sub-syndicate members at select locations as specified in the Bid cum Application Form. Eligible NRI Bidders bidding on a repatriation basis by using the Non-Resident Forms could authorise their SCSB or couldconfirm/accept the UPI Mandate Request (in case of RIBs using the UPI Mechanism) to block their Non-Resident External ("**NRE**") accounts or Foreign Currency Non-Resident ("**FCNR**") Accounts, and eligible NRI Bidders bidding on a non-repatriation basis by using Resident Forms could authorise their SCSB or couldconfirm/accept the UPI Mandate Request (in case of RIBs Bidding using the UPI Mechanism) 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. However, NRIs applying in the Offer through the UPI Mechanism were advised to enquire with the relevant bank where their account was UPI linked prior to submitting their Bid cum Application.

Eligible NRIs Bidding on non-repatriation basis were advised to use the Bid cum Application Form for residents. Eligible NRIs Bidding on a repatriation basis were advised to use the Bid cum Application Form meant for Non-Residents.

For details of investment by NRIs, see "*Restrictions on Foreign Ownership of Indian Securities*" on page 483. Participation of Eligible NRIs was subject to the FEMA NDI Rules.

Bids by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI (including its investor group (which means multiple entities registered as foreign portfolio investors and directly or indirectly, having common ownership of more than 50% or common control)) shall be below 10% of our post-Offer Equity Share capital on a fully diluted basis. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis, the total investment made by the FPI or investor group 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. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

Additionally, the aggregate foreign portfolio investment up to 24% of the paid-up capital on a fully diluted basis or the sectoral/statutory cap, whichever is lower, does not require Government approval or compliance of sectoral conditions as the case may be, if such investment does not result in transfer of ownership and control of the resident Indian company from resident Indian citizens or transfer of ownership or control to persons resident outside India. Other investments by a person resident outside India will be subject to conditions of Government approval and compliance of sectoral conditions as laid down in these regulations.

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for issue procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of the SEBI FPI Regulations, an FPI, may issue, subscribe to or otherwise deal in offshore derivative instruments (as defined under the SEBI FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it 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 FPIs; (ii) such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs; (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) such other conditions as may be specified by SEBI from time to time.

An FPI was required to ensure that the transfer of an offshore derivative instrument issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under the SEBI FPI Regulations (as mentioned above from points (i) to (iv)); and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments were to be transferred, were pre-approved by the FPI.

Bids by following FPIs, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs were not treated as multiple Bids:

- FPIs which utilise the multi investment manager ("**MIM**") structure
- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments
- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration
- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager
- Multiple branches in different jurisdictions of foreign bank registered as FPIs
- Government and Government related investors registered as Category 1 FPIs; and
- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the above mentioned seven structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN). In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, were required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilised any of the above-mentioned structures and indicated the name of their respective investment managers in such confirmation. In the absence of such confirmation from the relevant FPIs, such multiple Bids were required to be rejected.

The FPIs who wished to participate in the Offer were advised to use the Bid cum Application Form for non-residents.

Bids by SEBI registered VCFs, AIFs and FVCIs

The SEBI FVCI Regulations and the SEBI AIF Regulations, *inter-alia*, prescribe the respective investment restrictions on the FVCIs, VCFs and AIFs registered with SEBI. Accordingly, the holding by any individual VCF or FVCI registered with SEBI, in any company should not exceed 25% of the corpus of the VCF. Further, VCFs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings.

Category I and II AIFs cannot invest more than 25% of the corpus in one investee company. A Category III AIF cannot invest more than 10% of the corpus in one investee company. A VCF registered as a Category I AIF, as defined in the SEBI AIF Regulations, cannot invest more than one-third of its investible funds by way of subscription to an initial public offering of a venture capital undertaking. Additionally, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up, and such funds shall not launch any new scheme after notification of the SEBI AIF Regulations.

There was no reservation for Eligible NRI Bidders, AIFs, FPIs and FVCIs. All Bidders were treated on the same basis with other categories for the purpose of allocation.

All non-resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Neither our Company, nor the Selling Shareholders nor the BRLMs will be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, should have been attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

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 was required to be attached to the Bid cum Application Form, failing which our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

Bids by SCSBs

SCSBs participating in the Offer were required to comply with the terms of the 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 were required to ensure that for making applications on their own account using ASBA, they should have had a separate account in their own name with any other SEBI registered SCSBs. Further, such account should have been used solely for the purpose of making application in public issues and clear demarcated funds should have been available in such account for such applications.

Bids by systemically important non-banking financial companies

In case of Bids made by NBFC-SI, (i) a certified copy of the certificate of registration issued by the RBI, (ii) a certified copy of its last audited financial statements on a standalone basis, and (iii) a net worth certificate from its statutory auditor(s), should have been attached to the Bid cum Application Form, along with other approval as may be required by the Systemically Important NBFCs. Failing this, our Company reserves the right to reject any Bid, without assigning any reason thereof. NBFC-SIs participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

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 was required to be attached to the Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers are prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2016, as amended ("**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 under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, eligible FPIs, AIFs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with minimum corpus of ₹ 250 million and pension funds with a minimum corpus of ₹ 250 million, in each case, subject to applicable law and in accordance with their respective constitutional documents 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 as applicable must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company and the Selling Shareholders, in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company, in consultation with the BRLMs, may deem fit, without assigning any reasons thereof.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations, in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below.

(i) Anchor Investor Application Forms were made available for the Anchor Investor Portion at the offices of the BRLMs.

(ii) The Bid should have been for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid could not be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.

(iii) One-third of the Anchor Investor Portion was reserved for allocation to domestic Mutual Funds.

(iv) Bidding for Anchor Investors was open one Working Day before the Bid/ Offer Opening Date, i.e., the Anchor Investor Bidding Date, and was completed on the same day.

(v) Our Company and the Selling Shareholders, in consultation with the BRLMs, finalised allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion were not less than:

    (a) maximum of two Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million

    (b) minimum of two and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and

    (c) in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of five such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor.

(vi) Allocation to Anchor Investors was completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation was made has been made available in the public domain by the BRLMs before the Bid/ Offer Opening Date, through intimation to the Stock Exchange.

(vii) Anchor Investors could not withdraw or lower the size of their Bids at any stage after submission of the Bid.

(viii) If the Offer Price would be greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price would have been payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price would be lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors would have been at the higher price, i.e., the Anchor Investor Allocation Price would still be the Anchor Investor Office Price.

(ix) Equity Shares Allotted in the Anchor Investor Portion will be locked in for a period of 30 days from the date of Allotment.

(x) Neither the BRLMs or any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies or family offices sponsored by the entities which are associate of the BRLMs), nor any "person related to the Promoters or Promoter Group" could apply in the Offer under the Anchor Investor Portion. For further details, see "– *Participation by associates and affiliates of the BRLMs and the Syndicate Member, Promoters, Promoter Group and persons related to Promoters / Promoter Group*" beginning on page 467.

(xi) Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion were not considered multiple Bids.

(xii) For more information, see the General Information Document.

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 certificate from a chartered accountant certifying the corpus of the provident fund/pension fund was required to have been attached to the Bid cum Application Form. Failing this, our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to reject any Bid, without assigning any reason therefor.

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. The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the members of Syndicate are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that 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 laws or regulation or as specified in the Draft Red Herring Prospectus, the Red Herring Prospectus and this Prospectus.

In accordance with existing regulations issued by the RBI, OCBs have not participated in the Offer**.**

Information for Bidders

The relevant Designated Intermediary will enter each Bid option into the electronic Bidding system as a separate Bid and generate an acknowledgement slip ("**Acknowledgement Slip**"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder could have received up to three Acknowledgement Slips for each Bid cum Application Form. It is the Bidder's responsibility to obtain the Acknowledgment Slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revised his or her Bid, he/she was required to surrender the earlier Acknowledgement Slip and could request for a revised Acknowledgment Slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Red Herring Prospectus or this Prospectus nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

Any revision of the Bid shall be accompanied by instructions to block the incremental amount, if any, to be paid on account of the upward revision of the Bid.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, 2013, our Company, after filing the Red Herring Prospectus with the RoC, published a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, in all editions of Financial Express (a widely circulated English national daily newspaper), all editions of Jansatta (a widely circulated Hindi national daily newspaper) and the Hyderabad edition of Surya (a widely circulated Telugu newspaper, Telugu being the regional language of Telangana where our Registered and Corporate Office is located). Our Company, in the pre-Offer advertisement stated the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, 2013, was in the format prescribed under the SEBI ICDR Regulations.

Allotment Advertisement

Our Company, the Book Running Lead Managers and the Registrar shall publish an advertisement in relation to Allotment before commencement of trading, disclosing the date of commencement of trading of the Equity Shares, in all editions of Financial Express, an English national daily newspaper, all editions of Jansatta, a Hindi national daily newspaper and the Hyderabad edition of Surya, a Telugu newspaper, Telugu being the regional language of Telangana, where our Registered and Corporate Office is located, each with wide circulation.

Signing of Underwriting Agreement and filing of Prospectus with the RoC

Our Company and the Selling Shareholders have entered into an Underwriting Agreement with the Underwriters. Our Company has filed this Prospectus with the RoC, in accordance with applicable law. This Prospectus contains details of the Offer Price, Anchor Investor Offer Price, Offer size and underwriting arrangements and is complete in all material respects.

GENERAL INSTRUCTIONS

Please note that QIBs and Non-Institutional Bidders are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bid(s) during the Bid/Offer Period and withdraw their Bid(s) until Bid/Offer Closing Date. Anchor

Investors are not allowed to withdraw their Bids after the Anchor Investor Bidding Date.

***Do's*:**

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals

2. Ensure that you have Bid within the Price Band

3. Read all the instructions carefully and complete the Bid cum Application Form

4. Ensure that the details about the PAN, DP ID and Client ID are correct and the Bidders depository account is active, as Allotment of the Equity Shares will be in the dematerialised form only

5. Ensure that your Bid cum Application Form bearing the stamp of the relevant Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time

6. In case of joint Bids, ensure that first Bidder is the ASBA Account holder (or the UPI-linked bank account holder, as the case may be) and the signature of the first Bidder is included in the Bid cum Application Form

7. Bidders (other than RIIs bidding through the non-UPI Mechanism) should submit the Bid cum Application Form only at the Bidding Centers, i.e. to the respective member of the Syndicate at the Specified Locations, the SCSBs, the Registered Broker at the Broker Centres, the CRTA at the Designated RTA Locations or CDP at the Designated CDP Locations. RIIs bidding through the non-UPI Mechanism should either submit the physical Bid cum Application Form with the SCSBs or Designated Branches of SCSBs under Channel I (described in the UPI Circulars) or submit the Bid cum Application Form online using the facility of 3-in 1 type accounts under Channel II (described in the UPI Circulars

8. Ensure that you have mentioned the correct ASBA Account number (for all Bidders other than RIBs using the UPI Mechanism) in the Bid cum Application Form

9. RIBs using the UPI Mechanism should ensure that the correct UPI ID (with maximum length of 45 characters including the handle) is mentioned in the Bid cum Application Form

10. RIBs using UPI Mechanism through the SCSBs and mobile applications shall ensure that the name of the bank appears in the list of SCSBs which are live on UPI, as displayed on the SEBI website. RIBs shall ensure that the name of the app and the UPI handle which is used for making the application appears in Annexure 'A' to the SEBI circular no. SEBI/HO/CFD/DIL2/COR/P/2019/85 dated July 26, 2019

11. RIBs bidding using the UPI Mechanism should ensure that they use only their own bank account linked UPI ID to make an application in the issue

12. RIBs submitting a Bid cum Application Form using the UPI Mechanism, should ensure that: (a) the bank where the bank account linked to their UPI ID is maintained; and (b) the Mobile App and UPI handle being used for making the Bid is listed on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40

13. RIBs submitting a Bid-cum Application Form to any Designated Intermediary (other than SCSBs) should ensure that only UPI ID is included in the Field Number 7: Payment Details in the Bid cum Application Form

14. RIBs using the UPI Mechanism 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

15. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only

16. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms

17. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names

18. Ensure that you request for and receive a stamped acknowledgement of the Bid cum Application Form for all your Bid options from the concerned Designated Intermediary

19. Bidders, other than RIBs using the UPI Mechanism, shall ensure that they have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Form to the relevant Designated Intermediaries

20. Ensure that you submit revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment

21. With respect to Bids by SCSBs, ensure that you have a separate account in your own name with any other SCSB having clear demarcated funds for applying under the ASBA process and that such separate account (with any other SCSB) is used as the ASBA Account with respect to your Bid

22. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market and (ii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market. 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

23. Ensure that Anchor Investors submit their Anchor Investor Application Form only to the BRLMs

24. Ensure that the Demographic Details are updated, true and correct in all respects

25. 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

26. Ensure that the correct investor category and the investor status is indicated in the Bid cum Application Form

27. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust etc., relevant documents, including a copy of the power of attorney, are submitted

28. Ensure that Bids submitted by any person outside India should be in compliance with applicable foreign and Indian laws

29. Ensure that the depository account is active, the correct DP ID, Client ID and the PAN are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID and the PAN entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID and PAN available in the Depository database

30. Ensure that where the Bid cum Application Form is submitted in joint names, the beneficiary account is also held in the same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form

31. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors) is submitted to a Designated Intermediary in a Bidding Centre and in case of Bidding through a Designated Intermediary (other than for Anchor Investors and RIBs) 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) or such other websites as updated from time to time

32. 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 at the time of submission of the Bid

33. For RIBs using the UPI Mechanism, ensure that you approve the Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to application amount and subsequent debit of funds in case of Allotment, in a timely manner

34. 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 RIB in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorized the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form

35. RIBs shall ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank prior to 12:00 p.m. of the Working Day immediately after the Bid / Offer Closing Date

36. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected

37. RIBs 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

38. RIBs who wish to revise their Bids using the UPI Mechanism, should submit the revised Bid with the Designated Intermediaries, pursuant to which RIBs 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 RIB's ASBA Account

39. RIBs using the UPI Mechanism, who have revised their Bids subsequent to making the initial Bid, should also approve the revised Mandate Request generated by the Sponsor Bank to authorise blocking of funds equivalent to the revised Bid Amount and subsequent debit of funds in case of Allotment in a timely manner; and

40. Bids by Eligible NRIs and HUFs for a Bid Amount of less than ₹ 200,000 would be considered under the Retail Portion, and Bids for a Bid Amount exceeding ₹ 200,000 would be considered under the Non-Institutional Portion, for the purposes of allocation in the Offer.

The Bid cum Application Form was liable to be rejected if the above instructions or any other condition as specified in the Red Herring Prospectus, as applicable, were 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 was liable to be rejected.

***Don'ts*:**

1. Do not Bid for lower than the minimum Bid size

2. Do not Bid/revise Bid Amount to less than the Floor Price or higher than the Cap Price

3. Do not Bid on another Bid cum Application Form or the Anchor Investor Application Form, as the case maybe, after you have submitted a Bid to a Designated Intermediary

4. RIBs should not submit a Bid using the UPI Mechanism, unless the name of the bank where the bank account linked to your UPI ID is maintained, is listed on the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40

5. RIB should not submit a Bid using the UPI Mechanism, using a Mobile App or UPI handle, not listed on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40

6. Do not pay the Bid Amount in cash, by money order, cheques or demand drafts or by postal order or by stock invest

7. Do not submit a Bid using UPI ID, if you are not a RIB

8. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only

9. Anchor Investors should not Bid through the ASBA process

10. Do not submit the Bid cum Application Forms to any non-SCSB bank or our Company or at a location other than the Bidding Centres. Provided that RIBs not using the UPI Mechanism should not submit Bid cum Application Forms with Designated Intermediaries (other than SCSBs)

11. Do not Bid on a physical ASBA Form that does not have the stamp of the relevant Designated Intermediary

12. Do not Bid at Cut-off Price in case of Bids by QIBs and Non-Institutional Bidders

13. 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 the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Red Herring Prospectus

14. If you are a Non-Institutional Bidder or a Retail Individual Bidder, do not submit your Bid after 3.00 pm on the Bid/Offer Closing Date

15. If you are a QIB, do not submit your Bid after 3.00 p.m. on the QIB Bid/ Offer Closing Date

16. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process

17. Do not Bid for a Bid Amount exceeding ₹ 200,000 for Bids by Retail Individual Bidders

18. Do not submit the General Index Register (GIR) number instead of the PAN

19. Do not submit incorrect UPI ID details if you are a RIB Bidding through the UPI Mechanism;

20. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer

21. Do not submit the Bid without ensuring that funds equivalent to the entire Bid Amount are available for blocking in the relevant ASBA Account

22. Do not submit more than one Bid cum Application Form for each UPI ID in case of RIBs using the UPI Mechanism

23. In case of ASBA Bidders, do not submit more than one ASBA Forms per ASBA Account

24. Do not submit Bids to a Designated Intermediary at a location other than Specified Locations

25. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company

26. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. Retail Individual Bidders can revise or withdraw their Bids on or before the Bid/Offer Closing Date

27. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of Bidder

28. Do not Bid for Equity Shares in excess of what is specified for each category

29. 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

30. Do not link the UPI ID with a bank account maintained with a bank that is not UPI 2.0 certified by the NPCI in case of Bids submitted by RIB Bidders using the UPI Mechanism

31. Do not Bid on another Bid cum Application Form and the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries

32. 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)

33. Do not submit a Bid cum Application Form using a third party bank account or using third party linked bank account UPI ID (in case of in case of Bids submitted by RIBs using the UPI Mechanism); and

34. Do not Bid if you are an OCB.

The Bid cum Application Form was liable to be rejected if any of the above instructions or any other condition mentioned in the Red Herring Prospectus, as applicable, were not complied with.

Grounds for Technical Rejections

In addition to the grounds for rejection of Bids on technical grounds as provided in the General Information Document, Bidders were requested to note that Bids may be rejected on the following additional technical grounds:

1. Bid submitted without instruction to the SCSB to block the entire Bid Amount

2. Bids which do not contain details of the Bid Amount and the bank account or UPI ID (for RIBs using the UPI Mechanism) details in the ASBA Form

3. Bids submitted on a plain paper

4. Bids submitted by RIBs using the UPI Mechanism through an SCSB and/or using a Mobile App or UPI handle, not listed on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40

5. Bids under the UPI Mechanism submitted by RIBs using third party bank accounts or using a third party linked bank account UPI ID, subject to availability of information from the Sponsor Bank

6. Bids by HUFs not mentioned correctly as provided in *"– Bids by HUFs"* beginning on page 468

7. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary

8. Bids submitted without the signature of the First Bidder or sole Bidder

9. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder

10. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular (reference number: CIR/MRD/DP/ 22 /2010) dated July 29, 2010

11. GIR number furnished instead of PAN

12. Bids by Retail Individual Bidders with Bid Amount for a value of more than ₹ 200,000

13. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals

14. Bids accompanied by cheque(s), demand draft(s), stock invest, money order, postal order or cash; and

15. Bids by OCBs.

Names of entities responsible for finalising the basis of allotment in a fair and proper manner

The authorised employees of the Designated Stock Exchange, along with the Book Running Lead Managers 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 ICDR 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 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 one per cent. of the Offer 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 Bidders 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 Bidders shall not be less than the minimum bid lot, subject to the availability of shares in Retail Individual Bidders Portion, and the remaining available Equity Shares, if any, shall be Allotted on a proportionate basis. The Allotment of Equity Shares to Anchor Investors shall be on a discretionary basis.

Payment into Escrow Account

Our Company and the Selling Shareholders in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN were sent, pursuant to which the details of the Equity Shares allocated to them in their respective names were notified to such Anchor Investors. Anchor Investors were not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors were required to transfer the Bid Amount (through direct credit, RTGS or NEFT) to the Escrow Accounts. The payment instruments for payment into the Escrow Accounts were to be drawn in favour of:

(i) In case of resident Anchor Investors and Underwriters: "MTAR Technologies Ltd ANCHOR R"
(ii) In case of non-resident Anchor Investors: "MTAR Technologies Ltd ANCHOR 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 Shareholders and the Syndicate, the Escrow Collection Bank and the Registrar to the Issue to facilitate collections of Bid amounts from Anchor Investors.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite Agreement dated November 27, 2007 among NSDL, our Company and the Registrar to the Offer.
- Tripartite Agreement dated November 24, 2020 among CDSL, our Company and Registrar to the Offer.

Undertakings by our Company

Our Company undertakes the following:

(i) adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and to consider them similar to Anchor Investors while finalising the Basis of Allotment

(ii) the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily

(iii) that if the 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, failing which interest will be due to be paid to the Bidders at the rate prescribed under applicable law for the delayed period

(iv) that all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within six Working Days of the Bid/Offer Closing Date or such other time as may be prescribed

(v) that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company

(vi) 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

(vii) that if our Company does not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within two days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly

(viii) that if our Company and the Selling Shareholders, in consultation with the BRLMs, withdraw the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh draft offer document with the SEBI, in the event our Company subsequently decides to proceed with the Offer thereafter

(ix) Promoter's contribution, if any, shall be brought in advance before the Bid / Offer Opening Date

(x) that adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors; and

(xi) that no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the ASBA Accounts on account of non-listing, under-subscription etc.

Undertakings by each Selling Shareholder

Each Selling Shareholder, severally and not jointly, undertakes the following in respect of itself as a Selling Shareholder and its respective portion of the Offered Shares:

(i) that the Offered Shares are free and clear of any pre-emptive rights, liens, mortgages, charges, pledges or encumbrances and are eligible to be a part of the Offer for Sale, in accordance with Regulation 8 of the SEBI ICDR Regulations and shall continue to be in dematerialised form at the time of transfer

(ii) that they are the legal and beneficial owner of and has full title to its respective portion of the Offered Shares

(iii) that they shall provide all support and cooperation as may be reasonably requested by our Company and the BRLMs to the extent such support and cooperation is in relation to its Offered Shares and in relation to necessary formalities for listing and commencement of trading at the Stock Exchanges, the completion of the Allotment and dispatch of the Allotment Advice and CAN, if required, and refund orders (as applicable) to the requisite extent of its respective portion of the Offered Shares

(iv) that each Selling Shareholder specifically confirms that they shall not have any recourse to the proceeds of the Offer, until final listing and trading approvals have been received from the Stock Exchanges

(v) that they shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer, except as permitted under applicable law

(vi) that they shall not offer, lend, pledge, create lien, charge, encumber, sell, contract to sell or otherwise transfer or dispose of, directly or indirectly, any of the Equity Shares offered in the Offer

(vii) that they will provide such assistance as may be required by our Company and BRLMs acting reasonably, in redressal of such investor grievances that pertain to the Equity Shares being offered pursuant to the Offer and statements specifically made or confirmed by it in relation to itself as a Selling Shareholder; and

(viii) that they shall transfer their portion of the Offered Shares to an escrow demat account in accordance with the share escrow agreement to be executed between the parties to such share escrow agreement.

The Selling Shareholders have authorised the Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of their respective portion of Offered Shares.

Utilisation of Offer Proceeds

Our Company and the Selling Shareholders, severally and not jointly, specifically confirm and declare:

(a) that all monies received from the Offer and the Pre-IO Placement shall be credited / transferred to separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013; and

(b) details of all monies utilised out of the proceeds from the Fresh Issue shall be disclosed, and continue to be disclosed till all the time any part of the proceeds from the Fresh Issue remains unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised, or the form in which such unutilised monies have been invested.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 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, for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than six months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to three times such amount (provided that where the fraud involves public interest, such term shall not be less than three years.) Further, where the fraud involves an amount less than ₹ 1 million or one per cent of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ₹ 5 million or with both.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is governed *inter alia* through the Industrial Policy, 1991 of the Government of India, FEMA and the FEMA NDI Rules. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment.

The Government of India has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated Foreign Direct Investment Policy notified by the DPIIT File No. 5(2)/2020-FDI Policy dated October 15, 2020, with effect from October 15, 2020 (the "**FDI Policy**"), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT or the DPIIT that were in force and effect prior to October 15, 2020. The Government of India proposes to update the consolidated circular on FDI Policy once every year and therefore, the FDI Policy will be valid until the DPIIT issues an updated circular.

In terms of the FEMA NDI Rules, a person resident outside India may make investments into India, subject to certain terms and conditions, and provided that an entity of a country, which shares land border with India or the beneficial owner of an investment into India who is situated in or is a citizen of any such country, shall invest only with government approval.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer.

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, and may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S and the applicable laws of each jurisdictions where such offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

For further details, see "*Offer Procedure*" beginning on page 464.

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholders and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this 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 X – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

The Articles of the Company comprise of two parts, Part A and Part B, which shall be applicable in the following manner:

(a) Till the time of listing and trading of Equity Shares of the Company on a recognised stock exchange in India, Part A and Part B shall, unless the context otherwise requires, co-exist with each other. Notwithstanding anything contained herein, in the event of any conflict between the provisions of Part A and Part B of these Articles, the provisions of Parts B of these Articles shall prevail.

(b) Part B shall automatically terminate, be deleted and cease to have any force and effect upon the listing of shares of the Company proposed to be transferred/ issued pursuant to an initial public offering of the shares of the Company on a recognised stock exchange in India, without any further action by the Company, the Board of Directors or by the Shareholders.

PART- A

1. Table F Applicable

No regulation contained in Table "F" in the First Schedule to Companies Act, 2013 shall apply to this Company but the regulations for the Management of the Company and for the observance of the Members thereof and their representatives shall be as set out in the relevant provisions of the Companies Act, 2013 and subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of or addition to its regulations by Special Resolution as prescribed by the said Companies Act, 2013 be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment thereto.

INTERPRETATION CLAUSE

2. In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context:

Act

(a) "The Act" means the Companies Act, 2013 and includes any statutory modification or re-enactment thereof for the time being in force.

Articles

(b) "These Articles" means Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution.

Auditors

(c) "Auditors" means and includes those persons appointed as such for the time being of the Company.

Capital

(d) "Capital" means the share capital for the time being raised or authorized to be raised for the purpose of the Company.

(e) *****"The Company" shall mean MTAR TECHNOLOGIES LIMITED

Executor or Administrator

(f) "Executor" or "Administrator" means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorizing the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under section 31 of the Administrator General Act, 1963.

Legal Representative

(g) "Legal Representative" means a person who in law represents the estate of a deceased Member.

Gender

(h) Words importing the masculine gender also include the feminine gender.

In Writing and Written

(i) "In Writing" and “Written" includes printing lithography and other modes of representing or reproducing words in a visible form.

Marginal notes

(j) The marginal notes hereto shall not affect the construction thereof.

Meeting or General Meeting

(k) “Meeting” or “General Meeting” means a meeting of members.

Month

(l) "Month" means a calendar month.

Annual General Meeting

(m) "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of section 96 of the Act.

Extra-Ordinary General Meeting

(n) "Extra-Ordinary General Meeting" means an Extraordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof.

National Holiday

(o) “National Holiday” means and includes a day declared as National Holiday by the Central Government.

Non-retiring Directors

(p) “Non-retiring Directors” means a director not subject to retirement by rotation.

Office

(q) "Office” means the registered Office for the time being of the Company.

Ordinary and Special Resolution

(r) “Ordinary Resolution” and “Special Resolution” shall have the meanings assigned thereto by Section 114 of the Act.

Person

(s) “Person" shall be deemed to include corporations and firms as well as individuals.

Proxy

(t) "Proxy" means an instrument whereby any person is authorized to vote for a member at General Meeting or Poll and includes attorney duly constituted under the power of attorney.

Register of Members

(u) "The Register of Members" means the Register of Members to be kept pursuant to Section 88(1) (a) of the Act.

Seal

(v) "Seal" means the common seal for the time being of the Company.

Singular number

(w) Words importing the Singular number include where the context admits or requires the plural number and vice versa.

Statutes

(x) "The Statutes" means the Companies Act, 2013and every other Act for the time being in force affecting the Company.

These presents

(y) "These presents" means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time.

Variation

(z) "Variation" shall include abrogation; and "vary" shall include abrogate.

Year and Financial Year

(aa) "Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act.

Expressions in the Act to bear the same meaning in Articles

Save as aforesaid any words and expressions contained in these Articles shall bear the same meanings as in the Act or any statutory modifications thereof for the time being in force.

CAPITAL

3. Authorized Capital

The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time.

4. Increase of capital by the Company how carried into effect

The Company may in General Meeting from time to time by Ordinary Resolution increase its capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act.

5. Further Issue of Share Capital

(a) Where, at any time, it is proposed to increase the subscribed capital of the company by allotment of further shares then:

(i) Such further shares shall be offered to the persons who, at the date of the offer, are holders of the equity shares of the company, in proportion, as nearly as circumstances admit, to the capital paid-up on those shares at that date;

(ii) The offer aforesaid shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined;

(iii) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice referred to in sub-clause (ii) shall contain a statement of this right;

(iv) After the expiry of the time specified in the notice aforesaid, or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose of them in such manner as they think most beneficial to the company.

(b) Notwithstanding anything contained in subclause (a), the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in clause (i) of sub-clause (a) hereof) in any manner whatsoever.

(i) If a special resolution to that effect is passed by the company in general meeting, or

(ii) Where no such resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in that general meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf, that the proposal is most beneficial to the company.

(c) Nothing in sub-clause (iii) of (a) hereof shall be deemed:

(i) To extend the time within which the offer should be accepted; or

(ii) To authorize any person to exercise the right of renunciation for a second time, on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

(d) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debentures issued by the company:

(i) To convert such debentures or loans into shares in the company; or

(ii) To subscribe for shares in the company

PROVIDED THAT the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(a) Either has been approved by the central Government before the issue of debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(b) In the case of debentures or loans or other than debentures issued to, or loans obtained from the Government or any institution specified by the Central Government in this behalf, has also been approved by the special resolution passed by the company in General Meeting before the issue of the loans.

6. New Capital same as existing capital

Except so far as otherwise provided by the conditions of issue or by these Presents, any capital raised by the creation of new Shares shall be considered as part of the existing capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and instalments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise.

7. Non-Voting Shares

The Board shall have the power to issue a part of authorized capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of law, rules, regulations, notifications and enforceable guidelines for the time being in force.

8. Redeemable Preference Shares

Subject to the provisions of the Act and these Articles, the Board of Directors may issue redeemable preference shares to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par, and with full power to give any person the option to call for or be allotted shares of the company either at premium or at par, such option being exercisable at such times and for such consideration as the Board thinks fit.

9. Voting rights of preference shares

The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares.

10. Provisions to apply on issue of Redeemable Preference Shares

On the issue of redeemable preference shares under the provisions of Article 7 hereof, the following provisions-shall take effect:

(a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of shares made for the purpose of the redemption;

(b) No such Shares shall be redeemed unless they are fully paid;

(c) Subject to section 55(2)(d)(i) the premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's security premium account, before the Shares are redeemed;

(d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a reserve fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the share capital of the Company shall, except as provided in Section 55of the Act apply as if the Capital Redemption Reserve Account were paid-up share capital of the Company; and

(e) Subject to the provisions of Section 55 of the Act, the redemption of preference shares hereunder may be effected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital.

11. Reduction of capital

The Company may (subject to the provisions of sections 52, 55, 66, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce:

(a) the share capital;
(b) any capital redemption reserve account; or
(c) any security premium account

In any manner for the time being, authorized by law and in particular capital may be paid off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted.

12. Debentures

Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.

13. Issue of Sweat Equity Shares

The Company may exercise the powers of issuing sweat equity shares conferred by Section 54 of the Act of a class of shares already issued subject to such conditions as may be specified in that sections and rules framed thereunder.

14. ESOP

The Company may issue shares to Employees including its Directors other than independent directors and such other persons as the rules may allow, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorized by a Special Resolution of the Company in general meeting subject to the provisions of the Act, the Rules and applicable guidelines made there under, by whatever name called.

15. Buy Back of shares

Notwithstanding anything contained in these articles but subject to the provisions of sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

16. Consolidation, Sub-Division and Cancellation

Subject to the provisions of Section 61 of the Act, the Company in general meeting may, from time to time, sub-divide or consolidate all or any of the share capital into shares of larger amount than its existing share or sub-divide its shares, or any of them into shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of clause (d) of sub-section (1) of Section 61; Subject as aforesaid the Company in general meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.

17. Issue of Depository Receipts

Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue depository receipts in any foreign country.

18. Issue of Securities

Subject to compliance with applicable provision of the Act and rules framed thereunder the company shall have power to issue any kind of securities as permitted to be issued under the Act and rules framed thereunder.

19. Register of Members

The Company shall cause to be kept a register and index of members in accordance with all applicable provisions of the Companies Act, 2013 and the Depositories Act, 1996 with details of shares held in physical and dematerialised forms in any medium as may be permitted by law including in any form of electronic medium. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members Resident in that State or Country.

MODIFICATION OF CLASS RIGHTS

20. Modification of rights.

(a) If at any time the share capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the shares of the class) may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued shares of that class or with the sanction of a Special Resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of these Articles relating to general meetings shall mutatis mutandis apply to every such separate class of meeting.

Provided that if variation by one class of shareholders affects the rights of any other class of shareholders, the consent of three-fourths of such other class of shareholders shall also be obtained and the provisions of this section shall apply to such variation.

New Issue of Shares not to affect rights attached to existing shares of that class.

(b) The rights conferred upon the holders of the Shares including Preference Share, if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith.

21. Shares at the disposal of the Directors.

Subject to the provisions of Section 62 of the Act and these Articles, the shares in the capital of the company for the time being 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 a premium or at par and at such time as they may from time to time think fit and with the sanction of the company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the company on payment in full or part of any property sold and transferred or for any services rendered to the company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares.

PROVIDED THAT option or right to call of shares shall not be given to any person or persons without the sanction of the company in the General Meeting.

22. Power to issue shares on preferential basis.

The Company may issue shares or other securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in clause (a) or clause (b) of sub-section (1) of section 62 subject to compliance with section 42 and 62 of the Act and rules framed thereunder.

23. Shares should be Numbered progressively and no share to be subdivided.

The shares in the capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished.

24. Acceptance of Shares.

An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register shall for the purposes of these Articles, be a Member.

25. Directors may allot shares as full paid-up

Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or 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 in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up shares as aforesaid.

26. Deposit and call etc.to be a debt payable immediately.

The money (if any) which the Board shall on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them shall become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly.

27. Liability of Members.

Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion of the Capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts at such time or times, and in such manner as the Board shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof.

28. Registration of Shares.

Shares may be registered in the name of any limited company or other corporate body but not in the name of a firm, an insolvent person or a person of unsound mind.

RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT

29. The Board shall observe the restrictions as regards allotment of shares to the public, and as regards return on allotments contained in Section 39 of the Act

CERTIFICATES

30. Share Certificates.

(a) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several certificates, each for one or more of such shares and the company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within two months of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe and approve.

PROVIDED THAT in respect of a share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one or several joint holders shall be a sufficient delivery to all such holder.

(b) Any two or more joint allottees of shares shall, for the purpose of this Article, be treated as a single member, and the certificate of any shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.

31. Issue of new certificates in place of those defaced, lost or destroyed.

(a) If any certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any certificate lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate.

(b) Every certificate under the article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding ₹ 2 for each certificate) as the Directors shall prescribe.

PROVIDED THAT no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

PROVIDED THAT notwithstanding what is stated above, the Directors shall comply with such rules or regulation or requirements of any Stock Exchange or the rules made under the Companies Act, 2013 or rules made under Securities Contracts (Regulation) Act, 1956 or any other act, or rules applicable thereof in this behalf.

(c) The provision of this Article shall mutatis mutandis apply to debentures of the company.

32. The first named joint holder deemed Sole holder.

(a) If any share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at meetings, and the transfer of the shares, be deemed sole holder thereof but the joint-holders of a share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such share and for all incidentals thereof according to the Company’s regulations.

Maximum number of joint holders.

(b) The Company shall not be bound to register more than three persons as the joint holders of any share.

33. Company not bound to recognise any interest in share other than that of registered holders.

Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognise any equitable, contingent, future or partial interest in any share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any share in the joint names of any two or more persons or the survivor or survivors of them.

34. Instalment on shares to be duly paid.

If by the conditions of allotment of any share the whole or part of the amount or issue price thereof shall be payable by instalment, every such instalment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the share or his legal representative.

UNDERWRITING AND BROKERAGE

35. Commission

Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any shares or debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or partly in one way and partly in the other.

36. Brokerage

The Company may pay on any issue of shares and debentures such brokerage as may be reasonable and lawful.

CALLS

37. Directors may make calls

(1) The Board may, from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by a circular resolution, make such calls as it thinks fit, upon the Members in respect of all the moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board.

(2) A call may be revoked or postponed at the discretion of the Board.

(3) A call may be made payable by instalments.

38. Notice of Calls

Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid.

39. Calls to date from resolution.

A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by the members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors.

40. Calls on uniform basis.

Whenever any calls for further share capital are made on shares, such calls shall be made on uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class.

41. Directors may extend time.

The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no member shall be entitled to such extension save as a matter of grace and favour.

42. Calls to carry interest.

If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such member.

43. Sums deemed to be calls.

If by the terms of issue of any share or otherwise any amount is made payable at any fixed time or by instalments at fixed time (whether on account of the amount of the share or by way of premium) every such amount or instalment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or instalment accordingly.

44. Proof on trial of suit for money due on shares.

On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any money claimed to be due to the Company in respect of his shares, if shall be sufficient to prove that the name of the Member in respect of whose shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the share in respect of which such money is sought to be recovered in the Minute Books: and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles: and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

45. Judgment, decree, partial payment motto proceed for forfeiture.

Neither a judgment nor a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce forfeiture of such shares as hereinafter provided.

46. Payments in Anticipation of calls may carry interest

(a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective shares beyond the sums, actually called up and upon the moneys so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the shares on account of which such advances are made the Board may pay or allow interest, at such rate as the member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that moneys paid in advance of calls on shares may carry interest but shall not confer a right to dividend or to participate in profits.

(b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.

(c) The provisions of this Article shall mutatis mutandis apply to calls on debentures issued by the Company.

LIEN

47. Company to have Lien on shares.

The Company shall have a first and paramount lien upon all the shares/debentures (other than fully paid-up shares/debentures) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

48. Fully paid shares to be free from all lien

Fully paid shares of the Company shall be free from all lien. In the case of partly paid shares, the Company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.

49. As to enforcing lien by sale.

For the purpose of enforcing such lien the Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or the person (if any) entitled by transmission to the shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorise some person to transfer the shares sold to the purchaser thereof and purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned.

50. Application of proceeds of sale.

The net proceeds of any such sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to 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.

FORFEITURE AND SURRENDER OF SHARES

51. If call or instalment not paid, notice may be given.

If any Member fails to pay the whole or any part of any call or instalment or any moneys due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or instalment or any part thereof or other moneys as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or instalment of such part thereof or other moneys as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such shares shall be forfeited if any moneys shall remain unpaid in respect of any call or instalment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force.

52. Terms of notice.

The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or instalment and such interest thereon as the Directors shall determine from the day on which such call or instalment ought to have been paid and expenses as aforesaid are to be paid.

The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the shares in respect of which the call was made or instalment is payable will be liable to be forfeited.

53. On default of payment, shares to be forfeited.

If the requirements of any such notice as aforesaid shall not be complied with, every or any share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or instalments, interest and expenses, due in respect thereof, be forfeited by resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other moneys payable in respect of the forfeited share and not actually paid before the forfeiture.

54. Notice of forfeiture to a Member

When any shares have been forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture, with the date thereof shall forthwith be made in the Register of Members.

55. Forfeited shares to be property of the Company and may be sold etc.

Any shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.

56. Members still liable to pay money owing at time of forfeiture and interest.

Any Member whose shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, instalments, interest and expenses owing upon or in respect of such shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.

57. Effect of forfeiture.

The forfeiture shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

58. Evidence of Forfeiture.

A declaration in writing that the declarant is a Director or Secretary of the Company and that shares in the Company have been duly forfeited in accordance with these articles on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares.

59. Title of purchaser and allottee of Forfeited shares.

The Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed of may be registered as the holder of the share and he shall not be bound to see to the application of the consideration: if any, nor shall his title to the share be affected by any irregularly or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the shares.

60. Cancellation of share certificate in respect of forfeited shares.

Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the certificate or certificates originally issued in respect of the relative shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate certificate or certificates in respect of the said shares to the person or persons entitled thereto.

61. Forfeiture may be remitted.

In the meantime and until any share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable.

62. Validity of sale

Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

63. Surrender of shares.

The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any Member desirous of surrendering on such terms the Directors may think fit.

TRANSFER AND TRANSMISSION OF SHARES

64. Execution of the instrument of shares.

(a) The instrument of transfer of any share in or debenture of the Company shall be executed by or on behalf of both the transferor and transferee.

(b) The transferor shall be deemed to remain a holder of the share or debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof.

65. Transfer Form.

The instrument of transfer of any share or debenture shall be in writing and all the provisions of Section 56 and statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of shares or debenture and registration thereof.

The instrument of transfer shall be in a common form approved by the Exchange.

66. Transfer not to be registered except on production of instrument of transfer.

The Company shall not register a transfer in the Company other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee, has been delivered to the Company along with the certificate relating to the shares or if no such share certificate is in existence along with the letter of allotment of the shares: Provided that where, on an application in writing made to the Company by the transferee and bearing the stamp, required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit, provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.

67. Directors may refuse to register transfer.

Subject to the provisions of Section 58 and 59 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, these Articles and other applicable provisions of the Act, the Directors may, whether in pursuance of any power of the company under these Articles or otherwise, decline to register the transfer of, or the transmission by operation of law of the right to, any shares, or interest of a Member therein, or debentures of the Company. The Company shall, within one month from the date on which the instrument of transfer, or the intimation of such transmission, as the case may be, was delivered to Company, send notice of the refusal to the transferee and the transferor or to the person giving intimation of such transmission, as the case may be, giving reasons for such refusal.

PROVIDED THAT registration of transfer shall however not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever.

68. Notice of refusal to be given to transferor and transferee.

If the Company refuses to register the transfer of any share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any statutory modification thereof for the time being in force shall apply.

69. No fee on transfer.

No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company.

70. Closure of Register of Members or debenture holder or other security holders

The Board of Directors shall have power on giving not less than seven days pervious notice in accordance with section 91 and rules made thereunder close the Register of Members and/or the Register of debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board.

71. Custody of transfer Deeds.

The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine.

72. Application for transfer of partly paid shares.

Where an application of transfer relates to partly paid shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.

73. Notice to transferee.

For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post/speed post/ courier to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

74. Recognition of legal representative.

(a) 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 person recognized by the Company as having any title to his interest in the shares.

(b) Before recognising any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India.

Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate

(c) Nothing in clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

75. Titles of Shares of deceased Member

The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 72of the Companies Act.

76. Notice of application when to be given

Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act.

77. Registration of persons entitled to share otherwise than by transfer. (transmission clause).

Subject to the provisions of the Act and these Articles, any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he shall not be freed from any liability in respect of such shares. This clause is hereinafter referred to as the ‘Transmission Clause’.

78. Refusal to register nominee.

Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.

79. Board may require evidence of transmission.

Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.

80. Company not liable for disregard of a notice prohibiting registration of transfer

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 or Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice or referred thereto in any book of the Company and the Company shall not be bound or require to regard or attend or give effect to any notice which may be given to them of any equitable right, title or interest, or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors shall so think fit.

81. Form of transfer Outside India.

In the case of any share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Form no. SH-4 hereof as circumstances permit.

82. No transfer to insolvent etc.

No transfer shall be made to any minor, insolvent or person of unsound mind.

NOMINATION

83. Nomination

i) Notwithstanding anything contained in the articles, every holder of securities of the Company may, at any time, nominate a person in whom his/her securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013shall apply in respect of such nomination.

ii) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the securities of the Company in the manner specified under Section 72of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014

iii) The Company shall not be in any way responsible for transferring the securities consequent upon such nomination.

iv) lf the holder(s) of the securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.

84. Transmission of Securities by nominee

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-

(i) to be registered himself as holder of the security, as the case may be; or

(ii) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;

(iii) if the nominee elects to be registered as holder of the security, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased security holder as the case may be;

(iv) a nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the security except that he shall not, before being registered as a member in respect of his security, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

PROVIDED FURTHER 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 or debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accruing in respect of the share or debenture, until the requirements of the notice have been complied with.

DEMATERIALISATION OF SHARES

85. Dematerialisation of Securities

Subject to the provisions of the Act and Rules made thereunder the Company may offer its members facility to hold securities issued by it in dematerialized form.

JOINT HOLDER

86. Joint Holders

Where two or more persons are registered as the holders of any share, they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles.

87. Joint and several liabilities for all payments in respect of shares.

(a) The Joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share.

Title of survivors.

(b) on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of shares held by them jointly with any other person;

Receipts of one sufficient.

(c) Any one of two or more joint holders of a share may give effectual receipts of any dividends or other moneys payable in respect of share; and

Delivery of certificate and giving of notices to first named holders.

(d) only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders.

SHARE WARRANTS

88. Power to issue share warrants

The Company may issue warrants subject to and in accordance with provisions of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a share warrant.

89. Deposit of share warrants

(a) The bearer of a share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.

(b) Not more than one person shall be recognized as depositor of the Share warrant.

(c) The Company shall, on two day's written notice, return the deposited share warrant to the depositor.

90. Privileges and disabilities of the holders of share warrant

(a) Subject as herein otherwise expressly provided, no person, being a bearer of a share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.

(b) The bearer of a share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.

91. Issue of new share warrant coupons

The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction.

CONVERSION OF SHARES INTO STOCK

92. Conversion of shares into stock or reconversion.

The Company may, by ordinary resolution in General Meeting.

a) convert any fully paid-up shares into stock; and

b) re-convert any stock into fully paid-up shares of any denomination.

93. Transfer of stock.

The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation 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.

94. Rights of stock holders.

The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the shares for which the stock arose but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in shares , have conferred that privilege or advantage.

95. Regulations.

Such of the regulations of the Company (other than those relating to share warrants), as are applicable to paid up share shall apply to stock and the words “share” and “shareholders” in those regulations shall include “stock” and “stockholders” respectively.

BORROWING POWERS

96. Power to borrow.

Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.

97. Issue of discount etc. or with special privileges.

Subject to the provisions of the Act and these Articles, any bonds, debentures, debenture-stock or any other securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of shares, appointment of Directors or otherwise; provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.

98. Securing payment or repayment of Moneys borrowed.

The payment and/or repayment of moneys borrowed or raised as aforesaid or any moneys owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the bonds, debentures and debenture stocks and other securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or company of any obligation undertaken by the Company or any person or Company as the case may be.

99. Bonds, Debentures etc. to be under the control of the Directors.

Any bonds, debentures, debenture-stock or their securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

100. Mortgage of uncalled Capital.

If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.

101. Indemnity may be given.

Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surely for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.

MEETINGS OF MEMBERS

102. Distinction between AGM & EGM.

All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings.

103. Extra-Ordinary General Meeting by Board and by requisition

(a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of requisition of Members made in compliance with Section 100 of the Act, forthwith proceed to convene Extra-Ordinary General Meeting of the members

Proceedings at General Meeting

(b) No business shall be transacted at any general meeting unless quorum of members, as stipulated under the provisions of the Act, is present at the time when the meeting proceeds to business.

(c) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103 of the Act.

When a Director or any two Members may call an Extra Ordinary General Meeting

(d) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors.

104. Meeting not to transact business not mentioned in notice.

No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened.

105. Chairman of General Meeting

The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Vice Chairman of the Company so shall take the chair and preside the meeting. In the absence of the Vice Chairman as well, the Directors present may choose one of the Directors among themselves to preside the meeting.

106. Business confined to election of Chairman or Vice Chairman whilst chair is vacant.

No business, except the election of a Chairman or Vice Chairman, shall be discussed at any General Meeting whilst the Chair is vacant.

107. Chairman with consent may adjourn meeting.

a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

d) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

108. Chairman's casting vote.

In the case of an equality of votes the Chairman shall both on a show of hands, on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member.

109. In what case poll taken without adjournment.

Any poll duly demanded on the election of Chairman or Vice Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith.

110. Demand for poll not to prevent transaction of other business.

The demand for a poll except on the question of the election of the Chairman or Vice Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded.

VOTES OF MEMBERS

111. Members in arrears not to vote.

No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien.

112. Number of votes each member entitled.

Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of shares for the time being forming part of the capital of the company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid-up equity share capital of the Company, Provided, however, if any preference shareholder is present at any meeting of the Company, save as provided in sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his preference shares.

113. Casting of votes by a member entitled to more than one vote.

On a poll taken at a meeting of the Company a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

114. Vote of member of unsound mind and of minor

A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, or a minor may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

115. Postal Ballot

Notwithstanding anything contained in the provisions of the Companies Act, 2013, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company.

116. E-Voting

A member may exercise his vote at a meeting by electronic means in accordance with section 108 and shall vote only once.

117. Votes of joint members.

a) 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. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name share stands shall for the purpose of these Articles be deemed joints holders thereof.

b) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

118. Votes may be given by proxy or by representative

Votes may be given either personally or by attorney or by proxy or in case of a company, by a representative duly Authorised as mentioned in Articles

119. Representation of a body corporate.

A body corporate (whether a company within the meaning of the Act or not) may, if it is member or creditor of the Company (including being a holder of debentures) authorise such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the members or creditors of the Company or debentures holders of the Company. A person authorised by resolution as aforesaid shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate as if it were an individual member, creditor or holder of debentures of the Company.

120. Members paying money in advance.

(a) A member paying the whole or a part of the amount remaining unpaid on any share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys paid until the same would, but for this payment, become presently payable.

Members not prohibited if share not held for any specified period.

(b) A member is not prohibited from exercising his voting rights on the ground that he has not held his shares or interest in the Company for any specified period preceding the date on which the vote was taken.

121. Votes in respect of shares of deceased or insolvent members.

Any person entitled under Article 73 (transmission clause) to transfer any share may vote at any General Meeting in respect thereof in the same manner as if he were the registered holder of such shares, provided that at least forty-eight hours before the time of holding the meeting or adjourned meeting, as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares and give such indemnify (if any) as the Directors may require or the directors shall have previously admitted his right to vote at such meeting in respect thereof.

122. No votes by proxy on show of hands.

No Member shall be entitled to vote on a show of hands unless such member is present personally or by attorney or is a body Corporate present by a representative duly Authorised under the provisions of the Act in which case such members, attorney or representative may vote on a show of hands as if he were a Member of the Company. In the case of a Body Corporate the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment.

123. Appointment of a Proxy.

The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

124. Form of proxy.

An instrument appointing a proxy shall be in the form as prescribed in the rules made under section 105.

125. Validity of votes given by proxy notwithstanding death of a member.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used.

126. Time for objections to votes.

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.

127. Chairperson of the Meeting to be the judge of validity of any vote.

Any such objection raised to the qualification of any voter in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

DIRECTORS

128. Number of Directors

Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a company may appoint more than fifteen directors after passing a special resolution

129. Qualification shares.

A Director of the Company shall not be bound to hold any Qualification Shares in the Company.

130. Nominee Directors.

(a) Subject to the provisions of the Companies Act, 2013 and notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the financing company or body or financing corporation or credit corporation or bank or any insurance corporation (each such financing company or body or financing corporation or credit corporation or bank or any insurance corporation is hereinafter referred to as financial institution) out of any loans granted by the financial institution to the Company or so long as the financial institution hold Shares in the Company as a result of underwriting or direct subscription or so long as any liability of the Company arising out of any guarantee furnished by the financial institution on behalf of the Company remains outstanding, the Board may appoint any person as a director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement.

(b) The Nominee Director/s so appointed shall not be required to hold any qualification shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.

(c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.

131. Appointment of alternate Director.

The Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of Office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

132. Additional Director

Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting.

133. Directors power to fill casual vacancies.

Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, 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, who shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him.

134. Sitting Fees.

Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof.

135. Travelling expenses Incurred by Director on Company's business.

The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified.

PROCEEDINGS` OF THE BOARD OF DIRECTORS

136. Meetings of Directors.

(a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit.

(b) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

Quorum

No business shall be transacted at any Board meeting unless quorum of Directors, as stipulated under the provisions of the Act, is present at the time when the meeting proceeds to business

137. Chairman and Vice Chairman

a) The Directors may from time to time elect from among their members a Chairperson of the Board as well as a Vice Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, to the Vice Chairman shall preside at the meeting and in the absence of the Vice Chairman as well, the Directors present may choose one of the Directors among themselves to preside the meeting.

b) Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time.

138. Questions at Board meeting how decided.

Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman or the Vice Chairman, as the case may be will have a second or casting vote.

139. Continuing directors may act notwithstanding any vacancy in the Board

The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

140. Directors may appoint committee.

Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such member or members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board. All acts done by any such Committee in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board.

141. Committee Meetings how to be governed.

The Meetings and proceedings of any such Committee of the Board consisting of two or more members shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.

142. Chairperson of Committee Meetings

a) A committee may elect a Chairperson of its meetings.

b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

143. Meetings of the Committee

a) A committee may meet and adjourn as it thinks fit.

b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

144. Acts of Board or Committee shall be valid notwithstanding defect in appointment.

Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the

Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director.

145. Power to fill casual vacancy

Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid.

POWERS OF THE BOARD

146. Powers of the Board

The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However, no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

147. Certain powers of the Board

Without prejudice to the general powers conferred by the Articles and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say

To acquire any property , rights etc.

(1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or company carrying on the business which this Company is authorised to carry on, in any part of India.

To take on Lease.

(2) Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy.

To erect & construct.

(3) To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the company; to mortgage the whole or any portion of the property of the company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company.

To pay for property.

(4) At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash

or in shares, bonds, debentures or other securities of the Company, and any such share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.

To insure properties of the Company.

(5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

To open Bank accounts.

(6) To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit.

To secure contracts by way of mortgage.

(7) To secure the fulfilment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit.

To accept surrender of shares.

(8) To accept from any member, so far as may be permissible by law, a surrender of the shares or any part thereof, on such terms and conditions as shall be agreed upon.

To appoint trustees for the Company.

(9) To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.

To conduct legal proceedings.

(10) To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon.

Bankruptcy & Insolvency

(11) To act on behalf of the Company in all matters relating to bankruptcy insolvency.

To issue receipts & give discharge.

(12) To make and give receipts, release and give discharge for moneys payable to the Company and for the claims and demands of the Company.

To invest and deal with money of the Company.

(13) Subject to the provisions of the Act, and these Articles to invest and deal with any moneys of the Company not immediately required for the purpose thereof, upon such authority (not being the shares of this Company) or without security and in such manner as they may think fit and from

time to time to vary or realise such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name.

To give Security by way of indemnity.

(14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon;

To determine signing powers.

(15) To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise.

Commission or share in profits.

(16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a share in the general profits of the company; and such commission or share of profits shall be treated as part of the working expenses of the Company.

Bonus etc. to employees.

(17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents, that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company.

Transfer to Reserve Funds.

(18) To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay debentures or debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital moneys of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depredation fund, in the business of the company or in the purchase or repayment of debentures or debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.

To appoint and remove officers and other employees.

(19) To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances

and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following clauses shall be without prejudice to the general powers conferred by this clause.

To appoint Attorneys.

(20) At any time and from time to time by power of attorney under the seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorised by the Board the power to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the members or any of the members of any local Board established as aforesaid or in favour of any Company, or the shareholders, directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.

To enter into contracts.

(21) Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.

To make rules.

(22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees.

To effect contracts etc.

(23) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company.

To apply & obtain concessions licenses etc.

(24) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests.

To pay commissions or interest.

(25) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40 of the Act and of the provisions contained in these presents.

To redeem preference shares.

(26) To redeem preference shares.

To assist charitable or benevolent institutions.

(27) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise.

(28) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.

(29) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 40 of the Act.

(30) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of moneys, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 181 of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise.

(31) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how.

(32) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products.

(33) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient.

(34) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under lease or for an estate less than freehold estate.

(35) To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested.

(36) To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit.

(37) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, company or fluctuating body of persons as aforesaid.

(38) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with.

MANAGING AND WHOLE-TIME DIRECTORS

148. Powers to appoint Managing/ Wholetime Directors.

a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

b) The Managing Director or Managing Directors or whole-time Director or whole-time Directors so appointed shall be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.

149. Remuneration of Managing or Wholetime Director.

The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes.

150. Powers and duties of Managing Director or Whole-time Director.

(1) Subject to control, direction and supervision of the Board of Directors, the day-today management of the company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.

(2) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.

(3) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Wholetime Director or Wholetime Directors of the Company and may exercise all the powers referred to in these Articles.

(4) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.

(5) Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.

CHIEF EXECUTIVE OFFICER, MANAGER, COMPANY SECRETARY OR CHIEF FINANCIAL OFFICER

151. Board to appoint Chief Executive Officer/ Manager/ Company Secretary/ Chief Financial Officer

a) 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 thinks 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.

b) A provision of the Act or these regulations requiring or authorising 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.

THE SEAL

152. The seal, its custody and use.

(a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

(b) The Company shall also be at liberty to have an Official Seal in accordance with of the Act, for use in any territory, district or place outside India.

153. Deeds how executed.

The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

Dividend and Reserves

154. Division of profits.

(1) 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.

(2) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(3) 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.

155. The company in General Meeting may declare Dividends.

The Company in General Meeting may declare dividends, to be paid to members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in general meeting.

156. Transfer to reserves

a) 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.

b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

157. Interim Dividend.

Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

158. Debts may be deducted.

The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

159. Capital paid up in advance not to earn dividend.

No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this articles as paid on the share.

160. Dividends in proportion to amount paid-up.

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 dividends as from a particular date such share shall rank for dividend accordingly.

161. Retention of dividends until completion of transfer under Articles.

The Board of Directors may retain the dividend payable upon shares in respect of which any person under Articles has become entitled to be a member, or any person under that Article is entitled to transfer, until such person becomes a member, in respect of such shares or shall duly transfer the same.

162. No Member to receive dividend whilst indebted to the company and the Company's right of reimbursement thereof.

No member shall be entitled to receive payment of any interest or dividend or bonus in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any member all such sums of money so due from him to the Company.

163. Effect of transfer of shares.

A transfer of shares does not pass the right to any dividend declared thereon before the registration of the transfer.

164. Dividend to joint holders.

Any one of several persons who are registered as joint holders of any share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such share.

165. Dividends how remitted.

a) Any dividend, interest or other monies payable in cash in respect of shares may be paid 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.

b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

166. Notice of dividend.

Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

167. No interest on Dividends.

No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company.

168. Unpaid or unclaimed dividend

a) If the Company has declared a Dividend but which has not been paid or the Dividend warrant in respect thereof has not been posted or sent within 30 (thirty) days from the date of declaration, the Company shall, within 7 (seven) days from the date of expiry of the said period of 30 (thirty) days, transfer the total amount of dividend, which remained so unpaid or unclaimed to a special account to be opened by the Company in that behalf in any scheduled bank to be called "Unpaid Dividend Account".

b) Any money so transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of 7 (seven) years from the date of such transfer, shall be transferred by the Company to the Fund established under sub-section (1) of Section 125 of the Act, viz. "Investor Education and Protection Fund".

CAPITALIZATION

169. Capitalization.

(1) The Company in General Meeting may, upon the recommendation of the Board, resolve:

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the 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 (2) amongst the members who would have been entitled thereto, if distributed by way of dividend and in the same proportions.

(2) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in clause (3) either in or towards:

(i) paying up any amounts for the time being unpaid on any shares held by such members respectively;
(ii) 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; or

(iii) partly in the way specified in sub-clause (i) and partly in that specified in sub-clause (ii).

(3) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued shares to be issued to members of the Company and fully paid bonus shares.

(4) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.

170. Fractional Certificates.

(1) Whenever such a resolution as aforesaid shall have been passed, the Board shall —

(a) make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid shares, if any, and

(b) generally to do all acts and things required to give effect thereto.

(2) The Board shall have full power -

(a) to make such provision, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, in case of shares becoming distributable in fractions; and also

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing shares.

(3) Any agreement made under such authority shall be effective and binding on all such members.

(4) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity shares and fractional certificates as they think fit.

171. Inspection of Minutes Books of General Meetings.

(1) The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of members without charge on such days and during such business hours as may consistently with the provisions of Section 119 of the Act be determined by the Company in General Meeting and the members will also be entitled to be furnished with copies thereof on payment of regulated charges.

(2) Any member of the Company shall be entitled to be furnished within seven days after he has made a request in that behalf to the Company with a copy of any minutes referred to in sub-clause (1) hereof on payment of Rs. 10 per page or any part thereof.

172. Inspection of Accounts

a) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

b) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

FOREIGN REGISTER

173. Foreign Register.

The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers.

DOCUMENTS AND SERVICE OF NOTICES

174. Signing of documents & notices to be served or given.

Any document or notice to be served or given by the Company be signed by a Director or such person duly authorised by the Board for such purpose and the signature may be written or printed or lithographed.

175. Authentication of documents and proceedings.

Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the company may be signed by a Director, the Manager, or Secretary or other Authorised Officer of the Company and need not be under the Common Seal of the Company.

WINDING UP

176. Subject to the provisions of Chapter XX of the Act and rules made thereunder—
(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, 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

177. Directors' and others right to indemnity.

Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) including expenses, and in particular and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court.

178. Not responsible for acts of others

Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors or Officer, or for joining in any receipt or other act for conformity, or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested, or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty.

SECRECY

179. Secrecy

(a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

Access to property information etc.

(b) No member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate.

180. Nomination of Directors by Investor

Notwithstanding anything contained in these Articles and hereinabove, this Article 180 shall be placed before the Shareholders for their approval through special resolution post listing of the equity shares on the Stock Exchanges. In the event the Shareholders approve the Article, this Article 180 would come into force and become valid, applicable and effective along with along with other Articles in this Part A and the provisions of Article 180 shall prevail over anything contained hereinabove in case of any inconsistency:

(a) Notwithstanding anything in these Articles, in the event that Fabmohur Advisors LLP and Solidus Advisors LLP collectively with their affiliates hold 10% or more of the paid-up share capital of the Company on a fully diluted basis, they shall together have the right to nominate one Director on the Board of the Company. Fabmohur Advisors LLP and Solidus Advisors LLP shall be hereinafter collectively referred to as "**Investors**", and the nominee of the Investors of their affiliates is hereinafter referred to as the "**Investor Director**". The nomination of the Investor Director shall take effect immediately upon a notification to the Company by the Investor.

(a) The Investor Director shall be director whose office is not capable of being vacated by retirement or by rotation. However, the Investor undertakes to cause the Investor Director to resign from the Board immediately upon the Investor ceasing to hold less than 10% of the Share Capital on a fully diluted basis and agrees that the director nomination right shall cease to exist on and from such date.

(c) The right of nomination of Directors by the Investors in sub-clause (a) above shall include the right at any time to remove from office any such individuals nominated or appointed by them and from time to time determine the period for which such individuals shall hold office as Director.

(d) The Board may appoint an alternate Director to act for a Director appointed in accordance with sub-clause (a) above (the "**Original Director**") during his/her absence for a period of not less than three months from India. The Investors shall have a right to nominate any other person to be the alternate Director in place of the Original Director. The members shall ensure that the Board appoints only such persons to be alternate Directors as are recommended by the Investors.

(e) The Investors shall have a right to fill in any casual vacancy caused in the office of the Directors nominated by them, by reason of his/her resignation, death, removal or otherwise. All such nominations made by the Investors shall be in writing and shall take effect on its receipt at the office of the Company.

(f) The Investors shall ensure that they and their representatives shall, at all times, exercise their votes through their respective appointed / nominated Directors (or alternate Directors) at meetings of the Board, and otherwise act in such manner so as to comply with, and to fully and effectually implement the spirit, intent and provisions of these Articles.

PART-B

181. This Part B shall automatically terminate, be deleted and cease to have any force and effect with effect from the date of listing of shares of the Company proposed to be transferred/ issued pursuant to an initial public offering of the shares of the Company on a recognised stock exchange in India, without any further action by the Company, the Board of Directors or by the Shareholders.

A **Definitions and Interpretation**

For the purpose of this Part B, except where the context otherwise requires, the following words and expressions shall have the following meanings:

a. "Act" means the (Indian) Companies Act, 2013.

b. "Affiliates" of a Person (the "Subject Person") means in the case of any Subject Person other than a natural Person, any other Person that, either directly or indirectly through one or more intermediate Persons, controls, is controlled by or is under common control with the Subject Person and where the Subject Person is a natural person, any Immediate Family of such Subject Person or any entity controlled by the Subject Person. For purposes of this definition, "control" means (i) the power to direct the management or policies of a Person, directly or indirectly; (ii) the ownership of over 51% or more of the voting power of such Person; (iii) the power to appoint over half of the members of the board of Directors or similar governing body of such Person, through contractual arrangements or otherwise or (iv) in the case of an individual, his Immediate Family, or any trust of which he or any of his Immediate Family is a beneficiary or, in the case of a discretionary trust, is a discretionary object, or any company in which he or his Immediate Family together (directly or indirectly) have an interest of 51% or more shall be deemed to constitute Control of that Person (the expressions "Controlling" and "Controlled" shall have the corresponding meanings). For the avoidance of doubt and solely for the purpose of Part B, a general partner is deemed to control a limited partnership and a fund advised or managed by a Person shall also be deemed to be controlled by such a Person.

Without prejudice to the generality of the foregoing the Affiliates of the Investor shall be deemed to include Fabmohur Advisors LLP and Solidus Advisors LLP.

c. "Agreement" means the Subscription, Share Purchase and Shareholders' Agreement dated November 7, 2007, executed between the Parties thereto as may be amended from time to time including as amended by the Letter Agreement dated March 6, 2009 executed between the Parties thereto and the Amendment Agreement dated 05th December 2020, read with the Deed of Adherence dated November 10, 2017 executed between the Parties thereto;

d. "Association" means any form of connection, affiliation or association, including but not limited to a connection, affiliation or association as:

i. a shareholder, promoter, founder or principal other than an equity shareholding of less than 5% in a publicly traded company without there being any strategic agreement, understanding or cooperation with such company or its promoters;
ii. an employee, consultant or advisor;
iii. a Director, manager or officer;
iv. a lender or borrower; and/or
v. an Affiliate.

e. “Business” means business of the Company or its Subsidiaries which includes (a) supply of consumables and components for construction and maintenance of all types of nuclear reactors (b) supply of components and engines for Satellites, all types of satellite launch rockets, missiles, associated ground equipment (c) supply of components for aircrafts and engines, (d) refinement and forging of special steels and alloys, and (e) exports and domestic sales of precision engineered components for all types of clients in oil services, aerospace, nuclear, and defense and power.

f. “Business Day” means any day other than a Saturday, Sunday or any day on which banks in the State of Telangana in India are permitted to be closed;

g. “Collective Warranties” means the representations, warranties and undertakings provided by the Company and the Remaining Shareholders under the Agreement;

h. “Completion” means the completion of the subscription for and issuance of the Subscribed Equity Shares by the Company to the Investors and the transfer of the Purchased Shares to the Investors;

i. “Competitor” means any entity engaged on its own or through its affiliates in a business or having a substantial interest in any business which is identical or similar to the Business or to any business being carried on by the Company (including its Subsidiaries) at the relevant time, or which can be reasonably said to be in competition with the Business or any business being carried on by the Company (including its Subsidiaries) at such relevant time;

j. “Completion Date” means the date and time at which Completion takes place;

k. “Consent” means any notice, consent, approval, authorization, waiver, permit, grant, concession, agreement, license, certificate, exemption, order or registration, of, with or to any Person;

l. “Deed of Adherence” means a deed of adherence substantially in the form of Schedule 4 to the Agreement ;

m. “Disclosure Letter” means the letter dated November 7, 2007 from the Company and the Promoters to the Investor which sets out the specific disclosures made by the Company and the Indemnifying Remaining Shareholders against each of the applicable Collective Warranties under the Agreement;

n. “Encumbrance” means (i) any mortgage, charge (whether fixed or floating), pledge, lien, hypothecation, assignment, deed of trust, security interest or other encumbrance of any kind securing, or conferring any priority of payment in respect of, any obligation of any Person, including without limitation any right granted by a transaction which, in legal terms, is not the granting of security but which has an economic or financial effect similar to the granting of security under applicable law, (ii) any voting agreement, interest, option, right of first offer, refusal or transfer restriction in favour of any Person and (iii) any adverse claim as to title, possession or use;

o. “Equity Securities” means, with respect to any Person, such Person’s equity capital, membership interests, partnership interests, registered capital or other ownership interests (including in the case of the Company, Equity Shares) or any options, warrants, convertible preference shares, loans or other securities that are directly or indirectly convertible into, or exercisable or exchangeable for, such equity capital, membership interests, partnership interests, registered capital or other ownership interests (whether or not such derivative securities are issued by such Person and whether or not then currently convertible, exercisable or exchangeable);

q. “Equity Share(s)” means the equity share(s) of the Company having a face value of Rs.10/- per share and one vote per share;

r. "Fabmohur Advisors LLP" shall mean a limited liability partnership incorporated under the laws of India, having its registered office at 305, Enterprise Centre, Near Orchid Hotel, Nehru Road, Vile Parle East, Mumbai, Maharashtra 400099 and having LLP Identification number AAJ-2554

(which expression shall be deemed to include its successors and permitted assigns)

s. “Financial Year” means the financial year of the Company, which begins on April 1st of a calendar year and ends on 31 March of the next calendar year;

t. “Governmental Approval” means any Consent of, with or to any Governmental Authority;

u. “Governmental Authority” means any nation or government or any province, state or any other political subdivision thereof any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality of India, as applicable, or any political subdivision thereof or any other applicable jurisdiction; any court, tribunal or arbitrator and any securities exchange or body or authority regulating such securities exchange;

v. “Immediate Family” means, with respect to any natural Person, the spouse, parents, children (whether natural or adopted) of such Person;

w. “Independent Director” means a Director who would be considered to be an ‘independent Director’ of the Company as per the listing agreement of the Stock Exchanges and as prescribed by the Securities Exchange Board of India from time to time;

x. “Investor” means Fabmohur Advisors LLP and Solidus Advisors LLP, collectively;

y. “Investor Warranties” means the representations, warranties and undertakings of the Investor under the Agreement;

z. “IPO” means an offer for sale or issue of Equity Securities of the Company which results in the listing of the Equity Shares on the Stock Exchange;

aa. “Key Management Personnel” means the individuals listed at Schedule 15 to the Agreement and include such other persons as may be engaged by the Company under the designations set out therein or such other similar designations;

bb. “MARC” means MARC Manufacturers Private Limited, a company incorporated under the Companies Act, 1956 and having its registered office at 18, Technocrats, Industrial Estates, Balanagar, Hyderabad 500 037;

cc. “Material Adverse Effect” any (a) event, occurrence, fact, condition, change. development or effect that is or may be materially adverse to the business, operations, prospects, results of operations, condition (financial or otherwise and including any material increase in provisions), properties (including intangible properties), assets (including intangible assets) or liabilities of the Company and its Subsidiaries or (b) material impairment of the ability of the Company to perform its obligations hereunder or to consummate the transactions contemplated hereby, or to execute or be bound by the terms and conditions contained in the Agreement and under this Articles;

bb. “Metal Treatment” means M/s. Metal Treatment Systems, a partnership firm constituted under the Partnership Act, 1932 and having its office at Plot No. 58/C, Phase-I, Industrial Development Area, Jeedimetla, Hyderabad 500 854;

cc. “Montage” means M/s. Montage Manufacturers, a partnership firm constituted under the Partnership Act, 1932 and having its office at B-34, EEIE, Balanagar, Hyderabad 500 037;

dd. “Ownership” at any time means ownership of the Equity Shares on a fully diluted basis;

ee. “Parties” means the parties to the Agreement and, and “Party” means any of them;

ff. “Person” means any natural person, firm, company, governmental authority, joint venture, partnership, association or other entity (whether or not having separate legal personality);

gg. "Pro Rata Share" means, with respect to any Shareholder, the proportion that the number of Equity Securities held by such Shareholder bears to the aggregate number of Equity Securities held by all shareholders, in each case on a fully diluted basis;

hh. "Promoters" means the persons set out in Schedule I of the Subscription, Share Purchase and Shareholders' Agreement dated November 7, 2007, prior to any amendment thereto.

ii. "Related Party" means (i) any shareholder of the Company, (ii) any Director of the Company, (iii) any officer of the Company, (iv) any Immediate Relative of a shareholder, Director or officer of the Company, (v) any Person in which any shareholder, Director or officer of the Company has any interest, other than a passive shareholding of less than 5% in a publicly listed company, and (vi) any other Affiliate of the Company or of a shareholder or Director of the Company. For the purposes of this definition, 'shareholder' means a shareholder of the Company other than a shareholder who is an Independent Director and Director means a Director other than an Independent Director;

jj. "Remaining Shareholder(s)" means those shareholders as mentioned in the Schedule I of the amendment agreement.

kk. "Shareholder(s)" means the Investor, the Remaining Shareholders and any Person who becomes a shareholder of the Company in accordance with the terms of the Agreement and executes a Deed of Adherence, in each ease for so long as such Person remains a shareholder of the Company, and shall be deemed to include the estate of any Shareholder that is a natural Person and the executor, conservator, committee or other similar legal representative of any Shareholder that is a natural Person or such Shareholder's estate following the death or incapacitation of such Shareholder;

ll. Solidus Advisors LLP shall mean a limited liability partnership incorporated under the laws of India, having its registered office at 305, Enterprise Centre, Near Orchid Hotel, Nehru Road, Vile Parle East, Mumbai, Maharashtra 400099 and having LLP Identification number AAJ-2553 (which expression shall be deemed to include its successors and permitted assigns)

mm. "Stock Exchange" means either the Bombay Stock Exchange Limited or The National Stock Exchange of India Limited or such other stock exchange as may be mutually agreed to in writing between the Company and the Investor;

B. **Post-Completion Actions**

The Company shall execute, and the Remaining Shareholders shall ensure that the Company executes, a Non-Compete, Non-Solicitation and Confidentiality Agreements in a form to be mutually agreed between the Company and the Investor, similar in substance to Schedule 10 to the Agreement with each of the Key Management Personnel within 30 days from the date of Completion.

C. **Representations, Warranties and Undertakings**

(i) Remaining Shareholders Warranties and Company Warranties. The Company and Mr. P. Jayaprakash Reddy, Mr. P. Srinivas Reddy, Mrs. K. Shalini, Mrs. P. Girija, Mrs. P. Leelavathi and K. Vamshidhar Reddy ("Indemnifying Remaining Shareholders") hereby acknowledge that they have jointly and severally represented, warranted and undertaken to the Investor and its Affiliates in the terms set forth in Schedule 3 to the Agreement and further acknowledge that the Investor and its Affiliates have entered into the Agreement relying on such representations, warranties and undertakings. Additionally the Remaining Shareholders have provided Warranties as provided for in Schedule 3A to the Subscription Agreement.

(ii) Investor Warranties. The Investor and its Affiliates that subscribed to and acquire Equity Shares pursuant to the Agreement have represented, warranted and undertaken to the Company in the terms set forth in Schedule 5 to the Agreement and acknowledge that the Company has entered into the Agreement relying on such representations, warranties and undertakings.

(iii) Completion Warranties. The Collective Warranties and the Investor Warranties shall be deemed to be repeated as at Completion as if they were made on and as of the Completion Date and all references therein to the date of the Agreement were references to the Completion Date.

(iv) Remaining Shareholder Warranties. Each of the Remaining Shareholders who have sold shares to the Investor pursuant to the Agreement have represented and warranted to the Investor as follows:

a. Such Remaining Shareholder had the legal right, power and authority to, as the case may be, execute, deliver and perform the Agreement.

b. The Purchased Shares sold to the Investor pursuant to the Agreement are fully paid-up and were legally and beneficially owned by him / her, free and clear of any Encumbrance, and there was no option, right to acquire, mortgage, charge, pledge, lien or other form of security or Encumbrance on, over or affecting the Purchase Shares held by him / her or any contract or commitment to give or create any of the foregoing in respect of the Purchase Shares, and such Remaining Shareholder has not received notice of any claim by any Person to be entitled to any of the foregoing in respect of such Purchased Shares.

c. Such Remaining Shareholder was the absolute legal and beneficial owner of the Purchased Shares sold by him and had clear and marketable title to such Shares free and clear of all Encumbrances on the date of the Agreement and on the Completion Date.

D. **Transfer of Equity Securities**

(i) Transfer. No Shareholder shall Transfer or attempt to Transfer any Equity Securities or any right, title or interest therein or thereto except as expressly permitted by the provisions of Article 181(D)(i) to Article 181(F)(iv). Any Transfer or attempt to Transfer Equity Securities in violation of the aforesaid shall be null and void ab initio, and the Company shall refuse to register any such Transfer.

(ii) Transfer Procedure. No Transfer may be made pursuant to Article 181(D)(i) to Article 181(F)(iv) of the Articles unless:

a. the transferee has executed a Deed of Adherence (except if such Transfer is by way of an offer for sale in a public offering of Equity Shares or by way of an unrestricted sale on the Stock Exchange in accordance with the Agreement);

b. the Transfer complies in all respects with the other applicable provisions of the Agreement; and

c. the Transfer complies in all respects with applicable Laws.

(iii) Permitted Transfers. The following Transfers of Equity Securities may be made at any time without compliance with the provisions of Article 181(D)(i) to Article 181(F)(iv) of the Articles save and except the provisions of Article 181(D)(ii) of the Articles:

a. any Transfer by the Remaining Shareholders or the Investor or their respective Affiliates to an Affiliate, subject to such Affiliates executing a Deed of Adherence. Provided that the Remaining Shareholder or the Investor as the case may be shall be jointly and severally liable under the Agreement with their respective Affiliates;

b. any Transfer of Equity Securities by the Investor or the Remaining Shareholders or their Affiliates by way of an offer for sale as part of an IPO; and

c. any inter-se Transfer between the Remaining Shareholders.

An Affiliate who is a transferee of the Equity Securities from the Remaining Shareholders or as the case may be, the Investor as described in this Article is hereinafter referred to as a “Permitted Transferee” of the Remaining Shareholders, or as the case may be, of the Investor. The

Remaining Shareholders and the Investor undertake that each of them shall, prior to a Permitted Transferee ceasing to be an Affiliate, acquire by itself or through any of its Affiliates all and not less than all of the Equity Securities held by such Affiliate notwithstanding that such Permitted Transferee has executed a Deed of Adherence. Notwithstanding anything contained in this Article, no Person on whom restrictions on owning Equity Securities of the Company exist under applicable Law shall be a Permitted Transferee unless the Transfer to such Person is made in compliance with all applicable Laws.

(iv) Depositories. In the event the Equity Securities of the Company are dematerialized, the Company, the Remaining Shareholders and the Investor shall issue appropriate instructions to the depository not to Transfer the Equity Securities of any Shareholder except in accordance with the Charter Documents and the Agreement. The Shareholders shall direct their respective depository participants not to accept any instruction slip or delivery slip or other authorization for Transfer contrary to the terms of Charter Documents and the Agreement.

Until the dematerialization of the Equity Securities in terms of this Article, the certificates evidencing the Equity Securities issued by the Company in respect of the Equity Securities shall bear the Legend specified in Clause 23(k) of the Agreement, along with any other legend as may become required under any applicable Law.

(v) Avoidance of Restrictions. The Parties agree that the Transfer restrictions in the Articles (including in Article 181(D)(i) to Article 181(F)(iv) of the Articles) and in the Charter Documents shall not be capable of being avoided by the holding of Equity Securities indirectly through a company or other entity that can itself be sold in order to dispose of an interest in Equity Securities free of such restrictions.

(vi) Impermissible Transfers. Notwithstanding anything contained in the Agreement, the Investor and its Affiliates shall not Transfer any Equity Securities to any Competitor or any Affiliates of such Competitor listed in the Schedule 11 to the Agreement. The Remaining Shareholders shall be entitled to amend such list in writing upon the expiry of every 12 months commencing from the Completion Date. Provided however that (i) such amendment shall be permitted to be made only within a period of 15 days prior to the date of expiration of each period of 12 months and (ii) the number of Persons to be so specified shall at no time exceed seven

(vii) Persons. The Remaining Shareholders agree that for any new name to be included in such list, such Person ought to be Competitors of the Company or ought to be a Person reasonably considered by the Remaining Shareholders as being detrimental to the interests of the Company.

(viii) Transfers requiring consent: Subject to the provisions of Article 181(D)(iii) and Article 181Q of the Articles neither the Investor nor the Remaining Shareholders shall Transfer any Equity Securities to any Person prior to the thirty sixth month anniversary of the Completion Date without the prior written consent of the other Party.

(ix) Transfer Post-IPO. Nothing contained in Article 181(D)(i) to Article 181(F)(iv) of the Articles shall apply after the occurrence of an IPO.

(x) Exempted Transfers. Nothing contained in Article 181(D)(i) to Article 181(F)(iv) of the Article shall restrict the Remaining Shareholders or the Investor from transferring Equity Securities in the aggregate upto 5% of the Share Capital. Provided that in the case of the Remaining Shareholders, the limit of 5% is allocated amongst each of Mr. P. Ravindra Reddy, Mr. K. Satyanarayana Reddy and Mr. P. Jayaprakash Reddy on a pro-rata basis and each of them or their respective Immediate Family shall be entitled to transfer in the aggregate only 1.66% of the paid up share capital of the Company.

E. **Right of First Offer**

(i) If either the Remaining Shareholders or the Investor or their respective Affiliates (the "Transferring Shareholder") proposes at any time prior to the occurrence of an IPO, to Transfer its or their Equity Securities, the Investor, the Company and/or the Remaining Shareholders as the case may be ("the Offerees") shall have a right of first offer (the "First Offer Right") with respect to such sale as provided in Article 181(E)(i) to Article 181(E)(xii).

Remaining Shareholders Right of First Offer:

(ii) If the Transferring Shareholder being the Investor or its Affiliate proposes to sell its Equity Securities, the Transferring Shareholder shall send a written notice (the "Transfer Notice") to the Company and the Remaining Shareholders, which notice shall state the number of Equity Securities proposed to be sold (the "Offered Securities") by the Transferring Shareholder including any Encumbrance subject to which the Offered Securities are being transferred.

(iii) For a period of 30 days after delivery of a Transfer Notice, the Company shall have the right through the delivery of a written notice ("Company Acceptance Notice") to offer to buy-back in aggregate all, and not less than all, of the Offered Securities at a purchase price ("Company Offer Price") to be set out by the Company in the Company Acceptance Notice. Failure by the Company to issue a Company Acceptance Notice within the said 30 days period shall be deemed to be a refusal to exercise the right to make an offer to buy-back the Offered Securities.

(iv) In the event that the Company issues a Company Acceptance Notice in accordance with Article 181(E)(iii) above, the Investor shall communicate its acceptance or rejection of the Company Acceptance Notice within 15 days from the date of receipt thereof. In the event that the Investor communicates in writing the acceptance of the Company Acceptance Notice by the Company, the Company shall consummate the buy-back of the Offered Securities within a period of 15 days from such acceptance. It is clarified for the avoidance of doubt that the Investor shall not be entitled to exercise its rights under Article 181(I)(xiv) (Company Affirmative Voting Matters) in respect of such buy-back.

(v) Where the Company has communicated or deemed to have communicated its refusal to buy-back the Offered Securities or where the Investor rejects the Company's Acceptance Notice, the Remaining Shareholders shall have the right through the delivery of a written notice ("Remaining Shareholders Acceptance Notice") within 15 days from the date of such refusal or, as the case may be, deemed refusal to offer to purchase in aggregate all, and not less than all, of the Offered Securities at a purchase price to be set out by the Remaining Shareholders in the Remaining Shareholders Acceptance Notice ("Remaining Shareholders Offer Price"). Failure by the Remaining Shareholders Acceptance Notice to issue an Acceptance Notice within the said 15 days period shall be deemed to be a refusal to make an offer to purchase the Offer Securities.

(vi) In the event that the Remaining Shareholders issue a Remaining Shareholders Acceptance Notice in accordance with Article 181(E)(v) above, the Investor shall communicate its acceptance or rejection of the Remaining Shareholders Acceptance Notice within 15 days from the date of receipt thereof. In the event that the Investor communicates in writing the acceptance of the Remaining Shareholders Acceptance Notice by the Remaining Shareholders, the Remaining Shareholders shall consummate the purchase of the Offered Securities within a period of 15 days from such acceptance; provided the Offered Securities may be acquired by any nominee of the Remaining Shareholders who is reasonably acceptable to the Investor.

(vii) In the event that (i) the Remaining Shareholders have communicated or are deemed to have communicated their refusal to purchase the Offered Securities; or (ii) the Company or, as the case may be, the Remaining Shareholders fail to consummate the buy-back, or as the case may be, the purchase of the Offered Securities, within the period specified therefore or (iii) the Investor rejects the Remaining Shareholders' Acceptance Notice in writing within the period specified in Article 181(E)(vi) above, the Investor shall be free to Transfer the Offered Securities to any Person, not being a Person listed in Schedule 11 to the Agreement, at a price higher than the Company Offer Price, and as the case may be, the Remaining Shareholders Offer Price and on such terms and conditions no more favourable than those mentioned in the Transfer Notice. Such Transfer of the Offered Securities by the Investor shall be consummated within a period of 90 days from the date on which such right is available to the Investor failing which any Transfer of the Offered Securities by the Investor shall again be subject to the provisions of Article 181(E)(i) to Article 181(E)(xii). The requirement that the sale price of the Offered Securities must be higher than the price offered by the Remaining Shareholders shall not be applicable if the Remaining Shareholders fail after the Investor accepts the Remaining Shareholders

Acceptance Notice to consummate the purchase of the Offered Securities within the period specified therefore.

Investor's Right of First Offer:

(viii) If the Transferring Shareholder being the Remaining Shareholders propose to sell their Equity Securities the Transferring Shareholder shall send a written notice (the "Remaining Shareholders Transfer Notice") to the Investor, which notice shall state the number of Equity Securities to be sold (the "Offered Securities") and the terms and conditions of such proposed transfer including any Encumbrance subject to which the Offered Securities are being transferred.

(ix) For a period of 30 days after delivery of a Remaining Shareholders Transfer Notice, the Investor shall have the right through the delivery of a written notice ("Investor Acceptance Notice") to offer to purchase in aggregate all, and not less than all, of the Offered Securities at a purchase price ("Investor Offer Price") to be set out by the Investor in the Investor Acceptance Notice. Failure by the Investor to issue an Investor Acceptance Notice within the said 30 days period shall be deemed to be a refusal to purchase the Offered Securities.

(x) In the event that the Investor issues an Investor Acceptance Notice in accordance with Article 181(E)(ix) above, the Remaining Shareholders shall communicate their acceptance or rejection of the Investor Acceptance Notice within 15 days from the date of receipt thereof. In the event that the Remaining Shareholders communicate in writing the acceptance of the Investor Acceptance Notice, the Investor shall consummate the purchase of the Offered Securities within a period of 15 days from such acceptance.

(xi) (a) Where the Investor has communicated or deemed to have communicated its refusal to purchase the Offered Securities, (b) the Investor fails to consummate the purchase of the Offered Securities within the period specified therefore or (c) the Remaining Shareholders rejects the Investor Acceptance Notice within the period specified in Article 181(E)(xi), the Remaining Shareholders shall be free to Transfer the Offered Securities to any Person at a price that is higher than the Investor Offer Price and on such terms and conditions no more favourable than those mentioned in the Remaining Shareholders Transfer Notice. Such Transfer of the Offered Securities by the Remaining Shareholders shall be consummated within a period of 90 days from the date on which such right is available to the Remaining Shareholders failing which any Transfer of the Offered Securities by the Remaining Shareholders shall again be subject to the provisions of Article 181(E)(i) to Article 181(E)(xii). The requirement that the sale price of the Offer Securities must be higher than the price offered by the Investor shall not be applicable if the Investor fails after the Remaining Shareholder accepts the Investor Acceptance Notice to consummate the purchase of the Offered Securities within the period specified therefor.

(xii) Any time limit specified under Article 181(E)(i) to Article 181(E)(xii) for the exercise of the First Offer Right by the Remaining Shareholders or the Investor, as the case may be, shall be extended for an additional period necessary (as may be agreed between the parties) to obtain any Governmental Approvals or for compliance with any requirements of Law required for such purchase and payment i.e any taken for securing such Government Approvals shall be ignored for the purpose of determining the 90 days time period set out in this Article 181(E)(i) to Article 181(E)(xii). Provided, however, if such approval is not secured within 90 days, from the date on which the offer of the Investor or the Remaining Shareholders is accepted, then it shall be deemed that no such offer has been made. The Company shall make commercially reasonable efforts to assist in making all requisite applications to obtain such Consents in a timely manner for such purchase and payment. At any closing of a transaction referred to in Article 181(E)(i) to Article 181(E)(xii), the transferring shareholder shall deliver certificates representing the offered securities, accompanied by duly executed instruments of transfer or duly executed transfer instructions to the relevant depositary participant. Each Offeree purchasing Offered Securities shall deliver at such closing payment in full of the price payable for the Offered Securities in accordance with the terms set forth in the Remaining Shareholders Transfer Notice or as the case may be the Investor Transfer Notice, an executed Deed of Adherence (if applicable) and any requisite transfer taxes. At such closing, all of the parties to the transaction shall execute such additional documents as may be necessary or appropriate to effect the sale of the Offered Securities to the Offerees. Any stamp duty or transfer taxes or fees payable on the transfer of any

Offered Securities shall be borne and paid by the relevant Offerees.

Notwithstanding anything herein contained the provisions relating to the Investor's Right of First Offer shall not apply in relation to any Transfer of Shares of the Company amongst the Remaining Shareholders.

F. **Tag Along Right**

(i) Tag-Along Rights. In the event that the Investor has communicated or is deemed to have communicated its refusal to purchase the Offered Securities set out in the Remaining Shareholders Transfer Notice issued under Article 181(E)(i) to Article 181(E)(xii) above, then notwithstanding anything contained in Article 181(D)(vii) herein, the Investor shall have the right (the "Tag-Along Right") but not the obligation to require the Remaining Shareholders to cause the Transferee in a Transfer of Equity Securities by the Remaining Shareholders to purchase from the Investor and/or its Affiliates, for the same consideration per Equity Security and upon the same terms and conditions as are to be paid and given to the Remaining Shareholders and/or its Affiliates (except that the Investor and its Affiliates will not be required to make any representations or warranties in relation to the Company or its business or operations or otherwise be liable for any indemnification), a maximum of such number of Equity Securities as is equal to the Offered Securities being transferred to the transferee multiplied by a fraction, the numerator of which is the total number of Equity Securities held by the Investor together with its Affiliates and the denominator of which is the total number of Equity Securities held by the Remaining Shareholder selling the Equity Shares together with such Remaining Shareholder's Affiliates, in each case on a fully-diluted basis.

(ii) Tag-Along Notice. In the event the Investor and/or its Affiliates elects to exercise its Tag-Along Right, it shall deliver a written notice of such election to the Remaining Shareholder and/or its Affiliates ("Tag Acceptance Notice") and the number of Equity Securities calculated in accordance with Article 181(F)(i) which the Investor and/or its Affiliates proposes to Transfer to such Transferee ("Tag-Along Securities"). Such Tag Acceptance Notice shall be issued by the Investor no later than 15 days from the date on which the Investor has either communicated or is deemed to have communicated its refusal to purchase the Offered Securities set out in the Remaining Shareholders Transfer Notice issued under Article 181(E)(i) to Article 181(E)(xii) above or the date on which the Remaining Shareholders have rejected or deemed to have rejected the Investor's offer.

(iii) Non-Consummation. Where the Investor and/or its Affiliates have properly elected to exercise their Tag-Along Rights and the proposed Transferee fails to purchase Equity Securities from the Investor and/or its Affiliates, the Remaining Shareholder and/or its Affiliates shall not make the proposed Transfer, and if purported to be made, such Transfer shall be void and the Company shall not register any such Transfer of Equity Securities.

(iv) Closing. The closing of any purchase of Equity Securities by the Transferee from the Investor and/or its Affiliates, shall take place simultaneously with the closing of the purchase of Equity Securities by the Transferee from the Remaining Shareholder and its Affiliates or at such other time and place as the Investor may agree in writing. At the time of such closing, the Investor and/or its Affiliates shall deliver certificates representing the Tag-Along Securities, accompanied by duly executed instruments of transfer or duly executed transfer instructions to the relevant depository participant. Such Tag- Along Securities shall be free and clear of all Encumbrances. Any Transferee purchasing the Tag-Along Securities shall deliver at such closing (or on such later date or dates as may be provided in the Tag-Along Notice with respect to payment of consideration by the proposed Transferee) payment in full of the Tag-Along Price in accordance with the terms set forth in the Tag-Along Notice, an executed Deed of Adherence and any requisite transfer taxes. At such closing, all the parties to the transaction shall execute such additional documents as may be necessary or appropriate to affect the sale of the Equity Securities to the Transferee.

G. **Pre-emptive Rights**

(i) The Company shall not, at any time prior to an IPO, issue any securities (including any Equity

Securities) of any type or class to any Person (the "Proposed Recipient") unless the Company has offered the Investor the right to purchase the Investor's Pro Rata Share of such issuance for a per unit consideration, payable solely in cash, equal to the per unit consideration to be paid by the Proposed Recipient and otherwise on the same terms and conditions as are offered to the Proposed Recipient; provided, however, that the foregoing restriction shall not apply to any issuance of Equity Securities pursuant to the terms of an employee stock option plan adopted by the Company.

(ii) Notice. The Company shall deliver to the Investor a written notice of not less than 90 Business Days before the proposed issuance of securities setting forth

(i) the number, type and terms of the securities to be issued, (ii) the consideration to be received by the Company in connection with the proposed issuance (iii) the identity of the Proposed Recipients and (iv) the date of the closing of such offering.

(iii) Exercise of Rights. Within 30 Business Days, following the delivery of the notice referred to in Article 181(G)(ii), in the event that the Investor elects to exercise its rights under Article 181(G), the Investor shall give written notice to the Company specifying the number of securities to be purchased by the Investor and the calculation by the Investor of its Pro Rata Share. Failure by the Investor to give such notice within such 30 Business Days period shall be deemed to be a waiver by the Investor of its rights under Article 181(G) with respect to the proposed issuance. The Investor may assign to its Affiliate the right to acquire the securities pursuant to Article 181(G), provided that such Affiliate complies with the provisions of Article 181(D)(iii) as if it were a Permitted Transferee and executes a Deed of Adherence.

(iv) Failure to Subscribe. Subject to the Company's compliance with the notice provisions of Article 181(G), in the event that the Investor notifies the Company that it declines to exercise its right to subscribe to its Pro Rata Share of the proposed issuance, in part or in whole, is deemed to have waived its right in accordance with Article 181(G)(iii), or fails to settle the payment of the consideration required for the proposed issuance within the date of closing of the proposed offering period following delivery of the notice referred to in Article 181(G)(iii) (except where the period for remitting the amount is extended for an additional period necessary to obtain any Governmental Approvals required for such subscription and payment), the Company shall be entitled to issue such securities to the Proposed Recipient. If the required Governmental Approvals are not obtained within 90 days of the date on which the Investor exercises the right to participate in the further issue of capital, it shall be deemed that the Investor has elected not to participate in such issue of capital; provided that the Company has used its best efforts in connection with obtaining such Governmental Approvals.

H. **Anti-Dilution Rights**

(i) Notwithstanding anything contained in Article 181 and without prejudice to the Investor's rights under Article 181(G), the Investor shall be protected against any dilution of its Shareholding in the Company in the event of issue or subscription by the Company of any Equity Shares, preference shares or any rights, options, warrants, debentures, securities, appreciation rights or instruments entitling the holder to receive, subscribe, convert into and/or exchange for Equity Shares (a "Dilution Instrument") at a price which is lower than price paid for each Subscribed Equity Share. The protection shall be in the manner set out in Article 181(H)(ii); provided, however, that the foregoing restriction shall not apply to (i) any issuance of Equity Securities in favour of the Investor pursuant to Article 181(G); (ii) any issuance pursuant to employee stock option plan as approved by the Board; and (iii) any issuance of Equity Securities not exceeding 7.5% of the Share Capital as of the Closing Date, to strategic partners of the Company, in the interest of the business of the Company which issuance has been approved by the Board.

(ii) In the event that the Company proposes to issue any Dilution Instrument in respect of which the Investor is entitled to the protection under Article 181(H)(i) above, the Company shall, as a condition precedent to the issuance of such Dilution Instrument, offer Equity Shares to the Investor for subscription at such price per Equity Share as is the minimum price payable by the Investor for such Equity Shares under applicable Law. The number of Equity Shares to be so issued shall be such as would result in the average price at which the Investor has acquired its entire Shareholding in the Company being equivalent to the "Effective Price". Effective Price for the purpose of this Article 181(H)(ii) shall be calculated as the weighted average of the Subscription Amount per Subscribed Equity Share and the issue price of further Equity Shares issued by the Company after Completion weighted by the Investment Amount and the total amount being raised through issuance of the Dilution Instrument, respectively.

The provisions of this Article 181(H)(ii) are clarified by the illustration set out in Schedule 14 to the Agreement.

(iii) At the time of any event contemplated in Article 181(H), the Company shall be bound to, and the Remaining Shareholders shall be bound to co-operate with the Company such that the Company forthwith takes all necessary steps to issue additional Equity Shares to the Investor in accordance with the terms and conditions of this Article.

(iv) The per share subscription price of the Subscribed Equity Shares and the Purchase Shares for the purposes of determining the anti-dilution adjustment under this Article 181(H) shall be adjusted pursuant to any stock-splits, stock-dividends or other activity in relation to the shares of the Company. The anti-dilution protection shall not be available if the further issue of shares is pursuant to an initial public offering by the Company.

I. **Corporate Governance**

(i) The provisions of this part of this Article shall apply to the Company and each of its Subsidiaries and the term "Company" for the purpose of this Article shall be construed accordingly.

(ii) Authority of the Board. Subject to the provisions of this Article and the Act, the Board shall be responsible for the management, supervision, direction and control of the Company. Subject to the provisions of this Article, the Board shall be entitled to delegate powers to such persons and such committees that the Board may create to assist it in its business strategy and objectives.

(iii) Size of the Board:

(a) the Board shall consist of such number of directors along with the composition, as may be required or permitted under applicable Law. So long as the Investor and its Affiliates collectively hold 10% of the Share Capital on a fully diluted basis, the Investor shall have the right to nominate 1 (one) Director. The nominee of Investor or its Affiliates is hereinafter referred to as the "**Investor Director**". The nomination of the Investor Director shall take effect immediately upon a notification to the Company by the Investor.

(b) The Investor Director shall be director whose office is not capable of being vacated by retirement or by rotation. However, the Investor undertakes to cause the Investor Director to resign from the Board immediately upon the Investor ceasing to hold less than 10% of the Share Capital on a fully diluted basis and agrees that the director nomination right shall cease to exist on and from such date.

(c) The right of nomination of Directors by the Investors in sub-clause (a) above shall include the right at any time to remove from office any such individuals nominated or appointed by them and from time to time determine the period for which such individuals shall hold office as Director.

(d) The Board may appoint an alternate Director to act for a Director appointed in accordance with sub-clause (a) above (the "**Original Director**") during his/her absence for a period of not less than three months from India. The Investors shall have a right to nominate any other person to be the alternate Director in place of the Original Director. The shareholders of the Company shall ensure that the Board appoints only such persons to be alternate Directors as are recommended by the Investors.

(e) The Investors shall have a right to fill in any casual vacancy caused in the office of the Directors nominated by them, by reason of his/her resignation, death, removal or otherwise. All such nominations made by the Investors shall be in writing and shall take effect on its receipt at the office of the Company.

(f) The Investors shall ensure that they and their representatives shall, at all times, exercise their votes through their respective appointed / nominated Directors (or alternate Directors) at meetings of the Board, and otherwise act in such manner so as to comply with, and to fully and effectually implement the spirit, intent and provisions of the Articles of Association of the Company."

(iv) Election of Directors. The Remaining Shareholder, the Investor and their respective Affiliates shall each exercise its votes in relation to all the Equity Securities held by it at any Board or Shareholders Meeting called for the purpose of filling the positions on the Board or in any decision of the Board for such purpose to elect, and shall take all other actions necessary to ensure the election to the Board of such number of Directors as specified in Article 181(I)(iv).

(v) Board Committees. The Investor shall have the right to require the appointment of at least one of the Investor Directors on all committees of the Board including without limitation the Audit Committee and the Compensation Committee. The Company and Remaining Shareholders shall take, or cause to be taken, all actions necessary to cause at least one of the Investor Directors to be elected to such committee(s). The provisions of this Article shall apply, mutatis mutandis to all committees of the Board.

(vi) Removal and Replacement of Directors. The Investor Directors shall be removed from the Board, with or without cause, upon, and only upon, the affirmative vote of the Investor. The Remaining Shareholder Directors shall be removed from the Board, with or without cause, upon, and only upon, the affirmative vote of the Remaining Shareholders. Each Shareholder shall exercise its vote in relation to the Equity Securities controlled by it for the removal of the Investor Director upon the written request of the Investor. Except in the event of the Investor failing to remove the Investor Directors in accordance with the foregoing sentence, no Shareholder shall exercise its votes in relation to the Equity Securities controlled by it for the removal of the Investor Directors in any other circumstances. In the event the Investor Directors resign or are removed in accordance with Article 181(I)(vi), the Investor will have the right to nominate such Director's successor or replacement, and such successor or replacement Director shall be nominated and elected on or as soon as practicable after the date of such resignation or removal and in any event within 45 Business Days after such resignation or removal.

(vii) Alternate Director. The Investor shall be entitled, through its Investor Directors, to nominate an alternate Director to act in accordance with the Act and shall issue a written notice to the Company providing the name and contact address of such alternate Director ("Alternate Director Nomination Notice"). The Board shall appoint the alternate Director so nominated during the next meeting of the Board which shall be no later than five Business Days of the receipt of such Alternate Director Nomination Notice. The Investor shall also have a right to withdraw its nominated alternate Director and nominate another in his/her place. The Investor and the Remaining Shareholder shall take all such actions, including exercising their respective votes in relation to the Equity Securities controlled by it, as may be required to cause any alternate Director nominated pursuant to this Article 181(I)(vii) to be duly elected or appointed.

(viii) Directors' Access. The Investor Directors shall be entitled to examine the books, accounts and records of the Company and shall have free access, at all reasonable times and with prior written notice, to any and all properties and facilities of the Company. The Company shall provide such information relating to the business affairs and financial position of the Company or its Subsidiaries, as the Investor Directors may require. The Investor Directors may provide such information to the Investor and its Affiliates and its representatives. Notwithstanding anything herein contained the Company shall not be obliged or required to share any third party confidential information in the nature of technical / engineering drawings, specifications and similar information of a technical nature with the Investor.

(ix) Frequency and Location of Board Meetings. Meetings of the Board shall take place at least once in every three months. Such Board meetings shall be held in Hyderabad or Mumbai or any other location approved in writing by a majority of the Directors, which majority shall include at least one Investor Director.

(x) Notice. A meeting of the Board may be called by the Chairman of the Board or any Director giving notice in writing to the company secretary of the Company specifying the date, time and agenda for such meeting. The company secretary upon the receipt of such notice should provide a copy of such notice to all Directors of such meeting, accompanied by a written agenda specifying in reasonable detail the business of such meeting. The Company shall ensure that notice of a meeting of the Board shall be accompanied by necessary background and other information and/or supporting documents pertaining to the business proposed to be transacted thereat. Not less than seven Business Days notice of a meeting of the Board shall be given to all Directors, provided, however, that such notice period: (i) shall not apply in the case of an adjourned meeting pursuant to Article 181(I)(xi); and (ii) may be reduced with the written consent of a majority of the Directors, provided, however, that such majority shall include at least one Investor Director.

(xi) Quorum. Subject to the provisions of the Act, all meetings of the Board shall require a quorum of at least two Directors; provided, however, that the quorum must include at least one Investor Director. If such a quorum is not present at the meeting, the meeting shall adjourn to such place and time as those Directors who did attend shall decide (provided that written notice of such decision shall have been delivered to all Directors at least five Business Days prior to the date of the adjourned meeting), or if no such decision is reached, at the same place and time seven Business Days later, at which meeting the Directors present shall constitute a valid quorum even though the Investor Director is not present. Notwithstanding anything in this Article 181(I)(xi), the adoption of any resolution of the Board at any meeting where an Investor Director is present or not at such meeting of the Board, or in any adjourned meeting shall also be subject to the provisions of Article 181(I)(xiv) and Article 181(I)(xv).

(xii) Voting. At any Board meeting, each Director may exercise one vote. Except as provided in Article 181(I)(xiv), the adoption of any resolution of the Board shall require the affirmative vote of a majority of the Directors present at a duly constituted meeting of the Board or in the case of a circular resolution signing by the majority of the Directors to whom the resolution is circulated. Every draft circular resolution shall be circulated to all the Investor Directors in order to constitute valid circulation, but the affirmative consent of the investor Directors shall be required only in terms of Article 181(I)(xiv). Subject to Article 181(I)(xiv) the Board shall not at any meeting adopt any resolution covering any matter that is not expressly specified on the agenda for such a meeting unless a majority of the Directors are present at such meeting, which shall include the Investor Director vote in favour of such resolution.

(xiii) Telephonic / Video Participation. If permitted by the Act, Directors may participate in Board meetings by telephone or video conferencing or any other means of contemporaneous communication, provided that each Director must acknowledge his presence for the purpose of the meeting and any Director not doing so shall not be entitled to speak or vote at the meeting. A Director may not leave the meeting by disconnecting his telephone or other means of communication unless he has previously obtained the express consent of the chairman of the meeting and a Director shall conclusively be presumed to have been present and formed part of the quorum at all times during the meeting unless he has previously obtained the express consent of the chairman of the meeting to leave the meeting as aforesaid. The Parties acknowledge, however, that as of the Completion Date, the Act does not presently deem such participation to constitute presence "in person" for purposes of quorum.

(xiv) Company Affirmative Voting Matters. Subject to any additional requirements imposed by the Act and to the last sentence of this Article 181(I)(xiv), the Shareholders agree that so long as the Investor and / or their Affiliates hold not less than 7.5 % of the Share Capital of the Company on a fully diluted basis, neither the Company nor any Shareholder, Director, officer, committee, committee member, employee, agent or any of their respective delegates shall, without the affirmative written consent or approval of at least a majority of the Directors, including the affirmative written consent or approval of at least one Investor Director, obtained at a validly convened Board meeting, to take any of the actions set forth in the Schedule 12 to the Agreement, whether by circular resolution or otherwise. All matters in respect of the actions set forth in the said Schedule 12 (whether such action is to be taken by the Company must be referred to the Board, and no Shareholder, Director, officer, committee, committee member, employee, agent or any of their respective delegates shall take any actions purporting to commit the Company in relation to any such matters without the prior approval of the Board in accordance with this Article

181(I)(xiv).

(xv) Complete Effect. Each Shareholder shall cast its vote with respect to the Equity Shares held by each of them, at any general or extraordinary general meeting of the Shareholders or with respect to matters required to be voted by way of a postal ballot (a "Shareholders Meeting"), and shall take all other actions necessary, to give effect to the provisions of the Agreement and to ensure the inclusion in the Charter Documents the rights and privileges of the Shareholders included in the Agreement. In addition, each Shareholder shall vote with respect to the Equity Shares held by each of them, at any Shareholders Meeting upon any matter submitted for action by the Shareholders or with respect to which the Shareholders may vote and shall cause its Directors on the Board to vote, in conformity with the specific terms and provisions of the Agreement to the extent legally permissible to give complete legal effect to the provisions of the Agreement. The Parties shall use their best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary or desirable under Law to consummate or implement expeditiously the transactions contemplated by, and the agreements and understanding contained in the Agreement. The Shareholders shall vote their Equity Shares and shall take all other action necessary or required, to ensure that at all times the Charter Documents, facilitate, and do not conflict with, the provisions of the Agreement.

(xvi) Shareholders Meetings, Subject to the provisions of the Act, all Shareholders Meetings shall require a quorum of at least 3 Shareholders present in person or through their representative; provided, however, that such quorum must include the Investor. If such quorum is not present within one hour from the time appointed for the meeting, the meeting shall be adjourned to the same time and place not earlier than 10 Business Days but no later than twenty-one Business Days thereafter as the Chairman may determine after prior consultations with the Investor Director (if the Investor Director is present). In the absence of a valid quorum at such adjourned meeting, the Shareholders present in person or through their representative thereat shall, notwithstanding anything to the contrary herein contained, constitute a quorum and all business transacted thereat shall be regarded as having been validly transacted provided, however, that in any such adjourned meeting, no matter listed in Article 181(I)(xiv) shall be taken up unless a quorum of at least two Shareholders is present, which quorum must include the Investor.

J. **Initial Public Offering**

i. Qualified IPO. The Parties agree that the Company may choose to undertake an IPO at any time after the Board approves the audited financial statements of the Company for the Financial Year 2008-2009 subject to favourable and right market conditions and provided that the EBITDA of the Company in the audited financial statements for the said period is no less than Rs. 1,200,000,000. For the purpose of this Article, the term EBITDA means Earnings Before Interest, Taxes, Depreciation and Amortization. For the purpose of this calculation only recurring business income shall be counted. No income / expense related to extraordinary or one-off items (including but not limited to gains or losses on sale/purchase of assets, exchange rate gains or losses, interest income or expense on investments, deposits or surplus cash/ cash equivalents, any gains or losses from investments or cash equivalents) shall be counted while calculating the EBITDA for a period.

ii. Mandatory IPO Period. In the event an IPO of the Company has not occurred by the fourth anniversary of the Completion Date, the Investor shall have the right, exercisable by written notice to the Company and the Remaining Shareholders, to cause the Company and the Remaining Shareholders, and the Company shall and the Remaining Shareholders shall do all things necessary to facilitate and support an IPO ("Mandatory IPO"). The Parties agree that fifty percent (50%) of the Shares offered to the public in the Mandatory IPO shall comprise -fresh Shares issued by the Company and the balance fifty percent (50%) shall comprise all of the Investor's Securities and to the extent that the Investor's Securities are less than fifty percent (50%) of the Shares being offered in the Mandatory IPO, such number of the Remaining Shareholders' Equity Securities as may be required to make good such short fall. The Company shall and the Remaining Shareholders shall do all things necessary to facilitate and support such IPO, including provision of reasonable and complete access for purposes of due diligence to investment bankers and legal advisors appointed or purposes of the IPO, and participation by management in road shows and marketing efforts for the IPO.

iii. Mode of IPO. In the event of an IPO, the Investor shall together with its respective Affiliates, have the right (without being obliged) to tender such number of Equity Securities in the IPO as the Investor may determine.

iv. Advisors to IPO. All costs, fees and expenses with respect to the IPO (excluding the listing fees which shall be borne by the Company) shall be borne by the Company on the one hand, and by the persons/entities selling their respective portion of the Equity Shareholding in the IPO on the other hand, in proportion to the Equity Shares allotted / transferred by them in the IPO in accordance with applicable laws.

v. Investor Not a Promoter. Subject to applicable law, the Company and the Remaining Shareholder agree that under no circumstances shall the Investor and its Affiliates be referred to or otherwise be considered as a 'promoter' of the Company in connection with any IPO or any documents filed in connection therewith. In the event of an IPO, the Company and the Remaining Shareholder agree to do all that is necessary to ensure that the Equity Securities held by the Investor and its Affiliates are not subject to any lock-in requirements as a 'promoter'.

Provided that the Investor acknowledges and agrees that nothing contained herein shall prevent the lock-in on the Equity Shares held by it, in accordance with the SEBI ICDR Regulations, and other applicable Laws.

K. **Covenants of the Company**

i. Financial Records: The Company shall allow the Investor and its authorised representatives the right during normal business hours to inspect its books and accounting records and those of the Subsidiaries, to make extracts and copies there from at its own expense and to have full access to all of the Company's and each Subsidiary's property and assets.

ii. Reports: The Company shall provide to the Investor (a) Within 35 Business Days after the end of each calendar quarter, unaudited statements of income and cash flows of the Company for such quarter and for the period from the beginning of the current Financial Year to the end of such quarter, and a balance sheet as of the end of such quarter; (b) Within 120 days after the end of each Financial Year, audited statements of income, cash flows and shareholders' equity of the Company for such year and a balance sheet as of the end of such year; (c) Within 30 days from the commencement of each Financial Year, a budget for such Financial Year including operating and capital budgets and such other reasonable information requested by the Directors; (d) Board, committee, and Shareholders Meeting minutes as soon as practicable and in any event within 30 days after such event; (e) Management information reports, the format and contents agreed to between the Company and the Investor within 30 days of the end of each month; and (f) Details of significant and material events, if any, that could impact the Company. The Company shall furnish to the Investor such financial and other information relating to the business of the Company and its Subsidiaries as may be requested by them.

iii. Breach and Litigation Notice. The Company shall give the Investor all material information in relation to:

a) any breach by the Company or any Subsidiary of any Law, which violation in any respect may have or had a material adverse effect on the Company and/or any Subsidiary; the notification under this Article shall be required to be given by the Company forthwith upon the Company becoming aware of such breach;

b) any known litigation, or claim which may have or had a material adverse effect on the Company and/or the Subsidiaries;

c) any material dispute or notice of any material dispute with a major customer or supplier of the Company and for any Subsidiary.

iv. Access Rights.: Review to be done to this clause (i) The Company shall give reasonable access to the Investor and their authorized representatives (including lawyers, accountants, auditors and other professional advisors) who are subject to appropriate confidentiality obligations to visit and inspect all properties, assets, corporate, financial and other records, reports, books, contracts and commitments of the Company and/or any Subsidiary, and to discuss and consult with respect to its business, actions plans, budgets and finances with the Directors and executive officers of the Company, upon reasonable notice. All costs incurred in connection with such inspection shall be borne by the Investor and (ii) to the extent consistent with applicable Law (and with respect to events which require public disclosure, only following the Company's public disclosure thereof through applicable securities law filings or otherwise), the Company shall inform the Investor or its designated representative in advance with respect to any significant corporate actions and shall provide the Investor or its designated representative with the right to consult with the Company and its Subsidiaries with respect to such actions.

v. Insurance. The Company shall and shall ensure that each Subsidiary, if any, shall, be insured at all times and maintain insurance policies in a sufficient amount and with such coverage as are generally maintained by responsible companies in the same industry. Such policies shall be sufficient to cover liabilities in relation to product liabilities, environmental liabilities, fire, acts of God that the facilities of the Company could be subject to and such other liabilities which the Company and the Subsidiaries may in the reasonable opinion of the Company and the Investor be considered at risk in the course of their respective businesses. The Company shall take out Directors and officers insurance for all Directors including the Investor Directors in a sufficient amount and with such coverage as is generally maintained by responsible companies in the same industry.

vi. Ethical Business Practices. The Company, any Subsidiary and their respective officers, Directors, employees and agents shall engage only in legitimate business and ethical practices in commercial operations and in relation to governmental authorities. The Company or its Subsidiary or any of their respective officers, Directors, employees or agents shall not:

a) take any action that, if such entity were subject such Indian laws as may be applicable;

b) otherwise pay, offer, promise or authorise the payment, directly or indirectly, of any monies or anything of value to any government official or employee or any political party for the purpose of influencing any act or decision of such official or of any governmental authority to obtain or retain business, or direct business to any Person.

vii. Most Favourable Rights. The Company and the Remaining Shareholders shall not issue any Equity Securities or enter into an agreement to issue Equity Securities, enter into any management agreement or shareholder agreement or any other agreements with any Person, which agreement confers on such Person rights which, considered individually, are more favourable than rights conferred under the Agreement or this Article or in the Subscription Agreement to the Investor. In the event that the Company and the Remaining Shareholder confer on any Person such rights which, when so considered, are more favourable than rights granted herein to the Investor, notwithstanding anything in the Agreement or the Charter Documents, the rights of the Investor as provided for in the Agreement, the Charter Documents shall be modified and amended in accordance with the rights granted to such Person to confer on it Investor rights at least as favourable as though conferred on such Person as of the Completion Date. The Company and the Remaining Shareholders shall take all necessary steps to amend the Charter Documents to give effect to such modification of rights of the Investor.

viii. Arms-Length Basis. The Parties agree that all continuing commercial contracts and arrangements between the Remaining Shareholders and their Affiliates on the one hand, and the Company on the other hand, shall be on an arm's length basis.

ix. Further Assurances. The Remaining Shareholders and the Company shall, at any time and from time to time upon the written request of the Investor and its Affiliates and at the reasonable cost and expense of the Investor and its Affiliates:

a. Promptly and duly execute and deliver all such further instruments and documents, and do or procure to be done all such acts or things, as the Investor and its Affiliates may reasonably deem necessary or desirable in obtaining the full benefits of the Agreement and this Article and of the rights and ownership herein granted;

b. Do or procure to be done each and every act or thing which the Investor and its Affiliates may from time to time reasonably require to be done for the purpose of enforcing the Investor and its Affiliates rights under the Agreement and this Article.

L. **Non-Compete**

The Remaining Shareholders undertake that they shall not, directly, or indirectly (whether through their Affiliates or otherwise), engage in any of the following:

a. work for or Associate in any way (including but not limited to as proprietor, shareholder, partner or Director) with, or conduct business as a Competitor;

b. carry on any business which is similar to or directly or indirectly competes with any business which is carried on by the Company or any of its Subsidiaries; or

c. engage, set up, promote, finance or invest in a business, venture or company which deals with or offers the same or similar products and/or services as the Business;

d. enter into any agreement or arrangement with any Person relating to a business similar to or identical with the Business, or participate in the management, operation, or control of, or be financially interested, or become a Director, officer, partner, executive or whole-time consultant of or to any Business competing with the business of the Company and/or its Subsidiaries; or;

e. be employed or engaged by, enter into partnership with, employ, engage, attempt to employ or engage, or negotiate or arrange the employment orengagement by any other Person, of any Person who was during his/her Association, part of the management team or an employee employed in a skilled or managerial capacity in the Subsidiaries;

f. provide any know-how or technical assistance to any Person in relation to the Business and any business similar or identical thereto except on behalf of and for the Business of the Company;

g. divulge or disclose to any Person any information (other than information available to the public or disclosed or divulged pursuant to an order of a court of competent jurisdiction) relating to the Business, the identity of its customers, vendors, its products, finance, contractual arrangements, business or methods, except on behalf of and for the Business of the Company;

h. develop or aid in the development, of any software/hardware or any form of data being capable of being classified as intellectual property in relation to the Business except on behalf of and for the Business of the Company; and

i. engage in or agree to engage in any other act or thing analogous to the foregoing that would prejudice the interests of the Investor or the Company.

j. The Remaining Shareholders acknowledge that the covenants and the obligations of the Remaining Shareholders under the Article 181(L) are an essential element of the Agreement between the Parties and that, but for the agreement of the Remaining Shareholders to comply with these covenants, the Investor would not have entered into the Agreement and invested in the Company. The Remaining Shareholders acknowledge that Article 181(L) constitutes an independent covenant in consideration for which (sufficiency of which is hereby acknowledged by the Remaining Shareholders) the Investor has agreed to invest in the Company. The Remaining Shareholders deem the investment by the Investor under the terms of the Agreement to be adequate consideration for foregoing their right to engage in a competing business; and the Remaining Shareholders admit and acknowledge that they have various other technologies and skill sets which, if deployed by them after they cease to be Remaining Shareholders of the Company, would not result in their competing against the Company. The Remaining Shareholders agree that they have independently consulted their counsel in relation to the covenants in Article 181(L) and in the opinion of their counsel and in their personal opinion, the covenants set forth in Article 181(L) are no more extensive than is reasonable to protect the Investor as subscribers to the Subscribed Equity Shares and the Purchase Shares and to protect the business of the Company.

k. Notwithstanding anything contained above, Mr. P. Jayaprakasha Reddy, Mr. P. Srinivas Reddy, Mrs. K. Shalini, Mrs. P. Leelavathi and K. Vamshidhar Reddy agree that they shall not be involved in any other business or operation, except having interests that does not involve any active participation or executive responsibility in such business or operation.

M. **Indemnification**

i. Directors Indemnification. Subject to the limits set forth in the Act the Company agrees to indemnify and hold harmless each of its Directors (individually, a "Company Indemnified Party" and, collectively, the "Company Indemnified Parties") promptly upon demand at any time and from time to time, from and against any and all losses, claims, damages, liabilities, costs (including reasonable attorneys' fees and disbursements) and expenses (collectively, "Losses") to which any Company Indemnified Party may become subject, insofar as such Losses arise out of, in any way relate to, or result from any action or inaction on the part of a Company Indemnified Party when acting on behalf of the Company or any of its Subsidiaries in any capacity, including as a member or observer of any board or committee thereof. The Company shall have the right, exercisable by giving written notice to a Company Indemnified Party within 30 days after the receipt of written notice from such Company Indemnified Party of a third party claim or proceeding, to assume, at the expense of the Company the defense of any such claim or proceeding, with the assistance of counsel reasonably satisfactory to such Company Indemnified Party. The Company shall not consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof a release of such Company Indemnified Party from all liability by the claimant or plaintiff, in form and substance satisfactory to such Company Indemnified Party.

ii. Investor's Right of Indemnification.

a. Subject to Article 181(C) the Company hereby agrees to indemnify and hold harmless each Investor Director, the Investor and its shareholders, members, partners, officers and executives and their respective advisers and Affiliates, (individually, an **"Indemnified Party"** and, collectively, the **"Indemnified Parties"**) promptly upon demand at any time and from time to time, from and against any and all Losses to which any Indemnified Party may become subject, insofar as such Losses arise out of, in any way relate to, or result from (i) any mis-statement or any breach of any representation or warranty including the Collective Warranties made by the Company under the Agreement and (ii) the failure by the Company to fulfil any agreement, covenant or condition contained in this Article or the Agreement, provided that the liability of the Company under this Article shall extend to any claim or proceeding by any third party against the Indemnified Party arising out of any act, deed or omission of the Company.

b. Subject to Article 181(C), the Indemnifying Remaining Shareholders hereby agree to jointly and severally, indemnify and hold harmless each Indemnified Party promptly upon demand at any time and from time to time, from and against any and all Losses to which any Indemnified Party may become subject, insofar as such Losses arise out of, in any way relate to, or result from (i) any mis-statement or any breach of any representation or warranty including the Collective Warranties made by the Company and/or the Remaining Shareholders under the Agreement and (ii) the failure by the Company to fulfil any agreement, covenant or condition contained in the Agreement, provided that the liability of the Indemnifying Remaining Shareholders under this Article shall be joint and several and (a) shall extend to any claim or proceeding by any third party against the Indemnified Party where it has been decreed that the Loss is attributable to the mala-fide acts, deeds or omissions of the Remaining Shareholders. It is clarified further, that for the purposes of proviso (b) to this Article, only the relevant Remaining Shareholder, to whom the Loss is found to be attributable shall be, liable to the full extent of the Loss of the Indemnified Party so indemnified.

c. Subject to Article 181(C), each Remaining Shareholder hereby agrees to, indemnify and hold harmless each Indemnified Party promptly upon demand at any time and from time to time, from and against any and all Losses to which any Indemnified Party may become subject, insofar as such Losses arise out of, in any way relate to, or result from the failure by such Remaining Shareholder to fulfill any agreement, covenant or condition contained in the Agreement.

iii. The Indemnifying Remaining Shareholders shall not be liable to indemnify the Investor for Losses arising out of matters or events which result in the Company suffering a Loss of up to Rs. 20,00,00,000 (Rupees Twenty Crores Only) provided that where Losses suffered by the Company on account of such matters or events aggregate to more than Rs. 20,00,00,000 (Rupees Twenty Crores Only) the Investor shall be indemnified in respect of all Losses suffered on account of the same.

iv. It is clarified for the avoidance of doubt that the above limitation shall not apply to any claim for breach of representations and warranties included in Clauses 3, 4 and 5 of Schedule 3 (Collective Warranties) of the Agreement. It is further clarified that notwithstanding any disclosure contained in the Disclosure Letter the right of the Investor to be indemnified shall not be affected in respect of the following:

a. Any liability arising out of the failure of the Company to pay adequate stamp duty with respect to documents where the aggregate liability for such default on account of stamp duty, penalty and/or interest payable in accordance with the applicable state legislation is more than Rs. 1000;

b. Any liability arising out of the failure of the Company to obtain requisite sanctions in accordance with law, including but not limited to Board and Shareholders' approvals under Sections 297 and 314 of the Companies Act; and

c. Any liability arising out of the transactions and dealings that the Company has with MARC and/or the Firms in excess of Rs. 2,00,00,000/- (Rupees Two crores only) in the aggregate.

v. The Parties acknowledge that the Investor has not conducted a due diligence of the Firms. The Parties hereby agree that the Indemnifying Remaining Shareholders shall, jointly and severally, be liable to indemnify the Investor, promptly upon demand at any time and from time to time, from and against any and all Losses to which the Investor may become subject, insofar as such Losses arise out of, in any way relate to any default by the Firms, including default in payment of taxes, statutory payments, failure to comply with statutory/regulatory requirements, third party actions, litigation and claims against the Firms or its successors, pertaining to any period until the completion of the investment into the capital of the Firms by MTAR, notwithstanding that such claims actually be raised arise in the future.

vi. Indemnification Procedure. If any Indemnified Party is entitled to indemnification under Article 181(M)(ii), such Indemnified Party shall give prompt notice to the Company/ Indemnifying Remaining Shareholders against whom the indemnity is claimed of the Losses and/or any claim or of the commencement of any proceeding against the Company and/or the Indemnifying Remaining Shareholders or any Indemnified Party brought by any third party with respect to which such Indemnified Party seeks indemnification pursuant hereto, which notice shall describe the nature and quantity of such Losses; provided, however that any delay to so notify the Company shall not relieve the Company/ Indemnifying Remaining Shareholders from any obligation or liability except to the extent the Company/ Indemnifying Remaining Shareholders are materially prejudiced by such delay. The Company/ Indemnifying Remaining Shareholders shall forthwith on receipt of such notice, pay to the Indemnified Party an amount equal to all Losses, provided that the Company/ Indemnifying Remaining Shareholders shall have the right, exercisable by giving written notice to an Indemnified Party within 30 days after the receipt of written notice from such Indemnified Party of such claim or proceeding, to assume, at the expense of the Company/ Indemnifying Remaining Shareholders the defense of any such claim or proceeding, with the assistance of counsel reasonably satisfactory to such Indemnified Party. Subject to being fully indemnified as aforesaid, the Indemnified Party shall not consent to entry of any judgment or enter into any settlement, without the prior written approval of the Company/ Indemnifying Remaining Shareholders. The Company / Indemnifying Remaining Shareholders shall not consent to entry of any judgment or enter into any settlement that does not include as an unconditional term thereof a release by the claimant or plaintiff to such Indemnified Party or Parties, in form and substance satisfactory to the Indemnified Party or Parties, from all liability in respect of such claim or proceeding.

vii. Indemnification Approvals. To the extent the payment by the Company and/or the Indemnifying Remaining Shareholders of any indemnification payment pursuant to the provisions of Article 181(M) shall be subject to receipt of Governmental Approvals (if required), the Company and/or the Indemnifying Remaining Shareholders shall be responsible for obtaining all such Governmental Approvals and shall make all applications and take all steps required to obtain the same.

viii. Additional Remedies. The rights of a Company Indemnified Party or an Indemnified Party, as the case may be, pursuant to Article 181(M) shall be in addition to and not exclusive of, and shall be without prejudice to, any other rights and remedies available to such Company Indemnified Party or an Indemnified Party, as the case may be, at equity or law including the right to seek specific performance, rescission, restitution or other injunctive relief, none of which rights or remedies shall be affected or diminished thereby.

ix. Cap on Liability. The aggregate liability of the Remaining Shareholders in respect of indemnification shall not exceed an aggregate sum equivalent to 60% of the Investment Amount as defined under the agreement;

N. **Termination**

Notwithstanding anything contained in this Article , prior to a listing of the Shares on any stock-exchange, the Investor, the Remaining Shareholders, the Company and the merchant bankers to such listing shall have a mutual good-faith discussion on the rights and obligations of the Parties under the Agreement that should survive such listing of the Shares of the Company. The determination regarding the survival of rights shall be made keeping in mind the best interests of the Company and is shareholders in general. The Parties shall, if required, execute an appropriate amendment to the Agreement reflecting such arrangement.

O. **Dispute Resolution**

i. Arbitration Any dispute or claim arising out of or in connection with or relating to the Agreement or the breach, termination or invalidity hereto shall be referred at the request in writing (“Dispute Notice”) of any Party to binding arbitration by a panel of 3 (three) arbitrators (“the Arbitration Board”) in accordance with the Rules of the United Nations Commission on International Trade Law Arbitration (the “UNCITRAL Rules”) as may be modified by the provisions of this Article. Within 21 days after one Party has served a Dispute Notice, the Remaining Shareholders who are party to such disputes shall collectively appoint l (one) arbitrator and the Investor shall appoint 1 (one) arbitrator. The 2 (two) arbitrators so appointed shall appoint a third arbitrator within seven days of the appointment of the last of the two arbitrators. All arbitration proceedings shall be conducted in the English language and the place of arbitration shall be in Mumbai. The Parties would be entitled to seek interim relief from the courts of India. The arbitrators shall decide any such dispute or claim strictly in accordance with the governing law specified in this Article. Judgment upon any arbitral award rendered hereunder may be entered in any court having jurisdiction, or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be. The provisions of Part I of the Arbitration and Conciliation Act, 1996 (Indian) shall not apply to the enforcement of arbitral award rendered hereunder.

ii. Costs. The costs and expenses of the arbitration, including, without limitation, the fees of the arbitration and the Arbitration Board, shall be borne equally by each Party to the dispute or claim and each Party shall pay its own fees, disbursements and other charges of its counsel, except as may be determined by the Arbitration Board. The Arbitration Board shall have the power to award interest on any sum awarded pursuant to the arbitration proceedings and such sum shall carry interest, if awarded, until the actual payment of such amounts.

iii. Final and Binding. Any award made by the Arbitration Board shall be final and binding on each of the Parties that were parties to the dispute.

iv. Confidentiality. Each Shareholder acknowledges that it has undertaken various confidentiality obligations under the Agreement. Each Shareholder agrees to be bound by and ensure strict compliance with the same.

SECTION XI - 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, which are or may be deemed material was attached to the copy of the Red Herring Prospectus, and will be attached to the copy of this Prospectus filed with the RoC. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, were available for inspection at the Registered and Corporate 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 Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the Shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

A. Material Contracts for the Offer

1. Offer Agreement dated December 16, 2020 entered into between our Company, the Selling Shareholders and the BRLMs.

2. Registrar Agreement dated December 12, 2020, entered into between our Company, the Selling Shareholders and the Registrar to the Offer.

3. Cash Escrow and Sponsor Bank Agreement dated February 20, 2021 entered into between our Company, the Selling Shareholders, the Registrar to the Offer, the members of the Syndicate and the Banker(s) to the Offer.

4. Monitoring Agency Agreement dated February 19, 2021 entered into between our Company and the Monitoring Agency.

5. Share Escrow Agreement dated February 19, 2021 entered into between the Selling Shareholders, our Company and the Share Escrow Agent.

6. Syndicate Agreement dated February 19, 2021 entered into between our Company, the Selling Shareholders, the BRLMs and the Syndicate Member.

7. Underwriting Agreement dated March 6, 2021 entered into between our Company, the Selling Shareholders, and the Underwriters.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association of our Company as amended from time to time.

2. Certificate of incorporation dated November 11, 1999.

3. Fresh certificate of incorporation consequent upon conversion to public limited company dated November 2, 2020.

4. Resolution of the Board of Directors dated December 5, 2020 in relation to the Offer and other related matters.

5. Resolution of the Shareholders of our Company dated December 5, 2020 approving the Fresh Issue.

6. Resolution of the Board of Directors of our Company dated December 14, 2020 approving the Draft Red Herring Prospectus, and resolution of the Board of Directors of our Company dated February 22, 2021 approving the Red Herring Prospectus.

7. Resolution of the Board of Directors of our Company dated March 8, 2021 approving this Prospectus.

8. Resolution of our IPO Committee dated December 18, 2020 approving the Draft Red Herring Prospectus.

9. Resolution of the Board of Directors of our Company dated February 16, 2021, approving the Pre-IPO Placement of an aggregate of 1,296,296 Equity Shares to SBI Magnum Global Fund, SBI Contra Fund and SBI Small Cap Fund.

10. Resolution of the Board of Directors of our Company dated February 16, 2021, approving the Pre-IPO Placement of an aggregate of 555,555 Equity Shares to Axis Regular Saver Fund, Axis Small Cap Fund and Axis Children's Gift Fund.

11. Resolution of the Shareholders of our Company dated February 15, 2021, approving the Pre-IPO Placement.

12. Consent letter dated December 5, 2020 from Fabmohur Advisors LLP as a Selling Shareholder in relation to the Offer for Sale, along with a resolution of its designated partners dated December 5, 2020, authorising it to provide such consent.

13. Consent letters, each dated December 5, 2020, from P. Leelavathi, Parvat Srinivas Reddy, P. Kalpana Reddy, Saranya Loka Reddy, C. Usha Reddy, G. Kavitha Reddy, D. Anitha Reddy, K. Shalini, A. Manogna and P. Simhadri Reddy, as Selling Shareholders in relation to the Offer for Sale.

14. Consent dated December 14, 2020 from CRISIL to rely on and reproduce part or whole of the report, "*Assessment of global and Indian engineering equipment industry*" and include their name in the Red Herring Prospectus.

15. Industry report titled "*Assessment of global and Indian engineering equipment industry*" dated December 2020 prepared by CRISIL.

16. Contract of appointment as managing director dated August 14, 2020 between our Company and Parvat Srinivas Reddy.

17. Consent dated February 22, 2021 from the Statutory Auditors namely, S. R. Batliboi & Associates LLP, Chartered Accountants, to include their name as an "expert" as defined under section 2(38) of the Companies Act, 2013 to the extent and in their capacity as the Statutory Auditors and in respect of the: (i) examination report dated February 15, 2021 on our Restated Unconsolidated Financial Information (ii) examination report dated February 15, 2021 on our Restated Consolidated Financial Information; and (iii) their report dated February 15, 2021 on the 'Statement of possible special tax benefits available to MTAR Technologies Limited and its shareholders under the applicable tax laws in India' in this Prospectus. However, the term 'expert' shall not be construed to mean an 'expert' as defined under the U.S. Securities Act.

18. Subscription, share purchase and shareholders agreement dated November 7, 2007 between P. Ravindra Reddy, K. Satyanarana Reddy, P. Jayarakash Reddy, K. Shalini, P. Leelavathi, Girija, C. Usha Reddy, G. Kavitha Reddy, D. Anitha Reddy, A. Manogna, M. Madhavi, P. Kalpana Reddy, Saranya Loka Reddy, K. Vamshidhar Reddy, N. Lavanya Reddy, our Company, Blackstone GPV Capital Partners (Mauritius) V-E Limited, Blackstone GPV Capital Partners (Mauritius) V-F Limited, Blackstone GPV Capital Partners (Mauritius) V-G Limited and Blackstone GPV Capital Partners (Mauritius) V-I Limited.

19. Supplementary agreement dated March 6, 2009 between P. Ravindra Reddy, K. Satyanarana Reddy, P. Jayarakash Reddy, K. Shalini, P. Leelavathi, Girija, C. Usha Reddy, G. Kavitha Reddy, D. Anitha Reddy, A. Manogna, M. Madhavi, P. Kalpana Reddy, Saranya Loka Reddy, K. Vamshidhar Reddy and N. Lavanya Reddy, our Company, Blackstone GPV Capital Partners (Mauritius) V-E Limited, Blackstone GPV Capital Partners (Mauritius) V-F Limited, Blackstone GPV Capital Partners (Mauritius) V-G Limited and Blackstone GPV Capital Partners (Mauritius) V-I Limited.

20. Deed of adherence dated November 10, 2017 between Blackstone GPV Capital Partners (Mauritius) V-E Limited, Blackstone GPV Capital Partners (Mauritius) V-F Limited, Blackstone GPV Capital Partners (Mauritius) V-G Limited, Blackstone GPV Capital Partners (Mauritius) V-I Limited, P. Jayarakash Reddy, K. Shalini, P. Leelavathi, Girija, C. Usha Reddy, G Kavitha Reddy, D. Anitha Reddy, A. Manogna, M. Madhavi, P. Kalpana Reddy, Saranya Loka Reddy, K. Vamshidhar Reddy, N. Lavanya Reddy, P. Girija, P. S. Reddy, K. Satyanarayana Reddy, Parvat Srinivas Reddy, our Company and the Investors.

21. Amendment agreement dated December 11, 2020 between P. Leelavathi, Parvat Srinivas Reddy, P. Kalpana Reddy, Saranya Loka Reddy, C. Usha Reddy, G Kavitha Reddy, D. Anitha Reddy, K. Shalini, A. Manogna, M. Madhavi, K. Vamshidhar Reddy, M. Anushman Reddy and P. Jayaprakash Reddy, our Company and the Investors.

22. Waiver letter dated December 5, 2020 issued by Fabmohur Advisors LLP and Solidus Advisors LLP.

23. Scheme of amalgamation between MMPL, MTPL, MMTSPL and our Company, as approved by the High Court of Judicature at Hyderabad pursuant to its order dated July 7, 2014.

24. Share subscription agreement dated February 16, 2021 between our Company and SBI Funds Management Private Limited.

25. Share subscription agreement dated February 16, 2021 between our Company, Axis Regular Saver Fund, Axis Small Cap Fund and Axis Children's Gift Fund.

26. Report dated February 15, 2021 issued by the Statutory Auditors on the 'Statement of possible special tax benefits available to MTAR Technologies Limited and its shareholders under the applicable tax laws in India'.

27. The certificate issued by V. Nageswara Rao, Chartered Engineer dated December 14, 2020, on (a) certain particulars in relation to our Company's manufacturing units; and (b) the manufacturing facilities and the equipment present at each of these manufacturing units.

28. Copies of annual reports of our Company for the preceding three Fiscals.

29. Consent of the Directors, BRLMs, Syndicate Member, our Previous Auditor, the legal counsel to the Company, the legal counsel to the Book Running Lead Managers, legal counsel to the Selling Shareholders, Registrar to the Offer, Banker(s) to the Offer, Banker to our Company, Company Secretary and Compliance Officer, Chief Financial Officer, V. Nageswara Rao, Chartered Engineer and our customers, as referred to in their specific capacities.

30. Tripartite agreement dated November 27, 2007, among our Company, NSDL and the Registrar to the Offer.

31. Tripartite agreement dated November 24, 2020, among our Company, CDSL and the Registrar to the Offer.

32. Due diligence certificate dated December 18, 2020 addressed to SEBI from the BRLMs.

33. In-principle listing approvals dated January 1, 2021 and January 20, 2021 issued by BSE and NSE, respectively.

34. SEBI observation letter dated February 9, 2021.

Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time, if so required in the interest of our Company, or if required by other parties, without notification to the shareholders, subject to compliance with the provisions contained in the Companies Act, 2013 and other relevant statutes.

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Subbu Venkata Rama Behara
Chairman and Independent Director

Place: New Delhi

Date: March 8, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Parvat Srinivas Reddy
Managing Director

Place: Hyderabad

Date: March 8, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Mathew Cyriac
Nominee Director

Place: Mumbai

Date: March 8, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Venkatasatishkumar Reddy Gangapatnam
Non-Executive Director

Place: Hyderabad

Date: March 8, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Praveen Kumar Reddy Akepati
Additional Director

Place: Hyderabad

Date: March 8, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Gnana Sekaran Venkatasamy
Independent Director

Place: Hyderabad

Date: March 8, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Vedachalam Nagarajan
Independent Director

Place: Thiruvananthapuram

Date: March 8, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Udaymitra Chandrakant Muktibodh
Independent Director

Place: Pune

Date: March 8, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Krishna Kumar Aravamudan
Independent Director

Place: Hyderabad

Date: March 8, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Ameeta Chatterjee
Independent Director

Place: Mumbai

Date: March 8, 2021

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the rules, guidelines and regulations issued by the Government of India and the guidelines or regulations issued by the SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Act or the rules made or guidelines or regulations issued thereunder, as the case may be. I further certify that all statements made in this Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

Sudipto Bhattacharya
Chief Financial Officer

Place: Kolkata

Date: March 8, 2021

DECLARATION

P. Leelavathi, acting as a Promoter Selling Shareholder, hereby certifies that all statements, disclosures and undertakings made or confirmed by her in this Prospectus in relation to herself and the Equity Shares being offered by her in the Offer for Sale are true and correct. P. Leelavathi assumes no responsibility, as a Promoter Selling Shareholder, for any other statements, including any of the statements made or confirmed by or relating to the Company or any other person(s) in this Prospectus.

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P. Leelavathi

Place: Hyderabad

Date: March 8, 2021

DECLARATION

Parvat Srinivas Reddy, acting as a Promoter Selling Shareholder, hereby certifies that all statements, disclosures and undertakings made or confirmed by him in this Prospectus in relation to himself and the Equity Shares being offered by him in the Offer for Sale are true and correct. Parvat Srinivas Reddy assumes no responsibility, as a Promoter Selling Shareholder, for any other statements, including any of the statements made or confirmed by or relating to the Company or any other person(s) in this Prospectus.

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Parvat Srinivas Reddy

Place: Hyderabad

Date: March 8, 2021

DECLARATION

P. Kalpana Reddy, acting as a Promoter Selling Shareholder, hereby certifies that all statements, disclosures and undertakings made or confirmed by her in this Prospectus in relation to herself and the Equity Shares being offered by her in the Offer for Sale are true and correct. P. Kalpana Reddy assumes no responsibility, as a Promoter Selling Shareholder, for any other statements, including any of the statements made or confirmed by or relating to the Company or any other person(s) in this Prospectus.

P. Kalpana Reddy

Place: Hyderabad

Date: March 8, 2021

DECLARATION

Saranya Loka Reddy, acting as a Promoter Selling Shareholder, hereby certifies that all statements, disclosures and undertakings made or confirmed by her in this Prospectus in relation to herself and the Equity Shares being offered by her in the Offer for Sale are true and correct. Saranya Loka Reddy assumes no responsibility, as a Promoter Selling Shareholder, for any other statements, including any of the statements made or confirmed by or relating to the Company or any other person(s) in this Prospectus.

Saranya Loka Reddy

Place: Hyderabad

Date: March 8, 2021

DECLARATION

C. Usha Reddy, acting as a Promoter Selling Shareholder, hereby certifies that all statements, disclosures and undertakings made or confirmed by her in this Prospectus in relation to herself and the Equity Shares being offered by her in the Offer for Sale are true and correct. C. Usha Reddy assumes no responsibility, as a Promoter Selling Shareholder, for any other statements, including any of the statements made or confirmed by or relating to the Company or any other person(s) in this Prospectus.

C. Usha Reddy

Place: Hyderabad

Date: March 8, 2021

DECLARATION

G. Kavitha Reddy, acting as a Promoter Selling Shareholder, hereby certifies that all statements, disclosures and undertakings made or confirmed by her in this Prospectus in relation to herself and the Equity Shares being offered by her in the Offer for Sale are true and correct. G. Kavitha Reddy assumes no responsibility, as a Promoter Selling Shareholder, for any other statements, including any of the statements made or confirmed by or relating to the Company or any other person(s) in this Prospectus.

G. Kavitha Reddy

Place: Hyderabad

Date: March 8, 2021

DECLARATION

D. Anitha Reddy, acting as a Promoter Selling Shareholder, hereby certifies that all statements, disclosures and undertakings made or confirmed by her in this Prospectus in relation to herself and the Equity Shares being offered by her in the Offer for Sale are true and correct. D. Anitha Reddy assumes no responsibility, as a Promoter Selling Shareholder, for any other statements, including any of the statements made or confirmed by or relating to the Company or any other person(s) in this Prospectus.

D. Anitha Reddy

Place: Hyderabad

Date: March 8, 2021

DECLARATION

K. Shalini, acting as a Promoter Selling Shareholder, hereby certifies that all statements, disclosures and undertakings made or confirmed by her in this Prospectus in relation to herself and the Equity Shares being offered by her in the Offer for Sale are true and correct. K. Shalini assumes no responsibility, as a Promoter Selling Shareholder, for any other statements, including any of the statements made or confirmed by or relating to the Company or any other person(s) in this Prospectus.

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K. Shalini

Place: Hyderabad

Date: March 8, 2021

DECLARATION

A. Manogna, acting as a Promoter Selling Shareholder, hereby certifies that all statements, disclosures and undertakings made or confirmed by her in this Prospectus in relation to herself and the Equity Shares being offered by her in the Offer for Sale are true and correct. A. Manogna assumes no responsibility, as a Promoter Selling Shareholder, for any other statements, including any of the statements made or confirmed by or relating to the Company or any other person(s) in this Prospectus.

A. Manogna

Place: Hyderabad

Date: March 8, 2021

DECLARATION

Fabmohur Advisors LLP, acting as an Investor Selling Shareholder, hereby certifies that all statements, disclosures and undertakings made or confirmed by it in this Prospectus in relation to itself and the Equity Shares being offered by it in the Offer for Sale are true and correct. Fabmohur Advisors LLP assumes no responsibility as an Investor Selling Shareholder, for any other statements, including, any of the statements made or confirmed by or relating to the Company or any other person(s) in this Prospectus.

SIGNED FOR AND ON BEHALF OF FABMOHUR ADVISORS LLP

Name: Mathew Cyriac

Designation: Designated Partner

Place: Mumbai

Date: March 8, 2021

DECLARATION

P. Simhadri Reddy, acting as an Investor Selling Shareholder, hereby certifies that all statements, disclosures and undertakings made or confirmed by him in this Prospectus in relation to himself and the Equity Shares being offered by him in the Offer for Sale are true and correct. P. Simhadri Reddy assumes no responsibility, as an Investor Selling Shareholder, for any other statements, including any of the statements made or confirmed by or relating to the Company or any other person(s) in this Prospectus.

P. Simhadri Reddy

Place: Bengaluru

Date: March 8, 2021