Draft Letter of Offer
September 30, 2024
For Eligible Equity Shareholders only

ANDHRA CEMENTS LIMITED

Our Company was originally incorporated as "*The Andhra Cement Company Limited*', a public limited company under the Indian Companies Act, 1913 and received a Certificate of Incorporation from the Assistant Registrar of Joint Stock Companies, Vizagapatam dated December 9, 1936 and obtained its Certificate of Commencement of Business on February 5, 1937. Subsequently the name of our Company changed to '*Andhra Cements Limited*' vide a Fresh Certificate of Incorporation dated December 24, 1990 issued by the Registrar of Companies, Andhra Pradesh. For details of changes in the name of our Company and details of the registered office of our Company, see '*General Information'* on page 51.

Registered Office: Sri Durga Cement Works, Sri Durgapuram, Dachepalli, Palnadu District, 522414, Andhra Pradesh, India
Corporate Office: Plot No. 111, Road No.10, Jubilee Hills, Hyderabad – 500 033, Telangana, India
Contact Person: G Tirupati Rao; Company Secretary and Compliance Officer
Telephone: +91 40 – 23351571/23356572;
E-mail: investorcell@andhracements.com; **Website**: www.andhracements.com;
Corporate Identity Number: L26942AP1936PLC002379

OUR PROMOTER - SAGAR CEMENTS LIMITED

FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF ANDHRA CEMENTS LIMITED (THE "COMPANY OR THE "ISSUER) ONLY

ISSUE OF UP TO [●] EQUITY SHARES OF FACE VALUE ₹ 10 EACH (RIGHTS EQUITY SHARES) OF OUR COMPANY FOR CASH AT A PRICE OF ₹ [●] PER RIGHTS EQUITY SHARE (ISSUE PRICE) (INCLUDING A PREMIUM OF ₹[●] PER RIGHTS EQUITY SHARE), AGGREGATING UP TO ₹ 18,000.00 LAKHS# ON A RIGHTS BASIS TO THE EXISTING ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY (EXCEPT THE PROMOTER AND PROMOTER GROUP) IN THE RATIO OF [●] RIGHTS EQUITY SHARES FOR EVERY [●] EQUITY SHARE(S) HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS ON [●] (RECORD DATE) (THE ISSUE). THE ISSUE PRICE FOR THE RIGHTS EQUITY SHARES IS [●] TIMES THE FACE VALUE OF THE EQUITY SHARES. FOR FURTHER DETAILS, SEE '*TERMS OF THE ISSUE*' ON PAGE 240

#Assuming full subscription. Subject to finalization of the Basis of Allotment

WILFUL DEFAULTER OR FRAUDULENT BORROWER

Neither our Company nor our Promoter or any of our Directors have been categorized as a Wilful Defaulter or Fraudulent Borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on Wilful Defaulter(s) or Fraudulent Borrower(s) issued by the RBI.

GENERAL RISK

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The Rights Equity Shares have not been recommended or approved by the Securities and Exchange Board of India **(SEBI)** nor does SEBI guarantee the accuracy or adequacy of this Draft Letter of Offer. Specific attention of the investors is invited to *'Risk Factors'* on page 24.

ISSUER'S ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Letter of Offer contains all information with regard to our Company and the Issue which is material in the context of the Issue, that the information contained in this Draft Letter of Offer 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 make this document as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**", together, the "**Stock Exchanges**"). Our Company has received 'in-principle' approvals from the BSE and NSE for listing the Rights Equity Shares to be allotted pursuant to this Issue vide letters dated [●] and [●] respectively. Our Company will also make applications to the Stock Exchanges to obtain their trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/MIRSD/POD-1/P.CIR/2023/70 dated May 17, 2023. For the purpose of this Issue, the Designated Stock Exchange is [●].

LEAD MANAGER TO THE ISSUE	REGISTRAR TO THE ISSUE
ANANDRATHI INVESTMENT BANKING	KFINTECH EXPERIENCE TRANSFORMATION
Anand Rathi Advisors Limited 11th Floor, Times Tower, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai, 400013 Maharashtra, India **Telephone:** +91 22 4047 7120 **E-mail:** aclrights@rathi.com **Website:** www.anandrathiib.com **Investor Grievance e-mail:** grievance.ecm@rathi.com **Contact Person:** Arpan Tandon **SEBI Registration Number:** INM000010478	**KFin Technologies Limited** Selenium Tower B, Plot 31 & 32, Gachibowli, Financial District Nanakramguda, Serilingampally Hyderabad 500 032 Telangana, India **Telephone:** +91 40 67162222/18003094001 **E-mail:** acl.rights@kfintech.com **Investor Grievance ID**: einward.ris@kfintech.com **Website:** www.kfintech.com **Contact Person:** M Murali Krishna **SEBI Registration Number:** INR000000221

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON#
[●]	[●]	[●]

**Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.*

 # Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date) or such other time as may be permitted as per applicable law. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.

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CONTENTS

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Letter of Offer uses certain definitions and abbreviations which unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided in this section. References to any statutes, regulations, rules, guidelines or policies shall be to such act, regulation, rule, guideline or policy as amended, supplemented or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

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

The following list of capitalized terms used in this document is intended for the convenience of the reader / prospective investor only and is not exhaustive.

Notwithstanding the foregoing, terms used in 'Industry Overview', "Our Business", 'Statement of Tax Benefits', 'Financial Information' and 'Outstanding Litigation and Other Material Developments' on pages 86, 121, 81, 150 and 224, respectively, shall, unless indicated otherwise, have the meaning ascribed to such terms in these respective sections.

Terms	Description
'our Company', 'the Company' or 'the Issuer' or 'we, 'us', or 'our'	Andhra Cements Limited, a public limited company incorporated under the Indian Companies Act, 1913 and having its Registered Office at Sri Durga Cement Works, Sri Durgapuram, Dachepalli, Palnadu District – 522414, Andhra Pradesh, India and Corporate Office at Plot No. 111, Road No.10, Jubilee Hills, Hyderabad – 500 033, Telangana, India

Company related terms

Terms	Description
"Articles of Association" or "Articles"	Articles of Association of our Company, as amended from time to time
'Auditor' or 'Statutory Auditor'	Statutory auditor of our Company, namely, Deloitte Haskins & Sells, Chartered Accountants
Audit Committee	The committee of the Board of Directors constituted as our Company's audit committee in accordance with Regulation 18 of the SEBI Listing Regulations and Section 177 of the Companies Act, 2013. For details, see '*Our Management – Committees of our Board*' on page 140
Board or Board of Directors	Board of Directors of our Company or a duly constituted committee thereof
Chief Financial Officer	Chief Financial Officer of our Company, namely, Kolluru Prasad
Company Secretary and Compliance Officer	Company Secretary of our Company, namely, G. Tirupati Rao
Corporate Office	Plot No. 111, Road No.10, Jubilee Hills, Hyderabad – 500 033, Telangana, India
Director(s)	Director(s) on the Board of Directors of our Company, unless otherwise specified
Equity Shares	The equity shares of our Company of a face value of ₹ 10 each, unless otherwise specified in the context thereof
Equity Shareholder	A holder of Equity Shares
Executive Director	Executive directors of our Company
Independent Chartered Accountant	C Ramachandram & Co., Chartered Accountants
Independent Directors	The independent director(s) of our Company, who are eligible to be appointed as independent directors in terms of Section 2(47) and Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI Listing

Terms	Description
	Regulations. For further details, see '*Our Management – Committees of our Board'* on page 140
Key Managerial Personnel	Key managerial personnel of our Company determined in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and as described in the chapter *'Our Management-Key Managerial Personnel and Senior Management Personnel* on page 145
Materiality Policy	A policy adopted by our Company, in the Board meeting held on September 28, 2024, for identification of material litigation(s) for the purpose of disclosure of the same in this Draft Letter of Offer
Memorandum of Association	Memorandum of Association of our Company, as amended from time to time
Nomination and Remuneration Committee	The committee of the Board of directors reconstituted as our Company's Nomination and Remuneration Committee in accordance with Regulation 19 of the SEBI Listing Regulations and Section 178 of the Companies Act, 2013. For details, see '*Our Management – Committees of our Board*' on page 140
Non-Executive Directors	A Director not being an Executive Director
Promoter	Sagar Cements Limited "SCL"
Promoter Group	Unless the context requires otherwise, the promoter group of our Company as determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered Office	Sri Durga Cement Works, Sri Durgapuram, Dachepalli, Palnadu District – 522 414, Andhra Pradesh, India
'Registrar of Companies' or 'RoC'	Registrar of Companies, Andhra Pradesh at Vijayawada
Resolution Plan	Resolution plan dated August 29, 2022, as amended, prepared in respect of the corporate insolvency resolution process that the Company underwent and is approved by the Committee of Creditors and the NCLT, Amaravati Bench on February 16, 2023, vide IA(IBC)/31/2023
Restated Financial Statements	Restated financial statements of our Company for the Fiscals ended March 31, 2024, March 31, 2023 and March 31, 2022 comprising the restated financial information of assets and liabilities as at March 31, 2024, March 31, 2023, and March 31, 2022, the restated financial information of profit and loss (including other comprehensive income), the restated financial information of changes in equity and restated financial information of cash flows for the Fiscals ended March 31, 2024, March 31, 2023 and March 31, 2022, together with summary statements of notes and other explanatory information to the restated financial information prepared in accordance with Companies Act, 2013 and restated in accordance with requirements of SEBI ICDR Regulations.
Risk Management Committee	The committee of the Board of Directors constituted as our Company's Risk Management Committee in accordance with Regulation 21 of the SEBI Listing Regulations. For details, see '*Our Management*' on page 135
Senior Management Personnel	Senior management personnel of our Company, determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations and as disclosed in "*Our Management- Key Managerial Personnel and Senior Management Personne*l" beginning on page 145
Stakeholders' Relationship Committee	The committee of the Board of Directors constituted as our Company's Stakeholders' Relationship Committee in accordance with Regulation 20 of the SEBI Listing Regulations. For details, see '*Our Management*' on page 135

Issue related terms

Term	Description
"Abridged Letter of Offer" or "ALOF"	Abridged letter of offer to be sent to the Eligible Equity Shareholders with respect to the Issue in accordance with the provisions of the SEBI ICDR Regulations and the Companies Act, 2013.
Additional Rights Equity Shares / Additional Equity Shares	The Rights Equity Shares applied or allotted under this Issue in addition to the Rights Entitlement.
Allot, Allotment or Allotted	Allotment of the Rights Equity Shares pursuant to the Issue.
Allotment Account(s)	The account(s) opened with the Banker(s) to this Issue, into which the amounts blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Applicants will be transferred on the Transfer Date in accordance with Section 40(3) of the Companies Act, 2013.
Allotment Account Bank(s)	Bank(s) which are clearing members and registered with SEBI as bankers to an issue and with whom the Allotment Accounts will be opened, in this case being [●].
Allotment Advice	Note or advice or intimation of Allotment sent to the Bidders who have been or are to be Allotted the Rights Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allotment Date	Date on which the Allotment is made pursuant to this Issue.
Allottee(s)	Person(s) who is Allotted the Rights Equity Shares pursuant to the Allotment.
Application(s)	Application made through submission of the Application Form or plain paper Application to the Designated Branch of the SCSBs or online / electronic application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process to subscribe to the Rights Equity Shares at the Issue Price.
Application Form	Unless the context otherwise requires, an application form(including online application form available for submission of application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process)used by an Applicant to make an application for the Allotment of Rights Equity Shares in the Issue.
Application Money	Aggregate amount payable at the time of Application i.e. ₹ [●] per Rights Equity Share applied for in the Issue at the Issue Price.
'Application Supported by Blocked Amount' or 'ASBA'	Application (whether physical or electronic) used by Applicant(s) to make an application authorizing the SCSB to block the Application Money in a specified bank account maintained with the SCSB
ASBA Account	An account maintained with SCSBs and as specified in the Application Form or plain paper Application, as the case may be, by the Applicant for blocking the amount mentioned in the Application Form or in the plain paper Application
ASBA Applicant / ASBA Investor	As per SEBI Circular SEBI/HO/MIRSD/POD-1/P/CIR/2023/20 dated May 17, 2023, all Applicants or Investors shall make an Application in the Issue only through ASBA facility.
ASBA Circulars	Collectively, the SEBI circular bearing reference number SEBI/CFD/DIL/ASBA/1/2009/30/12 dated December 30, 2009, the SEBI circular bearing reference number CIR/CFD/DIL/1/2011 dated April 29, 2011, and the SEBI Circular SEBI/HO/MIRSD/POD-1/P/CIR/2023/20 dated May 17, 2023, any other circular issued by SEBI in this regard and any subsequent circulars or notifications issued by SEBI in this regard.
Banker(s) to the Issue	Collectively, Escrow Collection Bank, Allotment Account Bank and the Refund Bank
Banker to the Issue Agreement	Agreement dated [●] entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for receipt of the Application Money from Applicants/Investors and transfer of funds to the Allotment Account, on the terms and conditions thereof.

Term	Description
Basis of Allotment	The basis on which the Rights Equity Shares will be Allotted to successful Applicants in consultation with the Designated Stock Exchange under this Issue, as described in *'Terms of the Issue'* on page 240.
Controlling Branches	Such branches of the SCSBs which co-ordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchanges, a list of which is available on the website of SEBI updated from time to time, or at such other website(s) as may be prescribed by the SEBI from time to time.
Demographic Details	Details of Investors including the Investor's address, PAN, DP ID, Client ID, bank account details and occupation, where applicable.
Depositories Act	The Depositories Act, 1996.
Depository Participant / DP	A depository participant as defined under the Depositories Act.
Depository (ies)	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 2018 as amended from time to time read with the Depositories Act, 1996 , in this case being CDSL and NSDL.
Designated Branches	Such branches of the SCSBs which shall collect the Application Form or the plain paper application, as the case may be, used by the ASBA Investors and a list of which is available on http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes
Designated Stock Exchange	[●]
Draft Letter of Offer/ "DLOF"	This Draft Letter of Offer dated September 30, 2024 filed with SEBI in accordance with the SEBI ICDR Regulations
Eligible Equity Shareholder(s)	Holder(s) of the Equity Shares of our Company (except Promoter and Promoter Group) as on the Record Date.
"Equity Shareholder(s)" or "Shareholders"	Holder(s) of the Equity Shares of our Company
Escrow Account	One or more no-lien and non-interest-bearing accounts with the Escrow Collection Bank for the purposes of collecting the Application Money from Eligible Equity Shareholders as on record date making an Application through the ASBA facility
Escrow Collection Bank	Bank(s) which are clearing members and registered with SEBI as banker to an issue and with whom an escrow account will be opened, in this case being, [●]
FPIs	Foreign portfolio investors as defined under the SEBI FPI Regulations
Fraudulent Borrower	Fraudulent Borrower as defined under Regulations 2(1)(lll) of the SEBI ICDR Regulations
Investor(s)	Eligible Equity Shareholder(s) of the Company on the Record Date i.e. [●], and the Renouncee(s)
ISIN	International Securities Identification Number.
Issue	Issue of up to [●]* Rights Equity Shares for cash at a price of ₹[●] per Equity Share for an amount aggregating up to ₹18,000.00 lakhs on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of [●] Rights Equity Share for every [●] Equity Shares held by the Eligible Equity Shareholders on the Record Date. **Subject to finalization of the Basis of Allotment*
Issue Agreement	Agreement dated September 30, 2024 entered into between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Closing Date	[●]
Issue Materials	Collectively, this Draft Letter of Offer, Letter of Offer, the Abridged Letter of Offer, Application Form, the Rights Entitlement Letter, any other issue material
Issue Opening Date	[●]
Issue Period	The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Applicants can submit their Applications, in accordance with the SEBI ICDR Regulations.
Issue Price	₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share).
Issue Size	The issue of up to [●] Rights Equity Shares aggregating up to ₹18,000.00 lakhs

Term	Description
Lead Manager	Anand Rathi Advisors Limited
‘Letter of Offer’ or ‘LOF’	The final letter of offer to be filed with the Stock Exchanges after incorporating the observations received from SEBI on this Draft Letter of Offer
Listing Agreement	The listing agreements entered into between our Company and the Stock Exchanges in terms of the SEBI Listing Regulations.
Monitoring Agency	CARE Ratings Limited
Monitoring Agency Agreement	Agreement dated September 25, 2024 entered into between the Company and the Monitoring Agency
Multiple Application Forms	More than one Application form submitted by an Eligible Shareholder/ Renouncee in respect of the same Rights Entitlements available in their demat account. However, additional applications in relation to additional Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple application
Net Proceeds	Issue Proceeds less the Issue related expenses. For details, see *‘Objects of the Issue’* on page 59.
Off Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by transferring them through off-market transfer through a depository participant in accordance with the SEBI Rights Issue Circular and the circulars issued by the Depositories, from time to time, and other applicable laws.
On Market Renunciation	The renunciation of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchanges through a registered stock broker in accordance with the SEBI Rights Issue Circular and the circulars issued by the Stock Exchanges, from time to time, and other applicable laws, on or before [●].
Record Date	Designated date for the purpose of determining the Equity Shareholders eligible to apply for Rights Equity Shares, to be decided prior to filing of the Letter of Offer, being [●]
Refund Bank	The Banker(s) to the Issue with whom the Refund Accounts will be opened, in this case being [●].
Registrar and Transfer Agent	CIL Securities Limited
Registrar to the Issue/Registrar	KFin Technologies Limited
Registrar Agreement	Agreement dated April 30, 2024, between our Company and the Registrar to the Issue in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to this Issue.
Renouncee(s)	Person(s) who has / have acquired Rights Entitlements from the Eligible Equity Shareholders.
Renunciation Period	The period during which the Investors can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date and shall close on [●] in case of On Market Renunciation. Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncee on or prior to the Issue Closing Date.
Rights Entitlement(s)	Number of Rights Equity Shares that an Eligible Equity Shareholder is entitled to in proportion to the number of Equity Shares held by the Eligible Equity Shareholder on the Record Date, in this case being [●] Rights Equity Shares for every [●] Equity Shares held by an Eligible Equity Shareholder
Rights Entitlement Letter	Letter including details of Rights Entitlements of the Eligible Equity Shareholders. The Rights Entitlements are also accessible on the website of our Company
Rights Equity Shares	The Equity Shares offered and to be issued and allotted pursuant to the Issue.
Rights Equity Shareholder	A holder of the Rights Equity Shares, from time to time
SCSB(s)	Self-certified syndicate banks registered with SEBI, which acts as a banker to the issue and which offers the facility of ASBA. A list of all SCSBs is available at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34, or such other website as updated from time to time

Term	Description
Stock Exchanges	Stock exchanges where the Equity Shares are presently listed, being BSE and NSE.
Transfer Date	The date on which the Application Money blocked in the ASBA Account will be transferred to the Allotment Account(s) in respect of successful Applications, upon finalization of the Basis of Allotment, in consultation with the Designated Stock Exchange.
Wilful Defaulter or Fraudulent Borrower	Company or person, as the case may be, categorized as a wilful defaulter(s) or fraudulent borrower(s) by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on wilful defaulters issued by RBI and in terms of Regulation 2(1)(lll) of the SEBI ICDR Regulations.
Working Day(s)	All days on which commercial banks in Mumbai are open for business. Further, in respect of Issue Period, working day means all days, excluding Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business. Furthermore, in respect of the time period between the Issue Closing Date and the listing of the Rights Equity Shares on the Stock Exchanges, working day means all trading days of the Stock Exchanges, excluding Sundays and bank holidays, as per circulars issued by SEBI.

Industry related terms

Term	Description
ACL	Andhra Cement Limited
AFR	Alternative Fuel and Raw Materials
APCL	Anjani Portland Cement Limited
BPS	Basis Points
CAGR	Compound Annual Growth Rate
CCCPL	Chettinad Cement Corporation Private Limited
CMIE	Centre for Monitoring Indian Economy
CY	Current Year
DCL	Deccan Cement Limited
DCW	Durga Cement Works
DFI	Development Finance Institution
EBITDA	Earnings before Interest, Taxes Depreciation and Amortization
FDI	Foreign Direct Investment
FOR	Freight on Road
FY	Financial Year
GDP	Gross Domestic Product
GFCF	Gross Fixed capital Formation
GGBS	Ground Granulate Blast-furnace Slag
GoI	Government of India
GVA	Gross Value Added
H1	1^{st} half of the year
H2	2^{nd} half of the year
IMD	Indian Meteorological Department
IoT	Internet of Things
KIL	Kesoram Industries Limited
MoCA	Ministry of Civil Aviation
MOSPI	Ministry of Statistics and Programme Implementation
MT	Metric Tonnes
MTCO2	Million Tonne CO2
MTPA	Million Tonne per Annum

NIP	National Infrastructure Pipeline
OCL	Orient Cement Limited
OPC	Ordinary Portland Cement
PCC	Portland Composite Cement
PLI	Production Linked Incentive
PMAY	Pradhan Mantri Awas Yojna
PMAY-G	Pradhan Mantri Awas Yojna – Gramin
PMGKAY	Pradhan Mantri Garib Kalyan Anna Yojna
PPC	Portland Pozzolana Cement
PSC	Portland Slag Cement
Q	Quarter
RBI	Reserve Bank of India
SRC	Sulphate Resistant Cement
TPA	Tonnes Per Annum
VCW	Visaka Cement Works
WHRS	Waste Heat Recovery System
y-o-y	Year over Year

Conventional and general terms or abbreviations

Term	Description
'₹', 'Rs.', 'Rupees' or 'INR'	Indian Rupees
AIF	Alternative Investment Fund as defined in and registered with SEBI under the SEBI AIF Regulations.
'AS' or 'Accounting Standards'	Accounting Standards issued by the ICAI.
BSE	BSE Limited
CAGR	Compound Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIRP	Corporate Insolvency Resolution Process
Companies Act, 1956	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
Competition Act	The Competition Act, 2002
DIN	Director Identification Number
DPIIT	Department for Promotion of Industry and Internal Trade
DP ID	Depository Participant's Identification
'DP' or 'Depository Participant'	A depository participant as defined under the Depositories Act.
EBITDA	Earnings from continuing operations before tax expense, exceptional items, finance costs, depreciation and amortisation, other income and share of net profit of Associates and Joint Ventures
EPS	Earnings per Share.
FDI	Foreign Direct Investment
FDI Circular 2020	Consolidated FDI Policy dated October 15, 2020 issued by the DPIIT Ministry of Commerce and Industry, Government of India.
FEMA	The Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
'Financial Year', 'Fiscal', 'fiscal', 'Fiscal Year' or 'FY'	Unless stated otherwise, the period of 12 months ending March 31 of that particular year.
FPI(s)	Foreign Portfolio Investors as defined under the SEBI FPI Regulations.

Term	Description
FVCI	Foreign Venture Capital Investors as defined and registered under the SEBI FVCI Regulations.
'GoI' or 'Government'	Government of India
GST	Goods and Services Tax
ICAI	The Institute of Chartered Accountants of India
IFSC Code	Indian Financial System Code
'Income Tax Act' or 'IT Act'	Income Tax Act, 1961
Ind AS	Indian Accounting Standards as referred to in and notified under the Ind AS Rules.
Ind AS 34	Indian Accounting Standard 34
Ind AS Rules	The Companies (Indian Accounting Standard) Rules, 2015
India	Republic of India
MCA	Ministry of Corporate Affairs, Government of India
'N.A.' or 'NA'	Not Applicable
NACH	National Automated Clearing House
NBFC	Non-Banking Financial Company
NBFC-SI	Systemically Important NBFC
NEFT	National Electronic Fund Transfer
No.	Number
NPD	Non-personal data
NRI	A person resident outside India, who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or an 'Overseas Citizen of India' cardholder within the meaning of Section 7(A) of the Citizenship Act, 1955.
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
Non-GAAP Measures	EBITDA, RoNW and Net Asset Value per Equity Share
OCB	Overseas Corporate Body (ies)
p.a.	Per annum
PAN	Permanent Account Number
Prospectus Regulations	Prospectus Regulation (EU) 2017 / 1129
'Qualified Institutional Buyers' or 'QIBs'	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Regulations S	Regulation S under the U.S. Securities Act
RoNW	Return on net worth
RBI	Reserve Bank of India
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015
SEBI ICDR Master Circular	SEBI master circular bearing number SEBI/HO/CFD/PoD- 2/P/CIR/2023/00094 dated June 21, 2023
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

Term	Description
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed by the SEBI AIF Regulations
Stock Exchanges	Together, BSE and NSE
STT	Securities Transaction Tax
UPI	Unified Payment Interface
‘U.S.’ or ‘USA’ or ‘United States’	United States of America
‘USD’ or ‘US$’	United States Dollars, the lawful currency of the United States
U.S. Securities Act	United States Securities Act of 1933, as amended
US SEC	The U.S. Securities and Exchange Commission
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations

NOTICE TO INVESTORS

The distribution of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, Application Form and Rights Entitlement Letter and the issue of Rights Entitlement and Rights Equity Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer or Application Form may come are required to inform themselves about and observe such restrictions.

The Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and any other material relating to the Issue (collectively, the "**Issue Materials**") will be sent/ dispatched only to the Eligible Equity Shareholders who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address to our Company, the Issue Materials will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Issue Material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them. Those overseas Shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Issue Materials, shall not be sent the Issue Materials.

Investors can also access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form from the websites of our Company, the Registrar, the Lead Manager, SEBI, and the Stock Exchanges.

Our Company, the Lead Manager, and the Registrar will not be liable for non-dispatch of physical copies of Issue Materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, in the event the Issue Materials have been sent to the registered email addresses of such Eligible Equity Shareholders.

No action has been or will be taken to permit the Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with SEBI for observations. Accordingly, the Rights Entitlement and the Rights Equity Shares may not be offered or sold, directly or indirectly, and this Draft Letter of Offer, Letter of Offer, and any other Issue Materials may not be distributed, in whole or in part, in or into any jurisdiction (other than in India), except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Draft Letter of Offer, Letter of Offer or any other Issue Materials (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorized or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, this Draft Letter of Offer, Letter of Offer, and any other Issue Materials must be treated as sent for information only and should not be acted upon for subscription to Rights Equity Shares and should not be copied or re-distributed. Accordingly, persons receiving a copy of this Draft Letter of Offer, Letter of Offer, and any other Issue Materials should not distribute or send this Draft Letter of Offer, Letter of Offer or any such documents in or into any jurisdiction where to do so, would or might contravene local securities laws or regulations, or would subject our Company or its affiliates or the Lead Manager or its affiliates to any filing or registration requirement (other than in India). If this Draft Letter of Offer or Letter of Offer or any other Issue Material is received by any person in any such jurisdiction, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in the Letter of Offer or any of the Issue Materials.

Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented, warranted and agreed that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or the Lead Manager or its affiliates to make any filing or registration (other than in India). Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it is either in India or is in compliance with laws of its jurisdiction, and in each case is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form that: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or any other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including that such person submitting and/or renouncing the Application Form is outside the United States and that such person is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with the Issue; (iii) where a registered Indian address is not provided; or (iv) where our Company believes acceptance of such Application Form may infringe applicable legal or regulatory requirements; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

Neither the receipt of this Draft Letter of Offer nor any sale of Rights Equity Shares hereunder, shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or the date of such information or that the information contained herein is correct as at any time subsequent to the date of this Draft Letter of Offer or the date of such information. The contents of this Draft Letter of Offer should not be construed as legal, tax, business, financial or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Rights Equity Shares or Rights Entitlements. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of the Rights Equity Shares or Rights Entitlements. In addition, neither our Company nor the Lead Manager or its affiliates are making any representation to any offeree or purchaser of the Rights Equity Shares regarding the legality of an investment in the Rights Entitlements or the Rights Equity Shares by such offeree or purchaser under any applicable laws or regulations.

Investors are advised to make their independent investigations and ensure that the number of Rights Equity Shares applied for do not exceed the applicable limits under laws or regulations.

The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by any regulatory authority, nor has any regulatory authority passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of this Draft Letter of Offer. Any representation to the contrary is a criminal offence in certain jurisdictions.

The Issue Materials are supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

NO OFFER IN THE UNITED STATES

THE RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "U.S SECURITI ES ACT") AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES. ACCORDINGLY, THE RIGHTS ENTITLEMENTS (INCLUDING THEIR CREDIT) AND THE RIGHTS EQUITY SHARES ARE ONLY BEING OFFERED AND SOLD OUTSIDE THE UNITED STATES IN "OFFSHORE TRANSACTIONS" AS DEFINED IN AND IN RELIANCE ON REGULATION S UNDER THE U.S. SECURITIES ACT AND THE APPLICABLE LAWS OF THE JURISDICTION WHERE THOSE OFFERS AND SALES OCCUR.

Neither our Company, nor any person acting on behalf of our Company, will accept a subscription or renunciation from any person, or the agent of any person, who appears to be, or who our Company, or any person acting on behalf of our Company, has reason to believe is, in the United States when the buy order is made. No Application Form should be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where it would be illegal to make an offer under the Letter of Offer or where any action would be required to be taken to permit the Issue. Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and will dispatch the Letter of Offer or the Abridged Letter of Offer and Application Form only to Eligible Equity Shareholders who have provided an Indian address to our Company. Any person who acquires Rights Entitlements or Rights Equity Shares will be deemed to have represented, warranted and agreed, by accepting the delivery of the Letter of Offer, that it is not and that at the time of subscribing for the Rights Equity Shares or the Rights Entitlements, it will not be, in the United States and is authorized to acquire the Rights Entitlement and the Rights Equity Shares in compliance with all applicable laws and regulations. The Rights Entitlements and the Rights Equity Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any U.S. federal or state securities commission or any other regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Rights Entitlements, the Rights Equity Shares or the accuracy or adequacy of the Draft Letter of Offer or Letter of Offer. Any representation to the contrary is a criminal offence in the United States.

In making an investment decision, investors must rely on their own examination of our Company and the terms of the Issue, including the merits and risks involved.

PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Draft Letter of Offer to (i) the 'US' or 'U.S.' or the 'United States' are to the United States of America, its territories and possessions, any state of the United States, and the District of Columbia; (ii) 'India' are to the Republic of India and its territories and possessions; and (iii) the 'Government' or 'GoI' or the 'Central Government' or the 'State Government' are to the Government of India, Central or State, as applicable.

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

Page Numbers

Unless stated otherwise, all references to page numbers in this Draft Letter of Offer are to the page numbers of this Draft Letter of Offer.

Financial Data

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Fiscal or Financial Year, unless stated otherwise, are to 12-month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

Unless stated, or, the context requires, otherwise all financial information and financial ratios in this Draft Letter of Offer is derived from our Restated Financial Statements. For further information, see *'Financial Information'* on page 150.

Restated financial statements of our Company for the Fiscals ended March 31, 2024, March 31, 2023 and March 31, 2022 comprising the restated financial information of assets and liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022, the restated financial information of profit and loss (including other comprehensive income), the restated financial information of changes in equity and restated financial information of cash flows for the Fiscals ended March 31, 2024, March 31, 2023 and March 31, 2022, together with summary statements of notes and other explanatory information to the restated financial information prepared in accordance with Companies Act, 2013 and restated in accordance with requirements of SEBI ICDR Regulations. For further information, see '*Financial Information'* on page 150.

In this Draft Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. All figures in decimals have been rounded off to the second decimal and all the percentage figures have been rounded off to two decimal places. Further, any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Unless stated otherwise, throughout this Draft Letter of Offer, all figures have been expressed in Rupees, in lakhs.

Non-GAAP Financial Measures

We have included certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance (collectively, "**Non-GAAP Financial Measures**" and each, a "**Non-GAAP Financial Measure**") in this Draft Letter of Offer, such as EBITDA. These Non-GAAP Financial Measures are not required by or presented in accordance with Ind AS. We compute and disclose such Non-GAAP Financial Measures relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of other companies in our industry. However, these Non-GAAP Financial Measures 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. See '*Risk Factor - We have included certain non-GAAP financial measures related to our financial performance that may vary from any standard methodology that may be applicable across the industry in which we operate, and which may not be comparable with financial, or industry related information of similar nomenclature computed and presented by similar companies'* on page 45.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Draft Letter of Offer, including in "Risk Factors", "Industry Overview", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" have been derived from the report titled "*Research Report on Cement Industry*" dated September 24, 2024 ("***CARE Report***") issued by Care Analytics and Advisory Private Limited ("***CARE***") pursuant to the engagement letter dated March 11, 2024. The CARE Report has been commissioned and paid for by our Company, for an agreed fee only for the purposes of confirming our understanding of the industry in connection with the Issue. CARE is not in any manner related to our Company, our Directors or our Promoters. For risks in relation to commissioned reports, see '*Risk Factor - This Draft Letter of Offer contains information from an industry report prepared by CARE which we have commissioned and paid for.*' on page 39

The CARE Report is subject to the following disclaimer:

"This report is prepared by Care Analytics and Advisory Private Limited (CareEdge Research). CareEdge Research has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in CareEdge Research's proprietary database, and other sources considered by CareEdge Research as accurate and reliable including the information in public domain. The views and opinions expressed herein do not constitute the opinion of CareEdge Research to buy or invest in this industry, sector or companies operating in this sector or industry and is also not a recommendation to enter into any transaction in this industry or sector in any manner whatsoever.

This report has to be seen in its entirety; the selective review of portions of the report may lead to inaccurate assessments. All forecasts in this report are based on assumptions considered to be reasonable by CareEdge Research; however, the actual outcome may be materially affected by changes in the industry and economic circumstances, which could be different from the projections.

Nothing contained in this report is capable or intended to create any legally binding obligations on the sender or CareEdge Research. The subscriber/user assumes the entire risk of any use made of this report or data herein. This report is for the information of the authorized recipient in India only and any reproduction of the report or part of it would require explicit written prior approval of CareEdge Research. CareEdge Research shall reveal the report to the extent necessary and called for by appropriate regulatory agencies, viz., SEBI, RBI, Government authorities, etc., if it is required to do so. By accepting a copy of this report, the recipient accepts the terms of this Disclaimer, which forms an integral part of this report.

Currency and Units of Presentation

In this Draft Letter of Offer, unless the context otherwise requires, all references to 'Rupees' or '₹' or 'Rs.' or 'INR' are to Indian rupees, the official currency of the Republic of India. Our Company has presented certain numerical information in this Draft Letter of Offer in "lakhs" units, or in absolute number where the number have been too small to present in million unless as stated, otherwise, as applicable. 1 lakh represents 1,00,000. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than lakh, such figures appear in this Draft Letter of Offer expressed in such denominations as provided in their respective sources.

Any percentage amounts, as set forth in *'Risk Factors', 'Our Business', 'Management's Discussion and Analysis of Financial Conditions and Results of Operations'* on pages 24, 121 and 206 and elsewhere in this Draft Letter of Offer, unless otherwise indicated, have been calculated based on our Restated Financial Statements.

Exchange Rates

This Draft Letter of Offer contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupees and USD:

(In ₹)

Currency	Exchange Rate as on		
	March 31, 2024	March 31, 2023	March 31, 2022
1 USD	83.37	82.22	75.81

(Source: http://www.fbil.org.in)

Notes:

1) *Exchange rates are rounded off to two decimal points*
2) *Wherever the exchange rate was not available on account of March 31 being a holiday, the exchange rate as of the immediately preceding working day has been provided.*

FORWARD-LOOKING STATEMENTS

This Draft Letter of Offer contains certain "forward-looking statements" which are not historical facts. These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "believe", "can", "could", "continue", "expect", "estimate", "intend", "may", "likely", "objective", "plan", "propose", "project", "seek to", "will", "will continue", "will pursue", "would", "will likely result", "is likely", "are likely", "expected to", "will achieve" or other words or phrases of similar import but are not the exclusive means of identifying such statements. Similarly, statements that describe our strategies, objectives, plans, goals, future events, future financial performance, or financial needs are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations, and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements.

These forward-looking statements, whether made by us or a third-party, are based on our current plans, estimates, presumptions and expectations and actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, *inter alia*, regulatory changes pertaining to the industries in India in which we operate and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

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

- Our business is dependent upon our ability to mine/ procure sufficient limestone for our operations, and our inability to do so on reasonable terms, or at all, could have an adverse impact on our business, financial condition and results of operations.

- The recently enacted Mines and Minerals (Development and Regulation) Amendment Act, 2021 may result in lapsing of letters of intent for the grant of mining leases under Section 10A of the MMDR Act.

- The limestone reserve data and reserve life in this Draft Letter of Offer is only an estimate and our actual reserves may differ from such estimate.

- We are dependent upon the continued availability of coal, petcoke, alternative fuels, water, labour and other raw materials used in the production of cement, the costs and supply of which can be subject to significant variation due to factors outside our control.

- Cement industry being capital intensive, and need to seek additional financing in the future to support our growth strategies; and

- Reliance on the demand for cement from various industries such as housing, infrastructure, and commercial real estate

For further discussion on factors that could cause actual results to differ from expectations, see *'Risk Factors', 'Our Business' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations'* on pages 24, 121 and 206 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated.

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

Forward-looking statements reflect the current views of our Company as of the date of this Draft Letter of Offer and are not a guarantee of future performance. These statements are based on our management's beliefs and assumptions, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect. Neither our Company, our Directors, the Lead Manager nor any of their respective affiliates has any obligation to update or otherwise revise any statements whether as a result of new information, future events, changes in assumptions or changes in factors affecting these forward-looking statements or otherwise reflecting circumstances arising after the date of this Draft Letter of Offer or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. All forward looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

In accordance with the SEBI ICDR Regulations, our Company and the Lead Manager will ensure that Eligible Equity Shareholders are informed of material developments from the date of this Draft Letter of Offer until the time of receipt of the listing and trading permissions from the Stock Exchanges.

SUMMARY OF THE DRAFT LETTER OF OFFER

The following is a general summary of certain disclosures included in this Draft Letter of Offer and is neither exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Letter of Offer or 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 in this Draft Letter of Offer, including *'Risk Factors', 'Capital Structure' 'Industry Overview' 'Objects of the Issue', 'Our Business', 'Financial Statements'* and *'Outstanding Litigation and Other Material Developments',* on pages 24, 57, 86, 59, 121, 150, and 224, respectively.

Summary of primary business

Our company is engaged in manufacturing of cement and clinker from our integrated cement manufacturing facility situated at Dachepalli, Palnadu District, Andhra Pradesh namely "Sri Durga Cement Works". For the Fiscal year ended March 31, 2024, Sri Durga Cement Works had an installed manufacturing capacity of 21,41,250 MT of cement grinding and 18,00,000 MT of clinker. During the Fiscal year ended March 31, 2024, our Company manufactured an aggregate quantity of 5,16,141 MT of cement and 5,97,513 MT of clinker at Sri Durga Cement Works. As on the date of this Draft Letter of Offer, Sri Durga Cement Works facility has an installed cement manufacturing capacity of 22,50,000 MT a year and a clinker manufacturing capacity of 18,50,000 MT a year.

Summary of Industry

India's real GDP grew by 7.0% in FY23 and stood at ~₹ 161 trillion, as per the First Revised Estimate, despite the pandemic in previous years and geopolitical Russia-Ukraine spillovers. Real GDP in the year FY24 is estimated to grow at 8.2% at Rs. 173.8 trillion as per provisional estimate of the Ministry of Statistics and Programme Implementation. The manufacturing sector maintained an encouraging pace of growth, given the favourable demand conditions and lower input prices. The cement industry is a core industrial sector in India. For a developing economy such as India, cement as a commodity holds significant value. This is attributed to the immense infrastructure requirements of a growing and urbanizing country and its contributions by way of direct and indirect employment. *(Source: CARE Report)*

Cement volume growth is expected to moderate over FY25 to FY29, on the high base of earlier three fiscals. The slowdown in demand growth is also from rural housing with a high base of growth observed over the recent past on account of the PMAY-G scheme. Currently, out of 29.5 million units, only 4.1 million housing units are pending which is expected to be completed by December 2024. An additional 20 million houses have been announced in the interim budget 2024, however, spread over the next 5 years under the rural low-cost housing. *(Source: CARE Report)*

Our Promoter

Sagar Cements Limited is the Promoter of our Company. For further details, see '*Our Promoter*' on page 148.

Objects of the Issue

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

(in ₹ lakhs)

Particulars	Amount
Capital expenditure for part-funding of capacity expansion and modernization of existing manufacturing facility at "Sri Durga Cement Works", Dachepalli, Palnadu District, Andhra Pradesh	Up to 16,700.00
General Corporate Purposes*	[●]
Net Proceeds	[●]

** To be finalized upon determination of Issue Price and updated in the Letter of Offer. The amount shall not exceed 25% of the Issue Proceeds.*

For further details, see '*Objects of the Issue*' on page 59.

Summary of Restated Financial Statements

A summary of the Restated Financial Information for the Financial years ended March 31, 2024, March 31, 2023 and March 31, 2022:

(₹ in lakhs, unless stated otherwise)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Equity Share Capital	9,217	9,217	29,352
Net Worth	29,681	35,524	(91,661)
Revenue from Operations	26,811	0	0
Total Income	27,662	48	61
Restated (Loss) / Profit after tax for the year	(6,562)	94,962	(23,629)
Restated (loss) / Earnings / per equity share			
- Basic (in ₹)	(7.12)	34.82	(8.05)
- Diluted (in ₹)	(7.12)	34.82	(8.05)
Net asset value per Equity Share (in ₹)	32.20	38.54	(31.23)
Total Borrowings (excluding current maturities)	65,719	52,491	97,032

Note:

a. *Net asset value per equity share is calculated by dividing Net Worth by the number of Equity Shares outstanding during the year / period.*
b. *Net worth (excluding revaluation reserves) means the aggregate value of paid-up equity share capital (including shares pending allotment) and securities premium account, after adding surplus in statement of profit and loss.*

Summary of Outstanding Litigations

A summary of outstanding litigation proceedings involving our Company, Directors and Promoter, to the extent applicable, as on the date of this Draft Letter of Offer is set out below:

Name of Entity	Criminal proceedings	Statutory or regulatory proceedings	Disciplinary actions by the SEBI or Stock Exchanges	Tax proceedings	Material civil proceedings	Aggregate amount involved (₹ in lakhs)*
Company						
By our Company	Nil	Nil	Nil	Nil	4	204.52
Against our Company	Nil	Nil	Nil	1	2	204.52
Directors						
By our Directors	Nil	Nil	Nil	Nil	Nil	Nil
Against our Directors	Nil	Nil	Nil	Nil	Nil	Nil
Promoter						
By our Promoter	9	Nil	Nil	Nil	5	134.72
Against our Promoter	Nil	1	Nil	32	6	4,107.97

***** *To the extent quantifiable.*
*** Includes proceedings where notices have been received by our Promoter but penalty amount has not been ascertained.*

For details, see *'Outstanding Litigation and Other Material Developments'* on page 224.

Risk Factors

For details of the risks applicable to us, including to our business, the industry in which we operate and our Equity Shares, see *'Risk Factors'* on page 24.

Contingent Liabilities

For details regarding our contingent liabilities, see '*Restated Financial Statements - Note 31* on page 187.

Related Party Transactions

For details of our related party transactions, see ''*Restated Financial Statements - Note 35: Related Party Disclosures'* on page *193*.

Details of the Equity Shares issued for consideration other than cash in the last 1 year

No Equity Shares have been issued by our Company for consideration other than cash during the period of 1 year immediately preceding the date of filing of this Draft Letter of Offer.

Details of any split or consolidation of Equity Shares in the last 1 year

Our Company has not carried out any split or consolidation of Equity Shares in the last 1 year.

SECTION II: RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all the information disclosed in this Draft Letter of Offer, including the risks and uncertainties described below, before making an investment in Rights Equity Shares. The risks described below are those that we consider to be most significant to our business, cash flows, results of operations and financial conditions as of the date of this Draft Letter of Offer. However, they may not be exhaustive or are not the only risks relevant to us or Equity Shares or the industry in which we currently operate. Additional risks and uncertainties, not presently known to us or that we currently deem immaterial may also impair our business prospects, cash flows, results of operations and financial condition. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial implication of any of the risks mentioned below. If any or a combination of the risks described below, or other risks that are not currently known or are currently deemed immaterial actually occur, our business prospects, cash flows, results of operations and financial condition could be adversely affected, the trading price of the Equity Shares could decline, and you may lose all or part of the value of your investment.

Any potential Investor in the Rights Equity Shares should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to legal and regulatory environment which may differ significantly from that in other jurisdictions. In making an investment decision, prospective Investors must rely on their own examination of us and the terms of the Issue, including the merits and risks involved. Investors should consult their respective tax, financial and legal advisors about the particular consequences of an investment in this Issue. In order to obtain a complete understanding about us, investors should read this section in conjunction with "Our Business", "Industry Overview", "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", on pages 121, 150 and 206 respectively, as well as the other financial information included in this Draft Letter of Offer.

This Draft Letter of Offer 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 Draft Letter of Offer. For further information, please refer to "Forward Looking Statements" on page 19 of this Draft Letter of Offer

*Unless otherwise indicated, industry and market data used in this section has been extracted from the CARE Report. We commissioned and paid for the report titled "Research Report on Cement Industry" dated September 24, 2024 ("**CARE Report**") issued by Care Analytics and Advisory Private Limited ("**CARE**") pursuant to an engagement letter dated March 11, 2024, for the purposes of confirming our understanding of the industry exclusively in connection with the Issue. The CARE Report forms part of the material documents for inspection and is available on the website of our Company at www.andhracements.com. The data included in this section includes excerpts from the CARE Report and may have been re-ordered by us for the purposes of presentation. See- "Internal Risk Factors – This Draft Letter of Offer contains information from an industry report prepared by CARE which we have commissioned and paid for. This Draft Letter of Offer contains information from an industry report which has been commissioned and paid for by us exclusively for the purposes of the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks" and "Industry Overview" on pages 39 and 86.*

Internal Risk Factors

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

Limestone is the principal raw material for clinker manufacturing process which we directly source from our mines situated at Gamalapadu and Ramapuram in Palnadu District, Andhra Pradesh. We obtain limestone for our clinker production from our captive mine located at Gamalapadu and Ramapuram having a mineral resource volume of 108.66 Million Tonnes and 206.85 Million Tonnes of limestone respectively as on July 31, 2024, with a remaining lease validity till March 31, 2030 and September 23, 2051 respectively and are located at a distance of approximately 1.5 to 3 kms from our manufacturing facility situated at Dachepalli, Palnadu District, Andhra Pradesh namely "Sri Durga Cement Works".

The tenure of our mining leases is in accordance with the current provisions of the Mines and Minerals (Development and Regulation) Act, 1957, as amended ("**MMDR Act**"). In terms of section 8A of the MMDR Act, a lease granted on or after January 12, 2015 shall be for a period of 50 years from the date of the original grant and leases granted before January 12, 2015 shall be deemed to have been granted for 50 years from the date of the grant or up to the current renewal period of the mine or up to March 31, 2030 (where the minerals are used for captive purpose), whichever is later, and shall be put on auction after expiry of the lease period with a right of first refusal granted to the holder of the mining lease agreement granted for captive purposes.

State governments also have the right of pre-emption with respect to the minerals lying in or upon the lands in relation to which the mining leases have been granted to us. Under the Mines and Minerals (Development and Regulation) Act "MMDR Act", we have the right of first refusal in relation to renewal of the mining leases used for captive purposes, there can also be no assurance that we will be able to retain such mining leasehold rights on acceptable terms, or meet the price discovered through auction bidding or, if obtained, such rights may not be obtained in a timely manner or may involve requirements which restrict our ability to conduct our operations or to do so profitably or otherwise due to change in law we may no longer have right of first refusal at all. Although we believe that our mining rights are sufficient to meet our current and anticipated levels of production, in case such rights are revoked or our mining leases have expired and have not been renewed upon expiration or renewed via auction at a higher price, or significant restrictions on the usage of the rights are imposed or applicable environmental standards are substantially increased or royalties are increased to significant levels, our ability to operate our plant situated in close proximity to the affected limestone mining sites could be disrupted until alternative limestone sources are located, which could materially and adversely affect our business, financial condition and results of operations.

We are required to obtain a lease from the state government in order to mine the limestone deposits and have, accordingly, obtained long-term leases to mine limestone from the mine. Mining rights are subject to compliance with certain terms and conditions and are also governed by the relevant state authorities and accordingly, any change in state policy would impact the operations of the relevant mine. Further, the Government of India has the power to take action with respect to mining rights, including imposing fines or restrictions, revoking the mining rights or changing the amount of royalties payable for mining the mines. Though there has been no instance of termination of any our mining lease in past, our mining leases may be terminated for various reasons, including but not limited to breach of the conditions of the mining lease agreements or due to changes in law. Further, in case of increase of rate of royalty for mining of limestone, which is currently ₹ 105.60 per MT, will result in increase our cost of production. There can be no assurance that we will be able to retain such leasehold rights on acceptable terms, or, if obtained, such rights may not be obtained in a timely manner or may involve requirements which restrict our ability to conduct our operations or to do so profitably. Moreover, entering into new license or mining lease contracts or extending existing license or mining lease contracts is time-consuming and requires the review and approval of several government authorities.

Further, our licenses or mining lease contracts contain various obligations and restrictions, including the requirement for commencing operations within a specified period from the date of execution of the lease. In terms of the recent amendments to the MMDR Act, with effect from March 28, 2021, all mining lessees shall ensure that mining operations such as productions and dispatch are undertaken within 2 years of execution of the lease and such activities are not discontinued for a period of 2 years, subject however, to an extension of 1 year on approval by the State Government of the application made by the holder of the lease.

2. Our operations and revenues are majorly concentrated in the southern region of India and the inability to retain and grow our business in this region besides growing in other regions of India may have an adverse effect on our business, financial condition, results of operations and prospects.

Our present operations and revenues are concentrated in the southern region, particularly in the states of Andhra Pradesh, Telangana and Tamil Nadu. For the financial year ended March 31, 2024 our revenue from sale of cement in Andhra Pradesh, Telangana and Tamil Nadu was ₹ 13,100 lakhs, ₹ 8,106 lakhs and ₹ 1,351 lakhs respectively constituting 58%, 36%, and 6% respectively, of our revenue from sale of cement for the same period. For further information on our proposed expansion plans, see "*Our Business – Strategies*" on pages 125.

Any materially adverse social, political or economic development, natural calamities, civil disruptions, changes in the policies of the state or local governments in this region or operating restrictions/ lockdown consequent to outbreak of infectious diseases, could adversely affect manufacturing activities at our facility, and require a modification of our business strategy, or require us to incur significant capital expenditure. Any such adverse development affecting continuing operations at our facility could result in significant loss from inability to meet customer contracts and production schedules and could materially affect our business reputation within the industry. We cannot assure you that there will not be any significant disruptions in our operations in the future. In addition, the concentration of number of cement manufacturing companies in South India reduces the amount of revenues we can generate from the sale of our cement products. The occurrence of, or our inability to effectively respond to, any such event s or effectively manage the competition in the region, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects.

3. We depend on a select number of suppliers for the supply of coal, petcoke, alternative fuels and certain raw materials. The loss of one or more such suppliers could adversely affect our business, results of operations, financial condition and cash flows.

We are dependent on a steady supply of raw materials and inputs for our manufacturing businesses. While we have captive consumption of our primary raw material limestone from our mine situated at Gamalapadu and Ramapuram, we still rely on a selected number of suppliers to provide the required quantities of coal, petcoke, alternative fuels and certain other raw materials (such as gypsum, fly ash, alumina clay and waste derived alternative raw materials). As of July 31, 2024, we had 18 suppliers which supply us with raw materials, such as gypsum, fly ash, alumina clay and waste-derived alternative raw materials. A significant example of the same is that we source gypsum from two suppliers which can have a material impact on our operations depending on a limited supply for our raw material requirements.

The loss of one or more of our significant suppliers or a reduction in the amount of raw materials we obtain from them could have an adverse effect on the business, results of operations, financial condition and cash flows. Our reliance on a select group of suppliers may also constrain our ability to negotiate arrangements, which may have an impact on profit margins and financial performance. The deterioration of the financial condition or business prospects of these suppliers could reduce their ability meeting our requirements and accordingly result in a significant decrease in our supply. Further, there can be no assurance that strong demand, capacity limitations or other problems experienced by the suppliers will not result in occasional shortages or delays in their supply of raw materials. If we experience a significant or prolonged shortage of raw materials from any of our suppliers, and procurement of raw materials from other sources is not feasible, then we will be unable to meet production schedules and to ship such products to our customers on time, which will adversely affect sales and customer relations. In the absence of long-term supply contracts, we cannot assure you that a particular supplier will continue to supply products in the future. Any change in the supplying pattern of the required raw materials can adversely affect our business and profits.

4. We depend on a distribution network of our promoter for the sale and distribution of our products. Any disruption in our distribution network may adversely affect our business and results of operations.

In addition to the Non-Trade Channel we distribute our products through our Promoter`s dealership network. As of July 31, 2024, besides direct institutional clients to whom we sell directly, we also sell through our Promoter’s extensive distribution network of 3,074 dealers, 7,207 sub-dealers, and 85 clearing & forwarding agents. We market and sell cement products primarily in the Indian states of Andhra Pradesh, Telangana and Tamil Nadu.

Our consignee agents and distributors also engage a number of stockists, other distributors and sub-distributors who distribute our products to a number of retail outlets. As a result, we rely to a significant extent on the relationships we have with our whole-sellers, dealers, and consignment agents, as they play a significant part in enhancing customer awareness of our products and maintaining our brand name. While we believe our relationship with our dealers has been satisfactory, there can be no assurance that we will be able to maintain such relationships in the future.

As our authorized dealers have day-to-day contact with customers, we are exposed to the risk of our dealers failing to adhere to the standards set for them in respect of sales and after-sales service, which in turn could affect our customers' perception of our brand and products. We cannot assure you that that these dealers will continue to maintain adequate sales and succeed in ensuring onward sale of our products or will continue to provide verified and adequate information for preparing demand forecasts for our products.

Our arrangements with our dealers do not have built in exclusivity clauses, whereas, our competitors may have exclusive arrangements with certain dealers who may be unable to stock and distribute our products, which may limit our ability to expand our distribution network. In addition, failure to provide dealers and registered third party agents with sufficient inventories of our products and discounts may result in a reduction in the sales of our products. If our dealers fail to distribute our products in a timely manner, our business, results of operations and financial condition may be adversely affected.

5. ***Our operations are power intensive. Our power and fuel expenses constitute a significant component of our total manufacturing expense. Any shortages or any prolonged interruption or increase in the cost of power supply including supply of coal and petcoke, could adversely affect our business, result of operations and financial conditions.***

Our Company's operations are power intensive and thus we require continuous supply of power for the manufacturing of cement and clinker. Our manufacturing facilities consume significant amount of power and fuel which constituted 56% of our total revenue from operations for the fiscal ended March 31, 2024. We meet our power requirements primarily through state electricity boards.

Additionally, coal is the vital fuel source used in our manufacturing operations required for firing the pre-heater and rotary kiln as well as to generate power for grinding the clinker. We are dependent on various domestic suppliers for the supply of coal. Any inability to procure sufficient quantities of coal on commercially acceptable terms or inability to pass on any increase in the price of coal to our customers could adversely affect our business, results of operations and financial condition.

The cost of electricity from state electricity board could be significantly higher, thereby adversely affecting our cost of production and profitability. Further, if for any reason such electricity is not available, it may result in production shutdowns, increased costs associated with restarting production and the loss of production in progress. Any prolonged interruptions or increase in the cost of power of supply could adversely affect our business, result of operations and financial conditions.

6. ***We are dependent upon the pricing and continued supply of raw materials (limestone, fly ash, coal, pet coke, water etc.) for our business, the costs and supply of which can be subject to significant variation due to factors outside our control, if there are significant increases in the cost of these supplies or limited number of suppliers, our business and results of operations may be materially and adversely affected.***

Our business and operating margins are significantly dependent on the availability and price of raw materials, such as limestone, fly ash, coal, pet coke and water, used in our manufacturing process. Raw materials also represent a significant portion of our expenses. For the Fiscal 2024 the cost of materials consumed was ₹4,248 lakhs, accounting for 11 % of our total expenses. Raw materials are subject to price volatility caused by external factors beyond our control, such as climatic and environmental conditions, commodity price fluctuations, market demand, international prices of raw materials, spread of infectious diseases, such as the COVID-19 pandemic, production and transportation cost, change in fuel prices which may significantly affect transportation costs, and changes in government policies including duties and taxes and trade restrictions.

We use imported and domestic coal to meet our fuel requirements of our operations. Increases in the global prices for coal, have in the past resulted in increases in our cost of fuel expenses. We also procure domestic coal from various traders situated in Telangana, Andhra Pradesh and Tamil Nadu which is transported to our manufacturing facility via road. In addition, as majority of our annual coal requirement is sourced from coal mines located outside of India, we are exposed to the risk of increases in freight rates and foreign exchange. Increase in the global prices for coal and petcoke, have in the past resulted in increases in our cost of power and fuel expenses. In recent years, the energy costs have increased significantly globally due to the soaring natural gas and other energy prices post the commencement of the Russia-Ukraine conflict in February 2022. If the energy costs continue to increase or continue at the current level, it may have an adverse impact on our results of operations. We cannot predict future price trends for power and fuel supplies and raw materials, or the degree of any volatility. If we are unable to obtain adequate power and fuel supplies and raw materials in a timely manner or on acceptable commercial terms, or if there are significant increases in the cost of these supplies, our business and results of operations may be materially and adversely affected.

Further, the availability and supply of coal, petcoke and alternative fuels could be disrupted for reasons beyond our control, including extreme weather conditions, fire, natural catastrophe or by way of changes in governmental policy and judicial intervention. For instance, on October 24, 2017, the Supreme Court of India banned the use of petcoke in certain states with effect from November 1, 2017. Subsequently, the Supreme Court in its order dated July 26, 2018, has imposed a limit on the import of petcoke throughout India and has clarified that such import of petcoke should be permitted only in those industries where petcoke is used as a feedstock or in the manufacturing process, and not as a fuel, such industries being cement, lime kiln, calcium carbide and gasification, where the petcoke and furnace oil gets absorbed along with product in the manufacturing process. Raw petroleum coke in calcined petcoke units has been allowed with condition of 90% recovery of sulphur dioxide emission. State and central governments have been instructed by the Supreme Court to enforce policies regarding the use of petcoke and furnace oil pursuant to orders passed on October 24, 2017, by the Supreme Court of India. Further, pursuant to the orders of the Supreme Court, the Ministry of Environment, Forest and Climate Change, Government of India, issued "*Guidelines for Regulation and Monitoring of Petcoke in India*" on September 10, 2018, which required entities to obtain consent and registration from their respective state pollution control boards for importing and using petcoke. Such approval shall contain the quantity of the petcoke that an entity is allowed to import and use on a monthly and on an annual basis. We, therefore, cannot predict whether such a ban on petcoke may be implemented in the future. Although there was no impact of the Supreme Court order on our operations, there can be no assurance that any such ban on petcoke in the future will not affect our production volumes, business, profitability and results of operations. In addition, competition in the industry may result in increase in prices of coal, petcoke, alternative fuels, which we may not be able to match, thereby affecting our procurement and consequently, production. In particular, the pricing of coal under our supply arrangements is directly linked to market prices and accordingly we bear the risk of coal price fluctuations. While we typically try to pass on any increase in the cost of power and fuel to our customers, there are no formal arrangements or cost escalation clauses in our agreements with our customers and accordingly, we cannot assure you that we will continue to be able to pass on any such increases in the cost of power and fuel to our customers. The absence of long-term contracts at fixed prices exposes us to volatility in the prices of coal that we require, and we may be unable to pass on these costs onto our customers and this could negatively affect the overall profitability and financial performance of our business.

If we are unable to obtain adequate supplies of coal and raw materials or power and fuel in a timely manner or on acceptable commercial terms, or if there are significant increases in the cost of these supplies, our business and results of operations may be materially and adversely affected.

7. ***We have, in the past under the previous management, experienced defaults under our debt obligations and have been subjected to the corporate insolvency resolution process under The Insolvency and Bankruptcy Code, 2016 ("Insolvency Proceedings"). Our inability to meet our obligations under Insolvency Proceedings or further defaults under our debt obligations, could adversely affect our business, results of operations, financial condition and cash flows.***

Our Company had, in the past under the previous management, experienced defaults under its debt obligations. Pursuant to an application filed by Pridhvi Asset Reconstruction and Securitisation Company Limited ("**PARAS**") under section 7 of the Insolvency and Bankruptcy Code, 2016, our Company was admitted to the Corporate Insolvency in April 2022. In the process, our Company was taken over by our Promoter, namely Sagar Cements Limited in February, 2023. As part of the resolution plan submitted by Sagar Cements Limited, all the then outstanding debt, litigations etc. were resolved and our equity shares got re-listed on the National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**") from May 10, 2023. While the resolution applicant has implemented the resolution plan successfully, our inability in compliance with the provisions of the approved resolution plan or further default under our debt obligations may subject us to new litigation proceedings. Any uncertainties or adverse impact in relation to this process could also cause volatility on our stock price and affect the value of your equity shares. There can be no assurance that the compliance of the resolution plan will result in our Company being able to raise required finance to meet its operational requirements or turn its operations profitable or these measures would enable us to meet our cash flow and liquidity requirements in future. Any litigation initiated against our Company or further defaults under our debt obligations, could have a material adverse impact on our Company.

8. ***We have had negative cash flows from operating activities in prior periods and may continue to have negative cash flows in the future.***

We experienced negative cash flows from operating activities in prior periods as our Company was under CIRP, set forth in the table below for the specified periods:

(₹ in lakhs)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Net cash utilized in operating activities	(2,672)	(101)	2,074
Net cash used in investing activities	(9,595)	(3,513)	59
Net cash generated from financing activities	8,968	7,983	(2,133)
Cash and cash equivalents at the end of the year	1,071	4,370	1

Negative operating cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected. For further details, see "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" on page 206.

9. ***We have recorded losses for the Financial Years 2024 and 2022. Any losses in the future may have a significant adverse impact on our financial condition and may lead to further erosion of our net worth.***

We had incurred a net loss of ₹ (6,561) lakhs and ₹ (23,629) lakhs for the financial year ended March 31, 2024 and 2022. Primary reason for loss in the financial year ended March 31, 2022 is due to Company being under the CIRP and the manufacturing plants of the Company at Sri Durga Cement Works and Visaka Cement Works being non-operational due to lack of working capital, while primary reason for the loss in financial year ended March 31, 2024 is due to the Company restarting operations post the CIRP. We may incur losses in the future for a number of reasons and we may encounter unforeseen expenses, difficulties, complications, delays and other unknown events even under the new management of the Company. If we incur losses in the future or unable to generate sufficient revenue to meet our financial targets, reduce costs, become profitable and have sustainable positive cash flows, investors could lose their investment and the market price of our Equity Shares could suffer.

10. ***We are involved in certain legal and other proceedings. An adverse outcome in such proceedings may have an adverse effect on our financials.***

We are currently involved in certain legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Details of the total number of material proceedings pending by and against our Company are mentioned below:

Name of Entity	Criminal proceedings	Statutory or regulatory proceedings	Disciplinary actions by the SEBI or Stock Exchanges	Tax proceedings	Material civil proceedings	Aggregate amount involved (₹ in lakhs)*
Company						
By our Company	Nil	Nil	Nil	Nil	4	204.52
Against our Company	Nil	Nil	Nil	1	2	204.52
Directors						
By our Directors	Nil	Nil	Nil	Nil	Nil	Nil
Against our Directors	Nil	Nil	Nil	Nil	Nil	Nil
Promoter						

By our Promoter	9	Nil	Nil	Nil	5	134.72
Against our Promoter	Nil	1	Nil	32	6	4,107.97

**To the extent quantifiable.*

For further details of these legal proceedings, please refer to chapter titled "*Outstanding Litigation and Defaults"* beginning on page 224.

We can give no assurance that these legal proceedings will be decided in our favour and we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If any new developments arise, for example, rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If such claims are determined against us, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares.

11. We are required to obtain approval for additional capacity expansion of Clinker and Cement at our facility at "Sri Durga Cement Works", Dachepalli, Palnadu District, Andhra Pradesh. Any delay in obtaining the approval for the same could effect our results of operation. .

We submitted an application, dated April 30, 2024, to the Andhra Pradesh Pollution Control Board ("**APPCB**") seeking consent for the modernization and expansion of the existing capacities of our plant. By way of Order No. 335/APPCB/CFE/RO-GNT/HO/2008, dated May 6, 2024, issued under Section 25 of the Water (Prevention & Control of Pollution) Act, 1974, and Section 21 of the Air (Prevention & Control of Pollution) Act, 1981, along with the relevant rules, the APPCB approved our request through a "consent to establish for modernisation of existing plant capacities of Clinker 2.0 MTPA and 2.31 MTPA Cement, without the expansion of production capacities."

The object of this Issue is the modernization of our facility at Sri Durga Cement Works, located in Dachepalli, Palnadu District, Andhra Pradesh ("**the Facility**"). The modernization is anticipated to result in some degree of capacity expansion of clinker from 2.0 MTPA and cement from 2.31 MTPA to 3.00 MTPA. Consequently, we have submitted a request letter dated June 04, 2024 for a certified compliance for environmental clearance from the Ministry of Environment, Forests, and Climate Change ("**MoEFCC"**), based on the test report prepared by B.S. Envi-Tech Private Limited, Environmental Consultants and Analytical Laboratory. . Once this certification is granted, we will proceed with applying for additional expansion of the existing plant capacities of Clinker and Cement with the APPCB.

Any such delay in obtaining approval for additional capacity, which may have an effect on result of operations of our company.

12. Our business and future results of operations may be adversely affected if we are unable to implement our expansion and modernization plans for our existing manufacturing facilities Our future growth is dependent on the successful and timely optimisation and modernisation of our existing plants and other facilities, implementation of expansion plans which largely depend on our ability to raise new capital.

During the financial year ended March 31, 2024, we have utilised 24.10% of our total production capacity of cement and 33.20% of our total production capacity of clinker at our unit located at Sri Durga Cement Works. Future growth will be driven by our ability to sustain and increase our capacity utilisation, as well as by our ability to sell the increased volumes of cement that we anticipate producing. Growth will also be largely dependent upon demand for cement in India out-balancing supply.

We propose to modernize and increase the capacity of the unit located at our Sri Durga Cement Works. Our Company's growth projects may require greater investment than currently expected and, while we believe that the working capital available to us is sufficient for our present requirements, in the future we may be unable to satisfactorily fund these investments from our operations or external financing sources. Under these circumstances, the Company may not be able to fulfil these growth projects without reducing our investment in ongoing operations. If the Company were to incur significant indebtedness to fund future capital investments, it may have to dedicate a substantial portion of its cash flow to service the debt and the terms of any financing may restrict the Company's ability to pay dividends. The Company may fail to complete the projects on time, which could cause cost overruns. There can be no assurance that the Company's expected operational improvements will be fully realised as currently envisaged. Any delay, interruption or cost overruns in implementing planned capital investments could have a material adverse effect on our business, financial condition, results of operations and prospects.

13. ***We require various licences and approvals for undertaking the Proposed Project and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required for our Proposed Project, our business and results of operations may be adversely affected.***

We are required to obtain certain licenses and approvals with regards to the Proposed Project such as an industrial entrepreneur memorandum and consent to operate and consent to establish under the Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974 and permissions under the Factories Act, 1948, Petroleum Act, 1934, and the Mines and Mineral (Development and Regulation) Act, 1957. For further details, see "*Government and Other Approvals*" on page 232.

We cannot assure you that we will be able to obtain or renew such licenses in a timely manner. Any delay in the grant of licenses and approvals with regards to the Proposed Project, will lead to delay in the Proposed project thereby impacting our business and results of operations. Further these 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. While there have not been any penalties imposed on us due to our failure in obtaining approvals in the past, 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.

14. ***We intend to utilise the Net Proceeds for part-funding of capacity expansion and modernization of existing manufacturing facility at "Sri Durga Cement Works", Dachepalli, Palnadu District, Andhra Pradesh, Civil Works and Electrical & Instrumentation ("Proposed Project"). We have placed orders in relation to the capital expenditure to be incurred for the Expansion Project. In the event of any delay in delivery or cancellation of the orders, may result in time and cost overruns and our business prospects and results of operations may be adversely affected.***

We intend to utilise a portion of the Net Proceeds for part-funding of capacity expansion and modernization of existing manufacturing facility at "Sri Durga Cement Works", Dachepalli, Palnadu District, Andhra Pradesh, Civil Works Plant & Machinery and Electrical & Instrumentation ("**Proposed Project**"). As per the Detailed Project Report ("**DPR**") issued by R V Consulting Services Private Limited, total estimated cost of the Proposed Project is ₹47,069.00 lakhs of which our Company proposes to utilise ₹16,700.00 lakhs from the Net Proceeds. Further, our Company has deployed ₹ 4,009.75 lakhs towards meeting the expenditure incurred on the Proposed Project as on September 20, 2024, which is certified by Independent Chartered Accountant, vide their certificate dated September 21, 2024. Orders for purchase of the machinery / equipment worth ₹ 1,613.06 lakhs have been placed as on the date of this Draft Letter of Offer.

Further, our Company has entered into turnkey agreement dated March 29, 2024 with R V Consulting Services Private Limited, one of the Promoter Group entity of our Company for the total value of ₹36,329.00 lakhs (including applicable taxes) for undertaking Civil works, Plant & Machinery for Mechanical Equipment`s and Plant & Machinery for Electrical & Instrumentation Equipment's. Our Company has obtained the approval of its shareholders vide its meeting held on March 28, 2024 for such related party transaction with R V Consulting Services Private Limited. While we have relied up on DPR in relation to such capital expenditure. For details, see "Objects of the Issue" at page 59

Accordingly, prospective investors in the Issue will need to rely upon our management's judgment with respect to the use of the Net Proceeds. If we are unable to deploy the Net Proceeds in a timely or an efficient manner, it may affect our business and results of operations.

15. ***Our funding requirements and proposed deployment of the Net Proceeds are based on the Detailed Project Report ("DPR") and have not been independently appraised and may be subject to change based on various factors, some of which are beyond our control. Further, we may not be able to utilise the proceeds from this Issue in a timely manner or at all.***

Our funding requirements and deployment of the Net Proceeds are based on the DPR which is based on current market conditions and has not been appraised by any bank or financial institution or other independent agency. Furthermore, in the absence of such external independent appraisals, our funding requirements may be subject to change based on various factors which are beyond our control. For further details, please see the section title "*Objects of the Issue*" on page 59. Further, our funding requirements and the deployment of the proceeds from this Issue are based on our current business plan and strategy. While the deployment of the Gross Proceeds will be monitored by the Monitoring Agency, we may have to reconsider our estimates or business plans due to changes in underlying factors, some of which are beyond our control, such as interest rate fluctuations, changes in input cost, and other financial and operational factors. Accordingly, we may not be able to utilise the proceeds from this Issue in the manner set out in this Draft Letter of Offer in a timely manner or at all.

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

Currently our Company owns and operates a unit for production of cement and clinker located at "Sri Durga Cement Works", Dachepalli, Palnadu District, Andhra Pradesh. For the fiscal year ended 31st March 2024, Sri Durga Cement Works has manufacturing capacity of 21,41,250 MT of cement and 18,00,000 MT of clinker. As on the date of this Draft Letter of Offer, Sri Durga Cement Works has an installed manufacturing capacity of 22,50,000 MT a year of cement and 18,50,000 MT a year of clinker.

The success of any capacity expansion and expected return on investment on capital expenditure is subject to, among other factors, the ability to procure requisite regulatory approvals in a timely manner; recruit and ensure satisfactory performance of personnel to further grow our business; and the ability to absorb additional infrastructure costs and develop new expertise. Our capacity utilization is also affected by the product requirements of, and procurement practice followed by, our customers. In recent times, we have made significant investments for the expansion of our manufacturing capacities and are continuing to undertake additional investments to increase our existing capacity. In case of oversupply in the industry or lack of demand we may not be able to utilise our expanded capacity efficiently. Our capacity utilization for cement was 24.10% for the financial year ended March 31, 2024 and our capacity utilization for clinker was 33.20%in the same period. For further information, see "*Our Business - Capacity and Capacity Utilization*" on page 122. Under-utilization of our manufacturing capacities over extended periods, or significant under-utilization in the short term, or an inability to fully realize the benefits of our recently implemented capacity expansion, could materially and adversely impact our business, growth prospects and future financial performance.

17. ***We operate in a highly competitive environment and our failure to compete effectively could have an adverse effect on our business, results of operations, financial condition and future prospects.***

The cement industry in India is highly fragmented and competitive with the presence of a few large players and several medium and small players. We face competition from private players including Ultratech Cement, ACC Ltd, Dalmia Bharat, Shree Cements and Ambuja Cements who form the large corporations who collectively control nearly one-half of India's installed capacity. The Indian cement industry is also highly fragmented by region, with each region being dominated by a few regional heavyweights. In the southern markets, we are competing with India Cements Ltd, Kesoram Industries, Orient Cement Limited, NCL Industries Limited, Deccan Cements Limited and Anjani Portland Cement Limited. *(Source : CARE Report)*

These competitors may limit our opportunity to increase our market share and may compete with us on pricing of products. Some of our competitors are larger than we are, some are more diversified with operations across India, have greater financial resources than we do, have access to a cheaper cost of capital and may be able to produce cement more efficiently or to invest larger amounts of capital into their businesses. Our business could be adversely affected if we are unable to compete with our competitors and sell cement at comparable prices. For example, if any of our competitors develop more efficient production facilities, enabling them to produce cement and clinker at a significantly lower cost and sell at lower prices than us, we may be required to lower the prices of our products to match the comparable rates in the market and our business and results of operations could be adversely impacted.

Our competitors may also introduce new and more competitive products and supply chain management, make strategic acquisitions or establish cooperative relationships among themselves or with third parties, including dealers/ distributors of our products, thereby increasing their ability to address the needs of our target customers. If we cannot effectively compete in pricing, provide competitive products or services or expand into new markets, this could have a material negative effect on our business, financial condition and prospects of the Company.

18. Our Company's products are commodities, which are subject to significant changes in supply and demand due to number of factors beyond our control including seasonal changes in demand, which could affect our business and results of operations adversely.

Cement is a commodity product and competition among manufacturers is based largely on price. Prices are often subject to material changes in response to relatively minor fluctuations in supply and demand, general economic conditions and other market conditions beyond our control. Increases in the production capacity of industry participants or increases in cement imports tend to create an oversupply of such products leading to an imbalance between supply and demand, which can have a negative effect on product prices. There can be no assurance that prices for products sold by the Company will not decline in the future or that such declines will not have a material adverse effect on the Company's financial condition and results of operations.

Further, our business is subject to seasonal variations on account of lower demand for building materials, including cement, during the monsoon season. During the monsoon season, construction activity is curtailed and we may continue to incur operating expenses, but our revenue from the sale of our products may be delayed or reduced.

As a result of such fluctuations, our sales and results of operations may vary by fiscal quarter, and the sales and results of operations of any given fiscal quarter may not be relied upon as indicators of the sales or results of operations of other fiscal quarters or of our future performance

19. We require various licences and approvals for undertaking our business and if we fail to obtain, maintain or renew our statutory and regulatory licenses, permits and approvals required to operate our business, our business and results of operations may be adversely affected.

We require numerous statutory and regulatory permits, licenses and approvals to operate our business including the renewal of approvals that expire from time to time, in the ordinary course of our business. The approvals required by us 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. This includes renewing consents from the state pollution control boards, environmental clearances from the Ministry of Environments and Forests, importer-exporter code, registration and licenses issued under the Factories Act, fire safety licenses from municipal fire safety authorities, no objection certificates for maintenance of fire protection system, licenses to purchase, transport and use explosives in our mining operations, licenses to dispose hazardous waste, licenses for boilers, licenses for possession and transport of explosive substances, registration certificates issued under various labour laws, including contract labour registration certificates and licenses as well as various taxation related registrations, such as registrations for payment of income taxes, GST. Our licenses, permits and approvals impose certain terms and conditions that require us to incur costs and inter alia, providing for limits on the maximum quantity that can be manufactured as well as limits and manner of effluent discharge. We are in the process of obtaining or renewing, all material approvals from the relevant governmental agencies that are necessary for us to carry on our business.

We cannot assure you that we will be able to obtain or renew such licenses or be able to continuously meet such conditions specified in such licenses or be able to prove compliance with such conditions to statutory authorities, which may lead to cancellation, revocation or suspension of relevant consents/ permits/ licenses/ approvals. Any such failure or delay in obtaining such consents, approvals, permits, licenses and accreditations may affect our ability to continue our operations, which may in turn have an adverse effect on our business, financial condition and results of operations. 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 noncompliance with any terms or conditions thereof, or pursuant to any regulatory action. While there have not been any penalties imposed on us due to our failure in obtaining approvals in the past, 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.

20. ***Our Company is heavily reliant on the demand for cement from various industries such as infrastructure, housing and commercial real estate. Any downturn in the cement consuming industries could have an adverse impact on our Company's business, growth and results of operations.***

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

Demand for cement industries is principally dependent on sustained economic development in the regions in which we operate. The change in the funding mechanism increases the uncertainty of current plan of the government regarding funds for highway projects. While cement consuming industries such as infrastructure, housing and commercial real estate are expected to drive the demand for cement, there can be no assurance that these expectations will be met or that our Company will benefit from such expansion. Delays or cancellations of state infrastructure spending could negatively affect the Company's financial position and liquidity because a significant portion of its business is dependent on public infrastructure spending. However, a slowdown, downturn slump or reduction of capital investment in the cement consuming industries including infrastructure, housing and commercial real estate could have adverse impact on cement demand and, consequently, on our Company's business, growth and results from operations.

21. ***Our continued operations are critical to our business and a shutdown/breakdown of operations at our Sri Durga Cement Works Manufacturing Plant may have a material adverse effect on our business, financial condition and results of operations.***

Our business is dependent upon our ability to manage our Sri Durga Cement Works Manufacturing Plant and run it at certain utilization levels, which are subject to various operating risks. Our Sri Durga Cement Works is subject to various operating risks, such as the breakdown or failure of equipment, power supply, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes and lock-outs, natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. Given our results of operations are dependent on the successful operation of our facilities. The occurrence of any of these risks could significantly affect our operating results. Further, long periods of business disruption could, as a consequence, result in a loss of customers.

22. ***We have, in the past, entered into related party transactions and may continue to do so in the future and there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties.***

We have entered into transactions with related parties in the past. For the financial year ended March 31, 2024, out of ₹ 26,811 lakhs of our revenue from operations, ₹ 4,001 lakhs are related to transactions with related parties for sale of clinker. For further details on our related party transactions, see *"Financial Statements"* beginning on page 150.

Whilst we believe that all our related party transactions have been conducted on an arms-length basis and contain commercial terms, there can be no assurance that we could not have achieved more favourable terms if such transactions had not been entered into with related parties. Further, the transactions we have entered into, or any future transactions with our related parties, have involved or may potentially involve conflicts of interest. It is likely that we will continue to enter into related party transactions in the future and we cannot assure you that such transactions, individually or in the aggregate, will not adversely affect our financial condition and results of operations.

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

Our business reputation and the '*Sagar Cement*' brand are critical to the success of our business. We have entered into an agreement for sales and services, dated May 11, 2023 with Sagar Cements Limited. Various factors, some of which are beyond our control, are critical for maintaining and enhancing our brand, which may negatively affect our brand if not properly managed. These include our ability to, effectively manage the quality of our products and address customer grievances; increase brand awareness among existing and potential customers; and adopt new technologies or adapt our systems to user requirements or emerging industry standards.

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

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

The cement industry is capital intensive. We require substantial amount of capital for among other things, purchasing equipment as required and develop and implement new technologies as well as to implement our growth strategies. If our internally generated capital resources and available credit facilities are insufficient to finance our capital expenditure and growth plans, we may, in the future, have to seek additional financing from third parties, including banks, capital markets, private equity funds, our Promoter and Promoter Group and strategic investors. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. Our inability to obtain such financing in a timely manner, at a reasonable cost and on acceptable terms, may impact our future cash flow for future debt service which may result in consequent defaults that may materially and adversely affect our business, financial condition and results of operations, as well as our future prospects.

25. ***Any downgrade of our credit ratings may increase our borrowing costs and constrain our access to capital and loan markets and, as a result, may adversely affect our business, financial condition and our results of operations.***

The cost and availability of capital is dependent, among other factors, on our short-term and long-term credit ratings. Ratings reflect a rating agency's opinion of our financial strength, operating performance, strategic position, and ability to meet our obligations. Our debt has been rated by India Ratings & Research "**India Ratings**". India Ratings, through its letter dated August 12, 2024, has assigned our term loan with IND BBB+/Negative, our Non-fund-based working capital limit with IND BBB+/Negative/IND A2, and our Fund-based working capital limit with IND BBB+/Negative ratings. Any future performance issues for our Company or the industry may result in a downgrade of our credit ratings, which may in turn lead to an increase in our borrowing costs and constrain our access to funds and debt markets and, as a result, may adversely affect our business growth. In addition, any downgrade of our credit ratings could result in default under our financing arrangements or lenders imposing additional terms and conditions in any future financing or refinancing arrangements including recall of credit facilities in the future. Any such adverse development may adversely affect our business operations, future financial performance and the price of our Equity Shares.

26. We are dependent on uninterrupted transport and delivery of inputs and finished goods. Any disruption in our supply and transport of inputs and finished products will adversely affect our business and results of operations.

The production of cement is dependent on a steady supply of various inputs and cement (finished product). These inputs are transported to our plants by rail, land and sea transport, and cement is transported to our customers by land (through trucks and wagons) and rail transport. Transport of our inputs and finished products is subject to various bottlenecks and other hazards beyond our control, including poor infrastructure, accidents, adverse weather conditions, strikes and civil unrest.

We have transport and logistics arrangements with third party logistics providers for transportation of cement and clinker. These providers may experience financial difficulties, operational inefficiencies, or fail to meet our service level requirements. A breakdown in the relationship or performance of logistics providers can disrupt our supply chain and lead to service interruptions. Further, the transport of our raw materials and finished products is subject to various factors beyond our control, including poor infrastructure, accidents, adverse weather conditions, strikes and civil unrest, and regulatory restrictions, rail disruptions, the non-availability of wagons, which may adversely affect our business and results of operations. Our raw materials are vulnerable to theft or leakages during the course of transportation, and this can drive up our logistics cost to the extent that it is not covered under our transit insurance policies.

Furthermore, there is the risk that third party logistics providers may resort to strikes or frequent, inconvenient changes to the transport schedules. While we have not had any transportation strikes in the past under the new management, such strikes could have in the future, an adverse effect on our receipt of supplies and its ability to deliver its products. Additionally, if the arrangements with our third-party logistics providers are terminated, we may not be able to obtain terms as favourable as those from the transportation providers that we currently use, which could increase our costs and thereby adversely affect our operating results. Further, if our transportation providers do not have sufficient insurance coverage, any losses that may arise during the transportation process will have to be claimed under our insurance policies. There can be no assurance that we will receive compensation for any such claims in a timely manner or at all, and consequently, any such loss can affect our business, financial condition, results of operations and cash flows.

In addition, cement is a perishable product as its quality deteriorates upon contact with moisture or humidity over a period of time. Therefore, prolonged storage or exposure to moisture during transport may result in cement stocks being written off. Although we have not encountered any significant disruption to the supply and transportation of inputs and finished products to date, no assurance can be given that any such disruption will not occur in the future as a result of these factors and that such disruptions will not be material. In addition, transportation costs have been steadily increasing. Any significant disruption in the distribution network could have a significant impact on our business and results of operations.

27. Our Directors, Senior Management and other Key Managerial Personnel are critical to our continued success and the loss of or our inability to attract or retain such persons could adversely affect our business, results of operations and financial condition.

We are dependent on our Directors, Senior Management and other Key Managerial Personnel as well as persons with technical expertise for setting our strategic business direction and managing our business. We believe that the inputs and experience of our management team is valuable for the development of our business and operations and the strategic directions taken by our Company. We are also dependent on our Key Managerial Personnel for the day-to-day management of our business operations. We cannot assure you that we will be able to retain these employees or find adequate replacements in a timely manner, or at all. Our ability to meet continued success and future business challenges depends on our ability to attract, recruit and train experienced, talented and skilled professionals. Competition for individuals with specialized knowledge and experience is intense in our industry.

The loss of the services of any Senior Management and Key Managerial Personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects. Further, as we expect to continue to expand our operations and develop new products, we will need to continue to attract and retain experienced management personnel. If we are unable to attract and retain qualified personnel, our results of operations may be adversely affected.

28. We may continue to be controlled by our Promoter, who by virtue of it's aggregate shareholding collectively own a substantial portion of our issued Equity Shares.

As on June 30, 2024, the aggregate shareholding of our Promoter as a percentage of the total number of our paid-up Equity Share capital is 90%. Our Promoter will continue to own a substantial portion of our issued Equity Shares. Our Promoter will therefore continue to have the ability to exercise a controlling influence over our business which will allow it to vote on certain matters in our general meetings. Accordingly, the interests of our Promoter as our controlling shareholders may conflict with your interests and the interests of our other shareholders. We cannot assure you that the Promoter will act to resolve any conflicts of interest in our favour and any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

29. We are dependent on our Promoter and its experience in the Indian cement industry. Any deterioration in our relationship could adversely affect our business, results of operations and financial condition.

We are dependent on our Promoter and its experience in the Indian cement industry for strategic business decisions and managing our business. Our Promoter Sagar Cements Limited has extensive experience in the Indian cement industry and has been instrumental in the growth of our business.

Our Promoter's experience and leadership have played a key factor in our revival, growth and development. Should there be any deterioration in our relationship with our Promoter or our Promoter's involvement in our business reduce for any reason in the future, our business, results of operations, financial condition and prospects may be adversely affected. For details, see "*Our Promoter is engaged in the same line of business activities as those undertaken by our Company and six of our Directors, are on the board of our Promoter. There may be a conflict of interest between us and our Promoter*".

30. Our Promoter is engaged in the same line of business activities as those undertaken by our Company and six of our Directors, are on the board of our Promoter. There may be a conflict of interest between us and our Promoter.

Our Promoter is also engaged in the business of cement and clinker manufacturing. We benefit from our association with our Promoter.

While we have leveraged our relationship with our Promoter in the past, our Promoter may, for business considerations or otherwise, cause our Company to take actions, or refrain from taking actions, in order to benefit itself instead of our Company's interests or the interests of our other shareholders, which may be harmful to our Company's interests or the interests of our other shareholders, and which may impact our business, cash flows, financial condition and results of operations.

Further, six of our Directors Kalidindi Venkata Vishnu Raju, Dr. Sammidi Anand Reddy, Sammidi Sreekanth Reddy, Sammidi Rachana, Ravichandran Rajagopal and Rekha Onteddu are also on the board of directors of our Promoter. While we have not had instances of conflict of interest in the past, we will endeavour to take adequate steps to address such conflict of interest, which may arise in the future, by adopting the necessary procedures and practices as permitted by applicable law. However, there can be no assurance that there will be no competition between our Promoter and us in similar markets or our existing business or any future business that we may undertake or that we will be able to suitably resolve such a conflict without an adverse effect on our business. Any such present and future conflicts may have a material adverse effect on our reputation, business and results of operations

31. Our Company has availed certain unsecured borrowings from our Promoter. Any deterioration in our relationship could adversely affect future funding requirements.

As on July 31, 2024, our Company has availed certain unsecured borrowings from our Promoter aggregating to ₹ 6,000 lakhs - in accordance with the loan agreement dated March 28, 2023 for an amount ₹ 2,000 lakhs repayable in 9 equal quarterly instalments starting from June 30, 2028 along with interest @10% per annum on the outstanding loan amount and in accordance with the loan agreement dated March 6, 2024 for an amount of ₹ 4,000 lakhs to be repaid after completion of 3 years from the date of agreement with interest at 10% per annum on the outstanding loan amount. Further, our Company has entered into a loan agreement dated September 28, 2024 for availing unsecured loan up to ₹ 6,000 lakhs from our Promoter for part-funding the

Proposed Project. These funds shall be drawn by the Company as and when required to meet its requirements for the Proposed Project. This facility shall be repayable on the date falling three (3) years from the date of disbursement of the entire amount of ₹ 6,000 lakhs along with interest @10% per annum. Our business being capital intensive in nature, we at times depend on our Promoter for funding requirements and any deterioration in our relationship could adversely affect future funding requirements

32. Our Promoter has provided corporate guarantee for certain loan facilities obtained by us, and any failure or default by us to repay such loans could trigger repayment obligations on our Promoter, which may impact our Promoter's ability to effectively service its obligations and thereby, adversely impacting our business and operations.

As on July 31, 2024, our Promoter has provided a corporate guarantee for our total borrowings amounting to ₹ 69,500 lakhs. If the guarantee is revoked or if such collateral is proved insufficient, our lenders may require alternative guarantee or collateral or cancellation of such facilities, entailing repayment of amounts outstanding under such facilities. If we are unable to procure an alternative guarantee satisfactory to our lender, we may need to seek alternative sources of capital, which may not be available to us at commercially reasonable terms or at all, or to agree to more onerous terms under our financing agreements, which may limit our operational flexibility. Accordingly, our business, financial condition, results of operations and prospects may be adversely affected by the revocation of the corporate guarantee provided by our Promoter in connection with our Company's borrowings.

33. We are bound by restrictive covenants in terms of our financing documentation and any delay in obtaining consent for our lenders may limit our ability to pursue our business and could adversely affect our business, financial condition, results of operations and cash flows.

We have entered into agreements with our lender to avail certain borrowings. As of July 31, 2024, our total borrowings were ₹ 69,917 lakhs. These borrowings include secured term loans and working capital facilities, along with the unsecured loan extended by our Promoter. Any inability to comply with repayment and other covenants in our financing agreements could adversely affect our business, financial condition, cash flows and credit rating. Such restrictive covenants include but are not limited to, requirements that we obtain consent from the lender prior to issue and allotment of eligible securities (including Equity Shares) resulting in consequential changes to the shareholding pattern and change in the capital structure, opening of new bank accounts and expansion of business, undertaking any other activities as may be required in relation to the Issue, use proceeds of the Issue for business purposes, including but not limited to, undertaking capital expenditure and general corporate purposes. While the lenders have not exercised these rights, they may do so in the future. Further, in terms of security, our Company is required to create a charge on all our fixed assets, mortgage over our immovable properties and hypothecation of our movable properties. Further, Sagar Cements Limited as our Promoter has given a corporate guarantee with respect to the term loans. There can be no assurance that the Company will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow it. Any fluctuations in the interest rates may directly impact the interest costs of such loans and could adversely affect our financial condition. The ability to make payments on and refinance our indebtedness will depend on our ability to generate cash from our future operations. We may not be able to generate enough cash flow from operations or obtain enough capital to service its debt. In addition, the lender under the credit facilities could foreclose on and sell its assets if a default arises under our credit facilities. Any failure to comply with the conditions and covenants in the financing agreements that is not waived by our lender or guarantor or otherwise cured could lead to a termination of its credit facilities, acceleration of all amounts due under such facilities or trigger cross default provisions under certain of its other financing agreements, any of which could adversely affect its financial conditions and its ability to conduct and implement our business plans. It may be possible for a lender to assert that we have not complied with all applicable terms under our existing financing documents. Further we cannot assure that we will have adequate funds at all times to repay these credit facilities and may also be subject to demands for the payment of penal interest. While the aforementioned events have not occurred in the past, future occurrence of any of these events could affect our financial condition, results of operations and prospects.

34. We have a high debt to equity ratio, and this may have an impact inter alia on our profitability.

Setting up of a production unit in the cement industry is capital intensive. For the purpose of the Expansion Project, we have entered into debt financing arrangements with our lender. Our debt-to-equity ratio was 2.27 for the Financial Year ended March 31, 2024. Our capacity to service these debts depends on our continued profitability and availability of liquidity. In case, we are unable to achieve the desired growth and our net-worth remains negative, due to internal constraints or external factors like adverse developments in the industry, we may find it difficult to service the debt and this may affect our credit rating, profitability and growth adversely.

35. Information relating to the capacity installed and capacity utilization of our Sri Durga Cement Works Plant included in this Draft Letter of Offer is based on various estimates and calculations, and the same may vary.

Information relating to our installed capacities and capacity utilization of our Sri Durga Cement Works manufacturing plant is based on various estimates by K.V. Subramanium Kishore, chartered engineer (with registration no. 24525, as set out in certificate dated September 3, 2024. Such estimates may not continue to be true and future production and capacity utilization may vary. Calculation of the installed capacities and capacity utilization of Sri Durga Cement Works manufacturing plant by the independent chartered engineer may not have been undertaken on the basis of any standard methodology and may not be comparable to that employed by competitors.

36. This Draft Letter of Offer contains information from an industry report which has been commissioned and paid for by us exclusively for the purposes of the Issue and any reliance on such information for making an investment decision in the Issue is subject to inherent risks.

We have availed the services of an independent third-party research agency, CARE, to prepare an industry report titled "*Research Report on Cement Industry*" dated September 24, 2024 ("**CARE Report**") issued by Care Analytics and Advisory Private Limited ("**CARE**"), exclusively for purposes of confirming our understanding of the industry we operate in and inclusion of such information in this Draft Letter of Offer pursuant to an engagement letter dated March 11, 2024.

Given the scope and extent of the CARE Report, disclosures are limited to certain excerpts and the CARE Report has not been reproduced in its entirety in the Draft Letter of Offer. The CARE Report is a paid report that has been commissioned by our Company and is subject to various limitations and based upon certain assumptions that are subjective in nature. While we have taken reasonable care in the reproduction of the information, we make no representation or warranty, express or implied, as to the accuracy or completeness of such facts and statistics. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. Statements from third parties that involve estimates are subject to change, and actual amounts may differ materially from those included in this Draft Letter of Offer. In view of the foregoing, you may not be able to seek legal recourse for any losses resulting from undertaking any investment in the Issue pursuant to reliance on the information in this Draft Letter of Offer based on, or derived from, the CARE Report. You should consult your own advisors and undertake an independent assessment of information in this Draft Letter of Offer based on, or derived from, the CARE Report before making any investment decision regarding the Issue. See "*Industry Overview*" on page 86.

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

Our business requires obtaining and maintaining quality certifications and accreditations from independent certification entities. As on date of this Draft Letter of Offer, our manufacturing unit located at Sri Durgapuram, Palnadu District is accredited with IS 1489: Part 1: 2015 and IS 269: 2015 for Portland Pozzolana Cement and Ordinary Portland Cement 53 grade respectively. If we fail to comply with applicable quality standards or if the relevant accreditation institute or agency declines to certify our products, or if we are otherwise unable to obtain such quality accreditations in the future, within time or at all, our business prospects and financial performance will be materially and adversely affected.

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

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

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

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

39. We are required to comply with various safety, health and environmental laws and other applicable regulations and any non-compliance could expose us to the risk of liabilities, loss of revenue and increased expenses.

We are subject to a broad range of safety, health, environmental, labour, workplace and related laws and regulations in the regions in which we operate, which impose controls on the transportation and storage of raw materials, noise emissions, air and water pollution, on the storage, handling, discharge and disposal of chemicals, employee exposure to hazardous substances and other aspects of our operations. For example, there is a limit on the amount of pollutant discharge that our manufacturing plant and mining unit may release into the air and water. While we intend to comply with all applicable laws and terms and conditions of environment related approvals and permits that we are subject to in eternity, the methods undertaken by us may be insufficient. We could be subject to substantial civil and criminal liability and other regulatory consequences in the event that any environmental hazards are found at the site of any of our manufacturing plant and mining units, or if the operation of any of our manufacturing plant and mining units results in contamination of the environment.

Additionally, the government or the relevant regulatory bodies may revoke our licenses, require us to shut down our manufacturing plant and mining units, which in turn could lead to product shortages that delay or prevent us from fulfilling our obligations to customers. Further, events like these could also affect our reputation with suppliers, customers, regulators, employees and the public, which could in turn affect our financial condition and business performance. While we maintain general insurance against these liabilities, insurance proceeds may not be adequate to fully cover the substantial liabilities, lost revenues or increased expenses that we might incur.

The adoption of stricter health and safety laws and regulations, stricter interpretations of existing laws, increased governmental enforcement of laws or other developments in the future may require that we make additional capital expenditures, incur additional expenses or take other actions in order to remain compliant and maintain our current operations. Complying with, and changes in, these laws and regulations or terms of approval may increase our compliance costs and adversely affect our business, prospects, results of operations and financial condition.

We are also subject to the laws and regulations governing relationships with employees in areas such as minimum wage and maximum working hours, overtime, working conditions, hiring and termination of employees, contract labour and work permits. There is a risk that we may inadvertently fail to comply with such regulations, which could lead to enforced shutdowns and other sanctions imposed by the relevant authorities. We cannot assure you that we will not be involved in future litigation or other proceedings or be held liable in any litigation or proceedings including in relation to safety, health and environmental matters, the costs of which may be significant.

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

In order to retain flexibility and control costs, our Company appoints independent contractors who in turn engage on-site contract labour for performance of certain of our ancillary operations. The numbers of contract labourers vary from time to time based on the nature and extent of work contracted to independent contractors. As of July 31, 2024 our Company had 403 contract labourers. 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. All contract labourers engaged at our facilities are assured minimum wages that are fixed by the State Government from time to time. Any upward revision of wages that may be required by the State Government to be paid to such contract labourers, or offer of permanent employment or the unavailability of the required number of contract labourers, may adversely affect the business and future results of our Company’s operations.

41. We are subject to stringent labour laws or other industry standards and any strike, 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, which requires our management to undertake significant labour interface, and expose us to the risk of industrial action. As at July 31, 2024, we had 183 full time employees and 403 contract labourers. 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. Our Company has recognized registered labour unions at our manufacturing facilities. There can be no assurance that we will not experience disruptions to our operations due to disputes or other problems with our work force such as strikes, work stoppages or increased wage demands, which may adversely affect our business.

Further, our success also depends on our ability to attract, hire, train and retain skilled workers who are experienced in our manufacturing operations. We may face competition to recruit and retain skilled and professionally qualified staff and may also experience difficulties in attracting, recruiting and retaining an appropriate number of managers and engineers for our business needs. We may also have to incur additional expenses to train and retain skilled labour. Our future performance will depend upon the continued services of these persons.

42. Our operations are subject to varied business risks and our insurance cover may prove inadequate to cover our economic losses.

We maintain insurance for a variety of risks, including risks relating to our buildings, plant and machinery, stocks, goods-in-transit, products, fire etc. We also maintain a liability insurance under the Public Liability Insurance Act, 1991. As on March 31, 2024 our insurance cover was 99.42% of our inventories and gross block of plant property and equipment (excluding leasehold and freehold land).While we believe that the insurance coverage, we maintain would reasonably be adequate to cover all normal risks associated with the operation of our business, there can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time. Furthermore, there can be no assurance that we will be able to maintain adequate insurance coverage in the future at acceptable costs. To the extent that we suffer loss or damage for which we do not obtain or maintain insurance or exceeds our insurance coverage, the loss would have to be borne by us and our results of operations and financial performance could be adversely affected.

In addition, not all of the risks associated with our business may be insurable, on commercially reasonable terms or at all. Although we believe that we have obtained insurance coverage customary to our business, such insurance may not provide adequate coverage in certain circumstances and is subject to certain deductibles, exclusions and limits on coverage. To the extent that we suffer damage or losses which is not covered by insurance, or exceeds our insurance coverage, the loss would have to be borne by us. We cannot assure you that material losses in excess of insurance proceeds will not occur in the future.

43. We do not own the premises where our corporate office and godowns (managed by C&F agents) are located. If we are unable to occupy and use these premises or fail to extend the lease period on lease expiry on reasonable terms, it may have a material adverse effect on the business, financial condition, results of operations and future prospects of our Company.

We do not own the premises where our Corporate Office is located. We have entered into a lease agreement with S. Vanajatha, Dr. S. Anand Reddy and S. Sreekanth Reddy for our corporate office located at Plot No.111, Road No.10, Jubilee Hills, Hyderabad – 500 033, Telangana, India, which is valid for a period of 24 months from April 1, 2023 to March 31, 2025. Any failure to renew the lease or procure new premises will increase our costs, force our Company to look for alternative premises and therefore disrupt our business. New premises may not be available or may be available at higher prices or on commercially less favourable terms. Any or all of these factors may have an adverse effect upon our business.

Further, all godowns and warehouses are leased. Such leases are typically for a period of twelve to twenty-four months. Although we have renewed the majority of our leases in the past, our business and results of operation could be adversely affected if we are unable to negotiate favourable lease renewal terms for our existing branch offices, godowns and warehouses. For some of our godowns, we have not entered into binding written agreements for use of such properties. If we are unable to renew certain or all of these leases on commercially reasonable terms or secure enforceable rights to use of our godowns, we may suffer a disruption in our operations or be unable to continue to operate from those locations in the future.

44. Any failure of our information technology systems could adversely impact our business.

Our day-to-day operations depend on our information technology systems. We have implemented enterprise resource planning software ("**ERP**") for integrated management of all the business processes, such as sales, production planning, material management, finance and accounting and enterprise asset management. We also use information technology systems for routine corporate activities such as processing of financial information, managing information pertaining to creditors/ debtors and engaging in normal business activities. Although we believe that we have effective backup systems in place, any failure or disruption in the operation of these systems or the loss of data due to such failure or disruption may affect our ability to plan, track, record and analyse work in progress and sales, process financial information, manage payables and inventory or otherwise conduct our normal business operations, which may increase our costs and otherwise adversely affect our business, financial condition and results of operations.

45. We are exposed to counterparty credit risk and any delay in receiving payments or non-receipt of payments may impact our results of operations.

Due to the nature of, and the inherent risks in, the arrangements with our customers, we are subject to counterparty credit risk and a significant delay in receiving large payments or non-receipt of large payments may adversely impact our results of operations. Our operations involve extending credit to our customers in respect of sale of our products and consequently, we face the risk of the uncertainty regarding the receipt of these outstanding amounts. We generally have credit terms from payment in advance to 30 days with our customers. For Fiscal 2024, our trade receivables were ₹ 3,851 lakhs. There is no assurance that we will accurately assess the creditworthiness of our customers. Further, macroeconomic conditions which are beyond our control, such as a potential credit crisis in the global financial system, could also result in financial difficulties for our customers, including limited access to the credit markets, insolvency or bankruptcy. Such conditions could cause our customers to delay payment, request modifications of their payment terms, or default on their payment obligations to us, all of which could increase our receivables. Timely collection of dues from customers also depends on our ability to complete our contractual commitments and subsequently bill for and collect from our clients. If we are unable to meet our contractual obligations, we may experience delays in the collection of, or be unable to collect, our customer balances, which could adversely affect our results of operations and cash flows.

46. ***Some of our Company's records relating to certain filings made with the registrar of companies by our Company are not traceable or incorrectly filed. If the RoC imposes any penalty or take any action against us, it may have an adverse effect on our operations and financial condition.***

We are unable to trace certain corporate records being copies of certain filings made by us with the Registrar of Companies, Hyderabad. These filings include, inter alia, certain filings made with the registrar of companies in relation to certain changes to its paid-up share capital, allotments of equity shares, etc. since incorporation of our Company until July 31, 2024. While we believe that these forms were duly filed with the registrar of companies, it has been unable to obtain copies of these documents, including from the registrar of companies. Despite thorough internal searches and hiring an independent practicing company secretary, B S S & Associates, Practicing Company Secretaries (Membership Number: 22119), to conduct a physical search, we have been unable to locate specific documents, including certain return of allotment forms.

Since copies of these are unavailable with us, we cannot assure you that these forms or reports were duly filed on a timely basis, or at all. We cannot assure you that records of these forms will be available in the future or that we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

47. ***We are exposed to foreign exchange fluctuations and other exchange control risks.***

We have exposure to foreign exchange related risks in to our business on account of business with international clients for imports of raw materials. Any appreciation or depreciation of the Indian Rupee against these currencies can impact our results of operations. We may experience foreign exchange losses and gains in respect of transactions denominated in foreign currencies. Any fluctuations in foreign currency could result in variations in margins for our Company.

The raw material sourcing of our Company is primarily being done domestically because of the strong collection network, however there is frequent import of some of the raw materials such as coal and petcoke. We try to maintain a judicious mix of rupee and forex borrowings which is constantly monitored. However, while we selectively hedge the exchange risk through forward contracts and natural hedging to minimize our foreign currency exchange risks, there can be no assurance that such measures will enable us to manage our foreign currency risks effectively and in case we are unable to effectively manage such risks, the same may materially and adversely affect our business, financial condition and results of operations.

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

We have not declared dividend for the Fiscals ended 2024, Fiscals 2023 and 2022. Our ability to pay dividends in the future will depend on our earnings, financial condition, cash flow, working capital requirements, capital expenditure and restrictive covenants of our financing arrangements. The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act, 2013. We may retain all future earnings, if any, for use in the operations and expansion of the business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board and will depend on factors that our Board deems relevant, including among others, our future earnings, financial condition, cash requirements, business prospects and any other financing arrangements. We cannot assure you that we will be able to pay dividends in the future. Accordingly, realization of a gain on Shareholders' investments will depend on the appreciation of the price of the Equity Shares. There is no guarantee that our Equity Shares will appreciate in value.

External Risk Factors

49. ***A slow-down in economic growth in India and other political and economic factors in the future may adversely affect our business and results of operations.***

A substantial number of our projects are located in India and a substantial part of our revenues is derived from the domestic market. We and the market price and liquidity of the Equity Shares may be affected by foreign exchange rates and controls, interest rates, changes in central government policy, taxation, social and civil unrest and political, economic or other developments in or affecting India. A slowdown in the Indian economy could adversely affect our business, including our ability to implement our strategy.

The Central Government has traditionally exercised and continues to exercise a significant influence over many aspects of the economy. The Government has in recent years sought to implement economic reforms and policies and undertaken initiatives that continue the economic liberalization policies pursued by previous Governments. However, there can be no assurance that these liberalization policies and the political stability will continue in the future. The rate of economic liberalization could change, and laws and policies affecting construction providers, mining, foreign investment, currency exchange and other matters affecting investment in our securities could change as well. Any significant change in liberalization and deregulation policies could adversely affect business and economic conditions in India generally and our business in particular. Our business, and the market price and liquidity of the Equity Shares may be affected by interest rates, changes in central government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. Conditions outside India, such as slowdowns in the economic growth of other countries or increases in the price of oil, have an impact on the growth of the Indian economy, and government policy may change in response to such conditions.

Government policy measures like demonetization or events like the COVID-19 pandemic impacted certain sectors of the Indian economy, including the infrastructure sector, due to cash crunch with both the construction contractors and the clients. Such slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy, could adversely impact our business, results of operations and financial condition and the price of the Equity Shares.

Recent trends indicate a decline in lending to companies in the cement manufacture, infrastructure and construction space. Moreover, a number of banks in India are currently under the corrective action initiative of the Central Government resulting in increased restrictions on the funds available with such banks for lending. Such reduced access to funding may have a material adverse effect on our business, financial condition and results of operations.

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

The Competition Act, 2002 ("Competition Act"), was enacted for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India and has mandated the Competition Commission of India ("CCI") to prevent such practices. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties.

Further, any agreement among competitors which, directly or indirectly, involves determination of purchase or sale prices, limits or controls production, or shares the market by way of geographical area or number of subscribers in the relevant market is presumed to have an appreciable adverse effect in the relevant market in India and shall be void.

The Competition Act also prohibits abuse of a dominant position by any enterprise. On March 4, 2011, the Indian central government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from June 1, 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset- and turnover-based thresholds to be mandatorily notified to, and pre-approved by, the CCI. Additionally, on May 11, 2011, the CCI issued the Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among other things, prohibit all agreements and transactions which may have an appreciable adverse effect in India. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside of India if such agreement, conduct or combination has an appreciable adverse effect in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. We are not currently party to any outstanding proceedings, nor have we received notice in relation to non-compliance with the Competition Act or the agreements entered into by us. However, if we are affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it may adversely affect our business, financial condition, cash flows, results of operations and prospects.

51. Instability in financial markets could materially and adversely affect our results of operations and financial condition.

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

The global financial crisis starting in late 2008, an outcome of the sub-prime mortgage crisis which originated in the United States of America, led to a loss of investor confidence in worldwide financial markets and Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in SENSEX, BSE's benchmark index.

The rising geopolitical tensions like hostilities between Russia and Ukraine could lead to significant market and other disruptions, including volatility in commodity prices and instability in financial markets which may have an inflationary effect in India. Increased inflation can contribute to an increase in interest rates and increased costs to our business, including increased costs of transportation, wages, raw materials and other expenses relevant to our business. Any future geopolitical and financial crisis may have an adverse impact on the Indian economy and us and may have a material and adverse effect on our business, operations, financial condition, profitability and price of our Equity Shares.

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

As stated in the report of our Statutory Auditors included in this Draft Letter of Offer, our financial statements for Financial Year 2024 have been prepared under Ind AS notified under Section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015. No attempt has been made to reconcile any of the information given in this Draft Letter of Offer to any other principles or to base the information on any other standards. Ind AS differs from other accounting principles with which prospective investors may be familiar, such as Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the financial statements included in this Draft Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS. Persons not familiar with Ind AS should limit their reliance on the financial disclosures presented in this Draft Letter of Offer.

53. Any downgrading of India's debt rating by a domestic or international rating agency could adversely affect our business.

There could be a downgrade of India's sovereign debt rating due to various factors, including changes in tax or fiscal policy, or a decline in India's foreign exchange reserves, which are outside our control. Any adverse revisions to India's credit ratings for domestic and international debt by domestic or international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing is available.

Any downgrading of India's debt rating by a domestic or international rating agency could impact India's ability to borrow funds from international bodies thereby impacting governments spending in infrastructure. 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, which may cause fluctuations in the prices of our Equity Shares. This could have an adverse effect on our business and financial performance, and ability to obtain financing for expenditures.

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

We are a company limited by shares incorporated under the laws of India. All of our directors and key management personnel are residents of India and a substantial portion of our assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside India, or to enforce judgments obtained against such parties outside India.

Furthermore, it is unlikely that an Indian court would enforce foreign judgments if that court was of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to execute such a judgment or to repatriate outside India any amount recovered. It is uncertain as to whether an Indian court would enforce foreign judgments that would contravene or violate Indian law.

55. Changing laws, rules and regulations and legal uncertainties, including adverse application of tax laws and regulations, may adversely affect our business results of operations, cash flows and financial performance.

Changes in the operating environment, including changes in tax law, could impact the determination of our tax liabilities for any given tax year. Taxes and other levies imposed by the Government of India that affect our industry include income tax, goods and services tax and other taxes, duties or surcharges introduced from time to time. The tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the Government of India may adversely affect our competitive position and profitability. 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 tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to our Company, it may have an adverse tax impact on us. In addition, the implementation of Ind AS is recent and new pronouncements may have a material impact on our profitability going forward and our revenue may fluctuate significantly period over period.

Further, changes in tax rates are generally covered by subsequent legislation clauses in our contracts with clients. However, the prevailing tax rate is considered during the bid stage and any claims for reimbursement from client may result in possible disputes, which could result in arbitrations/litigations for the Company and impact working capital. We cannot assure you that the Government of India may not implement new regulations and policies which will require us to obtain approvals and licenses from the Government of India and other regulatory bodies or impose onerous requirements and conditions on our operations. Any such changes and the related uncertainties with respect to the applicability, interpretation and implementation of any amendment to, or change to governing laws, regulation or policy in the countries in which we operate may materially and adversely affect our business, results of operations and financial condition. In addition, we may have to incur expenditure to comply with the requirements of any new regulations, which may also materially harm our results of operations. We are also subject to these risks in all our overseas operations depending on each specific country.

56. Investors will be subject to market risks until the Equity Shares credited to the investors demat account are listed and permitted to trade.

Investors can start trading the Equity Shares allotted to them only after they have been credited to an investor's demat account, are listed and permitted to trade. Since the Equity Shares are currently traded on the Stock Exchanges, investors will be subject to market risk from the date they pay for the Equity Shares to the date when trading approval is granted for the same. Further, there can be no assurance that the Equity Shares allocated to an investor will be credited to the investor's demat account or that trading in the Equity Shares will commence in a timely manner.

57. There may not be an active or liquid market for our Equity Shares, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The price at which the Equity Shares will trade after this Issue will be determined by the marketplace and may be influenced by many factors, including:

- our financial results and the financial results of the companies in the businesses we operate in;
- the history of, and the prospects for, our business and the sectors in which we compete;
- the valuation of publicly traded companies that are engaged in business activities similar to us; and
- significant developments in India's economic liberalization and deregulation policies.

In addition, the Indian equity share markets have from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of Indian companies. As a result, investors in the Equity Shares may experience a decrease in the value of the Equity Shares regardless of our operating performance or prospects.

58. Any future issuance of the Equity Shares may further dilute your shareholding and sales of the Equity Shares by our Promoters or other major shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of the Equity Shares, or convertible securities by our Company may lead to dilution of 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. Further, any future sales of the Equity Shares by the Promoters and members of our Promoter Group, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares. We cannot assure you that our Promoter and Promoter Group will not dispose of, pledge or encumber their Equity Shares.

59. You may be subject to Indian taxes arising out of capital gains on 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. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹1.25 lakh arising from sale of equity shares on or after July 1, 2024, while continuing to exempt the unrealised capital gains earned up to June 30, 2024 on such equity shares subject to specific conditions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of a securities transaction tax ("**STT**"), on the sale of any Equity Shares held for more than 12 months 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 relief. STT will be levied on the seller and/or the purchaser of the Equity Shares 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. However, subject to the provisions of the applicable tax treaties with various jurisdictions, residents of the other countries may have tax benefits available, after setting-off taxes payable in India.

The Government of India announced the union budget for Financial Year 2024, following which the Finance Bill, 2024 was introduced in the Lok Sabha on February 1, 2024. Subsequently, the Finance Bill 2024 received the assent from the President of India on February 15, 2024, and became the Finance Act, 2024 ("**Finance Act 2024**"). We cannot predict whether the amendments made and yet to be notified pursuant to the Finance Act 2024 would have an adverse effect on our business, financial condition, future cash flows and results of operations. Any changes in the Finance Act, 2024 or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws that are applicable to 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.

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

Under the Companies Act, 2013 any company incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages prior to the 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 shares voted on such resolution, unless our Company has obtained government approval to issue without such rights. However, if the law of the jurisdiction that you are in does not permit the exercise of such pre-emptive rights without us 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. We may elect not to file a registration statement in relation to pre-emptive rights otherwise available by Indian law to you. To the extent that you are unable to exercise pre-emptive rights granted in respect of the Equity Shares, your proportional interests in us would be reduced.

61. Foreign investors are subject to foreign investment restriction under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the 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 and such transaction is within the sectoral cap prescribed for foreign investment. If the transfer of shares is not in compliance with such pricing guidelines or reporting requirements or fall under an exception, then the prior approval of the RBI or the appropriate authorities will be required.

Additionally, shareholders who seek to convert the Rupee proceeds from a sale of Equity 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 Government agency can be obtained on any particular terms or at all. Further, due to possible delays in obtaining requisite approvals, investors in the Equity Shares may be prevented from realizing gains during periods of price increase or limiting losses during periods of price decline.

62. Currency exchange rate fluctuations may have a material adverse effect on the value of Equity Shares, independent of our operating results.

The exchange rate between the Indian Rupee and the U.S. Dollar has changed substantially in recent years and may fluctuate substantially in the future. Fluctuations in the exchange rate between the U.S. Dollar and the Indian Rupee may affect the value of your investment in the Equity Shares. Specifically, if there is a change in relative value of the Indian Rupee to the U.S. Dollar, each of the following values will also be affected:

- The U.S. Dollar equivalent of the Indian Rupee trading price of our Equity Shares in India;
- The U.S. Dollar equivalent of the proceeds that you would receive upon sale in India of any of our Equity Shares; and
- The U.S. Dollar equivalent of cash dividends, if any, on our Equity Shares, which will be paid only in Indian Rupees.

You may be unable to convert Indian Rupee proceeds into U.S. Dollars or any other currency or the rate at which any such conversion could occur could fluctuate. In addition, our market valuation could be seriously harmed by the devaluation of the Indian Rupee, if U.S. investors analyse our value based on the U.S. Dollar equivalent of our financial condition and results of operations.

63. You may not receive the Equity Shares that you subscribe in the Issue until fifteen days after the date on which this Issue closes, which will subject you to market risk.

The Equity Shares that you purchase in the Issue may not be credited to your demat account with the depository participants until approximately fifteen days from the Bid / Issue Closing Date. You can start trading such Equity Shares only after receipt of the listing and trading approval in respect thereof. There can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time period, subjecting you to market risk for such period.

64. The Rights Entitlements of Eligible Equity Shareholders holding Equity Shares in physical form ("Physical Shareholders") may lapse in case they fail to furnish the details of their demat account to the Registrar.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Accordingly, the Rights Entitlements of the Physical Shareholders shall be credited in a suspense escrow demat account opened by our Company during the Issue Period. The Physical Shareholders are requested to furnish the details of their demat account to the Registrar not later than two working days prior to the Issue Closing Date (i.e., on or before [●]) to enable the credit of their Rights Entitlements in their demat accounts at least one day before the Issue Closing Date. The Rights Entitlements of the Physical Shareholders who do not furnish the details of their demat account to the Registrar not later than two working days prior to the Issue Closing Date, shall lapse. Further, pursuant to a press release dated December 3, 2018 issued by the SEBI, with effect from April 1, 2019, a transfer of listed Equity Shares cannot be processed unless the Equity Shares are held in dematerialized form (except in case of transmission or transposition of Equity Shares).

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorized by way of resolution passed by our Board on March 28, 2024, pursuant to section 62(1)(a) of the Companies Act, 2013 and other applicable provisions. The terms and conditions of the Issue including the Record Date, Rights Entitlement, Issue Price, timing of the Issue and other related matters have been approved by a resolution passed by the Rights Issue Committee at its meeting held on [●].

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in "*Terms of the Issue*" beginning on page 240.

Rights Equity Shares being offered by our Company	Up to [●]* Rights Equity Shares
Rights Entitlement*	[●] Rights Equity Shares for every [●] Equity shares held by the Eligible Equity Shareholders as on the Record Date i.e. [●].
Record Date	[●]
Face value per Rights Equity Share	₹ 10 each
Issue Price per Rights Equity Share	₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share).
Issue Size	Up to ₹ 18,000.00 lakhs.
Dividend	Such dividend as may be recommended by our Board and declared by our Shareholders, as per applicable law.
Equity Shares issued, subscribed and paid-up prior to the Issue	9,21,72,140 Equity Shares. For details, see "*Capital Structure*" beginning on page 57.
Equity Shares subscribed, paid–up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	[●] fully paid up Equity Shares.
Security codes for the Equity Shares	**ISIN for Equity Shares:** INE666E01020 **BSE Code:** 532141 **NSE Code:** ACL **ISIN for Rights Equity Shares** [●]
ISIN for Rights Entitlements	[●]
Terms of the Issue	For details, see '*Terms of the Issue'* on page 240.
Use of Issue Proceeds	For details, see '*Objects of the Issue'* on page 59.

**To be updated upon finalisation of the Issue Price.*

For details in relation fractional entitlements, see "*Terms of the Issue – Basis for the Issue and Terms of the Issue – Fractional Entitlements*" on page 257.

GENERAL INFORMATION

Our Company was originally incorporated as '*The Andhra Cement Company Limited*', a public limited company under the Indian Companies Act, 1913 and received a Certificate of Incorporation from the Assistant Registrar of Joint Stock Companies, Vizagapatam dated December 9, 1936 and obtained its Certificate of Commencement of Business on February 5, 1937. Subsequently the name of our Company changed to '*Andhra Cements Limited*' vide a Fresh Certificate of Incorporation dated December 24, 1990 issued by the Registrar of Companies, Andhra Pradesh.

Registered Office

Sri Durga Cement Works,
Sri Durgapuram, Dachepalli,
Palnadu District – 522414, Andhra Pradesh, India
Website: www.andhracements.com
E-mail: investorcell@andhracements.com

Corporate Office

Plot No. 111, Road No.10, Jubilee Hills
Hyderabad – 500 033, Telangana, India
Telephone: +91 – 40-23351571/23356572

Registration number and corporate identity number of our Company

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

Registration number: 2379

Corporate identity number: L26942AP1936PLC002379.

Address of the Registrar of Companies

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

Registrar of Companies

29-7-33, First Floor, Vishnuvardhanarao Street,
Suryaraopet, Vijayawada -520002, Andhra Pradesh.

Board of Directors of our Company

Set forth below are the details of our Board as on the date of this Draft Letter of Offer:

Name	Age	Designation	Address	DIN
Kalidindi Venkata Vishnu Raju	60	Chairman and Independent Director	Plot No.10, Road No. 9, Jubilee Hills, Hyderabad – 500033	00480361
Dr. Sammidi Anand Reddy	60	Managing Director	Plot No. 1254, Road No. 63, Jubilee Hills, Hyderabad – 500033	00123870
Sammidi Sreekanth Reddy	53	Non-Executive - Non Independent Director	Plot No. 854. S.no. 102/1 Road No. 44, Near Peddamma Temple, Shaikpet, Jubilee Hills, Hyderabad – 500033, Telangana	00123889
Sammidi Rachana	49	Non-Executive - Non Independent Director	Plot No. 854. S.no. 102/1 Road No. 44, Near Peddamma Temple,	01590516

Name	Age	Designation	Address	DIN
			Shaikpet, Jubilee Hills, Hyderabad – 500033, Telangana	
Ravichandran Rajagopal	62	Independent Director	No J-12/A, H. No. 8-2-293/82/J-111/112/ A, Prasashan Nagar, Road No. 72, Jubilee Hills, Hyderabad – 500 033.	00110930
Rekha Onteddu	65	Independent Director	Plot No. 630, Road No. 35, Jubilee Hills Hyderabad – 500033	07938776
Valliyur Hariharan Ramakrishnan	83	Independent Director	Flat No. 1005, Block-2A, SMR Vinay City, Bollaram Road, Opposite Naren Gardens, Miyapur, Hyderabad – 500049	00143948

For further details of our directors, see '*Our Management*' on page 135

Company Secretary and Compliance Officer

G. Tirupati Rao is the Company Secretary of our Company. His contact details are as follows:

Plot No. 111, Road No.10, Jubilee Hills
Hyderabad – 500 033, Telangana, India
Telephone: +91 – 40-23351571/23356572
Email: investorcell@andhracements.com

Lead Manager to the Issue

Anand Rathi Advisors Limited
11th Floor, Times Tower, Kamala Mills Compound,
Senapati Bapat Marg, Lower Parel
Mumbai, 400013
Maharashtra, India
Telephone: +91 22 4047 7120
E-mail: aclrights@rathi.com
Website: www.anandrathiib.com
Investor Grievance e-mail: grievance.ecm@rathi.com
Contact Person: Arpan Tandon
SEBI Registration Number: INM000010478

Statement of responsibilities of Lead Manager to the Issue

Anand Rathi Advisors Limited, being the sole Lead Manager will be responsible for all the responsibilities related to co-ordination and other activities in relation to the Issue. Hence, a statement of inter se allocation of responsibilities is not required

Legal Counsel to the Issue

M/s. Crawford Bayley and Co.
State Bank Building, 4th Floor
N.G.N. Vaidya Marg, Fort
Mumbai – 400 023
Maharashtra, India
Tel: +91 22 2266 3353

Registrar to the Issue

KFin Technologies Limited
Selenium Tower B, Plot 31 & 32
Gachibowli, Financial District
Nanakramguda, Serilingampally
Hyderabad 500 032
Telangana, India
Telephone: +91 40 6716 2222/18003094001
E-mail: acl.rights@kfintech.com
Investor Grievance ID: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
SEBI Registration Number: INR000000221

Statutory Auditor of our Company

Deloitte Haskins & Sells
Chartered Accountants
KRB Towers, Plot no 1 to 4 & 4A,
1st, 2nd & 3rd Floor, Jubilee Enclave,
Madhapur, Hyderabad – 500 081
Telangana, India.
Telephone: +91 40 7125 4048
Firm Registration No. 008072S
Email Id: mumuralidhar@deloitte.com
Peer Review Certificate No.: 014126

Change in Statutory Auditors

Except as disclosed below, there has been no change in our auditors in the three years preceding the date of this Draft Letter of Offer:

Name of Auditor	Date of Change	Reason for Change
Dass Gupta & Associates Chartered Accountants 201, R S Towers, Doctor's Colony, Kavuri Hills, Hyderabad – 500 081, Telangana, India **Firm Registration No.**000112N **Peer Review Certificate No.:** 000112N	May 7, 2023	Resignation
Deloitte Haskins & Sells Chartered Accountants KRB Towers, Plot no 1 to 4 & 4A, 1st, 2nd & 3rd Floor, Jubilee Enclave, Madhapur, Hyderabad – 500 081 Telangana, India. **Firm Registration No.** 008072S **Peer Review Certificate No.:** 014126	June 5, 2023	Upon casual vacancy and further re-appointment for a period of five years from the conclusion of the annual general meeting held of June 5, 2023.

Investor Grievances

Investors may contact the Registrar to the Issue or our Company Secretary and Compliance Officer for any pre - Issue or post Issue related matters. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the Applicant, contact number(s), e -mail address of the sole/ first holder, folio number or demat account, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB where the Application Forms, or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip. For details on the ASBA process, see "*Terms of the Issue*" beginning on page 240.

Expert

Our Company has received consent from its Statutory Auditors, Deloitte Haskins & Sells, Chartered Accountants through their letter dated September 30, 2024 to include their name as required under Section 26(1) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of (i) the Restated Financial Statements and the examination reports in respect of the Audited Financial Statements, and (ii) statement of special tax benefits dated September 28, 2024 and such consents have not been withdrawn as of the date of this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "Expert" as defined under the U.S. Securities Act.

Our Company has also received written consent dated September 21, 2024 from the Independent Chartered Accountant, C Ramachandram & Co, Chartered Accountants, to include its name in this Draft Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the certificates issued by them in their capacity as an independent chartered accountant to our Company and such consent has not been withdrawn as on the date of this Draft Letter of Offer. The term "expert" and "consent" thereof shall not be construed to mean an "expert" or "consent" as defined under the U.S. Securities Act.

Our Company has received written consent dated September 03, 2024 from K.V. Subramanium Kishore, Chartered Engineer to include their name in this Draft Letter of Offer, as an "expert" as defined under Section 2(38) of the Companies Act in their capacity as the independent chartered engineer regarding capacities of the manufacturing facility of the Company such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Banker to the Issue / Refund Bank

[●]

Self-Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as the SCSBs for the ASBA process is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time. For a list of branches of the SCSBs named by the respective SCSBs to receive the ASBA Forms from the Designated Intermediaries, please refer to the above-mentioned link

Credit Rating

As the Issue comprises an issue of the Rights Equity Shares on a rights basis to the Eligible Equity Shareholders, there is no requirement of credit rating for the Issue.

Debenture Trustee

As the Issue comprises an issue of the Rights Equity Shares on a rights basis to the Eligible Equity Shareholders, the appointment of debenture trustee is not required.

Monitoring Agency

Our Company has appointed CARE Ratings Limited as the monitoring agency to monitor utilization of the Gross Proceeds, in accordance with Regulation 82 of the SEBI ICDR Regulations. Details of the Monitoring Agency are as follows:

CARE Ratings Limited
4th Floor, Godrej Coliseum
Somaiya Hospital Road, Off Eastern Express Highway
Sion (East), Mumbai – 400 022
Tel: 022 - 67543456
E-mail: meenal.sikchi@careedge.in
Website: www.careratings.com
Contact Person: Meenal Sikchi

Appraising Entity

None of the purposes for which the Net Proceeds are proposed to be utilized have been financially appraised by any banks or financial institution or any other independent agency.

Underwriting

The Issue is not underwritten.

Issue Schedule

Particulars	Day and Date
Last Date for credit of the Rights Entitlements	[●]
Issue Opening Date	[●]
Last Date for On Market Renunciation of the Rights Entitlements#	[●]
Issue Closing Date*	[●]
Finalization of Basis of Allotment (on or about)	[●]
Date of Allotment (on or about)	[●]
Date of credit (on or about)	[●]
Date of listing (on or about)	[●]

 # Eligible Equity Shareholders are requested to ensure that renunciation through off-market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.
** Our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date (inclusive of the Issue Opening Date) or such other time as may be permitted as per applicable law. Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

The above schedule is indicative and does not constitute any obligation on our Company or the Lead Manager.

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●].

Investors are advised to ensure that the Application Forms are submitted on or before the Issue Closing Date. Our Company, the Lead Manager or the Registrar will not be liable for any loss on account of non-submission of Application Forms on or before the Issue Closing Date. Further, it is also encouraged that the applications are submitted well in advance before Issue Closing Date. For details on submitting Application Forms, see "Terms of the Issue - Process of making an Application in the Issue" beginning on page 242.

The details of the Rights Entitlements with respect to each Eligible Equity Shareholder can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar at www.kfintech.com in after keying in their respective details along with other security control measures implemented thereat. For further details, see "*Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" beginning on page 240.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before the Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from the market and the purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares offered under the Issue.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, our Company shall refund the entire subscription amount within four days from the closure of the Issue in accordance with Regulation 86 of the SEBI ICDR Regulations. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws.

Filing

This Draft Letter of Offer has been filed with SEBI for its observations electronically through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the SEBI master circular bearing number SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023, and with the Stock Exchanges. After SEBI gives its observations, the final Letter of Offer will be filed with SEBI and the Stock Exchanges simultaneously with the filing of the Letter of Offer with the Designated Stock Exchange as per the provisions of the SEBI ICDR Regulations.

CAPITAL STRUCTURE

The equity share capital of our Company as at the date of this Draft Letter of Offer, and the details of the Equity Shares proposed to be issued in the Issue, and the issued, subscribed and paid up share capital after the Issue, are set forth below:

(₹ in lakhs, except share data)

Sr. No.	Particulars	Aggregate value at Face Value	Aggregate value at Issue Price*
A.	**AUTHORIZED SHARE CAPITAL**		
	40,00,00,000 Equity Shares of face value of ₹10 each	40,000	NA
	1,00,00,000 Cumulative Redeemable Preference Shares of ₹100 each	10,000	NA
B.	**ISSUED SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE ISSUE**		
	9,21,72,140 Equity Shares of face value of ₹10 each	9,217	-
C.	**PRESENT ISSUE IN TERMS OF THIS DRAFT LETTER OF OFFER (1)**	[●]	
	Up to [●] Rights Equity Shares at an Issue Price of ₹ [●] per Rights Equity Share which includes a premium of ₹ [●] per Rights Equity Share	Up to [●]*	Up to [●]
D.	**ISSUED SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE(2)**		
	[●]* Equity Shares	[●]	-
E.	**SECURITIES PREMIUM ACCOUNT**		
	Before the Issue as on date of this Draft Letter of Offer		23,489
	After the Issue		[●]

(1) *The Issue has been authorized by way of a resolution passed by our Board at their meeting held on March 28, 2024 pursuant to Section 62 (1) (a) of the Companies Act, 2013 and other applicable law.*

(2) *Assuming full subscription for and Allotment of Equity Shares. Subject to finalisation of Basis of Allotment and deduction of Issue related expenses.*

** Subject to finalization of Basis of Allotment, Allotment and deduction of the Issue related expenses.*

Notes to the Capital Structure

1. **Shareholding pattern of our Company as per the last filing with the Stock Exchanges in compliance with the provisions of the SEBI Listing Regulations:**

   a) The shareholding pattern of our Company, as on June 30, 2024, can be accessed on the website of the BSE at https://www.bseindia.com/stock-share-price/andhra-cements-ltd/acl/532141/shareholding-pattern/ and of the NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=ACL&tabIndex=equity ;

   b) The statement showing holding of Equity Shares of persons belonging to the category "Promoters and Promoter Group" including the details of lock-in, pledge of and encumbrance thereon, as on June 30, 2024, can be accessed on the website of BSE at https://www.bseindia.com/corporates/shpPromoterNGroup.aspx?scripcd=532141&qtrid=122.00&QtrName=June%202024 and NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=ACL&tabIndex=equity; and

   c) The statement showing holding of Equity Shares of persons belonging to the category "Public" including shareholders holding more than 1% of the total number of Equity Shares as on June 30, 2024 can be accessed on the website of the BSE at https://www.bseindia.com/corporates/shpPublicShareholder.aspx?scripcd=532141&qtrid=122.00&QtrName=June%202024 and of the NSE at https://www.nseindia.com/companies-listing/corporate-filings-shareholding-pattern?symbol=ACL&tabIndex=equity.

2. **Intention and extent of participation by our promoter in the issue with respect to their rights entitlement and the intention to subscribe over and above their rights entitlement**

Our promoter, vide its letter dated September 27, 2024 confirmed that it shall not apply for subscription to its Rights Entitlements and shall forgo its Rights Entitlements in order to comply with the minimum public shareholding requirements mandated under Rule 19(2)(b) and 19A of the SCRR read with regulation 38 of SEBI Listing Regulations.

3. As on date of this Draft Letter of Offer, 2,18,90,883 of the Equity Shares held by our Promoter are pledged for the credit facility availed by the company.

4. Our Company shall ensure that any transaction in the Equity Shares by the Promoter during the period between the date of filing this Draft Letter of Offer and the date of closure of the Issue shall be reported to the Stock Exchange within 24 hours of such transaction.

5. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the SEBI Takeover Regulations is ₹[●].

6. At any given time, there shall be only one denomination of the Equity Shares of our Company.

7. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Issue, shall be fully paid up.

8. As on the date of this Draft Letter of Offer, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares.

9. No Equity Shares have been acquired by the Promoter or members of the Promoter Group in the year immediately preceding the date of filing of this Draft Letter of Offer with SEBI.

10. Details of the Equity Shareholders holding more than 1% of the issued and paid -up Equity Share capital

The table below sets forth details of Equity Shareholders holding more than 1% of the issued and paid -up Equity Share capital of our Company, as on the date of this Draft Letter of Offer

S. No.	**Name of the Equity Shareholders**	**Number of Equity Shares held**	**Percentage of Equity Shares held (%)**
1.	Sagar Cements Limited	8,29,54,926	90

OBJECTS OF THE ISSUE

We intend to utilize the gross proceeds raised through the Issue (the "**Gross Proceeds**") after deducting the Issue related expenses ("**Net Proceeds**") to part finance the following objects (collectively, referred to as the "**Objects**"):

1. Capital expenditure for part-funding of capacity expansion and modernization of existing manufacturing facility at "Sri Durga Cement Works", Dachepalli, Palnadu District, Andhra Pradesh ("**Proposed Project**");

2. General corporate purposes.

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

The objects and objects incidental or ancillary to the main objects as stated in the Memorandum of Association enable us to undertake (i) our existing activities; (ii) the activities proposed to be funded from the Net Proceeds. Further, our objects as stated in the Memorandum of Association do not restrict us from undertaking the activities for which the funds are being raised by our Company through this Issue.

Issue Proceeds

The details of the Issue Proceeds are set forth in the table below:

(₹ in lakhs)

Particulars	Estimated amount
Gross Proceeds to be raised from the Issue*	Up to 18,000.00
Less: Estimated Issue related expenses**	[●]
Net Proceeds	[●]

**Assuming full subscription in the Issue and subject to finalization of the Basis of Allotment and to be adjusted per the Rights Entitlement ratio.*

***See "Estimated Issue Related Expenses" on page 79 below.*

Utilization of Net Proceeds

The proposed utilisation of the Net Proceeds by our Company is set forth in the table below:

(in ₹ lakhs)

Particulars	Estimated amount
Capital expenditure for part-funding of capacity expansion and modernization of existing manufacturing facility at "Sri Durga Cement Works", Dachepalli, Palnadu District, Andhra Pradesh	Up to 16,700.00
General Corporate Purposes*	[●]
Net Proceeds	[●]

**Subject to the finalization of the Basis of Allotment and the Allotment. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceed*

Proposed schedule of implementation and deployment of Net Proceeds

We propose to deploy the Net Proceeds towards the Objects in accordance with the proposed schedule of implementation and deployment of funds set out below:

Particulars	Total estimated costs (in ₹ lakhs) (A)	Amount deployed till September 20, 2024** (B)	Balance amount to be incurred (C=A-B)	Estimated utilisation from Net Proceeds	Year wise break-up of the expenditure	
					Fiscal 2025	Fiscal 2026
Civil Works	8,739.00	3,499.24	5,239.76	3,800.00	Nil	1,439.76
Plant & Machinery	22,156.00	468.05	21,687.95	9,900.00	1,211.95	10,576.00
Electrical and Instrumentation	11,336.00	42.46	11,293.54	2,000.00	520.54	8,773.00
Pre-operative expenses including interest during implementation period	3,500.00	Nil	3,500.00	1,000.00	Nil	2,500.00
Consultancy Services	1,338.00	Nil	1,338.00	Nil	1,096.00	242.00
General Corporate Purposes*	-	-	[●]	[●]	[●]	[●]
Net Proceeds*	**47,069.00**	**4,009.75**	**43,059.25**	[●]	[●]	[●]

**Subject to the finalization of the Basis of Allotment and the Allotment. The amount utilised for general corporate purpose shall not exceed 25% of the Gross Proceeds.*
***As certified by Independent Chartered Accountants by way of their certificate dated September 21, 2024.*

The balance amount required for the Proposed Project, shall be financed from a mix of debt and internal accruals.

The above fund requirements are based on our current business plan and have not been appraised by any bank or financial institution or any external agency. Our Company's funding requirements and deployment schedules are subject to revision in the future at the discretion of our Board. In view of the competitive environment of the industry in which we operate, we may have to revise our business plan from time to time and consequently, our funding requirements may also change. We may have to revise our funding requirements, and deployment from time to time on account of various factors such as economic and business conditions, increased competition, the prevailing market conditions and other external factors which may not be within our control. This may entail rescheduling the proposed utilisation of the Net Proceeds and changing the allocation of funds from its planned allocation at the discretion of our management, subject to compliance with applicable law. Further, in case the Net Proceeds are not completely utilised in a scheduled Fiscal Year due to any reason, the same would be utilised (in part or full) in the next Fiscal Year/ subsequent period as may be determined by our Company, in accordance with applicable law.

In case of any increase in the actual utilisation of funds earmarked for any of the Objects or a shortfall in raising requisite capital from the Net Proceeds, such additional funds for a particular activity will be met through means available to us, including by way of incremental debt and/or internal accruals. If the actual utilisation towards any of the Objects is lower than the proposed deployment, such balance will be used towards general corporate purposes to the extent that the total amount to be utilized towards general corporate purpose will not exceed 25% of the Gross Proceeds from the Issue in accordance with applicable law.

Details of the Objects

1. Capital expenditure for part-funding of capacity expansion and modernization of existing manufacturing facility at "Sri Durga Cement Works", Dachepalli, Palnadu District, Andhra Pradesh

We are in the process of capacity expansion and modernization of our existing manufacturing facility located at "Sri Durga Cement Works", Dachepalli, Palnadu District, Andhra Pradesh at an estimated cost of ₹ 47,069.00 lakhs ("**Proposed Project**"). The Proposed Project will optimise plant operations and lead to achieving target capacities. This is proposed to be part-financed from the Net Proceeds.

We believe that pursuant to the proposed capacity expansion and modernization, we will be strategically positioned to deliver comprehensive and integrated solutions to customers. This will allow us to increase profitability.

Our Board at its meeting held on January 24, 2024, has approved the proposal for modernization and expansion of Sri Durga Cement Works manufacturing plant for a total estimated cost of ₹ 47,069.00 lakhs.

Estimated cost

The total estimated cost of the Proposed Project is ₹ 47,069.00 lakhs of which our Company proposes to utilise ₹ 16,700.00 lakhs from the Net Proceeds for the capital expenditure for part funding for the Proposed Project, as per the detailed project report issued by R V Consulting Services Private Limited ("**DPR**"). Our Company has received approval of the shareholders through extra-ordinary general meeting held on March 28, 2024 for (i) Technical Consultancy, Site Supervision, Third Party Inspection (ii) Plant & Equipment including machinery for Mechanical Equipment and repairs & electrical instrumental (iii) Civil Works, painting works and (iv) Development works including green belt development a site cleaning and any other related transactions with R V Consulting Services Private Limited, one of the Promoter Group entity of our Company.

Further, our Company has entered into turnkey agreement dated March 29, 2024 with R V Consulting Services Private Limited for the total value of ₹ 36,329.00 lakhs (including applicable taxes) for undertaking Civil works, Plant & Machinery for Mechanical Equipment`s and Plant & Machinery for Electrical & Instrumentation Equipment's. The detailed break-up of the total value of the turnkey project is given below:

S. No	Particulars	Amount (₹ in lakhs)
1	Civil works	8,738.66
2	Plant & Machinery for Mechanical Equipment's	20,405.72
3	Electrical & Instrumentation	7,184.62
	Total	**36, 329.00**

With over one and half decades of track records in Indian cement and mineral processing industries, R V Consulting Services Private Limited has work experience for consulting services for cement plants, mineral based industries, CPP and WHR plants. R V Consulting Services Private Limited has completed various work for Sagar Cements Limited, Bharathi Cement Corporation Limited, Panyam Cement and Minerals Limited, Maruti Cements Limited, Amrit Cement etc.

The fund requirements, the deployment of funds and the intended use of the Net Proceeds for the Proposed Project as described herein are based on the DPR and other commercial and technical factors. However, such total estimated cost and related fund requirements have not been appraised by any bank or financial institution.

The Comprehensive details of the proposed project are detailed below:

Details of the Proposed Project

Total project cost based on the cost mentioned in the DPR issued by R V Consulting Services Private Limited is as under:

(In ₹ lakhs)

S. No	Particular	Total estimated cost (1)	Amount deployed (2)	Amount proposed to be funded from the Net Proceeds
1.	Civil Works	8,739.00	3,499.24	3,880.00
2.	Plant & Machinery	22,156.00	468.05	9,900.00
3.	Electrical and Instrumentation	11,336.00	42.46	2,000.00
4.	Pre-operative expenses including interest during implementation period	3,500.00	Nil	1,000.00
5.	Consultancy Services	1,338.00	Nil	Nil
	Total	**47,069.00**	**4,009.75**	**16,700.00**

(1) Total estimated cost as per DPR issued by R V Consulting Services Private Limited
(2) As of September 20, 2024, the amount deployed towards the Proposed Project was ₹ 4,009.75 lakhs, as certified by our Independent Chartered Accountant, by way of their certificate dated September 21, 2024.

Means of Finance for the Proposed Project

Our Company intends to finance the total requirement for the proposed project as below:

S. No	Particular	Amount (₹ in lakhs)
1	Proceeds from the Issue	16,700.00
2	Term Loan from Bank/Unsecured loan from Promoter **	21,000.00
3	Internal Accruals/Bank facilities/ Unsecured loan from Promoter	9,369.00*
	Total	**47,069.00**

** Our Company has deployed ₹ 4,009.75 lakhs towards meeting the expenditure incurred on the Proposed Project as on September 20, 2024, which is certified by Independent Chartered Accountants, vide their certificate dated September 21, 2024.*

*** Audit Committee Approval**

The Unsecured loan of ₹ 4,000.00 lakhs obtained from Sagar Cements Limited for part funding the Proposed Project has been approved by the Audit Committee along with its terms in their meetings held on February 26, 2024. Unsecured Loan have been provided by SCL from their owned funds and as on September 20, 2024 Our Company has utilized 100% of the loan amount.

In view of the above, we confirm that we have made firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding funds to be raised through the Right Issue and deployed from Identified Internal Accruals as required under Regulation 62(1)(c) of the SEBI ICDR Regulation as follows:

Particulars	Amount (₹ in lakhs)
Aggregate funds required for the Proposed Project (A)	47,069.00
Amount proposed to be financed from Net Proceeds (B)	16,700.00
Funds deployed till September 20, 2024 through Identified Internal Accruals and Unsecured loan from Promoter (C) (1)	4,009.75
Funds required excluding the Net Proceeds and Identified Internal Accruals (A)-(B)-(C)	26,359.25
Funds by Secured Term Loan and Unsecured loan from Promoter**	21,000.00
75% of the funds required excluding the Net Proceeds and Identified Internal Accruals	19,769.44

Particulars	Amount (₹ in lakhs)
Arrangements regarding 75% of the funds required excluding the Issue proceeds	

***The table below gives the details of the sanction loan from **YES Bank Limited**:*

Name of The Lender and date of the sanction	Nature of borrowing	Purpose	Amount Sanctioned (₹ in lakhs)	Repayment Date / Schedule/Tenor	Interest Rate (% p.a.)
Yes Bank Limited, September 27, 2024	Term Loan	Expansion of Cement/Clinker Facility at Dachepalli, Guntur District, Andhra Pradesh	15,000.00	10.5 years including a moratorium of 6 months. Repayments starting from April 01, 2026	Floating and equal to 3m T-Bill + Spread of 3.63%, currently equal to 10.25% p.a.

** Further, Our Company has entered into a loan agreement with our Promoter dated September 28, 2024 for availing an unsecured loan facility of an amount aggregating to ₹ 6,000.00 lakhs for part-funding the Proposed Project. These funds shall be drawn by the Company as and when required to meet its requirements for the Proposed Project

The details of the terms and conditions of loan agreement are as given below:

Tenure: To be repaid in 3 years from the date of disbursement of entire amount.

Purpose: For Capital expenditure for part-funding of Proposed Project.

Rate of interest: 10% p.a.

In case of a shortfall in the Net Proceeds or any increase in the actual utilisation of funds earmarked for the Objects, our Company may explore a range of options including utilizing our internal accruals.

The breakdown of total estimated costs of Proposed Project as per the DPR by R V Consulting Services Private Limited are set forth below:

1. Civil Works

Sl. No	Description	Qty. (m^3 / m^2)	Rate* (₹)	Amount (₹ lakhs)	GST(18%)	Total (₹)
1	Secondary Crusher	400	0.285	114.00	20.52	134.52
2	Belt conveyor foundations	100	0.285	28.50	5.13	33.63
3	Preheater Building - Double string	14,000	0.285	3990.00	718.20	4708.20
4	TAD Foundations	200	0.285	57.00	10.26	67.26
5	Mill Buildings	3500	0.285	997.50	179.55	1177.05
6	Compressor & Receiver Foundations	200	0.285	57.00	10.26	67.26
7	CCR Building	500	0.285	142.50	25.65	168.15
8	Cable gallery & Supporters	200	0.285	57.00	10.26	67.26
9	Misc. foundations / Works	400	0.285	114.00	20.52	134.52
10	PCC	2000	0.090	180.00	32.40	212.40
11	Excavation	39,500	0.0050	197.50	35.55	233.05
12	Back Filling	39,500	0.0040	158.00	28.44	186.44
13	Insert Plates (MT)	132	1.250	165.00	29.70	194.70
14	Bricks for the Buildings	-	-	115.00	20.70	135.70
15	Brick Lining Contractor			90.00	16.20	106.20
16	Grouting Material / Concrete Retarders			90.00	16.20	106.20
17	Doors & Windows			90.00	16.20	106.20
18	Hume pipes for electrical & road crossing			60.00	10.80	70.80
19	Misc. Items			350.00	63.00	413.00
	Total	**19,500.00**		**7,053.00**	**1,269.54**	**8,322.54**
	Contingency @5%			5.0%	5.0%	5.0%
				352.65	63.48	416.13
	Grand Total			**7,405.65**	**1,333.02**	**8,739.00***

**R V Consultancy Services Private Limited shall be undertaking the Civil Works for the total estimated amount of ₹8,738.66 lakhs on turnkey basis.*

2. Plant and Machinery

Eq. No	Description	Basic (₹)	GST (18%)	Trans. (4%)	Total (Rs.)
	Secondary Crusher				
1	Belt conveyor , 800 mm, 30 Mtrs	20.44	3.68	0.82	24.94
2	Belt Conveyor crusher , 45 Mtrs	31.35	5.64	1.25	38.24
3	Secondary Crusher	88.59	15.95	3.54	108.08
4	Bag Filter at Crusher	13.63	2.45	0.55	16.63
5	Rotary air lock for BF	2.04	0.37	0.08	2.49
6	Bag Filter Fan	5.45	0.98	0.22	6.65
7	Misc. Expenses	13.63	2.45	0.55	16.63
	Total	**175.13**	**31.52**	**7.01**	**213.66**
	VRM Separator and Cyclones Modifications				
1	Separator	88.59	15.95	3.54	108.08
2	Ceramic Lining	13.63	2.45	0.55	16.63
3	Cyclones (Steel)	0.00	0.00	0.00	0.00
4	Rotary Air locks below cyclones	13.63	2.45	0.55	16.63
5	Circulating Fan	40.89	7.36	1.64	49.89
6	Misc. Expenses	20.44	3.68	0.82	24.94
	Total	**177.18**	**31.89**	**7.09**	**216.16**
	Preheater Double String				
1	Preheater components such as Flap valves, Dip Tubes, Poke holes, Man hole covers, Diverting gates, Expansion joints, PH Fan, Dampers, Air blasters, Kiln seals and Kiln burner	1335.00	240.30	53.40	1628.70
3	Bucket Elevator	272.58	49.06	10.90	332.55
4	Bucket Elevator (Tandem)	136.29	24.53	5.45	166.27
5	Gas analysers (Existing)	0.00	0.00	0.00	0.00
6	Jet Blower for Burner- Primary Air fan	40.89	7.36	1.64	49.89
7	Roots Blower for Burner - Primary Air fan - Standby	20.44	3.68	0.82	24.94
8	Jet Blower for Burner- Swril Air fan	27.26	4.91	1.09	33.26
9	Roots Blower for Burner - Swril Air fan -Standby	13.63	2.45	0.55	16.63
10	Hoist for Bricks in Preheater	10.90	1.96	0.44	13.30
11	Hoist for Burner trolley	10.90	1.96	0.44	13.30
12	Passenger cum Goods Lift	61.33	11.04	2.45	74.82
13	Recirculation Junction box with slide gate	3.41	0.61	0.14	4.16
14	Pneumatic shutt off gate	4.09	0.74	0.16	4.99
15	Air slide with blower	3.41	0.61	0.14	4.16
16	Bag Filter at PH Top	10.90	1.96	0.44	13.30
17	Rotary Air Lock	1.36	0.24	0.05	1.66
18	Fan	4.09	0.74	0.16	4.99
19	Bag Filter for Elevators	10.90	1.96	0.44	13.30
20	Rotary Air Lock	1.36	0.24	0.05	1.66
21	Fan	4.09	0.74	0.16	4.99
22	Blending Silo No-3 & Kiln Feed system modifications	1111.40	200.05	44.46	1355.91
23	Misc. Expenses	20.44	3.68	0.82	24.94
	Total	**3104.67**	**558.84**	**124.19**	**3787.70**

	Cement Mill VRPM Modification of Separator				
1	Ceramic Lining	34.07	6.13	1.36	41.57
2	Flap Valve feeding to separator	32.00	5.76	1.28	39.04
3	Separator				
4	Flap Valve below separator				
5	Cyclones Modifications (Steel)	11.61	2.09	0.46	14.16
6	Rotary Air locks below cyclones	13.63	2.45	0.55	16.63
7	Circulating Fan	34.07	6.13	1.36	41.57
8	Erection	102.22	18.40	0.00	120.62
9	Misc. Expenses	20.44	3.68	0.82	24.94
	Total	**248.04**	**44.65**	**5.83**	**298.52**
	Cement Mill Roller Press				
1	Clinker Hopper -RCC	0.00	0.00	0.00	0.00
2	Level Indicator	0.00	0.00	0.00	0.00
3	High level switch	0.00	0.00	0.00	0.00
4	Gypsum Hopper -RCC	0.00	0.00	0.00	0.00
5	Level Indicator	0.00	0.00	0.00	0.00
6	High level switch	0.00	0.00	0.00	0.00
7	Limestone Hopper -RCC	0.00	0.00	0.00	0.00
8	Level Indicator	0.00	0.00	0.00	0.00
9	High level switch	0.00	0.00	0.00	0.00
10	Belt weigh feeder with gate for Clinker	13.30	2.39	0.53	16.23
11	Belt weigh feeder with gate for Gypsum	15.90	2.86	0.64	19.40
12	Belt weigh feeder with gate for Limestone	13.30	2.39	0.53	16.23
13	Belt Conveyor below hoppers	106.00	19.08	4.24	129.32
14	Belt Conveyor feeding to Separator	33.20	5.98	1.33	40.50
15	Bag Filter at Hoppers top	13.30	2.39	0.53	16.23
16	Rotary Air Lock	1.40	0.25	0.06	1.71
17	Fan	5.30	0.95	0.21	6.47
18	Bag Filter at Weigh feeders	10.60	1.91	0.42	12.93
19	Rotary Air Lock	1.40	0.25	0.06	1.71
20	Fan	4.00	0.72	0.16	4.88
21	Bag Filter at TT and elevator venting	10.60	1.91	0.42	12.93
22	Rotary Air Lock	1.40	0.25	0.06	1.71
23	Fan	4.00	0.72	0.16	4.88
24	Bucket Elevator for fresh feed	119.20	21.46	4.77	145.42
25	Hoist for above elevator	10.60	1.91	0.42	12.93
26	Belt conveyor from elevator to fresh feed	33.20	5.98	1.33	40.50
27	Magnetic Separator	13.30	2.39	0.53	16.23
28	Metal Detector	6.70	1.21	0.27	8.17
29	Bag Filter for elevator venting	10.60	1.91	0.42	12.93
30	Rotary Air Lock	1.40	0.25	0.06	1.71
31	Fan	4.00	0.72	0.16	4.88
32	Diverting gate pneumatic	4.70	0.85	0.19	5.73
33	Hopper for Reject Material - Steel	0.00	0.00	0.00	0.00
34	Level Indicator	1.00	0.18	0.04	1.22
35	Load cells	2.70	0.49	0.11	3.29
36	Slide gate	1.40	0.25	0.06	1.71
37	Belt Weigh feeder	10.60	1.91	0.42	12.93
38	Belt conveyor feeding to V-Separator	19.90	3.58	0.80	24.28
39	Bag Filter for Transfer points	10.60	1.91	0.42	12.93
40	Rotary Air Lock	1.40	0.25	0.06	1.71
41	Fan	4.00	0.72	0.16	4.88
42	Belt Conveyor below reject hopper	26.50	4.77	1.06	32.33
43	Metal Detector	6.70	1.21	0.27	8.17

44	Diverting gate pneumatic	4.00	0.72	0.16	4.88
45	Reject Bin - Steel	0.00	0.00	0.00	0.00
46	Load cells	1.00	0.18	0.04	1.22
47	High level switch	2.70	0.49	0.11	3.29
48	Slide gate	1.40	0.25	0.06	1.71
49	Bag Filter for Transfer points & Rejects	10.60	1.91	0.42	12.93
50	Rotary Air Lock	1.40	0.25	0.06	1.71
51	Fan	4.00	0.72	0.16	4.88
52	V-Separator	66.30	11.93	2.65	80.89
53	Slide gate below v separator	4.00	0.72	0.16	4.88
54	Louvre damper with actuator	5.30	0.95	0.21	6.47
55	Belt Conveyor below v-separator with spillage screw conveyor	46.40	8.35	1.86	56.61
56	Belt weigher	4.00	0.72	0.16	4.88
57	Bucket Elevator for Recirculation	238.40	42.91	9.54	290.85
58	Hoist for above elevator	6.70	1.21	0.27	8.17
59	Belt Conveyor with spillage screw conveyor for Roller press feeding	46.40	8.35	1.86	56.61
60	Pendulum flap valve	6.70	1.21	0.27	8.17
61	Magnetic Separator	6.70	1.21	0.27	8.17
62	Pre Feeding bin	4.00	0.72	0.16	4.88
63	Level indicator	1.00	0.18	0.04	1.22
64	Load cells	1.40	0.25	0.06	1.71
65	Slide gate	1.40	0.25	0.06	1.71
66	Roller press	1986.10	357.50	79.44	2423.04
67	Gear boxes for roller press	264.90	47.68	10.60	323.18
68	Lubrication system for roller press	39.80	7.16	1.59	48.56
69	EOT Crane for roller press	72.90	13.12	2.92	88.94
70	Bag Filter for Roller press and auxiliaries	19.90	3.58	0.80	24.28
71	Rotary Air Lock	2.70	0.49	0.11	3.29
72	Fan for above filter	13.30	2.39	0.53	16.23
73	Bag Filter for Transfer points	13.30	2.39	0.53	16.23
74	Rotary Air Lock	1.40	0.25	0.06	1.71
75	Fan for above filter	5.30	0.95	0.21	6.47
76	Dynamic separator	165.60	29.81	6.62	202.03
77	Gear Boxes for separator	46.40	8.35	1.86	56.61
78	Slide gate below separator - 2 Nos	2.00	0.36	0.08	2.44
79	Rotary Air lock below separator - 2 Nos	13.30	2.39	0.53	16.23
80	Hoist for Separator	6.70	1.21	0.27	8.17
81	Fan for Separator bottom chute	6.70	1.21	0.27	8.17
82	Over Flow bin	1.40	0.25	0.06	1.71
83	Slide gate motorized for bin	2.00	0.36	0.08	2.44
84	Slide gate manual for bin	1.40	0.25	0.06	1.71
85	Rotary air locks for bin	2.70	0.49	0.11	3.29
86	Air slide feeding to elevator	4.00	0.72	0.16	4.88
87	Blower for above air slide	2.00	0.36	0.08	2.44
88	Flow meter (SFM)	5.30	0.95	0.21	6.47
89	Bucket Elevator feeding to Ball mill	99.40	17.89	3.98	121.27
90	Hoist for above elevator	6.70	1.21	0.27	8.17
91	Air slide feeding to ball mill	4.00	0.72	0.16	4.88
92	Air slide blower	1.40	0.25	0.06	1.71
93	Air slide feeding to ball mill	4.00	0.72	0.16	4.88
94	Air slide blower	1.40	0.25	0.06	1.71
95	Cyclones	0.00	0.00	0.00	0.00
96	Slide gate manual for cyclones	2.00	0.36	0.08	2.44
97	Rotary air locks for cyclones	5.30	0.95	0.21	6.47
98	Separator Fan	158.90	28.60	6.36	193.86
99	Fan inlet damper	6.70	1.21	0.27	8.17

100	Hoist for Separator Fan	6.70	1.21	0.27	8.17
101	Bag Filter for Separator	99.40	17.89	3.98	121.27
102	Rotary air locks	5.30	0.95	0.21	6.47
103	Slid gates	2.70	0.49	0.11	3.29
104	Fan for Bag Filter	33.20	5.98	1.33	40.50
105	Product air slide	6.70	1.21	0.27	8.17
106	Air slide blower	2.70	0.49	0.11	3.29
107	Product air slide	6.70	1.21	0.27	8.17
108	Air slide blower	2.70	0.49	0.11	3.29
109	Screw sampler	1.40	0.25	0.06	1.71
110	Slide gate pneumatic	1.40	0.25	0.06	1.71
111	Bucket Elevator for Silo feed	106.00	19.08	4.24	129.32
112	Hoist for above elevator	13.30	2.39	0.53	16.23
113	Air slide feeding to silo	6.70	1.21	0.27	8.17
114	Air slide blower	2.70	0.49	0.11	3.29
115	Diversion box	1.40	0.25	0.06	1.71
116	Slide gate manual	1.40	0.25	0.06	1.71
117	Slide gate pneumatic	2.00	0.36	0.08	2.44
118	Air slide feeding to silo	6.70	1.21	0.27	8.17
119	Air slide blower	2.70	0.49	0.11	3.29
120	Bag Filter for Elevator and flow meter	13.30	2.39	0.53	16.23
121	Fan for Bag Filter	1.40	0.25	0.06	1.71
122	Rotary Air Lock	5.30	0.95	0.21	6.47
123	Bag Filter for Elevator and air slides	13.30	2.39	0.53	16.23
124	Fan for Bag Filter	1.40	0.25	0.06	1.71
125	Rotary Air Lock	5.30	0.95	0.21	6.47
126	Bag Filter for air slides	13.30	2.39	0.53	16.23
127	Fan for Bag Filter	1.40	0.25	0.06	1.71
128	Rotary Air Lock	5.30	0.95	0.21	6.47
129	Bag Filter for Elevator bottom boot	13.30	2.39	0.53	16.23
130	Fan for Bag Filter	1.40	0.25	0.06	1.71
131	Rotary Air Lock	5.30	0.95	0.21	6.47
132	Bag Filter for Elevator Head	13.30	2.39	0.53	16.23
133	Fan for Bag Filter	1.40	0.25	0.06	1.71
134	Rotary Air Lock	5.30	0.95	0.21	6.47
135	Ball Mill with girth gear and pinion - Existing	0.00	0.00	0.00	0.00
136	Crane for Ball mill - Existing	0.00	0.00	0.00	0.00
137	Bag Filter for Mill Venting -Existing	0.00	0.00	0.00	0.00
138	Rotary air locks	0.00	0.00	0.00	0.00
139	Fan for above filter	0.00	0.00	0.00	0.00
140	Product air slide	6.70	1.21	0.27	8.17
141	Air slide blower	2.70	0.49	0.11	3.29
142	Product air slide	6.70	1.21	0.27	8.17
143	Air slide blower	2.70	0.49	0.11	3.29
144	Bucket Elevator for Separator feed - Existing	0.00	0.00	0.00	0.00
145	Hoist for above elevator	0.00	0.00	0.00	0.00
146	Air slide feeding to separator	6.70	1.21	0.27	8.17
147	Air slide blower	2.70	0.49	0.11	3.29
148	Nib trap	1.40	0.25	0.06	1.71
149	Slide gate pneumatic	2.00	0.36	0.08	2.44
150	Pendulum flap valve	2.00	0.36	0.08	2.44
151	Material inlet / Distributor	1.40	0.25	0.06	1.71
152	Bag Filter for Air slides and elevator boot (ball mill circuit) -Existing	0.00	0.00	0.00	0.00
153	Fan for Bag Filter	0.00	0.00	0.00	0.00
154	Rotary Air Lock	0.00	0.00	0.00	0.00
155	Bag Filter for Air slides and elevator Head - Existing	0.00	0.00	0.00	0.00

156	Fan for Bag Filter	0.00	0.00	0.00	0.00
157	Rotary Air Lock	0.00	0.00	0.00	0.00
158	Bag Filter for Air slides -Existing	0.00	0.00	0.00	0.00
159	Fan for Bag Filter	0.00	0.00	0.00	0.00
160	Rotary Air Lock	0.00	0.00	0.00	0.00
161	Control damper in Recirculating duct	19.90	3.58	0.80	24.28
162	Bleed air damper in recirculating duct	6.70	1.21	0.27	8.17
163	Fresh air damper at bag house inlet	6.70	1.21	0.27	8.17
164	Regulating damper at separator fan to bag house duct	19.90	3.58	0.80	24.28
165	Fly ash feeding - Existing	0.00	0.00	0.00	0.00
166	Misc. Items	25.00	4.50	1.00	30.50
	Total	**4479.90**	**806.38**	**179.20**	**5465.48**
	Particulars				
1	Insulation	179.45	32.30	7.18	218.93
2	Refractory	1090.32	196.26	43.61	1330.19
3	Hysil blocks	340.72	61.33	13.63	415.68
4	Refractory Contractor	340.72	61.33	13.63	415.68
5	LT Gear Boxes	47.37	8.53	1.89	57.79
6	Venting Pipes	20.22	3.64	0.00	23.86
7	Water Pipeline	10.11	1.82	0.00	11.93
8	Compressor Pipeline	10.11	1.82	0.00	11.93
9	Water & Compressor Flanges, Fittings and valves etc..	20.33	3.66	0.00	23.99
10	Erection of Utility Piping	33.74	6.07	0.00	39.81
11	Hardware	40.56	7.30	1.62	49.48
12	Anchors, FDN Bolts, etc.,	54.19	9.75	2.17	66.11
13	Painting for Preheater (aluminization)	306.65	55.20	12.27	374.11
14	Steel	3346.15	602.31	0.00	3948.46
15	Fabrication & Erection	2545.60	458.21	0.00	3003.81
16	Felt Packing Sheet & packing Rope etc.,	26.93	4.85	1.08	32.85
17	Compressors	60.46	10.88	2.42	73.76
18	Receivers for Compressors	13.39	2.41	0.54	16.34
19	Special Welding Electrodes & Accessories	40.77	7.34	1.63	49.74
20	Safety Equipments	40.77	7.34	1.63	49.74
21	Air Pressurization System	20.33	3.66	0.81	24.80
22	Lubricants	60.24	10.84	2.41	73.49
23	Special Erection Tools	33.74	6.07	1.35	41.16
24	Expansion Joints	27.14	4.89	1.09	33.11
25	Misc. Dampers (Vent etc..)	13.51	2.43	0.54	16.48
26	Gratings	224.68	40.44	8.99	274.11
27	Hand Railing Pipes	88.04	15.85	3.52	107.41
28	G.I. Sheets / Colour Coated Sheets	37.89	6.82	1.52	46.23
29	Paints for ducts & structures including contractor	135.75	24.44	5.43	165.62
30	Misc. Items	101.34	18.24	4.05	123.63
	Total	**9,311.22**	**1,676.02**	**133.00**	**11,120.24**
	Grand Total	**17,496.14**	**3,149.31**	**456.31**	**21,101.75**
	Contingencies @5%	5.0%	5.0%	5.0%	5.0%
		874.81	157.47	22.82	1,055.09
	Grand Total	**18,370.95**	**3306.77**	**479.12**	**22,156.00***

** Out of the total estimated cost of Plant & Machinery i.e., ₹22,156.00 lakhs, R V Consultancy Services Private Limited shall be undertaking the procurement of Plant & Machinery for an estimated amount of ₹20,405.72 lakhs on turnkey basis.*

3. Electrical and Instrumentation Equipment`s

S. No	Description of Unit	Basic (₹)	GST @18%	Trans @4%	Total (₹)
	LS Crusher				
1	Main Bag filter fan VFD - 75 KW	5.00	0.90	0.20	6.10
	Sub Total	5.00	0.90	0.20	6.10
	Raw Mills				
1	Belt weigher for Additives feed (Raw mills)	3.50	0.63	0.14	4.27
2	Belt weigher for Raw Coal Feed	3.50	0.63	0.14	4.27
3	Belt weigher for Additives feed (Cmt mills)	3.50	0.63	0.14	4.27
4	Raw Mill Feed VRM - 1 / SFM	4.00	0.72	0.16	4.88
5	Raw Mill Feed VRPM + Ballmill - 2 / SFM	4.00	0.72	0.16	4.88
	Sub Total	**18.50**	**3.33**	**0.74**	**22.57**
	Coal Mill VRM				
1	Coal Mill - 1 / SFM	5.45	0.98	0.22	6.65
2	Coal Mill - 2 / SFM	5.45	0.98	0.22	6.65
	Sub Total	**10.90**	**1.96**	**0.44**	**13.30**
	New Pre-Heater				
1	Clinker Weighing system	13.63	2.45	0.55	16.63
2	PH Gas Flow measurement	16.36	2.94	0.65	19.96
3	RABH Gas Flow Measurement	16.36	2.94	0.65	19.96
	Sub Total	**46.35**	**8.34**	**1.85**	**56.55**
	Cement Mills				
1	Cement Mill Feed - 1 / SFM	4.00	0.72	0.16	4.88
2	Cement Mill Feed - 2 / SFM	4.00	0.72	0.16	4.88
3	Clinker feed weighing	3.50	0.63	0.14	4.27
	Sub Total	**11.50**	**2.07**	**0.46**	**14.03**
	Utilities				
1	Harmonic Filters	102.23	18.40	4.09	124.72
2	Additional APFC	68.16	12.27	2.73	83.16
3	Water Meters	20.45	3.68	0.82	24.95
4	Commissioning of Energy Manment Sys	20.45	3.68	0.82	24.95
	Sub Total	**211.29**	**38.03**	**8.45**	**257.77**
	6.6 KV VFD				
1	Raw mill -1 VRPM fan - 970 KW	75.00	13.50	3.00	91.50
2	Rawmill-2 fan - 1900 KW	90.00	16.20	3.60	109.80
3	RABH fan - 1600 KW	90.00	16.20	3.60	109.80

S. No	Description of Unit	Basic (₹)	GST @18%	Trans @4%	Total (₹)
4	Cement Mill-2 Recirculation fan - 525 KW	50.00	9.00	2.00	61.00
5	Cement MILL VRPM fan - 525 KW	50.00	9.00	2.00	61.00
6	Coal Mill-2 Bag house fan - 360 KW	30.00	5.40	1.20	36.60
7	Cement Mill-1 Recirculation fan - 410 KW	30.00	5.40	1.20	36.60
	Sub Total	**415.00**	**74.70**	**16.60**	**506.30**
	Erection & installation				
1	Installation	59.08	10.63	2.36	72.08
		59.08	**10.63**	**2.36**	**72.08**
	LS Crusher				
1	Metal detector	6.82	1.23	0.27	8.32
	Diverter Gate(Metal)	4.09	0.74	0.16	4.99
	Sub Total	**10.91**	**1.96**	**0.44**	**13.31**
	Kiln & Cooler				
1	Cooler Upgrade (Elec & Inst)	136.31	24.54	5.45	166.30
	Sub Total	**136.31**	**24.54**	**5.45**	**166.30**
	Inst Upgrade				
1	Profibus Replacement	20.45	3.68	0.82	24.95
2	Additional Instruments	13.63	2.45	0.55	16.63
3	Emergency spares	27.26	4.91	1.09	33.26
	Sub Total	**61.34**	**11.04**	**2.45**	**74.83**
QCX Robolab & Auto Sampling					
Robo Lab					
1	Modern Lab Tables along with Fume Hood Chamber	20.45	3.68	0.82	24.95
2	Control Desk (CCR & QCX Lab)	20.00	3.60	0.80	24.40
3	UPS	30.00	5.40	1.20	36.60
	Sub Total	**70.45**	**12.68**	**2.82**	**85.95**
Software for QCX Lab					
1	QCX Server	50.00	9.00	2.00	61.00
2	Blend Expert	30.00	5.40	1.20	36.60
3	Pile Expert	30.00	5.40	1.20	36.60
	Sub Total	**110.00**	**19.80**	**4.40**	**134.20**
Robo Lab					
1	Robot along with Controller	600.00	108.00	24.00	732.00
2	Centaurus - Mill & Press combination				
3	TTR				
4	Automaic RCV				
5	Manual Receiving station				
6	Cleaning Unit (RCV)				
7	Conveyor for XRF & XRD				
	Sub Total	**600.00**	**108.00**	**24.00**	**732.00**

S. No	Description of Unit	Basic (₹)	GST @18%	Trans @4%	Total (₹)
Auxiliaries					
1	Transport Blower	150.00	27.00	6.00	183.00
2	De-dusting Unit				
3	Air Compressor				
4	Chillers				
	Sub Total	**150.00**	**27.00**	**6.00**	**183.00**
Samplers, sending stations, Transport piping etc.					
1	Sampler & Sending Stations	300.00	54.00	12.00	366.00
2	Transport Line				
3	Diverters				
	Sub Total	**300.00**	**54.00**	**12.00**	**366.00**
Manual Lab					
1	Jaw Crusher	68.16	12.27	2.73	83.16
2	Vibrator Cup Mill				
3	Hydraulic Pellet Press				
4	Pellet breaking Machine				
5	Desiccator				
	Sub Total	**68.16**	**12.27**	**2.73**	**83.16**
Analysers					
1	CBA	340.78	61.34	13.63	415.75
2	XRF	204.47	36.80	8.18	249.45
3	XRD	204.47	36.80	8.18	249.45
4	Particle Size Analyser	50.00	9.00	2.00	61.00
5	Carbon Moisture Analyzer	50.00	9.00	2.00	61.00
6	Digital Bomb Calorimeter along with accessories	50.00	9.00	2.00	61.00
7	EDXRF	50.00	9.00	2.00	61.00
8	Moisture Meter	10.00	1.80	0.40	12.20
9	PH Meter	10.00	1.80	0.40	12.20
	Sub Total	**969.72**	**174.55**	**38.79**	**1183.06**
Chemical Lab					
1	Automatic Blaine Apparatus	95.42	17.18	3.82	116.41
2	Reflection meter				
3	pH Meter				
4	Conductivity meter				
5	Digital Oven-1				
6	Digital Oven-2				
7	Muffle Furnance-1				
8	Muffle Furnance-2				
9	Hot Plate-1				
10	Hot Plate-2				
11	Heating Mantle				
12	Fuming Chamber				
13	Digital Balance(220 gram Max.)				

S. No	Description of Unit	Basic (₹)	GST @18%	Trans @4%	Total (₹)
14	Digital Balance(4Kg Max.)				
15	Distillation Unit				
16	Stop Watch				
a	C 5 Set of VA Capsules 25 PCs per pack, P.No. 1749500				
b	C 9 Gelatine Capsules, 100 Pcs,P.No. 749900				
c	Oxygen Regulator, Make : Indigenous, P.No. 4110600				
d	Pellet Press" Indigenous", P.N. 4110700				
17	Galss Ware Items				
	Sub Total	**95.42**	**17.18**	**3.82**	**116.41**
Physical Lab					
1	Humidity Chamber-1	95.42	17.18	3.82	116.41
2	Humidity Chamber-2				
3	Humidity Chamber-3				
3	Digital Curing Tank				
4	CST Machine-1000KN				
5	CST Machine-50KN				
6	Digital Balance				
7	Length Comparator				
8	Vicat Apparatus				
9	Digi Mortar Mixer				
10	Flow Table				
11	Vibrating machine with digital timer, NABL calibrated(AIM 418 -2) - 1				
12	Vibrating machine with digital timer, NABL calibrated(AIM 418 -2) - 2				
13	Auto Clave, Cement Autoclave, Analog with pressure Guage & Digital Temperature controller				
	Accessories				
a	Length Comparator Digital without ISI Certification Mark(AIM 374-1-DG)				
b	Auto clave bar moulds, Shrinkage Bar Nould, single compartment with Knurled and Threaded reference point(AIM 405)				
14	Auto calve Pressure Gauge, 0-42kg/cm2(AIM 40B-2-01)				
15	Auto clave bar moulds, Shrinkage Bar Nould, single compartment with Knurled and Threaded reference point(AIM 405)				
16	Tensile Testing Machine				
17	Water Bath				
18	Laboratory Ball Mill, 5 KG				
	Accessories				
a	Steel Ball, 40mm dia(Pack of 5 KG) (AIM 44101)				
b	Steel Ball, 30mm dia(Pack of 5 KG) (AIM 44102)				

S. No	Description of Unit	Basic (₹)	GST @18%	Trans @4%	Total (₹)
c	Steel Ball, 25mm dia(Pack of 5 KG) (AIM 44103)				
d	Steel Ball, 19 mm dia(Pack of 5 KG) (AIM 44104)				
e	Steel Ball, 12.5mm dia(Pack of 5 KG) (AIM 44105)				
f	Steel Ball, 20 mm dia(Pack of 5 KG) (AIM 44106)				
g	Steel Ball, 36 mm dia(Pack of 5 KG) (AIM 44118)				
	Sub Total	**95.42**	**17.18**	**3.82**	**116.41**
	Electrical MRSS & Kiln Load Centres				
1	132 KV SF6 Breakers - 2 Nos	40.00	7.20	1.60	48.80
2	C&R Panel for 132 KV Breakers - 2 Nos	25.00	4.50	1.00	30.50
3	RTCC Panel for 25 MVA PTR	10.00	1.80	0.40	12.20
4	6.6 KV MRSS Switch Boards - 18 Units	125.00	22.50	5.00	152.50
5	6.6 KV Kiln Load Centre - 12 Units	80.00	14.40	3.20	97.60
6	6.6 KV Bus Duct - 30 Meters	40.00	7.20	1.60	48.80
7	LT PCC - 5 Nos	125.00	22.50	5.00	152.50
8	Cables & Accessories	100.00	18.00	4.00	122.00
9	Erection & Commissioning	100.00	18.00	4.00	122.00
10	Spare motors & Emergency spares	200.00	36.00	8.00	244.00
	Sub Total	**845.00**	**152.10**	**33.80**	**1030.90**
	Shifting of Raw Mill & K/Feed to RABH				
1	Cables & Accessories	40.00	7.20	1.60	48.80
2	Shifting Services	50.00	9.00	2.00	61.00
	Sub Total	**90.00**	**16.20**	**3.60**	**109.80**
	Raw Mills				
1	New IMCC for Sec Crusher	10.00	1.80	0.40	12.20
2	Motors for Sec Crusher	7.50	1.35	0.30	9.15
3	New W/F in return circuit	10.00	1.80	0.40	12.20
4	Additional Field Instruments	3.00	0.54	0.12	3.66
	Sub Total	30.50	5.49	1.22	37.21
	Kiln feed & Fine Coal Feed				
1	Kiln feed system (Coriolis system)	102.23	18.40	4.09	124.72
2	PC Coal Firing	149.94	26.99	6.00	182.93
3	CCR Civil & Interiors incl AC	340.78	61.34	13.63	415.75
4	AAQMS - 3 Units	163.57	29.44	6.54	199.56
	Upgrading the compressor Air Network	50.00	9.00	2.00	61.00
	Sub Total	806.52	145.17	32.26	983.95
	Roller Press for Cement Mill				
1	6.6 KV LRS	26.50	4.77	1.06	32.33
2	APFC Panel	39.80	7.16	1.59	48.56
	Sub Total	66.30	11.93	2.65	80.89
	LS Crusher				

S. No	Description of Unit	Basic (₹)	GST @18%	Trans @4%	Total (₹)
1	Belt Weigher for LS Cr	4.77	0.86	0.19	5.82
2	Field inst for Safety Improvement in LS Cr	2.73	0.49	0.11	3.33
	Sub Total	7.50	1.35	0.30	9.15
	Coal Mill VRM				
1	Additional Field Instruments	4.09	0.74	0.16	4.99
	Sub Total	4.09	0.74	0.16	4.99
	New Pre-Heater				
1	Additional Field Instruments	6.82	1.23	0.27	8.32
2	Gas Analyser at Kiln Inlet	27.26	4.91	1.09	33.26
	Sub Total	34.08	6.13	1.36	41.58
	Others				
1	HT Cables	53.00	9.54	2.12	64.66
2	LT Cables	132.50	23.85	5.30	161.65
3	C & I Cables	79.50	14.31	3.18	96.99
4	Cables & Cable Accessories	54.65	9.84	2.19	66.67
5	Instrumentation & Hardware	66.30	11.93	2.65	80.89
6	UPS & DBS	16.60	2.99	0.66	20.25
7	Steel & Earthing	103.13	18.56	4.13	125.82
8	Lighting	28.42	5.12	1.14	34.67
9	110 V DC	13.30	2.39	0.53	16.23
10	Cable trays	84.02	15.12	3.36	102.50
11	Auxiliary DBs	50.92	9.17	2.04	62.12
12	Air Conditioning	89.93	16.19	3.60	109.71
13	Erection & Installation	203.39	36.61	8.14	248.14
14	Spares	66.30	11.93	2.65	80.89
15	Lilo Station including Civil Works	951.00	171.18	38.04	1160.22
16	Miscellaneous	146.73	26.41	5.87	179.01
	Sub Total	2139.69	385.14	85.59	2610.42
	LS Crusher				
1	VFD for LS Cr Belt conveyor of CBA -55 KW	4.09	0.74	0.16	4.99
	Sub Total	4.09	0.74	0.16	4.99
	Coal Mill VRM				
1	Coal Mill VRM VFD	10.90	1.96	0.44	13.30
2	Motor suitable for new VFD	10.90	1.96	0.44	13.30
	Sub Total	21.80	3.92	0.87	26.60
	New Pre-Heater				
1	VFD New PH fan - 3200 KW	170.39	30.67	6.82	207.88
2	New PH Fan Motor	102.23	18.40	4.09	124.72
3	New VFD for Kiln Drive (2 Nos)	122.68	22.08	4.91	149.67
4	IMCC for Kiln Feed	20.45	3.68	0.82	24.95
5	Motors for New Kiln Feed	10.22	1.84	0.41	12.47
	Sub Total	425.97	76.67	17.04	519.68
	Roller Press for Cement Mill				

S. No	Description of Unit	Basic (₹)	GST @18%	Trans @4%	Total (₹)
1	VFD's for Main Fan	86.10	15.50	3.44	105.04
2	VFD's for Separator	46.40	8.35	1.86	56.61
3	VFD's for BF Fan	19.90	3.58	0.80	24.28
4	VFD's for BF Fan	6.70	1.21	0.27	8.17
	Sub Total	159.10	28.64	6.36	194.10
	6.6 KV Motors				
1	Mill Motor - 2 No's	158.90	28.60	6.36	193.86
2	Main Fan	66.30	11.93	2.65	80.89
3	Separator	39.80	7.16	1.59	48.56
	Sub Total	265.00	47.70	10.60	323.30
1	DTR	53.00	9.54	2.12	64.66
2	6.6 KV SB	99.40	17.89	3.98	121.27
	Sub Total	152.40	27.43	6.10	185.93
	Others				
1	PCC	46.40	8.35	1.86	56.61
2	IMCC for Kiln Feed	119.20	21.46	4.77	145.42
3	BUS DUCT	19.90	3.58	0.80	24.28
4	LT Motors	99.40	17.89	3.98	121.27
5	PLC & Software	99.40	17.89	3.98	121.27
	Sub Total	384.30	69.17	15.37	468.85
	PLC Software upgrade				
1	Software Upgrade	350.00	63.00	14.00	427.00
2	Control desk in CCR	35.00	6.30	1.40	42.70
3	UPS For Automation	12.50	2.25	0.50	15.25
4	UPS for Robo lab	12.50	2.25	0.50	15.25
	Sub Total	410.00	73.80	16.40	500.20
	Grand Total	**9291.69**	**1672.50**	**371.67**	**11,336.00***

** Out of the total estimated cost of Electrical and Instrumentation Equipment`s i.e., ₹ 11,336.00 lakhs, R V Consultancy Services Private Limited shall be undertaking the Electrical and Instrumentation Equipment`s for an estimated amount of ₹ 7,184.62 lakhs on turnkey basis,*

4. Pre-operative expenses including interest during implementation period

For the Proposed Project, sum of ₹3,500.00 lakhs have been estimated for payment of interest during the period and pre-operative expenses including the expenses relating to human resources, administrative fees and other expenses. Details of such expenses are as follows:

Sr. No.	Description	(₹ in lakhs)
1	Interest during implementation period	2,500.00
2	Pre-operative expenses (Includes all expenses relating to human resources, administrative, Fees and others)	1,000.00
	Total	**3,500.00**

5. Consultancy services

Further, in order to implement the Proposed Project, it will require consultancy services. Sum of ₹ 1,338.00 lakhs have been estimated for such consultancy services. Scope of work for such consultancy services are as follows:

A. Mechanical Consultancy

1. Preparation of Process Flow Sheets.
2. Design & Preparation of Plant Layout considering the facilities with minimum Material Handling system.
3. Preparation of Technical Specifications for all the bought-out equipment.
4. Preparation of departmental GA drawings showing the elevation, cross sections, floor plan details with cut outs, insert plates with load data of equipment's to enable to design the civil structures.
5. Floating of enquiries as per the specifications. We shall float enquiries to minimum 3/4 suppliers for each equipment to get the offers.
6. Scrutinizing the quotations technically and submission of our recommendations to select right vendor for the right equipment.
7. Preparation of detailed fabrication drawings of hoppers, ducts, chutes, maintenance plat forms etc., for all the departments which are excluded from the equipment supplier.
8. Design & Fabrication details of Duct supports, Brackets etc.,
9. Preparation of layout for Pollution Control Equipment's including detailed fabrication drawings for ducts, chutes etc.,
10. Providing necessary help to the fabrication & erection contractor and also necessary help is extended during the fabrication and erection.
11. Preparation of Refractory drawings.

B. Electrical Consultancy

1. Preparation of drive list for checking and procurement.
2. Preparation of single line diagram for HT & LT distribution system.
3. Preparation of Single Line diagram with Contactor ratings, relays etc., for the MCC Panels.
4. Preparation of P & I diagram and BID diagrams.
5. Preparation of Instrumentation list, logic for PLC.
6. Preparation of Detailed specifications for all bought out items of electrical.
7. Submission of Vendors list to float enquiries as per the specifications provided by us. We shall provide minimum 4 suppliers for each equipment to enable you to float enquiries.
8. Scrutinizing the quotations technically and submission of our recommendations to select right vendor for the right equipment.
9. Preparation of Cable Schedules and cable specifications for procurement.
10. Preparation of Cable Rooting drawings and cable tray requirement for procurement etc.,
11. Providing necessary help to the erection contractor and also necessary help is extended during the Electrical Installation.
12. Checking of all transformers and advising the necessary repairs and filtration etc.,
13. Checking of all HT and LT Motors, its healthy condition and advising required repairs.
14. Checking and advising necessary repairs for all the HT, LT MCC Panels.

C. Civil Consultancy

1. Estimation of Civil Works based on the Mechanical GA Drawings.
2. Design & Preparation of RCC & Structural drawings including Stair Case for the proposed buildings.
   a. Secondary Crusher
   b. Belt Conveyors
   c. Preheater Building
   d. Tertiary Air Duct
   e. Cement Mill Building
   f. Compressors & Receivers
   g. CCR Building
   h. Misc. Foundations

3. New / extension of MCC room RCC drawings for the enhanced capacities.
4. Submission of Estimated steel, Sand, Metal required for procurement.

Government approvals

We require certain approvals for the Proposed Project, which includes approvals under various pollution control legislations. Such approvals are required at various stages of construction and shall be applied for in the ordinary course. For further details, see "*Government and Other Approvals*" on page 232.

If there is any increase in the costs of equipment, the additional costs shall be paid by our Company from its internal accruals and general corporate purposes. The quantity of equipment to be purchased is based on the present estimates of our management. Our Company shall have the flexibility to deploy such equipment according to the business requirements of such facilities and based on the estimates of our management. The actual mode of deployment has not been finalised as on the date of this Prospectus.

Orders for purchase of the machinery / equipment worth ₹ 1,613.06 lakhs have been placed as on the date of this Draft Letter of Offer. No second-hand or used machinery is proposed to be purchased out of the Net Proceeds. Each of the units mentioned above is proposed to be acquired in a ready-to-use condition. Except services availed by R V Consulting Services Private Limited, none of our Promoter, Directors and Key Managerial Personnel or Senior Managerial Personnel do not have any interest in the Proposed Project or in the entities from whom we have obtained quotations in relation to such activities.

2. General Corporate Purposes

Our Company intends to deploy the balance Net Proceeds aggregating to ₹ [●] lakhs towards general corporate purposes, provided that the amount to be utilized for general corporate purposes shall not exceed 25% of the Gross Issue Proceeds.

Such utilisation towards general corporate purposes shall be to drive our business growth, including, amongst other things, (i) funding growth opportunities, including strategic initiatives; (ii) acquiring assets, such as plant and machinery, furniture and fixtures, and intangibles; (iii) working capital requirements; (iv) repayment/prepayment of loans other than mentioned in the table above; (v) servicing of borrowings including payment of interest; (vi) meeting of exigencies which our Company may face in the course of any business; (vii) brand building and other marketing expenses; and (viii) any other purpose as permitted by applicable laws.

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

Estimated Issue Related Expenses

The estimated Issue related expenses are as follows:

(unless otherwise specified, in ₹ lakhs)

Particulars	Estimated expenses	As a % of total estimated issue related expenses	As a % of issue size
Fees payable to the Lead Manager (including, brokerage, selling commission and upload fees) and advisors to the Issue	[●]	[●]	[●]
Fee payable to the legal counsel, other professional service providers	[●]	[●]	[●]
Fee payable to the Registrar to the Issue	[●]	[●]	[●]
Advertising, marketing and shareholder outreach expenses	[●]	[●]	[●]
Fees payable to regulators, including Stock Exchanges, and depositories and other statutory fee	[●]	[●]	[●]
Printing, stationery, and distribution of issue stationary, *etc.*	[●]	[●]	[●]
Other expenses (including miscellaneous expenses and stamp duty)	[●]	[●]	[●]
Total estimated issue expense	[●]	[●]	[●]

*****_Subject to finalisation of Basis of Allotment. In case of any difference between the estimated Issue related expenses and actual expenses incurred, the shortfall or excess shall be adjusted with the amount allocated towards general corporate purposes. All Issue related expenses will be paid out of the Gross Proceeds from the Issue._

Bridge Financing Facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Draft Letter of Offer, which are proposed to be repaid from the Net Proceeds. However, depending upon business requirements, our Company may consider raising bridge financing facilities, including through secured or unsecured loans or any short term instrument pending receipt of the Net Proceeds.

Interim Use of Net Proceeds

Our Company, in accordance with the policies formulated by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company will temporarily deposit the Net Proceeds in one or more scheduled commercial banks (as included in the second schedule to the Reserve Bank of India Act, 1934) or in any such other manner as permitted under the SEBI ICDR Regulations. We confirm that pending utilization of the Net Proceeds for the Objects of the Issue, our Company shall not utilize the Net Proceeds for any investment in the equity markets, real estate, or related products.

Monitoring Utilization of Funds from the Issue

The Company has appointed CARE Ratings Limited as the Monitoring Agency in relation to the Issue. Our Board and Monitoring Agency shall monitor the utilization of the Gross Proceeds and the Monitoring Agency shall submit a report to our Board as required under Regulation 82 of the SEBI ICDR Regulations. The Company will disclose the utilization of the Gross Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. The Company will indicate instances, if any, of unutilized Gross Proceeds in the balance sheet of the Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to the SEBI Listing Regulations, the Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Gross Proceeds. The report submitted by the Monitoring Agency will be placed before the Audit Committee of the Company, so as to enable the Audit Committee to make appropriate recommendations to our Board for further action, if appropriate.

Further, in terms of the SEBI Listing Regulations, the Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on material deviations, if any, in the utilization of the proceeds of the Issue from the objects of the Issue as stated above and details of category wise variations in the utilisation of the Gross Proceeds from the objects of the Issue as stated above.

The Company shall, on an annual basis, prepare a statement of funds utilised for purposes other than those stated in the Letter of Offer and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Gross Proceeds have been utilised in full. The statement shall be certified by the Statutory Auditors.

Appraising entity

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

Strategic or Financial Partners

There are no strategic or financial partners to the Objects of the Issue.

Other Confirmations

Except payment of Net Proceeds pursuant to turnkey agreement dated March 29, 2024 entered with R V Consulting Services Private Limited, part of our Promoter Group, no proceeds of the Issue will be paid by our Company to our Promoter, members of our Promoter Group, our Directors or Key Managerial Personnel or Senior Management Personnel, except in the usual course of business.

Except as disclosed above, there are no material existing or anticipated transactions in relation to the utilization of the Net Proceeds with our Promoter, our Directors, Key Managerial Personnel or Senior Management Personnel and our Associate Company (as defined under the Companies Act, 2013).

STATEMENT OF SPECIAL TAX BENEFITS

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ANDHRA CEMENTS LIMITED (“THE COMPANY”), AND THE SHAREHOLDERS OF THE COMPANY UNDER THE APPLICABLE DIRECT AND INDIRECT TAX LAWS IN INDIA

Date: September 28, 2024

To
The Board of Directors
Andhra Cements Limited
Durga Cement Works
Sri Durgapuram, Dachepalli,
Guntur, Palnadu District
Andhra Pradesh - 522 414

Sub: Statement of possible Special Tax Benefits available to the Company and its equity shareholders under the direct and indirect tax laws

Dear Sirs,

We Deloitte Haskins & Sells , the statutory auditors of Andhra Cements Limited (“the Company”) refer to the proposed rights issue of equity shares of **Andhra Cements Limited** (“the Company” and such offering the “Offer”). We enclose herewith the statement (the “Annexure”) showing the current position of special tax benefits available to the Company and the shareholders of the Company as per the provisions of the Indian direct and indirect tax laws, including the Income Tax Act 1961, the Central Goods and Services Tax Act, 2017, the Integrated Goods and Services Tax Act, 2017, the Union Territory Goods and Services Tax Act, 2017, respective State Goods and Services Tax Act, 2017, Customs Act, 1962 and the Customs Tariff Act, 1975 (collectively the “Taxation Laws”), including the rules, regulations, circulars and notifications issued in connection with the Taxation Laws and the Foreign Trade Policy 2023 vide Notification No. 1/2023 dated 31 March 2023 and applicable to the assessment year 2025-26 relevant to the Financial Year (FY) 2024-25) for inclusion in the Draft Letter of Offer for the proposed rights issue of equity shares of the Andhra Cements Limited, as required under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“ICDR Regulations”).

Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the direct and indirect taxation laws, including the Income-tax Act 1961. Hence, the ability of the Company or its shareholders to derive these direct and indirect tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives, the Company may face in the future and accordingly, the Company and the shareholders of the Company may or may not choose to fulfill. Further, certain tax benefits may be optional, and it would be at the discretion of the Company or the shareholders of the Company to exercise the option by fulfilling the conditions prescribed under the Tax Laws.

The benefits discussed in the enclosed Annexure are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information and explanations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation in the Offer. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement.

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

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

We hereby give our consent to include this report and the enclosed Annexure regarding the special tax benefits available to the Company, and the shareholders of the Company in the Draft Letter of Offer for the proposed rights issue, which the Company intends to submit to the Securities and Exchange Board of India and the stock exchanges (National Stock Exchange of India Limited and BSE Limited) where the equity shares of Andhra Cements Limited are listed.

LIMITATIONS

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

This statement has been prepared solely in connection with the Offer under the ICDR Regulations.

For **DELOITTE HASKINS & SELLS**
Chartered Accountants
(Firm Registration No: 0080725)

D. Manish Muralidhar
(Partner)
(Membership Number: 213649)
UDIN: 24213649BKCJIX5572

Place: Hyderabad
Date: September 28, 2024

ANNEXURE TO THE STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO ANDHRA CEMENTS LIMITED ("THE COMPANY") AND THE COMPANY'S SHAREHOLDERS

The information provided below sets out the possible special tax benefits available to the Company, and the shareholders of the Company in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of equity shares of the Company, under the current tax laws presently in force. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfill. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult their own tax consultant with respect to specific tax implications arising out of their participation in the issue. We are neither suggesting nor are we advising the investor to invest money or not to invest money based on this statement. The statement below covers only relevant special direct and indirect tax law benefits and does not cover benefits under any other law.

INVESTORS ARE ADVISED TO CONSULT THEIR OWN TAX CONSULTANT WITH RESPECT TO THE TAX IMPLICATIONS AND CONSEQUENCES OF PURCHASING, OWNING AND DISPOSING OF EQUITY SHARES IN THEIR PARTICULAR SITUATION.

STATEMENT OF POSSIBLE SPECIAL DIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, AND TO THE SHAREHOLDERS OF THE COMPANY

Under the Income Tax Act, 1961 (the Act)

I. Special tax benefits available to the Company

A. Section 115BAA, as inserted vide The Taxation Laws (Amendment) Act, 2019, provides that domestic company can opt for a rate of 22% (plus applicable surcharge and education cess) for the financial year 2019-20 onwards, provided the total income of the company is computed without claiming certain specified deductions or set–off of losses, depreciation etc., and claiming depreciation determined in the prescribed manner. In case a company opts for section 115BAA, provisions of Minimum Alternate Tax would not be applicable and earlier year MAT credit will not be available for set–off. The options needs to be exercised on or before the due date of filing the income tax return. Option once exercised, cannot be subsequently withdrawn for the same or any other tax year. Further, if the conditions mentioned in section 115BAA are not satisfied in any year, the option exercised shall become invalid in respect of such year and subsequent years, and the other provisions of the Act shall apply as if the option under section 115BAA had not been exercised.

The company has represented to us that they have not yet opted for section 115BAA of the Act.

B. Deductions from Gross Total Income

Deduction in respect of employment of new employees – 80JJAA of the Act:

Subject to the fulfillment of prescribed conditions, the Company is entitled to claim deduction of an amount equal to thirty per cent of additional employee cost (relating to specified category of employees) incurred in the course of business in the previous year, for three assessment years including the assessment year relevant to the previous year in which such employment is provided under section 80JJAA of the Act.

Deduction in respect of inter-corporate dividends – Section 80M of the Act

Up to 31st March 2020, any dividend paid to a shareholder by a company was liable to Dividend Distribution Tax ("DDT"), and the recipient shareholder was exempt from tax. Pursuant to the amendment made by the Finance Act, 2020, DDT stands abolished and dividend received by a shareholder on or after 1st April 2020 is liable to tax in the hands of the shareholder, other than dividend on which tax under section 115-O has been paid. The company is required to deduct Tax at Source ("TDS") at applicable rate specified under the Act read with applicable Double Taxation Avoidance Agreement (if any).

With respect to a shareholder, which is a domestic company as defined in section 2(22A) of the Income Tax Act, 1961, a new section 80M has been inserted in the Act to remove the cascading effect of taxes on inter-corporate dividends during FY 2020-21 and thereafter. The section inter-alia provides that where the gross total income of a domestic company in any previous year includes any income by way of dividends from any other domestic company or a foreign company or a business trust, there shall, in accordance with and subject to the provisions of this section, be allowed in computing the total income of such domestic company, a deduction of an amount equal to so much of the amount of income by way of dividends received from such other domestic company or foreign company or business trust as does not exceed the amount of dividend distributed by it on or before the due date. The "due date" means the date one month prior to the date for furnishing the return of income under sub-section (1) of section 139 of the Act.

II. Special direct tax benefits available to Shareholders

A. Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in case of domestic corporate shareholders, deduction under Section 80M of the Act would be available on fulfilling the conditions (as discussed above). Further, in case of shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not, surcharge would be restricted to 15%, irrespective of the amount of dividend.

B. Section 2(42A) of the Act provides that securities listed in a recognized stock exchange in India that are held for not more than 12 months immediately preceding the date of its transfer, shall constitute short-term capital assets.

C. As per Section 111A of the Act, short term capital gains arising from the transfer of an equity share shall be taxed at 15% for transfer before July 23, 2024 and at 20% for transfer on or after July 23, 2024 (plus applicable surcharge and cess) subject to fulfilment of prescribed conditions under the Act.

D. Further, as per section 112A of the Act, long-term capital gains exceeding INR 1,25,000 arising from the transfer of equity shares in a company transacted through a recognized stock exchange on which STT has been paid on acquisition (except in certain situations) and on transfer, shall be chargeable to tax at the rate of 10% for transfer before July 23, 2024 (plus applicable surcharge and cess) without applying the benefit under the first and second provisos to section 48 of the Act. For transfer done on or after July 23, 2024, the long-term capital gain would be taxed at the rate of 12.5% without any indexation benefits.

Notes:

1. The benefits in I and II above are as per the current tax law as amended by the Finance (No. 2) Act, 2024.

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

3. Surcharge is to be levied on domestic companies at the rate of 7% where the income exceeds INR one crore but does not exceed INR ten crores and at the rate of 12% where the income exceeds INR ten crores.

4. If the company opts for concessional income tax rate under section 115BAA of the Act, surcharge shall be levied at the rate of 10% irrespective of the amount of total income.

5. Health and Education Cess @ 4% on the tax and surcharge is payable by all category of tax payers.

6. If the company opts for concessional tax rate under section 115BAA of the Act it will not be allowed to claim any of the following deductions:

   - Deduction under the provisions of section 10AA (deduction for units in Special Economic Zone)
   - Deduction under clause (iia) of sub-section (1) of section 32 (Additional depreciation)
   - Deduction under section 32AD or section 33AB or section 33ABA (Investment allowance in backward areas, Investment deposit account, site restoration fund)
   - Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-section (1) or sub-section (2AA) or sub-section (2AB) of section 35 (Expenditure on scientific research)
   - Deduction under section 35AD or section 35CCC (Deduction for specified business, agricultural extension project)
   - Deduction under section 35CCD (Expenditure on skill development)
   - Deduction under any provisions of Chapter VI-A other than the provisions of section 80JJAA and section 80M;
   - No set off of any loss carried forward or depreciation from any earlier assessment year, if such loss or depreciation is attributable to any of the deductions referred above;
   - No set off of any loss or allowance for unabsorbed depreciation deemed so under section 72A, if such loss or depreciation is attributable to any of the deductions referred above.

7. Further, it is also clarified in section 115JB(5A) that if the Company opts for concessional income tax rate under section 115BAA, the provisions of section 115JB regarding Minimum Alternate Tax (MAT) are not applicable. Further, such Company will not be entitled to claim tax credit relating to MAT.

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

STATEMENT OF SPECIAL POSSIBLE INDIRECT TAX BENEFITS AVAILABLE TO THE COMPANY, AND THE SHAREHOLDERS OF THE COMPANY

I. Special indirect tax benefits available to the Company

- The Company is not entitled to any special tax benefits under indirect tax laws

II. Special indirect tax benefits available to Shareholders

- The Shareholders of the Company are not entitled to any special tax benefits under indirect tax laws

Notes:

The above statement of possible indirect tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences.

SECTION IV: ABOUT THE COMPANY

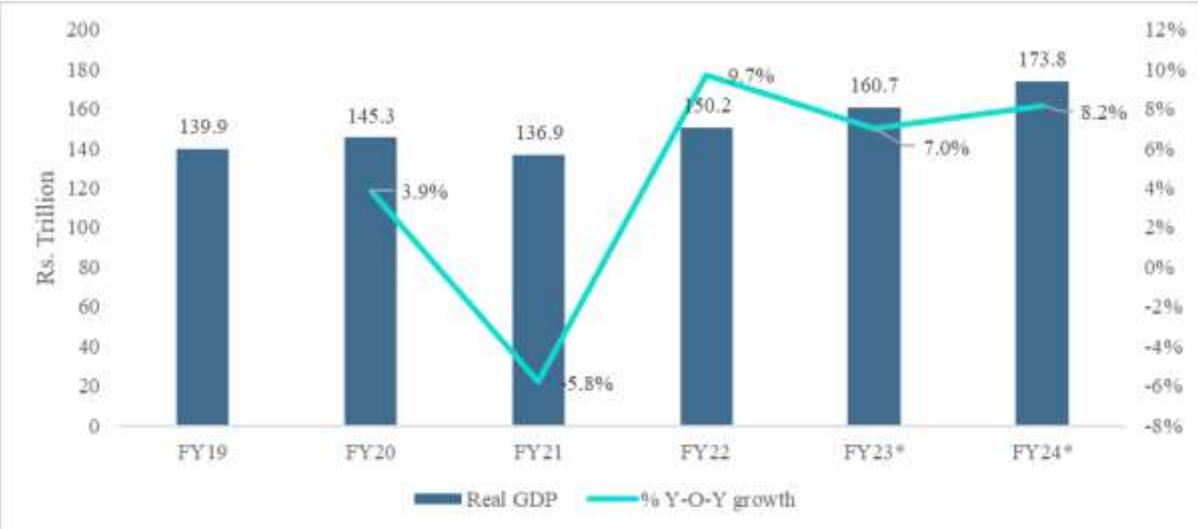
INDUSTRY OVERVIEW

Indian Economic Outlook

India GDP Growth and Outlook

India's real GDP grew by 7.0% in FY23 and stood at ~Rs. 161 trillion, as per the First Revised Estimate, despite the pandemic in previous years and geopolitical Russia-Ukraine spillovers. In Q1FY24, the economic growth accelerated to 8.2%. The manufacturing sector maintained an encouraging pace of growth, given the favourable demand conditions and lower input prices. The growth was supplemented by a supportive base alongside robust services and construction activities. This momentum remained in the range in the Q2FY24 with GDP growth at 8.1%, mainly supported by acceleration in investments. However, private consumption growth was muted due to weak rural demand and some moderation in urban demand amid elevated inflationary pressures in Q2FY24. The GDP growth number improved for Q3FY24 at 8.6%.

Indian GDP Growth



Source: MOSPI, CareEdge Research
Note: GDP is taken at constant prices; * denotes FRE – First Revised Estimates for FY23 & PE – Provisional Estimate for FY24

India's GDP at constant prices surged to Rs. 47.24 trillion in Q4FY24 from Rs. 43.84 trillion in Q4FY23, marking a 7.8% growth rate. This upswing was fuelled by robust performances in construction, mining & quarrying, utility services, and manufacturing sectors and investment drove the GDP growth, while both private and government consumption remained subdued.

Real GDP in the year FY24 is estimated to grow at 8.2% at Rs. 173.8 trillion as per provisional estimate of the Ministry of Statistics and Programme Implementation. It is expected that domestic demand, especially investment, to be the main driver of growth in India, amid sustained levels of business and consumer confidence.

GDP Growth Outlook

- Driven by fixed investment and improving global environment, domestic economic activity continues to expand. The provisional estimates (PE) placed real GDP growth at 8.2% for FY24.

- Industrial activity led by manufacturing continues its momentum on the back of strengthening domestic demand. Moreover, the services sector maintained buoyancy as could be observed by growth in high frequency indicators such as E-way bills, GST revenues, toll collections, aggregate, and a healthy growth in domestic air cargo and port cargo. The purchasing managers' index for both manufacturing and services continues to exhibit a sustained and healthy expansion.

- Domestic economic activity remains strong. On the supply side, the south-west monsoon is progressing well, with higher cumulative kharif sowing and improving reservoir levels, which bodes well for kharif output. The potential development of La Niña conditions in the latter half of the monsoon season could impact agricultural production in 2024-25. On the demand side, household consumption is bolstered by a recovery in rural demand and consistent discretionary spending in urban areas. Fixed investment activity is robust, supported by the government's ongoing focus on capital expenditure, healthy balance sheets of banks and corporates, and other policy measures. Private corporate investment is picking up, driven by an increase in bank credit. Merchandise exports grew in June, albeit at a slower rate, while the growth in non-oil-non-gold imports accelerated, indicating resilience of domestic demand. Services exports saw double-digit growth in May 2024 before slowing down in June 2024.

- Improved agricultural activity would improve rural consumption, while urban consumption would be supported by buoyancy in services activity. Additionally, improvement in global trade prospects are expected to support external demand.

RBI's GDP Growth Outlook (Y-o-Y %)

FY25P (complete year)	Q1FY25P	Q2FY25P	Q3FY25P	Q4FY25P	Q1FY26P
7.2%	7.1%	7.2%	7.3%	7.2%	7.2%

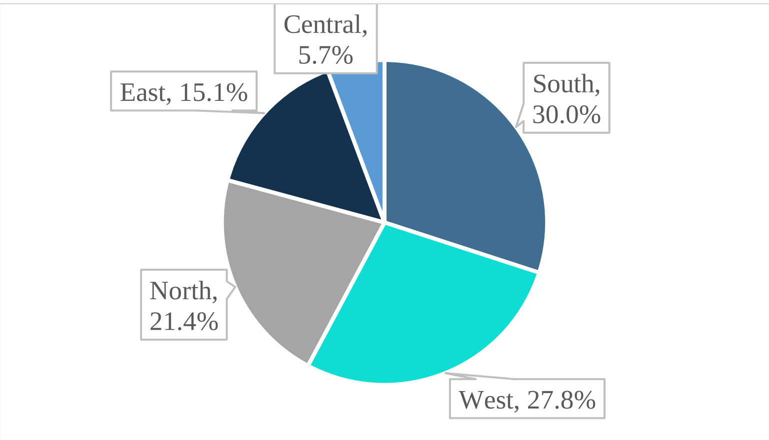
Source: Reserve Bank of India; Note: P-Projected

Region-wise Share in Real GDP - Constant Prices

Region	FY19	FY20	FY21	FY22	FY23
South	29.6%	29.5%	30.2%	30.2%	30.0%
West	27.6%	27.9%	27.6%	27.7%	27.8%
North	21.9%	21.7%	21.4%	21.3%	21.4%
East	15.2%	15.1%	15.1%	15.1%	15.1%
Central	5.7%	5.8%	5.7%	5.7%	5.7%

Source: MOSPI, CareEdge Research

Region-wise Share in Real GDP – FY23



Source: MOSPI, CareEdge Research

Note: South India consists of Andhra Pradesh, Karnataka, Kerala, Tamil Nadu, Telangana, Andaman & Nicobar Islands, and Puducherry

West India consists of Goa, Gujarat, Maharashtra, and Rajasthan

North India consists of Haryana, Himachal Pradesh, Punjab, Uttarakhand, Chandigarh, Delhi, Jammu & Kashmir, and Uttar Pradesh

Central India consists of Madhya Pradesh, Chhattisgarh
East India consists of Arunachal Pradesh, Assam, Bihar, Jharkhand, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Sikkim, Tripura and West Bengal

The South region continues the largest contributor to India's real GDP, and its share has grown significantly in the post-pandemic period. The region has steadily increased its contribution towards real GDP from 29.6% in FY19 to 30.0% in FY23.

The West region is the second largest contributor to India's real GDP, with its share at 27.8% in FY23. Whereas, the North has consistent share in real GDP. The real GDP contribution of north region moved from 21.9% in FY19 to 21.4% in FY23 and that of eastern region has remained at 15.1% in FY23.

The Central region has been the smallest contributor to India's real GDP, however, the region's contribution towards real GDP has remained at 5.7% in FY23.

Gross Value Added (GVA)

Gross Value Added (GVA) is the measure of the value of goods and services produced in an economy. GVA gives a picture of the supply side whereas GDP represents consumption.

Sectoral Growth (Y-o-Y % Growth) - at Constant Prices

At constant Prices	FY19	FY20	FY21	FY22	FY23*	FY24*
Agriculture, Forestry & Fishing	**2.1**	**6.2**	**4.1**	**3.5**	**4.7**	**1.4**
Industry	**5.3**	**-1.4**	**-0.9**	**11.6**	**2.1**	**9.5**
Mining & Quarrying	-0.9	-3.0	-8.6	7.1	1.9	7.1
Manufacturing	5.4	-3.0	2.9	11.1	-2.2	9.9
Electricity, Gas, Water Supply & Other Utility Services	7.9	2.3	-4.3	9.9	9.4	7.5
Construction	6.5	1.6	-5.7	14.8	9.4	9.9
Services	**7.2**	**6.4**	**-8.2**	**8.8**	**10.0**	**7.6**
Trade, Hotels, Transport, Communication & Broadcasting	7.2	6.0	-19.7	13.8	12.0	6.4
Financial, Real Estate & Professional Services	7.0	6.8	2.1	4.7	9.1	8.4
Public Administration, Defence and Other Services	7.5	6.6	-7.6	9.7	8.9	7.8
GVA at Basic Price	**5.8**	**3.9**	**-4.2**	**8.8**	**6.7**	**7.2**

Source: MOSPI
Note: * denotes FRE – First Revised Estimates for FY23 & PE – Provisional Estimate for FY24

Investment trends in Infrastructure

Gross Fixed Capital Formation (GFCF), which is a measure of the net increase in physical assets, witnessed an improvement in FY22. As a proportion of GDP, it is estimated to be at 33.4%, which is the highest level in 5 years (since FY17). In FY23, the ratio of investment (GFCF) to GDP remained flat at 33.3%. Continuing in its growth trend, this ratio has reached 33.5% in FY24.

Gross Fixed Capital Formation (GFCF) as % of GDP (At constant prices):

Source: MOSPI

Note: * denotes FRE – First Revised Estimates for FY23 & PE – Provisional Estimate for FY24

Overall, the support of public investment in infrastructure is likely to gain traction due to initiatives such as Atmanirbhar Bharat, Make in India, and Production-linked Incentive (PLI) scheme announced across various sectors.

Concluding Remarks

The major headwinds to global economic growth are escalating geopolitical tensions, volatile global commodity prices, high interest rates, inflation woes, volatility in international financial markets, climate change, rising public debt, and new technologies. Despite the global economic growth uncertainties, the Indian economy is relatively better placed in terms of GDP growth compared to other emerging economies. According to IMF's forecast, it is expected to be 7% in CY24 compared to the world GDP growth projection of 3.2%. The bright spots for the economy are continued healthy domestic demand, support from the government towards capital expenditure, moderating inflation, investments in technology and improving business confidence.

Likewise, several high-frequency growth indicators including the purchasing managers index, E-way bills, bank credit, toll collections and GST collections have shown improvement in FY24. Moreover, normalizing the employment situation after the opening up of the economy is expected to improve and provide support to consumption expenditure.

The India Meteorological Department (IMD) has made a significant forecast earlier, predicting "above normal" rainfall for the monsoon season, marking the first time in a decade that such an optimistic outlook has been declared. This forecast, coupled with an anticipated eight-year-high rainfall, offers promising prospects for the agrarian economy and inflation. The development of La Nina conditions in the second half of the year (August-September) further added to the positive outlook. La Nina is a climate patter that tends to enhance rainfall activity. IMD's more optimistic prediction is expected to bolster agricultural growth and incomes, while also potentially alleviating stubborn food inflation pressures.

At the same time, public investment is expected to exhibit healthy growth as the government has allocated a strong capital expenditure of about Rs. 11.11 lakh crores for FY25. The private sector's intent to invest is also showing improvement as per the data announced on new project investments and resilience shown by the import of capital goods. Additionally, improvement in rural demand owing to healthy sowing, improving reservoir levels, and progress in south-west monsoon along with government's thrust on capex and other policy support will aid the investment cycle in gaining further traction.

India Cement Industry

The cement industry is a core industrial sector in India. For a developing economy such as India, cement as a commodity holds significant value. This is attributed to the immense infrastructure requirements of a growing and urbanizing country and its contributions by way of direct and indirect employment.

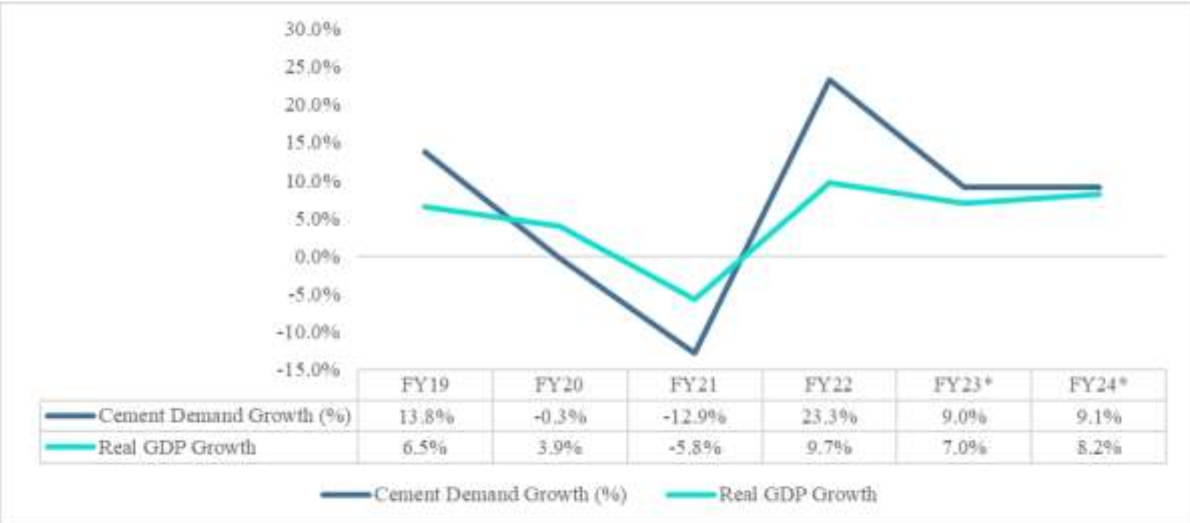
Also, the Government of India (GoI) has time and again emphasized its focus on infrastructure development with the announcement of several schemes, such as Housing for All and National Infrastructure Pipeline (NIP). The cement industry is indicative of the overall growth in the economy. Gypsum and cement products attracted Foreign Direct Investment (FDI) inflows totalling USD 6.12 billion from April 2000 to March 2024.

The distribution of global cement production is uneven, with certain regions and countries contributing significantly more to overall production than others. China is the largest producer of cement in the world, accounting for approximately half of global cement production. Other major cement-producing countries include India, the United States, Brazil, and Russia.

Global cement demand is forecasted to remain stable during the period from 2024 to 2030, with notable growth expected in the Middle East, India, and Africa. Conversely, weaker cement markets are anticipated in Turkey, China, and Europe. The most promising cement markets worldwide are projected to be Sub-Saharan Africa, India and North America in the foreseeable future.

India cement demand as compared to growth over India GDP growth

Growth in Cement Demand vs. Real GDP growth



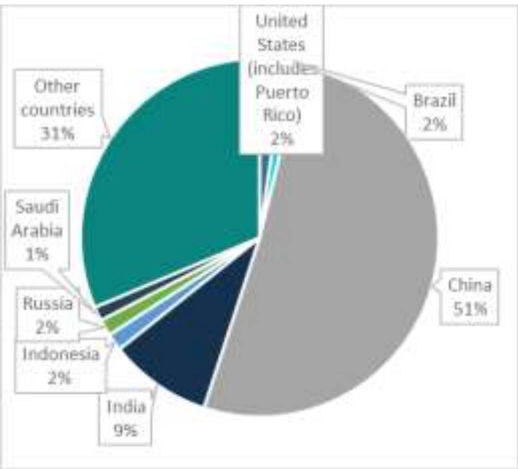
Source: MOSPI, CareEdge Research

Note: * denotes FRE – First Revised Estimates of *GDP* for FY23 & PE – Provisional Estimate of GDP for FY24

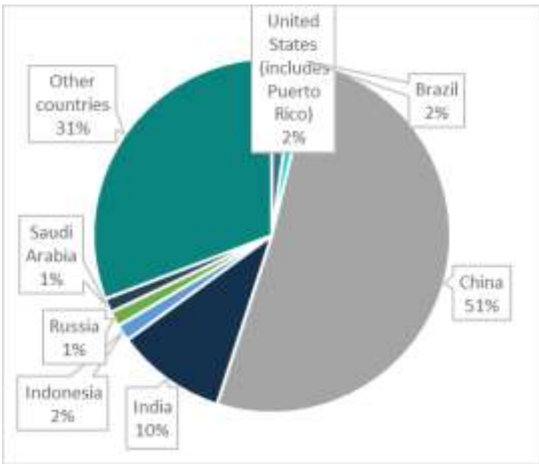
The growth in cement demand correlates with growth in real GDP, as the economic development of a country requires large investments in infrastructure development such as roads, highways, ports, housing and more. The construction industry is a major consumer of cement, hence cement demand would be higher when the economy is growing. The demand for cement witnessed a decline during the pandemic period, as the economy came to a halt and that led to slowdown in economic growth. However, in the post-pandemic period, the cement demand has grown significantly higher as compared to the Real GDP growth. This is largely on account of Government's push towards infrastructure industry and significant ramp up in construction activities that were impacted during the pandemic.

Country wise Cement Production

CY22 (Total Production - 4100 MT)



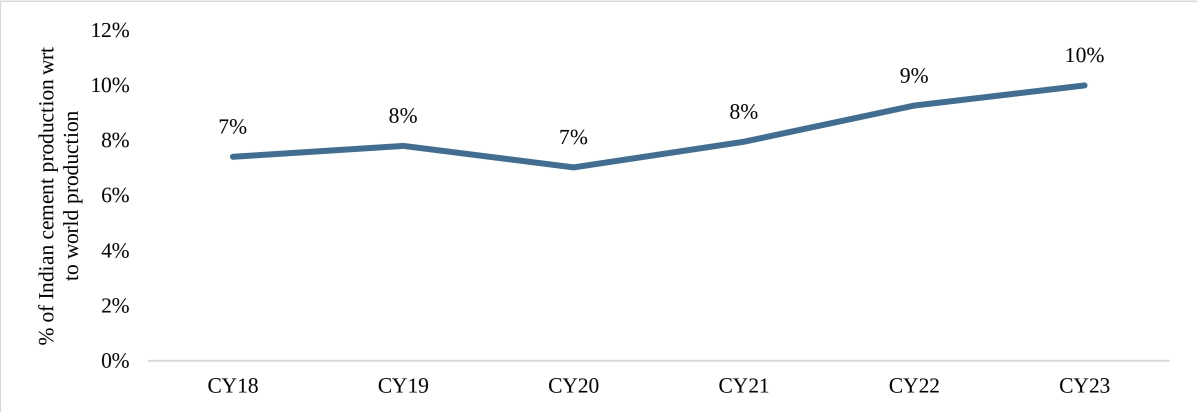
CY23 (Total Production - 4100 MT)



Source: U.S. Geological Survey, Mineral Commodity Summaries

The cement production by India has remained in the range of 7% to 8% of the total world output in the last 5 years but has increased to 10% in CY23.

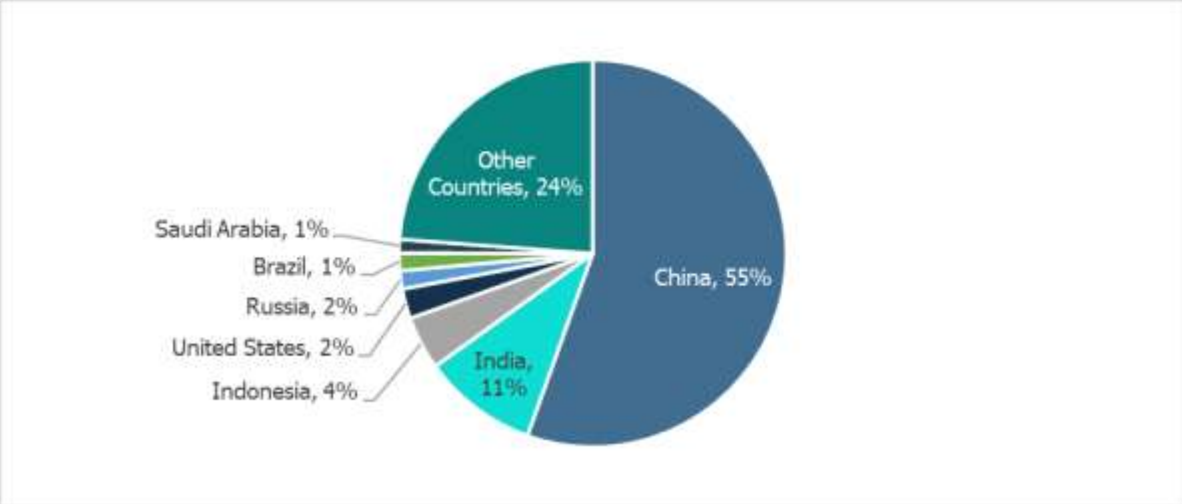
Percentage of Cement Produced by India w.r.t. World Cement Production



Source: U.S. Geological Survey, Mineral Commodity Summaries

Even though India is the second-largest producer of cement in the world, the market is highly underpenetrated. The per capita consumption of cement is only between 250-270 kg/per capita as compared to the world average of 500-550 kg/per capita. The eastern and central regions are anticipated to experience strong growth due to significant housing shortages and relatively lower per-capita cement consumption levels, with the northern region following the suit.

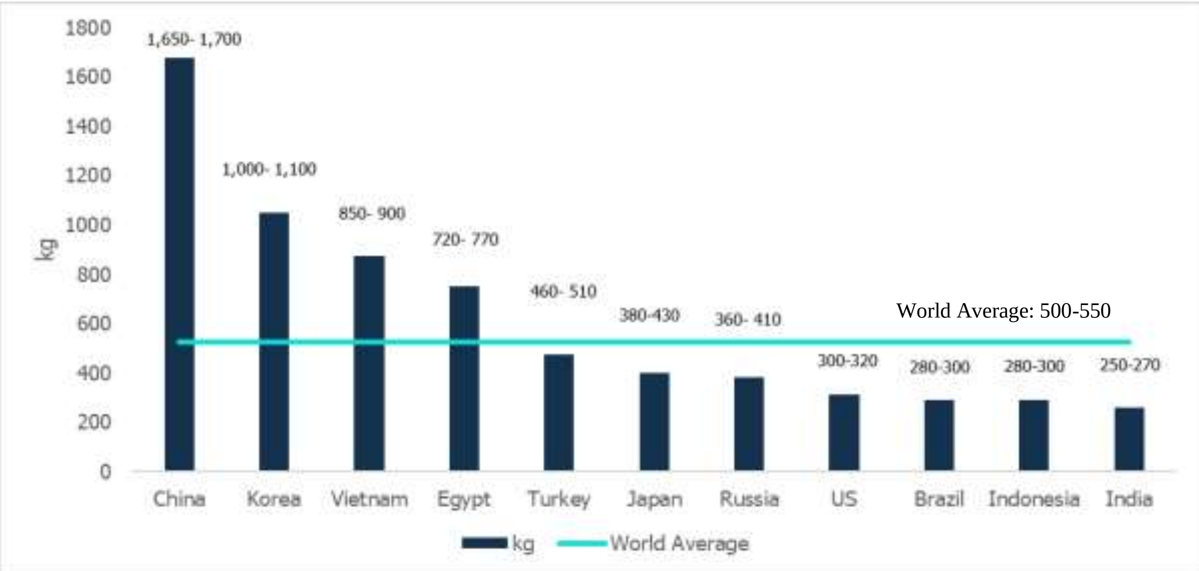
World Cement Consumption Percentage in CY22



Source: Maia Research, CareEdge Research

In the forecast period 2022-2027, the global cement market is expected to register a 1.6% CAGR to reach the market size of USD 321.7 billion by 2027.

Per Capita Consumption of Cement FY24



Source: Company Reports, CareEdge Research

Per capita consumption of cement in India is a key indicator of the country's construction and infrastructure development activity. It represents the average amount of cement consumed by an individual within a specific timeframe, typically measured in kilograms per person per year

India's per capita consumption of cement has been on the rise in recent years, reflecting the growth in infrastructure projects, urbanization, and construction activities across the country. As of FY24, India's per capita cement consumption stood between 250-270 kilograms per person per year, which is considerably lower as compared to developed countries, but indicative of a growing economy with increasing infrastructure needs.

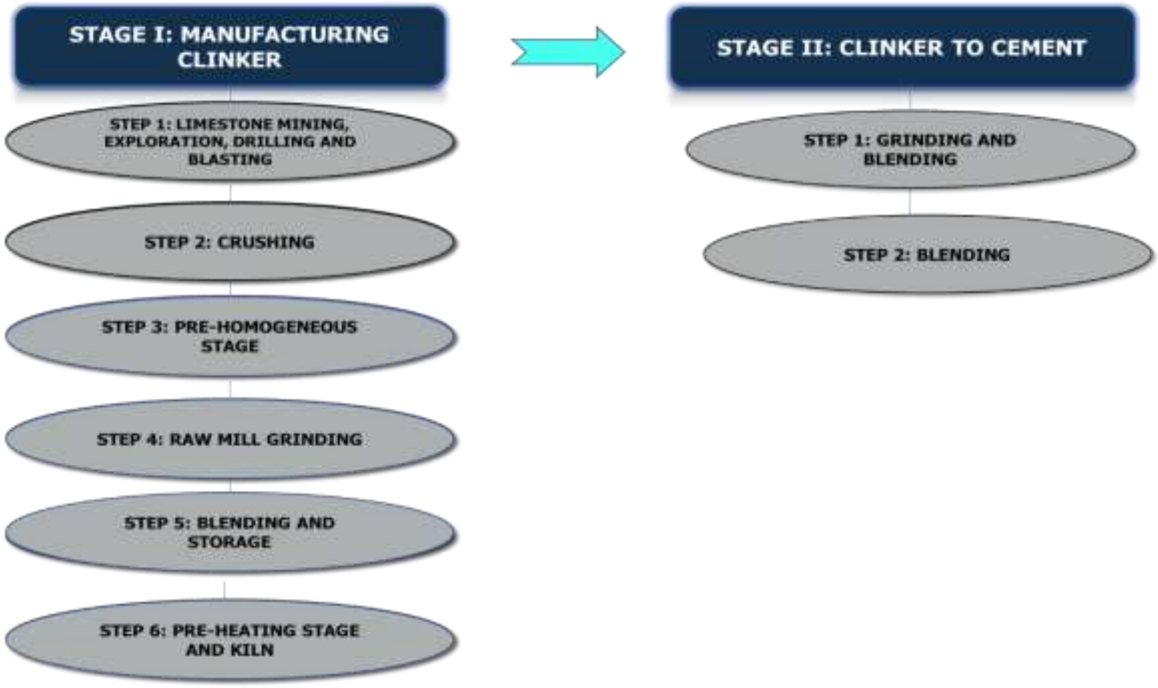
The southern and western regions of India traditionally have higher per capita cement consumption compared to the northern, eastern, and central regions. This disparity can be attributed to differences in economic development, infrastructure investment, and construction demand across these regions. But the recent Government initiatives is expected to drive the growth in Eastern and Central India.

Government initiatives such as "Housing for All" and investments in smart cities are expected to drive increased cement consumption in India in the coming years. These initiatives aim to address housing shortages and promote sustainable urban development, thereby boosting demand for construction materials including cement.

India's per capita cement consumption is expected to continue its upward trajectory as the country invests in infrastructure projects, housing, transportation networks, and urban development. The construction sector, which is a major consumer of cement, plays a vital role in driving economic growth and employment opportunities across India.

Overall, the per capita consumption of cement in India reflects the country's development trajectory, with increasing urbanization and infrastructure expansion contributing to higher demand for cement and related materials in both rural and urban areas.

Cement Manufacturing Process



There are 4 stages in the manufacturing of Portland cement:

1. Crushing and grinding the raw materials
2. Blending the materials in the correct proportions
3. Burning the prepared mix in a kiln
4. Grinding the burned product known as clinker together with some 5% of gypsum.

Details of cement manufacturing process:

Mining and Quarrying: The raw materials required for cement production, such as limestone, clay, shale, iron ore, and gypsum, are extracted from quarries or mines. These raw materials are typically sourced locally or transported to the cement plant from nearby locations.
The excavated materials are then transported to the crushing plants by trucks, railway freight cars, conveyor belts, or ropeways. They also can be transported in a wet state or slurry by pipeline.

Crushing and Grinding: The extracted raw materials are crushed and ground into a fine powder. Limestone and other raw materials are crushed using crushers while grinding mills are used to grind the raw materials into a fine powder, known as raw meal. The grinding process ensures homogeneity and proper blending of the raw materials.

Preheating and Pre-calcining: The raw meal is then preheated and pre-calcined in a preheater and pre-calciner system. This process involves heating the raw meal to temperatures of around 900°C to 1000°C to partially decompose the raw materials and initiate the chemical reactions necessary for cement formation.

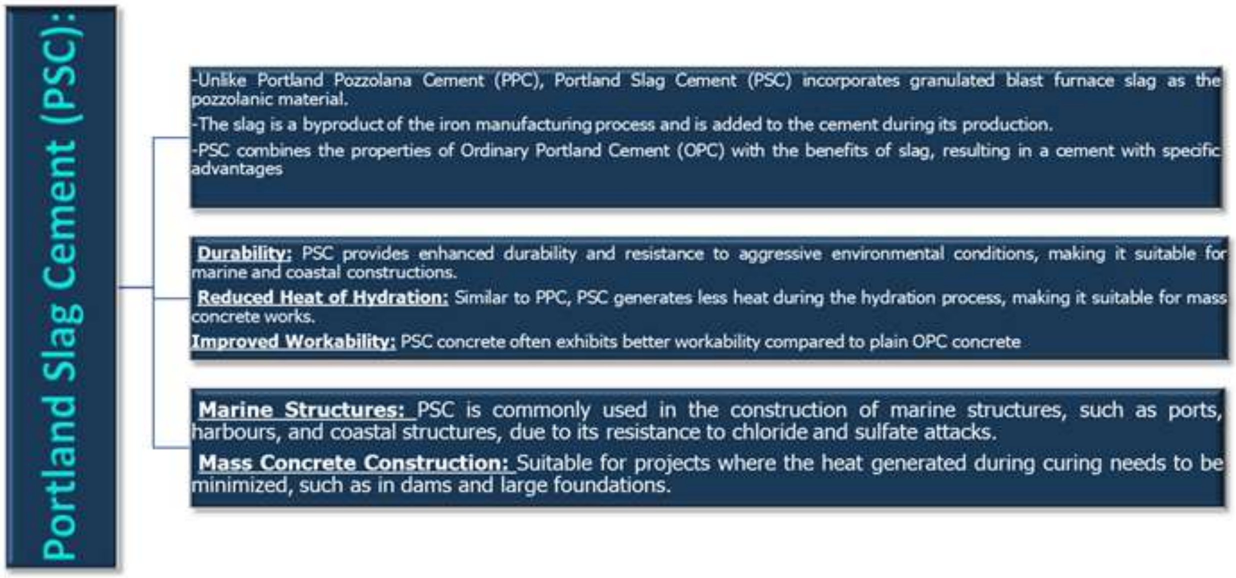
Clinker Production: The preheated and pre-calcined raw meal is fed into a rotary kiln, where it is subjected to high temperatures (up to 1450°C) and continuous rotation. Inside the kiln, chemical reactions occur, resulting in the formation of clinker nodules. The clinker is a nodular material with varying compositions of minerals, mainly calcium silicates and aluminates.

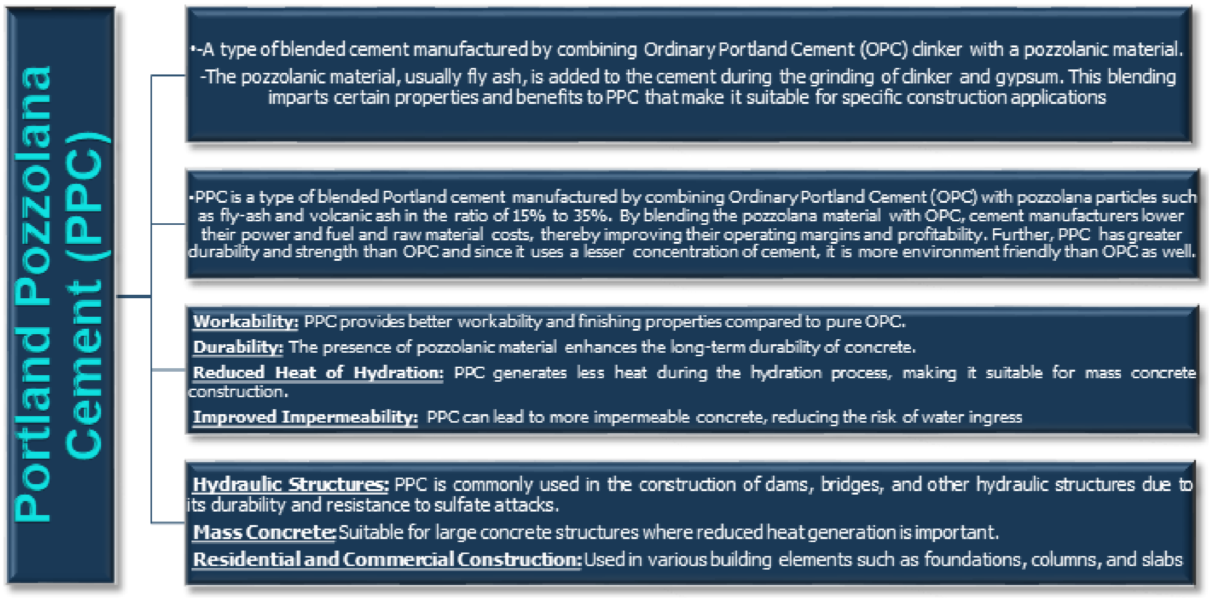
Cooling: The hot clinker discharged from the rotary kiln is cooled rapidly to ambient temperature using air or water in a clinker cooler. This rapid cooling helps stabilize the crystalline structure of the clinker and prevents it from reacting prematurely.

Grinding and Blending: The cooled clinker is ground into a fine powder, known as cement. Gypsum is added during the grinding process to regulate the setting time of the cement. Other additives, such as fly ash, slag, or pozzolans, may also be added to the cement to enhance its properties.

Packaging and Distribution: The finished cement is transported to storage silos and then packaged into bags or bulk containers for distribution to customers. Cement may be transported by truck, rail, or ship to various construction sites, ready-mix concrete plants, or distribution centres.

Types of Cement





India – Cement Consumption Trends

In recent years, the cement industry has benefitted from high volume growth, majorly driven by good demand from the housing sector, numerous infrastructure projects such as construction of roads, expressways, airports, metro rail, and generous rural demand. FY23 registered volume growth of 9%. Cement demand continued its uptrend even in FY24 with 9% volume growth year-on-year showcasing the ability of local producers to offer competitive products on the global market. The range of popular products from local plants includes OPC (Ordinary Portland Cement), hydrophobic Portland cement, PPC, white cement, and various others.

Cement volume growth is expected to moderate over FY25 to FY29, on the high base of earlier three fiscals. The slowdown in demand growth is also from rural housing with a high base of growth observed over the recent past on account of the PMAY-G scheme. Currently, out of 29.5 million units, only 4.1 million housing units are pending which is expected to be completed by December 2024. An additional 20 million houses have been announced in the interim budget 2024, however, spread over the next 5 years under the rural low-cost housing. As on June 2024, 29.4 million houses have been sanctioned out of which 26.2 million houses are completed. The budget allocation for PMAY Urban grew by about 20% in FY25 whereas the budget allocation for PMAY rural remained at the same levels as compared to FY23.

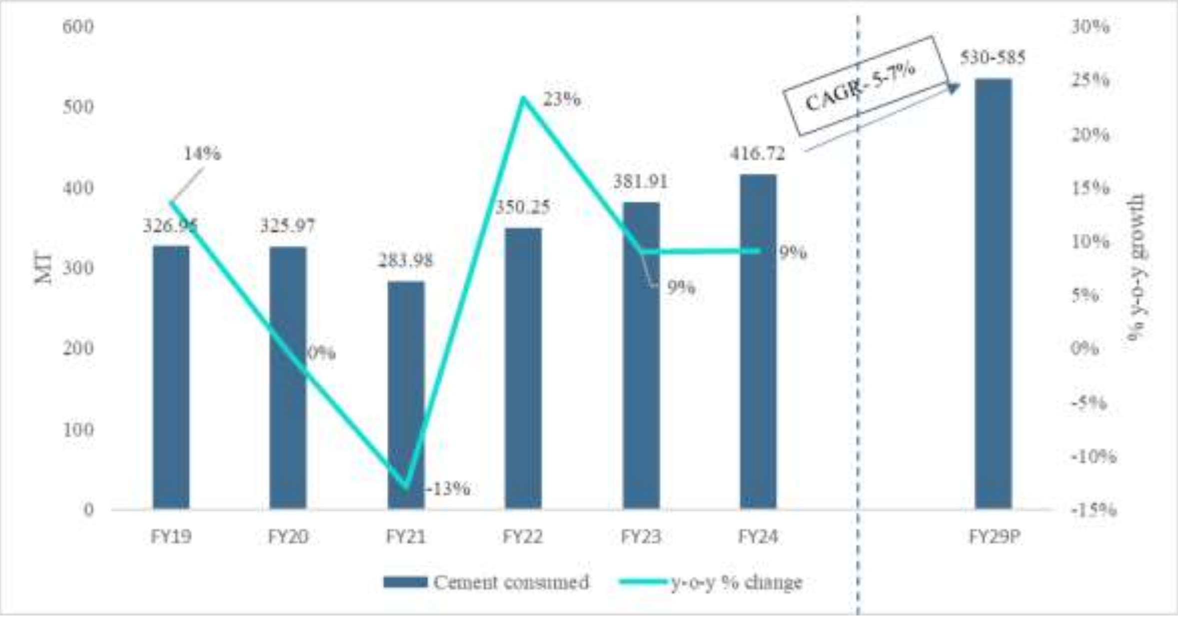
In contrast, infrastructure will provide higher growth with the government focusing on infrastructure spending through its flagship schemes, such as PM Gati Shakti, rising investments in roads, railways, metros, airports, and irrigation.

Currently, the Bharatmala project has a target to lay down 60,000 km of road with a total outlay of Rs.6.9 lakh crore out of which 34,800 km are targeted in Phase I (between 2015 and 2028). Till February 2024, road projects spanning 34,800 km have been built under Phase-I.

Another major focus on infrastructure has been metros. Around 874 km of metro rail is operational in 20 cities and about 980 km is approved & under construction. The FY24–25 Budget mentioned the expansion of Metro projects and Namo Bharat trains in cities focusing on transit-oriented development.

The central government's thrust on infrastructure with a plethora of projects in the National Infrastructure Pipeline, step-up budgets along individual state government's efforts to increase capex will drive healthy infrastructure-led demand growth for the cement sector in the medium term. Hence, the demand for cement is expected to grow by 5 to 7% to reach 530- 585MT by FY29.

Cement Consumption (MT)



Source: CMIE, CareEdge Research
Note - P- projected

Outlook

The cement demand is expected to grow at 5-7% over FY24-29 to reach 530-585 MT driven by a growing government push for infrastructure development especially in the rural segment, urban housing growth, and public infrastructure developments like metros, NHAI, smart cities, etc., in different regions of India.

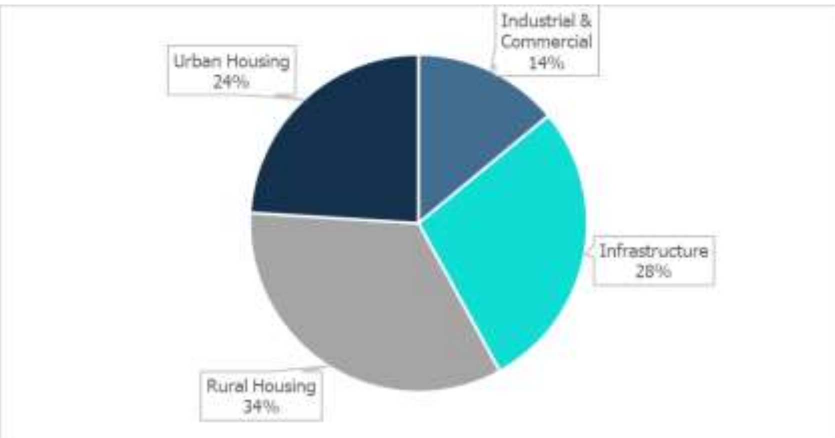
The central government is expected to continue its infrastructure focus in FY25. The announced Capex of Rs. 11,11,111 crores for FY25 (Budget Estimate) is almost three times the capital expenditure in FY20, and is focused towards the development of highways, internal road connectivity, and railways.

Similarly, the government has increased the allocation to the PM Awas Yojana, with budgetary allocation higher by 66% for FY24, which will further support strong cement demand. The private CapEx is also expected to pick up in the coming years with the support of rising domestic demand and policies like the PLI scheme announced by the government for 13 manufacturing sectors.

Moreover, increased spending on infrastructure & real estate and low per capita consumption of cement augur well for India's cement industry. Accordingly, the domestic cement volumes are expected to witness steady growth in the medium term with Central and Eastern regions witnessing higher traction. Subsequently, the long-term outlook of the cement industry is expected to be driven by infrastructure impetus provided by the government as evidenced by continuously increasing budgetary allocation. Several schemes have been announced to aid the development and improvement of public infrastructure. These encompass roads, highways, metros and railways, airports, ports, logistics infrastructure, etc. Alongside initiatives like PM Gati Shakti, National Infrastructure Pipeline (NIP), Urban Rejuvenation Mission: AMRUT, and Smart Cities Mission. In addition, schemes such as Pradhan Mantri Awas Yojana (PMAY), particularly aimed at affordable housing, are likely to drive the low-cost housing segment.

The outlook for investments in India's cement industry appears positive, primarily due to factors such as government infrastructure investments, urbanization, and population growth. Initiatives like "Housing for All" and "Smart Cities" launched by the Indian government are expected to boost cement demand in the coming years. Furthermore, the emphasis on sustainable construction and green building materials is likely to shape the industry's trajectory, leading to the adoption of eco-friendly cement production practices.

Break-Up of Cement Consumption FY24

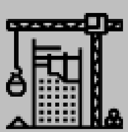


Source: Company Reports, CareEdge Research

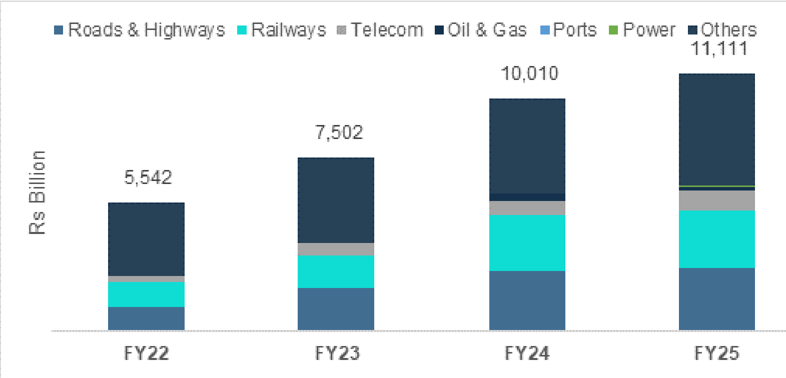
Demand Drivers

The cement demand is strongly tied to the broader economic expansion, especially in the housing and infrastructure sectors. Approximately 56% of this industry's demand stems from the housing sector, encompassing affordable housing initiatives. The government's substantial investments in infrastructure development, including road construction, railways, highways, rural development, and transportation projects like metro rail, are favourable indicators for the cement industry.

- **Government's Focus on Infrastructure & Real Estate Development**

Segments	
 **Infrastructre**	One of the key drivers for economic growth is the increased infrastructure investment thrust by the government. In the Union Budget 2024-25, the government continued its focus on infrastructure development with budget estimates of capital expenditure toward the infrastructure sector of Rs. 11,111 Billion. Furthermore, continuous efforts by the Government of India to make the business environment convenient to operate and streamline the regulatory process will support the growth of investments in the infrastructure segment.

Key Infrastructure Sectors for Capital Expenditure in Budget 2024-25



Source: Union Budget 2024-25 Analysis

- The government has expanded the National Infrastructure Policy (NIP) to 7,400 projects from 6,835 projects and announced plans for the National Monetization Pipeline and Development Finance Institution (DFI) to improve the financing of infrastructure projects.
- The NIP covering rural and urban infrastructure, entails investments to the tune of Rs. 111 lakh crore, which is being undertaken by the central government, state governments, and the private sector during FY20-25.
- Moreover, the alignment of PM Gati Shakti National Master Plan and NIP will aid in debottlenecking hurdles for faster execution of projects.

Road Infrastructure

- India's road infrastructure has seen consistent improvement in the last few years. For instance, connectivity has improved and road transportation has become a focus of rapid development.
- Total highway construction in India during the period FY24 was 12,349 km compared to 10,993 km in FY23, indicating a construction run rate of 33.8 km per day.
- The highway construction activity increased by 12.3% in FY24 as compared to FY23.

Road Projects Awarded and Constructed

Source: Ministry of Road Transport and Highways of India Annual Reports & CareEdge Research
Note: * refers to period April to November 2023

- This slowdown can be attributed to an increase in input cost, longer-than-usual monsoon, and problems related to land acquisition and environmental clearance.

- About 12,000 km of highways are expected to be constructed in FY24 at an estimated capital expenditure of Rs 4 lakh crore.

Investments in Roads sector

Source: Niti Aayog report on National Infrastructure Pipeline, Care Edge Research

The status of Bharatmala Pariyojana Phase 1 entails a total length of 34,800 km in 31 States and UTs, 550+ Districts. The length awarded is 26,425 km and the length constructed is 17,411 km so far. The program is expected to be completed by 2027-28.

Airport Infrastructure

- India has seen significant growth in the airport infrastructure sector with investments from both the government and private sector. The country has become the third-largest domestic civil aviation market in the world and has immense potential to grow further.

- The Ministry of Civil Aviation (MoCA) envisages 100 new airports to be built in the country over the next 10 to 15 years. To further improve regional air connectivity, the government has announced the revival of 50 additional airports, heliports, water aerodromes, and advanced landing grounds and allocated Rs 3,113 crore in the Union Budget 2023-24.

- Further, the government has envisaged an investment of more than Rs. 1,43,000 crore in airports under the National Infrastructure Pipeline (NIP) over a period of 5 years.

Housing

- In FY23, the housing market witnessed steady growth with increased sales momentum supported by past inventory levels and continued new project launches specifically in the affordable and mid-size segments.

- The housing market in general is witnessing growth due to increased commercial activities, the need for upgraded infrastructure and living spaces, and an improved economic scenario.

- Growth in various sectors like BFSI and e-commerce segment, increase in savings due to the work-from-home trend in the last 2

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years, and growing demand for better spaces to live have led to an increase in first-time home buyers. Also, there has been a rise in the mid-segment housing projects due to increased urbanization and per capita income.

Government initiatives like Pradhan Mantri Awas Yojna (PMAY), the Urban Development Plan, and the digitization of land records have also added to the growth in the sector. The rural and urban housing construction under the Pradhan Mantri Awas Yojana has gained traction in FY23.
Under the PMAY scheme of the Union Ministry of Housing and Urban Affairs, more than 1.19 crore houses have been sanctioned under the PMAY-Urban, out of which 77.02 lakhs have been completed as of September 25, 2023, and the rest are under construction.

Chart 1: Budgetary Allocation Under PMAY (Urban and Gramin)

Source: Budgetary Documents
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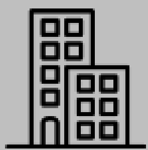

Commercial and Industrial
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In FY23, the commercial real estate market witnessed booming demand from office and retail segments, backed by strong growth in the e-commerce industry and India emerging as the fastest-growing business and IT hub.
The demand for office space will be driven by the expansion of the co-working segment, an increase in hiring across various sectors like e-commerce, services, etc., and increased connectivity due to the augmentation of infrastructure and overall sound economic growth in India
The absorption of commercial real estate in India is expected to remain healthy in the near to medium term.
The government's commitment is evident through its allocation of 3.3% of GDP to the infrastructure sector in the fiscal year 2024, with particular focus on the transport and logistics segments.

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<td>Metro & smart cities</td>
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Trends in Investments in Metro and Smart Cities Projects
The investments from FY20 to FY23 have degrown at 18.20%. This is majorly on account of projects being executed between FY19 and FY21. Around 74.00% of projects are completed in SCM and 90% of funds are utilized. However, in the case of metros, it is proposed to be expanded to 1,700 Km across 27 cities by 2025 and subsequently to 50 cities. The investment is expected to grow at a CAGR of 5-10% in the range of Rs. 6,500 to Rs. 6,700 Billion from FY24 to FY28.
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	Trends in Investments in Metro and Smart Cities Projects  Source: National Infrastructure Pipeline 2020 Government-led initiatives such as the Smart Cities Mission, Metro Rail projects, Housing for All, and infrastructure development schemes prioritize investment in metros and smart cities. These initiatives provide a conducive environment for construction activities and boost the demand for cement as a key construction material.

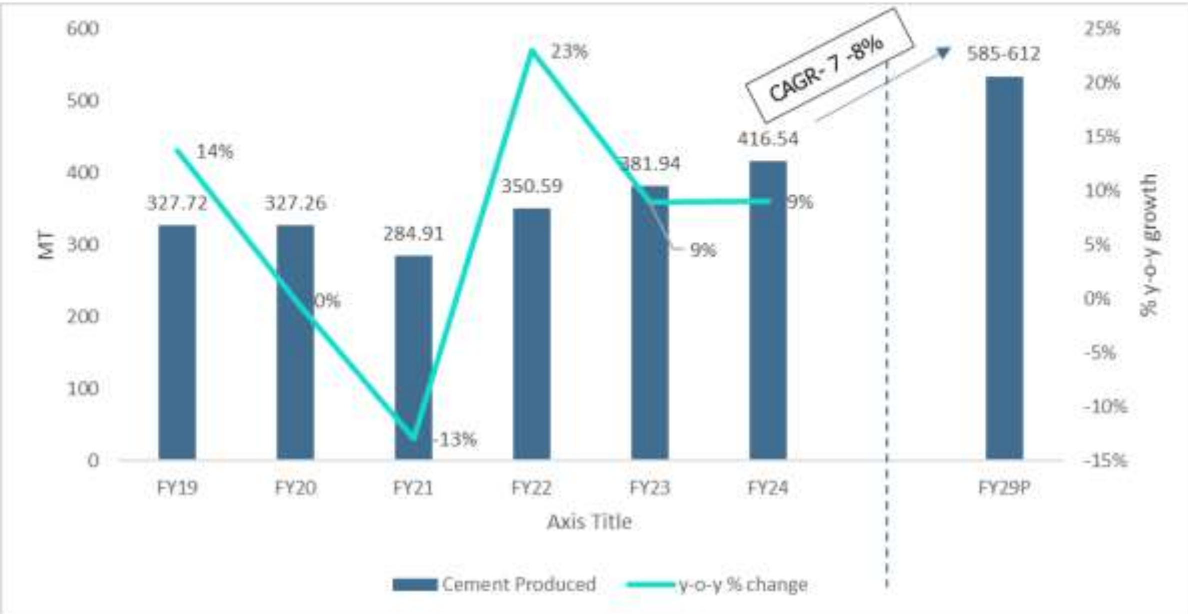
India – Cement Production Trends

Continued healthy growth in cement production

The cement production surpassed the pre-pandemic level and grew by a further 9% to 416.54 MT in FY24, as compared with 381.94 MT in FY23. In FY24, the growth was mainly driven by high demand on the back of the government's push for infrastructure development especially in the rural segment, urban housing, and construction activities like metros, highways, smart cities, etc., in different regions of India.

To meet the consumption demand, cement companies are expected to do capacity addition and the projected cement production is expected to grow at a CAGR of 7-8% to reach 585-612 MT by FY29.

India Cement Production (MT)



Source: CMIE, Care Edge Research
Note – P – Projected

Installed Capacity

The long-term growth story of India supported by continuous thrust on infrastructure, revival in the real estate sector and expected unveiling of industrial capex going forward has led to significant capacity addition plans, especially by large players. In the future, i.e. till FY27, the industry is expected to add 100-110 MTPA cement capacity. In the long term, currently announced capacities are expected to result in capacity addition of 140-150 MTPA by FY28-FY30.

However, it should be noted that current capacity utilizations are at a moderate level. Between FY15 and FY20, the industry witnessed capacity expansion of around 103 MT. But demand grew only by 66 MT in that period leading to lower utilization levels at the pan-India level, except FY19, which was a pre-election year.

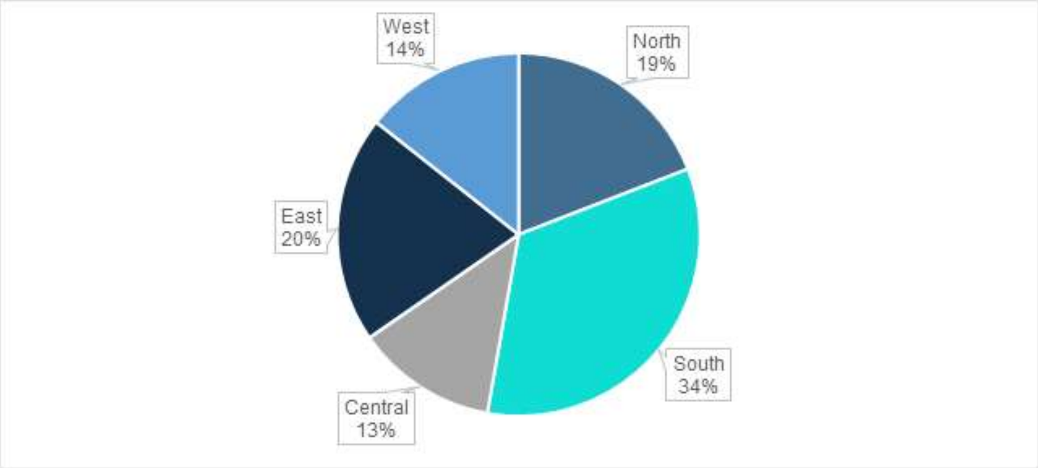
With strong demand in recent fiscal years, including the current fiscal year, the capacity utilization is estimated to peak at around 70%-71%. This is 400-500 basis points higher than FY24. However, considering moderation in demand growth vis a vis new supply of capacities, the capacity utilization is expected to remain between 68%-69% on an average over the medium term at Pan-India level.

Installed Capacity and Capacity Utilization of Cement Sector

Source: CMIE, Care Edge Research

The installed capacity differs region-wise. The Southern region accounts for the highest share in installed capacity at 34%, since it accounts to 26% of India’s proved limestone deposits. It is followed by the Eastern region with a share of 20% and the Northern region with a share of 19%. Whereas the Western and Central regions account for 14% and 13% share of the installed capacity, respectively.

Region-Wise Percentage Share in Installed Capacity (FY23)



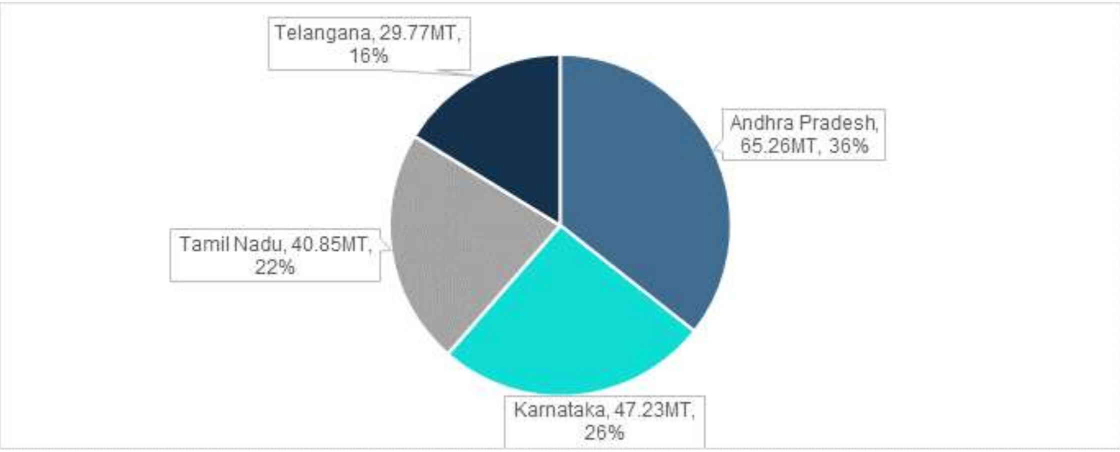
Note:

- ***North region*** *includes installed capacities in J&K, Punjab, Haryana, Himachal Pradesh, Uttarakhand and Rajasthan*
- ***South region*** *includes installed capacities in Andaman Nicobar Islands, Andhra Pradesh, Karnataka, Kerala, Tamil Nadu and Telangana*
- ***Central region*** *includes installed capacities in Madhya Pradesh and Uttar Pradesh*
- ***East region*** *includes installed capacities in Bihar, Chhattisgarh, Jharkhand, Odisha, West Bengal, Assam, Meghalaya, Sikkim, Arunachal Pradesh, Nagaland, Manipur and Mizoram.*
- ***West region*** *includes installed capacities in Gujarat and Maharashtra*

Source: Cement Manufacturer's Association

The installed capacity of South India constitutes the highest of the total installed capacity in India in FY23 which makes it one of the major regions for cement production in the country. South India has experienced rapid urbanization and industrialization, leading to significant demand for cement in construction activities, infrastructure projects, and real estate development. The presence of a robust market for cement products drives the establishment and expansion of cement companies in the region. South India is also rich in limestone deposits, which are essential for cement production which makes it potential expansion regions for Cement companies.

Installed Capacity Trends in South Indian States (FY23)



Source: Cement Manufacturer's Association

Note: The South Indian Region consists of Telangana (29.77 MT), Andhra Pradesh (65.26MT), Karnataka (47.23MT), Kerela (0.86MT) and Tamil Nadu (40.85MT). Kerela is not included in the above chart.

Cement Capacity Trends by Players

The Indian cement sector is expected to add around 140 to 150 Million Tonne per Annum (MTPA) capacity by FY28-FY30, through both organic and inorganic routes. Addition of around 70 to 75 MT is expected to be added in by FY25 with major additions in the North and Central regions of the country.

Robust demand has led to increase in profitability of the players and healthy cash accrual encouraging them to expand their capacities.

According to the cement capacities, Ultratech Cement is the largest cement manufacturing company in India followed by Shree Cement Ltd and ACC Ltd. UltraTech Cement has experienced the highest capacity additions in absolute terms, while other major players like Dalmia Bharat and Shree Cement have also significantly increased their capacity. In the mid-sized segment, JK Cement, JK Lakshmi, and Ramco Cements have witnessed robust capacity growth primarily driven by organic expansion into new regions.

Consolidated Cement Capacities of the Major Cement Players (MT)

Sr. No.	Company	FY19	FY20	FY21	FY22	FY23	FY24
1	Ultratech Cement Ltd.	109.35	111.35	111.35	114.55	126.95	152.70
2	Shree Cement Ltd.	37.90	40.40	43.40	46.40	46.40	53.40
3	A C C Ltd.	33.05	33.05	34.50	36.05	36.05	39.90
4	Ambuja Cements Ltd.	29.65	29.65	29.65	31.45	31.45	31.50
5	Nuvoco Vistas Corporation Ltd.*	19.60	22.10	22.32	23.82	23.82	25.00
6	Ramco Cements Ltd.	16.69	18.79	19.40	19.40	21.99	22.80
7	J K Cement Ltd.	11.10	14.70	14.70	14.70	20.67	23.70
8	Birla Corporation Ltd.	15.50	15.50	15.50	19.30	20.00	20.00
9	J K Lakshmi Cement Ltd.**	12.50	13.30	13.30	13.90	13.90	16.50
10	Sagar Cements Ltd.***	4.50	4.50	5.75	8.25	10.85	10.50
11	Star Cement Ltd.	4.30	4.30	5.70	5.70	5.70	7.70
12	Prism Johnson Ltd.	7.00	7.00	5.60	5.60	5.60	7.00
13	J S W Cement Ltd.	12.80	14.00	14.00	15.10	16.60	18.60
14	Shree Digvijay Cement Co. Ltd.	1.08	1.08	1.20	1.20	3.00	3.00
15	N C L Industries Ltd.	2.70	2.70	2.70	2.70	3.00	3.1
16	Udaipur Cement Works Ltd.	NA	2.20	2.20	2.20	2.20	4.7
17	Tamilnadu Cements Corpn. Ltd.	1.92	1.92	1.92	1.92	1.92	NA
18	Malabar Cements Ltd.	0.66	0.66	0.66	0.66	0.66	0.70
19	India Cements Ltd.	15.50	15.50	15.50	15.50	15.50	15.60
20	Chettinad Cement Corpn. Pvt. Ltd.	11.70	11.70	11.70	11.70	11.70	16.80
21	Mangalam Cement Ltd.	4.50	4.50	NA	NA	NA	4.40
	Companies Total	**352.00**	**368.90**	**371.05**	**390.10**	**417.96**	**477.60**

Source: Company Reports

**Nuvoco Vistas Corporation Limited consists of consolidated numbers for the company and Nu Vista Limited.

** J K Lakshmi Cement Ltd includes Udaipur Cement capacity as well.

***Sagar Cement Ltd includes Andhra Cement Ltd capacity as well.

India Cement: Trade & Non-Trade Segments

Higher profitability in trade segment makes it more attractive

Trade is the more preferred segment for manufacturers as it fetches higher realizations. While, the manufacturer has to invest on the distribution channel the returns on the same is relatively higher. The difference between trade and non-trade price varies from Rs 30-80 for the same manufacturer. The difference in prices are based on a multitude of factors like:

- **Region** – difference between trade and non-trade segment is highest in the southern region.

- **Volume** – Higher the volume, higher the difference. For large scale projects buyers negotiate to get better prices.

- **Project type**: For infra projects prices are often fixed at ex-FOR (freight on road) basis. Ex-freight cement prices in Andhra was set at Rs 225 in the previous year while retail/ trade prices were above Rs 350 for CAT A brands.

- **Relationship** – The relationship between the construction company and the cement manufacturer often players a key role in the determining the quantum of discount

While non-trade cement trades at a discount, it comes with several cost advantages as well. The key cost advantage are:

- A large part of the non-trade cement is transported in the form of bulk cement which helps down in cutting freight as well as packaging cost
- Since dealer is not involved the company does not have to pay dealer commissions
- Further, company has to spend less in setting up dealer network

Despite these cost advantage trade segment remains more attractive due to higher prices. Thus, it often leads to higher profitability. The difference in profitability of trade and non-trade segment varies between **100-400** bps depending on the difference in prices as well as volumes.

Percentage Sales of Trade and Non-Trade Cement

Company Name	Capacity (MTPA)	Trade Sales %	Non-trade Sales %
Players with >20 MTPA Cement Capacity			
UltraTech Cement Ltd	152.7	68%	32%
Dalmia Bharat Ltd	44.6	64%	36%
Shree Cement Ltd	53.4	76%	24%
ACC Ltd	39.9	77%	23%
Ambuja Cements Ltd	31.5	77%	23%
Nuvoco Vistas Corp Ltd	25.0	73%	27%
JK Cement Ltd	23.7	61%	39%
Ramco Cements Ltd/The	22.8	65%	35%
Players with 10-20 MTPA Cement Capacity			
India Cements Ltd/The	15.6	57%	43%
JK Lakshmi Cement Ltd	16.5	56%	44%
Birla Corp Ltd	20.0	70%	30%
Sagar Cements Ltd	10.5	55%	45%
Players with <10 MTPA Cement Capacity			
Orient Cement Ltd	8.5	56%	44%
Heidelberg Cement India Ltd	6.5	82%	18%
Sanghi Industries Ltd	6.1	NA	NA
Star Cement Ltd	7.7	85%	15%
Prism Johnson Ltd	7.0	73%	27%
Udaipur Cement Works Ltd	4.7	53%	47%
KCP Ltd/The	4.3	NA	NA
Mangalam Cement Ltd	4.4	NA	NA
Shree Digvijay Cement Co Ltd	3.0	NA	NA
NCL Industries Ltd	3.1	85%	15%
Deccan Cements Ltd	2.3	NA	NA

Source: Industry Sources, NA – Not Available
Note: All the data have been taken from the latest call transcripts and company documents.

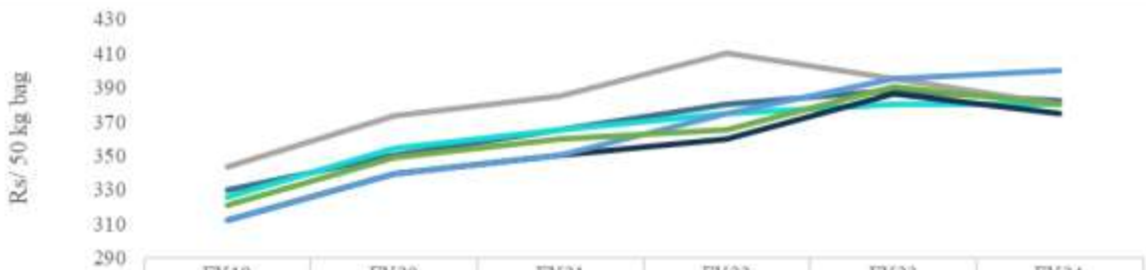
India Cement Price Movement

Cement prices continue to rise on a Y-o-Y basis on account of increased raw material costs due to inflationary pressure and supply chain disruption. The price increase started in CY22 with the Russia-Ukraine conflict which raised the costs of Petcoke and Brent Crude, and international coal prices. Due to pressure on operating margins, cement players passed on rising cost to consumers, thereby resulting in hike in cement prices in India. The power and fuel cost which accounts for almost 30% of the industry cost elevated further at the start of FY23 due to Russia -Ukraine war. The petcoke prices and crude oil prices though started cooling down in FY23, it further effected the costs which led to hike in prices by 4-5% in FY23 to safeguard the cement players' profitability.

The cement players have taken multiple price hikes since Q4FY23 to partially pass on the increase in production costs. The fuel cost and raw material cost has normalized over the past year, thereby easing pressure on the operating profitability of cement players. The overall prices have decreased slightly by 2% y-o-y in FY24. This was because of the decline in crude and coal prices. The players are hence unable to hike the prices despite strong demand to capture the market

The prices in Southern and Northern regions have remained on the higher side than that of Eastern region due to higher demand in these regions.

Cement Price Movement



	FY19	FY20	FY21	FY22	FY23	FY24
Total	330	350	365	380	388	382
North	326	354	365	375	380	380
South	344	373	385	410	395	380
East	312	340	350	360	386	375
West	312	340	350	375	395	400
Central	321	349	360	365	390	380

Total North South East West Central

Source: Industry Sources, CareEdge Research

<u>Investment Trends</u>

Increasing investment in the construction segment is one of the key factors for the sector's growth. The rising need for better public infrastructure and residential as well as non-residential buildings is significantly supporting the cement market.

Investment trends in the cement sector in India are influenced by various factors, including infrastructure development, urbanization, government policies, technological advancements, and economic growth.

Cement companies in India continue to invest in expanding their production capacities to meet the growing demand for cement. Apart from this, companies are focusing on modernizing and upgrading their manufacturing facilities to improve energy efficiency, reduce emissions, and comply with environmental regulations. Investments are made in installing advanced kiln systems, waste heat recovery systems, and pollution control equipment to minimize environmental impact. Cement companies are also undertaking both greenfield and brownfield projects to expand their manufacturing capacities.

With the aim of reducing reliance on traditional fossil fuels and promoting sustainability, cement companies are investing in alternative fuel utilization. This includes co-processing of alternative fuels such as biomass, municipal solid waste, and agricultural residues in cement kilns. Investments are made in waste processing facilities and logistics infrastructure to enable the efficient sourcing and utilization of alternative fuels.

Overall, the investment trends in the Indian cement sector reflect the industry's focus on sustainable growth, technological innovation, and value creation to meet the growing demand for cement in India and international markets. The project under implementation has de-grown by 11% y-o-y FY24, while the projects outstanding grew by 10% y-o-y. A slowdown in government spending on infrastructure projects amidst the Lok Sabha election and completion of the PMAY scheme has impacted the projects under implementation.

Investments in Cement Sector

Source: CMIE

Trends in Usage of Alternate Power in the Industry

Cement manufacturers are increasingly turning to alternative fuels such as biomass, municipal solid waste, industrial waste, and used tires to partially replace traditional fossil fuels like coal and petcoke in cement kilns. This helps reduce greenhouse gas emissions, dependence on finite fossil fuels, and disposal of waste materials. Many industry players have also installed Captive thermal and solar power plants as well as Waste Heat Recovery Systems (WHRS), which utilizes waste heat generated from the clinkerization process and converts it to steam to generate power. Further, to reduce power and fuel consumption many players are now manufacturing blended cement varieties which consume less power per tonne.

Waste materials like fly ash, slag, and bottom ash from industrial processes are incorporated into cement production to replace conventional raw materials like limestone and clay.

Cement plants are also exploring opportunities to integrate renewable energy sources such as solar, wind, and hydroelectric power into their operations. Advanced kiln designs, waste heat recovery systems, and energy management strategies are implemented to minimize energy consumption and maximize the utilization of alternative fuels and raw materials.

AFR Trends in Various Cement Manufacturing Companies in FY24

Sr. No.	Name of companies	Total Energy Consumed (TJ)	% of energy consumed from renewable sources
1	Ultratech Cement Ltd.	3,19,951	22%
2	Shree Cement Ltd.	1,09,206	7.4%
3	A C C Ltd.	66,379	13%
4	Ambuja Cements Ltd.	70,331	34.4%
5	Nuvoco Vistas Corporation Ltd.	42,434	13%
6	Ramco Cements Ltd.	47,384	6.3%
7	J K Cement Ltd.	43,766	51%
9	J K Lakshmi Cement Ltd.	26,003	38%
10	Sagar Cements Ltd.	15,212	11.4%

Source: Company Annual Reports

Cement Plants in India

India's cement plants are strategically located based on raw material availability, market demand, and logistical considerations. Each region plays a vital role in the country's cement production landscape, meeting the construction needs of local and national infrastructure projects. The regional concentration of cement plants reflects India's diverse geographical and economic characteristics, driving the growth and development of the cement industry across the country.

There are more than 200 large cement plants and up to four hundred small production facilities scattered throughout the country. Private companies dominate the cement production market in India, with large corporations holding nearly three-fourths of the market share, according to rough estimates. The contribution of the public sector to this market is minimal.

The modern Indian cement industry comprises numerous facilities that vary in size and production capacity, ranging from small units to large bulk terminals and integrated industrial complexes.

States with a high concentration of cement companies include Andhra Pradesh, Tamil Nadu, Rajasthan, Karnataka, and Gujarat. The increasing demand for cement is closely linked to the growth of civil construction and infrastructure sectors, driven by rapid urbanization, industrialization, and extensive government initiatives.

Cement plants in India broken down by Region, Type of Plant and Capacity

Sr. No.	Company Name	Region Focus	Cement Capacity (MTPA)	Clinker Capacity (MTPA)	Number of Integrated Units	Number of Grinding Units
1	JK Lakshmi Cement Ltd[1]	West - Gujarat, Rajasthan; North - Haryana; East - Odisha	16.50	10.0	3	4
2	Prism Johnson Ltd	Central - Madhya Pradesh	7.00	-	2	-
3	Star Cement Ltd	North East - Meghalaya, Assam, West Bengal	7.70	6.10	1	2
4	The India Cements Ltd	South- Tamil Nadu, Andhra Pradesh; West- Maharashtra, Rajasthan; Andaman & Nicobar Islands	15.6	-	9	2
5	Kesoram Industries Ltd	South - Karnataka, Telangana	10.8	-	2	-

[1] JK Lakshmi Cement Ltd. includes Udaipur Cement Works

Sr. No.	Company Name	Region Focus	Cement Capacity (MTPA)	Clinker Capacity (MTPA)	Number of Integrated Units	Number of Grinding Units
6	Orient Cement Ltd	South - Karnataka Telangana	8.5	5.5	2	1
7	Heidelberg Cement India Ltd	South - Karnataka; Central - Madhya Pradesh; North- Uttar Pradesh	6.5	3.1	1	2
8	Sagar Cements Ltd[2]	South - Andhra Pradesh, Tamil Nadu, Telangana, Karnataka; Central - Madhya Pradesh, East - Odisha	10.5	6.60	4	2
9	Sanghi Industries Ltd	West - Gujarat	6.1	6.6	1	-
10	The KCP Ltd	South - Andhra Pradesh	4.3	3.1	2	1
11	Udaipur Cement Works Ltd	West- Rajasthan	4.7	3.0	1	-
12	Mangalam Cement Ltd	West- Rajasthan; North - Uttar Pradesh	4.0	2.7	1	1
13	Shree Digvijay Cement Co Ltd	West - Gujarat	3.0	2.2	1	-
14	NCL Industries Ltd	South- Andhra Pradesh & Tamil Nadu	2.7	2.6	1	1
15	Deccan Cements Ltd	South-Telangana	1.80	-	1	-
16	Anjani Portland Cement Ltd	South-Tamil Nadu	1.2	-	1	-
17	Andhra Cement Ltd	South - Andhra Pradesh	2.25	1.85	1	-

Source: Company Annual Reports

Note: All the data is as per the latest company reports

Input Cost Trends

The cement industry demands substantial power, influenced by the type of heat treatment process employed in cement plants. Procuring limestone constitutes a significant portion of the raw material cost, which is a substantial component of overall cement production expenses. Additionally, due to its nature as a high-volume, low-value commodity, transporting cement incurs considerable costs. The primary expenses related to cement production include those associated with power and fuel, raw materials, and selling activities.

The cost of cement manufacturing and distribution has also been assessed as a percentage of revenue as depicted in the table below. The power and fuel cost remains the major part of the expenditure.

Particulars	FY20	FY21	FY22	FY23	FY24
Revenue	100%	100%	100%	100%	100%
Total Expenditure	76%	72%	73%	79%	75%
Cost of Raw Materials	17%	15%	16%	17%	18%

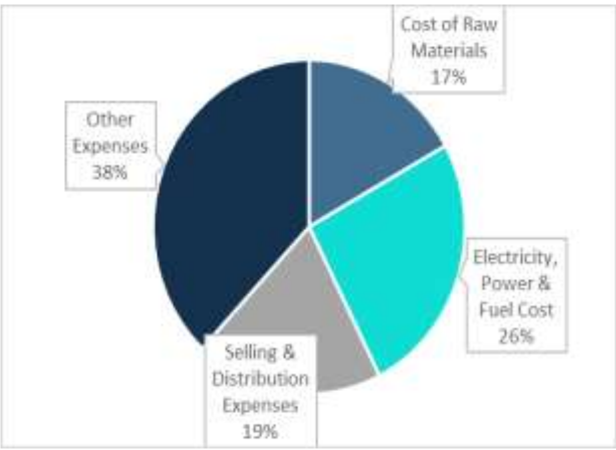
[2] Sagar Cement Limited is at a consolidated level including Andhra Cements Limited

Electricity, Power & Fuel Cost	18%	16%	20%	26%	22%
Selling & Distribution Expenses	21%	20%	20%	19%	19%

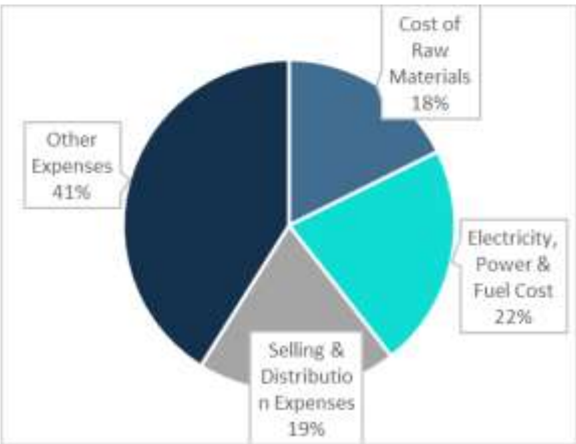
Note: Based on the aggregate financials of 15 cement companies. It is the average for the cement sector.
Source: Ace Equity, Care Edge Research

Input cost trends as a percentage of total revenue

FY23
Total Expenditure = 79% of Total Revenue



FY24
Total Expenditure = 75% of Total Revenue



Source- Ace Equity
Note: Based on the financials of 15 companies. It is the average for the cement sector.

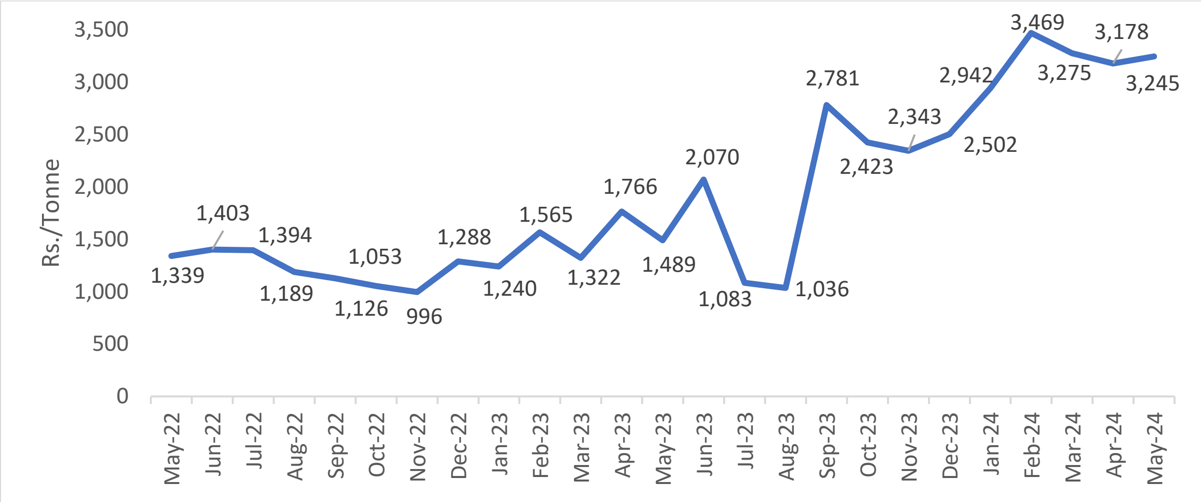
The major costs incurred in cement manufacturing include costs of raw materials, power, fuel and logistics which majorly account for 40-50% of net sales of the cement players.

Raw materials: The cost of raw materials accounts for about 10-16% of the total revenue earned by cement players. Limestone is the major raw material used in the manufacturing of cement. Other raw materials include gypsum, bauxite, etc.

The average limestone sale price reached a high of Rs. 1,403 per tonne during the quarter ended June 2022 due to inflationary pressures. However, they began to soften in the next quarters due to increased domestic production. Increased demand for cement and infrastructure development, growth in housing, and an uptick in construction activities have further supported the growth in prices during FY23.

Moreover, the prices began to rise during FY24 on account of the growing usage of minerals in end-user industries. During the first two months of FY25, the average limestone sale price stood at Rs. 3,212 per tonne, a growth of 97% on a y-o-y basis. The increase in limestone prices can be mapped to the decrease in Limestone production in the country.

Average Sales Price Trend of Limestone



Source: CMIE

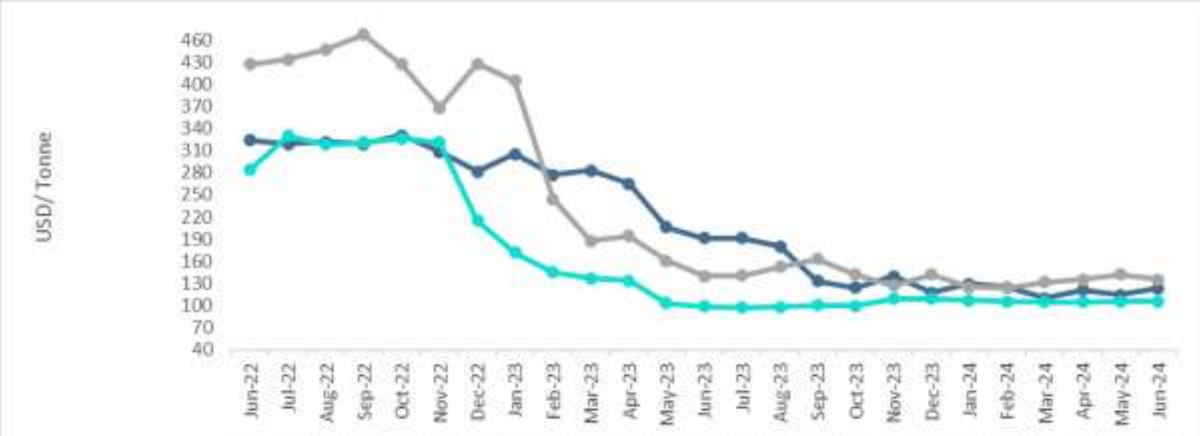
Power & Fuel: Cement is a power and fuel-intensive industry, which accounts for 20% to 26% of the total revenue earned by players. In recent years, many industry players have set up their own captive power plants in order to lower their cost of production. Further, coal and petcoke are used to meet the fuel requirements in the manufacturing process of cement.

Further, coal prices have been softening since November 2022 as the increased supplies from South Africa and Columbia have alleviated the demand crunch in European countries caused by the reduction of coal imports from Russia. These factors have led to a reduction in international coal prices.

As of the quarter that ended December 2023, the average coal prices for Indonesian coal, South African, coal and Australian coal were 59%, 63% and 40% lower, respectively, as compared to prices during the same time period in FY23.

Furthermore, international coal prices of major global benchmarks are expected to continue to be low in FY25. This is because the oversupply of coal from China leading to lower of coal prices around the world.

International Coal Prices



	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Apr-24	May-24	Jun-24
Coal, Indonesia	324	319	322	319	331	308	282	305	277	283	265	206	191	192	180	133	124	140	117	129	125	110	121	114	123
Coal,South Africa	285	330	318	322	327	321	215	172	145	137	134	103	99	97	98	100	100	109	109	107	105	105	105	106	105
Coal,Australia	427	434	447	468	427	368	428	405	244	187	194	161	139	141	153	163	142	127	142	125	124	132	135	142	135

Source: World Bank, CMIE

Freight: Freight (selling & distribution expenses) account for 15% to 22% of the total revenue earned by cement players. Limestone and coal, being low-value high-bulk commodities, lead to high costs of transportation. Similarly, cement being a bulk commodity is transported through either road, rail or sea routes. Railway is the preferred mode of transport for longer routes, while roadways are used for short distances.
Further, the ban on the purchase of Russian oil by the USA and the UK amid the Russia-Ukraine tensions significantly increased the price of crude oil with the benchmarks trading above USD 100 towards the end of FY22. The price was passed on to the consumers which increased the cost of goods and services, leading to high inflation.

However, crude oil prices are now cooling down after reaching an all-time high in June '22. The prices are expected to continue in the same range in the coming year. The curtailed prices are likely to bring relief to sectors like aviation, paints, petrochemicals, textiles, tyres and cement.

Recently, crude oil prices declined as concerns over ultimate demand levels overshadowed those over the Middle East crisis and its impact on supply. Nonetheless, the market is impacted by the flood of developments in Gaza and Ukraine. The consequences are all too evident in the Persian Gulf and the Red Sea, where Yemeni insurgents continue to block shipping.

Crude Oil Price Trends (Brent)

Source: CMIE, CareEdge Research

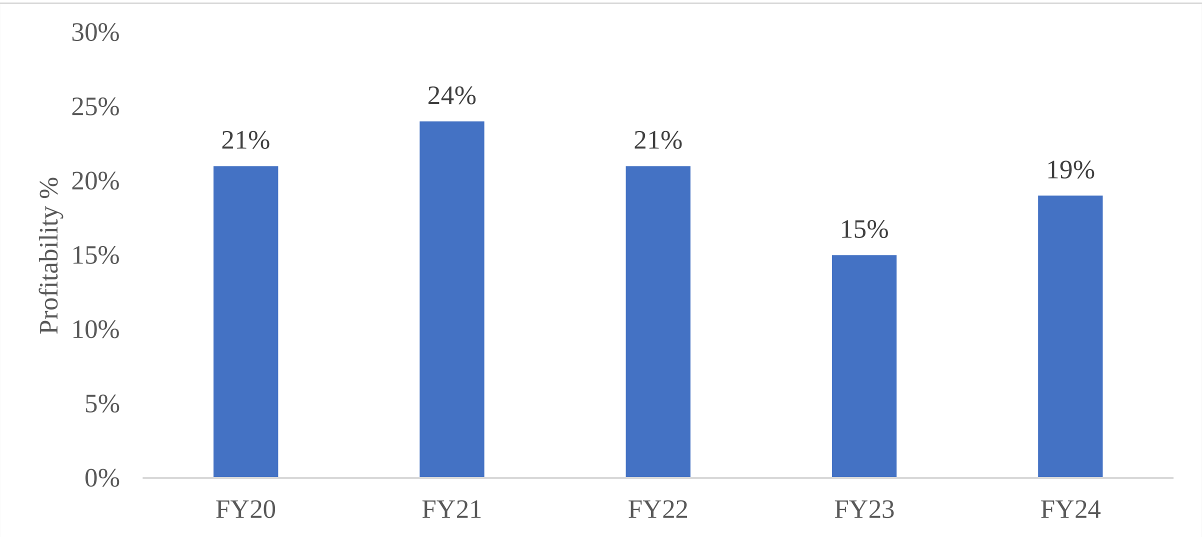
<u>Operating Profitability</u>

Operating profitability (EBITDA margin) of cement players improved steadily between FY19 and FY21. The operating profitability was highest at 24% in FY21, due to various price hikes taken despite low consumption and production as compared to the previous years.

In FY22, the operating profitability of the players declined due to rising raw material and fuel costs, mainly limestone and coal. The price hikes taken by the cement companies were not commensurate to the cost escalations which led the EBITDA margins to decline by 300 bps y-o-y to 21% in FY22.

Moreover, the EBITDA margin of the cement companies has further declined y-o-y to 15% during FY23, due to continued higher raw materials even though the cost of fuel, power, and freight have softened. In FY24, the profitability margin increased to 19% because of the reduction in expenditure especially in the fuel and power because of the stabilization of the fuel prices globally.

Operating Profitability (EBITDA Margin) Trend of Cement Players



Source: Ace Equity, Care Edge Research

Note: The margins have been calculated on an aggregate analysis of 15 cement companies. It is the average for the cement sector.

Care Edge Research expects the operating profitability of cement players will improve in the medium-to-long term. This growth is expected to be on the basis of higher volumes and lower power and fuel costs. The cement players have also taken several price hikes during the past year adding to the profitability of the players.

The revenue in FY23 and FY24 has increased by 23% and 4% respectively y-o-y, and the electricity, power, and fuel costs have decreased due the increase of adoption of green energy and alternative fuels and reduced coal prices. However, the raw material costs increased slightly in FY24 while the selling and distribution increased by 4% in the same period as compared to y-o-y.

The following table depicts the annual percentage change in total expenditure incurred by cement manufacturers.

Year-on-Year Percentage Change in Expenditure

Particulars	FY20	FY21	FY22	FY23	FY24
Revenue	-2%	2%	21%	23%	4%
Total Expenditure	-6%	-3%	22%	33%	-0.3%
Cost of Raw Materials	-2%	-5%	25%	31%	9%
Electricity, Power & Fuel Cost	-9%	-8%	48%	57%	-11%
Selling & Distribution Expenses	-8%	-1%	17%	21%	4%

Note: Based on the financials of 15 companies. It is the average for the cement sector.
Source: Ace Equity, Care Edge Research

Limestone Reserves by Region

The proven limestone reserves in India as per Cement Manufacturer's Association is 9,437 Million tonnes. Rajasthan has the highest share of proved limestone reserves i.e. 26% of the total proved reserves followed by Chhattisgarh (11%) and Andhra Pradesh (11%). The Northern region of India accounts for 37% of the total proven limestone reserves followed by Southern region with 26% of the reserves.

Limestone Proven Reserves (FY22)

States	Million Tonnes
North	
Himachal Pradesh	555
Rajasthan	2,471
Jammu & Kashmir	443
North Total	**3,469**
West	
Gujarat	750
Maharashtra	424
West Total	**1,174**
Central	
Madhya Pradesh	816
Central Total	**816**
East	
Chhattisgarh	1,025
Meghalaya	136
Odisha	256
Assam	26
Bihar	12
Jharkhand	88
East Total	**1,543**

States	Million Tonnes
South	
Tamil Nadu	334
Telangana	626
Karnataka	461
Kerala	11
Andhra Pradesh	1,003
South Total	**2,435**
Total	**9,437**

Source: Cement Manufacturers Associations

The limestone production is 406.96 Million tonnes as on February 2024, which is 11% more than last year.

The states like Madhya Pradesh and Chhattisgarh, is known for its large limestone reserves. Limestone is a fundamental raw material in the production of cement, a critical component of the construction industry. The rising demand for limestone in various sectors such as construction, cement manufacturing, steel production, agriculture, and chemical industries is driving the production growth. The expanding infrastructure projects, urbanization, and industrialization in India have led to an increased requirement for limestone as a raw material. Government policies aimed at promoting industrial growth, infrastructure development, and mineral exploration have provided impetus to limestone production. Policies such as the National Mineral Policy and ease of doing business initiatives have encouraged investments in limestone mining and processing.

Production of Limestone

Source: CMIE

<u>Government Policies and Regulations</u>

The government has from time-to-time announced schemes with regards to infrastructure development including affordable housing which augurs well for the cement industry. The central government continues to focus on increasing capex outlay to spur growth in light of the 2024 general elections. The infrastructure Capex for FY2023-24 (Budget Estimate) at Rs. 10 lakh crores is almost three times the capital expenditure in FY2019-20. The Government also increased outlay on railways and included plans for 50 new airports in the Union Budget 2023-24.

The Capex increase is in line with the central government's aim to make growth more inclusive as investment in infrastructure and productive capacity have a multiplier effect on economic growth. The public sector capex has focused on improving the connectivity within the country, with the allocation towards highways and railways surging from 35% of total infrastructure capex in FY18 to 64% in FY24.

Some of the measures undertaken by the government are stated below:

a. PM GatiShakti

This scheme was launched in October 2021. The PM GatiShakti - National Master Plan for Multi-modal Connectivity is primarily a digital platform to bring several ministries together to ensure integrated planning and coordinated implementation of infrastructure connectivity projects. The approach under this scheme will be driven by 7 engines:

- Roads
- Railways
- Airports
- Ports
- Mass transport
- Waterways
- Logistics infrastructure

In addition, PM GatiShakti will also include infrastructure developed by State governments as per the GatiShakti Master Plan. Further, assistance will be provided to states for PM GatiShakti-related investments and other capital expenditures through the allocation of Rs 1 lakh crore through 50-year, interest-free loans to states. This assistance will be beyond the normal borrowings allowed to the States.

Some other initiatives as part of PM GatiShakti announced in the budget include a target to expand the National Highways network by 25,000 km, a master plan for expressways to be formulated, contracts for multimodal logistics parks in four locations to be awarded, 100 cargo terminals to be developed in next 3 years, innovative ways of financing metro projects, development initiative for North East (PM-DevINE), etc.

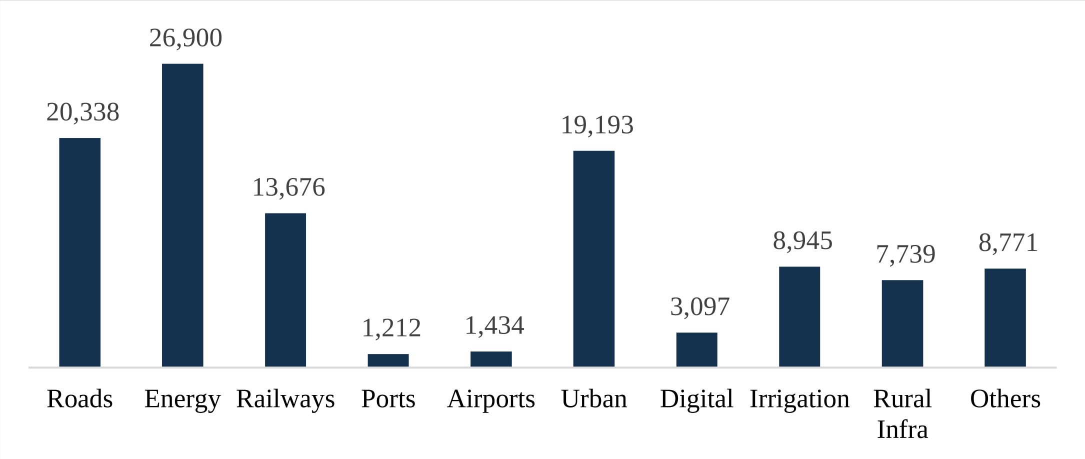
The Prime Minister announced a National Master Plan as a critical tool for integrating economic and infrastructural planning and development. Under PM GatiShakti 100 infrastructure gap projects have been prioritized for development in FY2023-24 with Rs 75,000 crore allocated to it.

b. National Infrastructure Pipeline (NIP)

The National Infrastructure Pipeline (NIP) was launched in 2019, is a plan acts as a roadmap for investing a staggering ₹1,08,880 billion between 2020-25 in infrastructure development across various sectors over a five-year period. The NIP encompasses a wide range of projects, including building new roads, railway lines, airports, power plants, and urban infrastructure. Each of these projects requires vast quantities of cement for construction activities. This substantial increase in infrastructure spending translates to a significant and sustained rise in demand for cement, propelling industry growth.

The NIP's five-year horizon provides a clear picture of upcoming infrastructure projects. This allows cement manufacturers to plan their production capacities, raw material procurement strategies, and workforce requirements more effectively. With a clear understanding of future demand, cement companies can invest strategically in expanding their production capabilities to meet the anticipated rise in consumption. This long-term vision fosters industry stability and reduces risks associated with sudden fluctuations in demand of cement.

Segment wise breakup of NIP investments over FY20-25 (Rs. Bn)



Source: Report of the Task Force, NIP, Care Edge Research

During FY20-25, the sector-wise breakup of NIP investment comprises energy contributing the highest at Rs 26,900 Bn representing around 24% of the total plan followed by roads at Rs. 20,338 Bn representing around 18% of the total plan, urban at Rs. 19,193 Bn representing 17% of the total plan, and railways with an investment of Rs. 13,676 Bn representing 12% of the total plan. These sectors amount to ~71% of the projected infrastructure investments in India.

c. Pradhan Mantri Awas Yojana (PMAY)

Pradhan Mantri Awas Yojana ("PMAY"), which was launched in June 2015 to provide affordable housing to the urban poor. This scheme aims to resolve the urban housing shortage among the low and middle-income groups, it also aims to promote homeownership among women. PMAY envisions constructing a large number of affordable houses across the country, this target is likely to translates with cement industry experiences a lasting growth, in terms of overall demand and market penetration.

PMAY taps into a previously untapped segment of the population - individuals and families who might not have opted for new constructions due to financial constraints. This broadens the consumer base for the cement industry, ensuring long-term market expansion. While individual PMAY houses might utilize slightly less cement compared to luxury constructions due to simpler designs and prefabricated components, the sheer volume of houses built under the scheme translates into a substantial overall demand boost.

As on 1st February 2024, during the union budget announcement the Government has extended the PMAY scheme to December 31, 2024, in order to complete the houses sanctioned till March 31, 2022. The Government has allocated an outlay Rs. 80,671 crores under PMAY towards the completion of existing projects. Data as per PMAY-U, since inception, the Government has sanctioned 118.6 lakh houses under PMAY, of which over 81 lakh houses were completed as of March 29, 2024. As on June 2024, 4.21 crore houses are sanctioned till 2024 which includes 3 crore additional rural and urban houses.

PMAY's impact extends beyond the direct demand for building houses. The large-scale construction of affordable housing projects necessitates the development of surrounding infrastructure like roads, sewage systems, and water lines. This additional infrastructure development creates a further demand for cement, creating a ripple effect that benefits the entire industry. Cement manufacturers not only witness increased demand for construction of houses but also for these crucial infrastructure projects.

Numerous significant projects within the Pradhan Mantri Awas Yojna (PMAY) are expected to reach completion during the current fiscal year. In the Union Budget for 2024, the allocation for PMAY was increased to a total of Rs. 79,590 crores.

Industry Trends

Some of the key industry trends in the Indian cement sector are mentioned below:

- **Industry Consolidation**

The cement industry has seen consolidation in the past few years. Some of the recent transactions include:

- Acquisition of Holcim Group's 63.11% stake in Ambuja Cement (which holds 50.05% in ACC Limited) and 4.48% direct stake in ACC Limited in September 2022.
- Dalmia Cement's acquisition of Jaiprakash Associates cement plants (under approval)
- Acquisition of 100% stakes in Penna Cement Industries Ltd and 62.4% stakes in Sanghi Industries by Adani Group's Ambuja Cements Ltd
- Acquisition of 32.7% stakes in India Cement by Ultratech Cement Ltd
- Acquisition of Kesoram Industries by Ultratech Cement Ltd is scheduled for November 2024

The consolidations are expected to enable the resultant entities to have better economies of scale and operating synergies, thereby improving market reach, efficiency, and profitability.

- **ESG Initiatives**

  - **Optimising Specific Energy Consumption**

  The energy efficiency within the cement industry is measured as a combination of two factors – thermal-specific energy consumption and electrical-specific energy consumption. Currently, about 99% of the Indian cement companies have transitioned to a water-efficient dry process technology, thereby conserving a significant fraction of energy in drying the raw mix. The implementation of process optimisations, installation of the latest generation of clinker coolers, grinding systems, multichannel burners, and digitalisation have enhanced the energy efficiency of the cement industry.

  - **Waste Heat Recovery System (WHRS)**

  According to the Ministry of New and Renewable Energy (MNRE), the Indian cement industry has the highest potential (amongst identified sectors) to generate 1,100 MW (2016 estimates) of clean energy through the installation of WHRS. This capability continues to grow proportionately with increased cement manufacturing capacity, bringing it close to 1.3 GW at current production capacity levels. At full potential, WHRS would help replace the energy requirement equivalent to 8.6 million tonnes of coal, resulting in emissions savings of 12.8 million tonnes of CO2 (MtCO2) by the Indian cement industry.

  - **Green Growth Initiatives**

  The Indian cement industry has been implementing significant technological measures to reduce emissions. The industry has voluntarily devised a Low Carbon Technology Roadmap aimed at reducing its direct CO2 emission intensity by 45% by 2050 from a 2010 baseline. Over the years, the Indian cement industry has developed blended types of cement to the extent of 73% in 2017 compared to 28% in 1992.

- **Digitalization and Automation**

Cement manufacturers are investing in digitalization and automation to enhance operational efficiency, reduce energy consumption, and optimize production processes. This trend includes the use of IoT (Internet of Things) sensors, AI (Artificial Intelligence), and data analytics.

Peer Comparison

Brief Profile

Company Name	Company Profile
India Cements Ltd	ICL is one of the largest producers of cement in south India with a total installed cement manufacturing capacity of 15.6 million tonnes per annum (MTPA) as on December 31, 2023. ICL was established in 1946 by Sankaralinga Iyer and T S Narayanswami, and is presently headed by N. Srinivasan, Vice Chairman and Managing Director. ICL's first cement plant in Sankarnagar, Tamil Nadu, was commissioned in 1949. ICL owns and operates 10 cement manufacturing units (including two split grinding units) in the states of Telangana, Andhra Pradesh (AP), Tamil Nadu (TN), Maharashtra (MH) and Rajasthan. The company primarily manufactures two standard types of cements: Ordinary Portland Cement (OPC) and Portland Pozzolana Cement (PPC), the mix being 35:65.
Kesoram Industries Ltd	Kesoram Industries Limited (KIL) is a part of B.K. Birla Group of Companies, whichis a well-diversified conglomerate, having interests in cement, rayon, transparent paper and chemicals. KIL was set up in 1919 and has two integrated cement manufacturing plants at present, one at Sedam (Karnataka) and the other one at Basantnagar (Telangana) with a total capacity of 10.8 MTPA. The cement business also has a 0.66 MTPA packing plant in Solapur, Maharashtra.
Orient Cement Ltd	Orient Cement Ltd (OCL) was incorporated in July 2011 and is a part of the C.K. Birla group promoted by late B M Birla. The company was incorporated to acquire the cement division of Orient Paper & Industries Ltd (OPIL). Pursuant to the approval of Honourable Orissa High Court, the cement undertaking of OPIL was transferred to OCL on a going concern basis w.e.f. April 01, 2012. The cement division of OPIL, i.e., OCL was set up in 1979, and the division's first cement plant began production in 1982. The company's cement plants having aggregate installed capacity of 8.5 MTPA are located at Telangana, Maharashtra and Karnataka.
Sagar Cements Ltd	Incorporated in 1981, Sagar Cements Ltd has a consolidated cement manufacturing capacity of 10.5 MTPA (including Andhra Cement Limited acquisition). SCL's manufacturing units are located in the southern, central, and eastern regions of the country. The company has significant presence in the southern markets (Tamil Nadu, Telangana, Andhra Pradesh, Karnataka) and the company is looking to expand their footprint in the central and western markets (Madhya Pradesh and Maharashtra), eastern markets (Odisha) of the country. The company primarily manufactures two standard types of cements: Ordinary Portland Cement (OPC) and Portland Pozzolana Cement (PPC), the mix being 50:35 respectively and other products such as Portland Slag (PSC), Ground Granulated Blast-furnace Slag (GGBS) and Sulphate Resistant Cement (SRC) forming the remaining SCL product portfolio.
The KCP Ltd	The KCP group was founded in 1941 by Mr. V Ramakrishna, who began operations by setting up a sugar unit. In 1958, the cement division commenced operations and currently there are two units, one each at Macherla, Guntur district with a capacity of 0.82MTPA, Muktyala with a capacity of 3.52 MTPA in Andhra Pradesh and clinker capacity of 3.06 MTPA. The KCP also has one packing plant at Arakkonam in Tamil Nadu with capacity of 0.3 MTPA. In 1955, the group set up a heavy engineering division at Tiruvottiyur in Chennai that undertakes casting, fabrication and machining of heavy equipment for core industries (sugar, cement, steel and power). KCP Vietnam Industries Ltd, which commenced operations in 1999, has a sugar crushing capacity of 11,000 tpd. The group also has a 127-room four-star hotel in Hyderabad named 'Mercure', which began operations in April 2016.
NCL Industries Ltd	NCL Industries Limited (NCL), previously known as Nagarjuna Cements Limited, was founded on September 10, 1979. It is a part of the NCL group, an established industrial conglomerate in the regions of Andhra Pradesh and Telangana, with a significant presence in the building and construction materials sector. NCL's core operations encompass the manufacturing of cement, cement particle boards, and Ready-Mix Concrete. NCL has one

Company Name	Company Profile
	unit at Simhapuri, Tamil Nadu with, 1.7 MTPA cement capacity and 2.6 MTPA clinker capacity along with one grinding unit at Kondipalli, Andhra Pradesh with 1 MTPA capacity.
Deccan Cements Ltd	Deccan Cements Limited (DCL) was set up in 1979 as a public limited company and DCL manufactures cement at its plant in Nalgonda, Telangana that DCL began commercial production in 1982. The plant has capacity of 1.8 MTPA.
Anjani Portland Cement Ltd	Anjani Portland Cement Limited (APCL) is part of the Chettinad group and a subsidiary of Chettinad Cement Corporation Pvt Ltd (CCCPL), the group's flagship company. APCL has an integrated cement unit in Suryapet, Telangana at standalone level with installed capacity of 1.2 MTPA (clinker backed capacity of 1.16 MTPA) while its wholly owned subsidiary BCPL has an integrated cement unit in Tangeda, Andhra Pradesh with installed capacity of 1.4 MTPA (clinker backed capacity of 1.28 MTPA) as on December 31, 2023.
Andhra Cement Ltd	Andhra Cement Limited (ACL) was acquired by Sagar Cements Limited (SCL) through the Insolvency and Bankruptcy Code route in March 2023. ACL's cement assets consist of an integrated unit at Sri Durga Cement Works (DCW), which is located at Dachepalli, Palnadu District, Andhra Pradesh. The plant has clinker capacity of 1.85 MTPA and cement capacity of 2.25 MTPA.

Source: Company Reports

OUR BUSINESS

Some of the information in this section, including information with respect to our business plans and strategies, contains forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" on page 19 for a discussion of the risks and uncertainties related to those statements, the section "Risk Factors" on page 24 for a discussion of the risks that may affect our business, financial condition, or results of operations, and "Restated Financial Information" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 150 and 206, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Our actual results may differ materially from those expressed in or implied by these forward-looking statements.

We have included various operational and financial performance indicators in this Draft Letter of Offer, many of which may not be derived from our Restated Financial Information or otherwise be subject to an examination, audit or review by our auditors or any other expert. The manner in which such operational and financial performance indicators are calculated and presented, and the assumptions and estimates used in such calculations, may vary from that used by other companies in India and other jurisdictions. Investors are accordingly cautioned against placing undue reliance on such information in making an investment decision, and should consult their own advisors and evaluate such information in the context of the Restated Financial Information and other information relating to our business and operations included in this Draft Letter of Offer.

*Unless otherwise indicated, the industry-related information contained in this Draft Letter of Offer is derived from the "Research Report on Cement Industry" dated September 24, 2024 ("**CARE Report**") issued by Care Analytics and Advisory Private Limited ("**CARE**"), which have been exclusively commissioned and paid for by our Company for agreed fees for the purposes of confirming our understanding of the industry exclusively in connection with the Issue and exclusively prepared and issued by CARE. We officially engaged CARE, in connection with the preparation of the CARE Report pursuant to an engagement letter dated March 11, 2024. Copies of the CARE Report shall be available on the website of our Company at www.andhracements.com. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CARE Report and included herein with respect to any particular year refers to such information for the relevant calendar year.*

OVERVIEW

Our company is engaged in manufacturing of cement and clinker from our integrated cement manufacturing facility situated at Dachepalli, Palnadu District, Andhra Pradesh namely "Sri Durga Cement Works". For the Fiscal ended March 31, 2024, Sri Durga Cement Works has an installed manufacturing capacity of 21,41,250 MT of cement grinding and 18,00,000 MT of clinker. As on the date of this Draft Letter of Offer, we are operating from Sri Durga Cement Works facility with an installed cement manufacturing capacity of 22,50,000 MT a year and a clinker manufacturing capacity of 18,50,000 MT a year. During the Fiscal ended March 31, 2024, our Company manufactured an aggregate quantity of 5,16,141 MT of cement and 5,97,513 MT of clinker at Sri Durga Cement Works. As on the date of this Draft Letter of Offer, Sri Durga Cement Works facility has an installed cement manufacturing capacity of 22,50,000 MT a year and a clinker manufacturing capacity of 18,50,000 MT a year.

Pursuant to an application filed by Pridhvi Asset Reconstruction and Securitisation Company Limited **("PARAS")** u/s 7 of the Insolvency and Bankruptcy Code, 2016, our Company was admitted to the Corporate Insolvency Resolution Process **("CIRP")** in April 2022. In the process, our Company was resolved and taken over by our Promoter, namely Sagar Cements Limited in February, 2023. As part of the resolution plan submitted by Sagar Cements Limited, all the then outstanding debt, litigations etc. were resolved and our equity shares got re-listed on the National Stock Exchange of India Limited **("NSE")** and BSE Limited **("BSE")** from May 10, 2023.

Our manufacturing unit at Sri Durga Cement Works is strategically located in close proximity to the Captive Limestone Mines from which we procure limestone, which we require for our operations. Our company presently has two long term mining leases for mines situated at Gamalapadu and Ramapuram. As on the date of this Draft Letter of Offer, our Company mines limestone only from the Gamalapadu limestone mine which is situated at a distance of 1.5 km from Sri Durga Cement Works which provides it with a stable and timely supply of limestone in a cost-efficient manner. We plan to operate the Ramapuram limestone mine from the year 2027.

Our production unit is well connected by road and rail, with the unit being connected to both the national highway and the national railway networks. Sri Durga Cement Works is located less than a kilometre away from State Highway between Miryalaguda – Guntur connecting Hyderabad and Chennai and ~7.20 kilometres to the nearest railway station – Nadikudi.

Our Company manufactures the following varieties of cement, namely, Ordinary Portland Cement ("**OPC**") of 53 grade, 43 grade and Portland Pozzalona Cement ("**PPC**") through our facility at Sri Durga Cement Works, which are marketed and sold under the brand 'Sagar Cement'. Our manufacturing unit has capabilities of producing both OPC and PPC cement, and our production lines are fungible, which provides flexibility in our ability to alter our product mix in response to variations in demand.

We supply our cement through our network of dealers to retailers **("Trade Channel")** also directly to institutional and bulk customers **("Non-Trade Channel")**. For the fiscal year ended March 31, 2024, the revenue generated from our Trade Channel and Non-trade Channel constituted 55 % and 45 % of our operating revenue respectively. The cement manufactured by us at Sri Durga Cement Works is marketed and sold under the brand "Sagar Cement". We leverage the strong distribution network of our Promoter which as of July 31, 2024, had an extensive network of channel partners spanning 85 clearing & forwarding agents, 3,074 dealers and 7,207 sub-dealers. We currently market and sell our cement in the states of Andhra Pradesh, Telangana and Tamil Nadu for the period between April 01, 2024 and July 31, 2024.

All our products comply with the quality standards specified by the Bureau of Indian Standards ("**BIS**"), including for standard marks IS 1489:Part 1:2015 and IS 269:2015 . We have entered into an agreement dated May 11, 2023 with Sagar Cements Limited for sales and services ("**Agreement**"). We benefit from our association with our Promoter, Sagar Cements Limited through their expertise and long-standing presence in cement manufacturing.

We meet our energy requirements from the state power grid network. Going forward, we plan to start operating our 30 MW captive thermal power plant, once we achieve a feasible level of capacity utilization. We source water for our manufacturing unit from the mining pits (which get filled with rainwater) and bore well.

As on July 31, 2024, our Company had 183 permanent employees and 403 contract labourers. Our Company is led by an experienced management team, which has significant experience in the cement manufacturing sector. Dr. Anand Reddy Sammidi (Managing Director) and Mr. Sammidi Sreekanth Reddy (Non-Executive Director) have combined 5 decades of experience in operating & managing cement manufacturing units and in turning around distressed cement assets. They are also the Managing Director and Joint Managing Director respectively of Sagar Cements Limited.

The following table provides the installed capacity and capacity utilization of cement and clinker at our manufacturing facility Sri Durga Cement Works:

(in metric tonnes)

S. No.	**Particulars**	**Fiscal**		
		2024	**2023**	**2022**
1.	Installed capacity for cement*	21,41,250	18,15,000	18,15,000
2.	Installed capacity for clinker$	18,00,000	16,50,000	16,50,000
3.	Capacity utilization for cement (%)	24.10	NIL	NIL
4.	Capacity utilization for clinker (%)	33.20	NIL	NIL

 # As certified by K.V. Subramanium Kishore, Chartered Engineer, by way of his certificate dated September 03, 2024

**Weighted average of FY24. 1.815 MTPA for Apr'23-Jun'23 and 2.25 MTPA for Jul'23-Mar'24*

$ Weighted average of FY24. 1.65 MTPA for Apr'23-Jun'23 and 1.85 MTPA for Jul'23-Mar'24

OUR STRENGTHS

Strategically located integrated manufacturing facility with significant manufacturing capabilities

For the financial year ended March 31, 2024, our Sri Durga Cement Works facility has an installed manufacturing capacity of 21,41,250 MT of cement grinding and 18,00,000 MT of clinker. As on the date of this Draft Letter of Offer, we are operating the Sri Durga Cement Works facility at a installed manufacturing capacity of 22,50,000 MT of cement a year and 18,50,000 MT of clinker a year. The proposed Rights Issue proceeds will be utilized for part funding of modernization and expansion of the manufacturing facility at Sri Durga Cement Works.

Our Company manufactures the following varieties of cement, namely, Ordinary Portland Cement ("**OPC**") of 53 grade, 43 grade and Portland Pozzalona Cement ("**PPC**") through our facility at Sri Durga Cement Works, which are marketed and sold under the brand 'Sagar Cement' pursuant to sale and services agreement dated May 11, 2023 between our Company and our Promoter. Our manufacturing unit has capabilities of producing both OPC and PPC cement, and our production lines are fungible, which provides flexibility in our ability to alter our product mix in response to variations in demand.

Our manufacturing unit at Sri Durga Cement Works is strategically located in close-proximity to the Captive Limestone Mines from which we procure limestone, which we require for our operations. Our production unit is well connected by road and rail, with the unit being connected to both the national highway and the national railway networks. Sri Durga Cement Works is located only approximately less than a kilometre away from State Highway between Miryalaguda – Guntur connecting Hyderabad and Chennai and ~7.20 kilometres to the nearest railway station – Nadikudi. This enables us to have a short average lead distance of 239 km to our key markets in Andhra Pradesh, Telangana and Tamil Nadu for the period between April 1, 2024, till July 31, 2024.

All our products comply with the quality standards specified by the Bureau of Indian Standards ("**BIS**") including IS 1489:Part 1:2015 and IS 269:2015. We meet our energy requirements from the state power grid network. Going forward, we plan to start operating our 30 MW captive thermal power plant, once we achieve a certain level of capacity utilization. We source water for our manufacturing unit from the mining pits (which get filled with rainwater) and bore well.

We rely on our significant manufacturing capabilities, coupled with other infrastructure and access to key inputs to establish a presence in key markets of South India

Captive and identified sources of key inputs and raw material

During the financial year ended March 31, 2024, our cost of raw material consumed was ₹ 4,248 Lakhs, which represented 16% of our revenue from operations for that period. Further, in Fiscal 2024, our power & fuel expenses were ₹ 14,982 lakhs. These expenses constitute a significant portion of our total expenses, thus efficient sourcing of raw material and key inputs like limestone, fly ash, gypsum, coal, petcoke, water etc. is critical and it directly impacts our profitability and results of operations.

The primary raw materials for clinker manufacturing are limestone, coal and minerals, and energy, continuous supply of which is critical for our long-term viability. Our company presently has two long term mining leases for mines situated at Gamalapadu and Ramapuram. As on the date of this Draft Letter of Offer, our Company mines limestone only from the Gamalapadu limestone mine which is situated at a distance of ~1.5 km from Sri Durga Cement Works which provides it with a stable and timely supply of limestone in a cost efficient manner. We plan to operate the Ramapuram limestone mine from the year 2027.

The following table provides details of the Company's mining lease and residual reserves, as at July 31, 2024:

S. No.	Mine - reserve	Location	Type	Valid up to	Residual reserves (Million Tonnes)
a)	Gamalapadu Limestone Mine	Gamalapadu	Limestone	50 years-valid up to March 31, 2030	108.66
b)	Ramapuram Limestone Mine	Ramapuram	Limestone	50 years- valid up to September 23, 2051	206.85

We use both domestic as well as imported coal and petcoke in varied proportions to achieve maximum utilization efficiency. Further, we have entered into long term agreements (e-fuel supply agreements) for supply of domestic coal. This helps us to ensure unhindered supply of coal to meet our power & fuel requirements.

We procure inputs like fly ash and gypsum from Vijayawada and Chennai, respectively, which is located near Sri Durga Cement Works.

We meet our energy requirements from the state power grid network. Going forward, we plan to start operating our 30 MW captive thermal power plant, once we achieve a certain level of capacity utilization. We source water for our manufacturing unit from the mining pits (which get filled with rainwater) and bore well.

Led by Sagar Cements Limited, a prominent cement player in South India with an established track record and backed by an experienced management team

Our Promoter is Sagar Cements Limited, a well reputed and established cement player in South India. They have over 4 decades' experience in operating & managing cement manufacturing units. They also have extensive experience in taking over & turning around distressed cement assets. In addition to our Company, Sagar Cements operates 3 integrated cement manufacturing units in Mattampally (3.0 MTPA cement capacity & 2.75 MTPA clinker capacity in Telangana), Gudipadu (1.25 MTPA cement capacity & 1.00 MTPA clinker capacity in Andhra Pradesh) and Jeerabad, (1.00 MTPA cement capacity & 1.00 MTPA clinker capacity in Madhya Pradesh), through its subsidiary Sagar Cements (M) Private Limited and 2 grinding units in Bayyavaram, Vizag (1.50 MTPA cement capacity in Andhra Pradesh) and Jajpur (1.50 MTPA cement capacity in Odisha). On an aggregate basis (including our Company), our Promoter has 10.50 MTPA cement manufacturing capacity and 6.60 MTPA clinker capacity.

We were taken over by Sagar Cements Limited in February, 2023 through the Corporate Insolvency Resolution Process and they have played a key role in reviving and developing our manufacturing unit at Sri Durga Cement Works. Our Company is led by an experienced management team contributed by Sagar Cements Limited, which has significant experience in the cement manufacturing sector. Dr. Anand Reddy Sammidi (Managing Director) and Mr. Sreekanth Reddy Sammidi (Non-Executive Director) have decades of experience in operating & managing cement manufacturing units and in turning around distressed assets. They are also the Managing Director and Joint Managing Director respectively of Sagar Cements Limited.

The cement manufactured by us at Sri Durga Cement Works is marketed and sold under the brand 'Sagar Cement'. Our Promoter has a well-established presence across 11 states of India with an average lead distance of less than 300 Kms. We have been able to leverage the brand recall, established distribution network and expertise in sourcing raw material as a result of our association with Sagar Cements Limited. This has further helped us to execute orders on a timely basis and has helped us grow our business.

Further, we believe that the deep expertise and knowledge of our Promoter will help us in achieving our expansion plans in a timely and efficient manner

Extensive distribution network with strategic concentration in South India

Over the last 10 decades, our Company has established a name for itself in key markets of South India, like Andhra Pradesh, Telangana and Tamil Nadu. We supply our cement through our network of dealers to retailers **("Trade Channel")** also directly to institutional and bulk customers **("Non-Trade Channel")**. For the fiscal year ended March 31, 2024, the revenue generated from our Trade Channel and Non-trade Channel constituted 55 % and 45 % of our operating revenue respectively. The cement manufactured by us at Sri Durga Cement Works is marketed and sold under the brand "Sagar Cement". We leverage the strong distribution network of our Promoter, which as of July 31, 2024, had an extensive network of channel partners spanning 85 clearing & forwarding agents, 3,074 dealers and 7,207 sub-dealers. We currently market and sell our cement in the states of Andhra Pradesh, Telangana and Tamil Nadu. During the financial year ended March 31, 2024 these 3 states accounted for 58 %, 36% and 6% of our revenue from sale of cement respectively.

We have focused on the quality, reliability and prompt delivery of cement, to establish our brand recognition and market presence, which is evidenced by our relationships within our distribution network. Such relationships position us well to capitalise on the growth in the cement industry, with our long operational history, integrated manufacturing facilities, access to raw materials and stringent quality management contributing towards our brand recognition with customers.

Experienced Promoters and Senior Management Team

We benefit from our experienced board of directors who have extensive experience in the cement industry with respect to operating, managing cement manufacturing units and in turning around distressed cement assets. Our Company is led by Dr. Anand Reddy Sammidi (Managing Director) and Mr. Sreekanth Reddy Sammidi (Non-Executive Director). They are also the Managing Director and Joint Managing Director respectively of Sagar Cements Limited.

Dr. Anand Reddy Sammidi holds a Bachelor's Degree in Medicine & Surgery from the Nagarjuna University. He has 34 years of experience in the cement sector. Mr. Sreekanth Reddy Sammidi holds a Bachelor's Degree in Engineering in (Industrial & Production Engineering) from the Karnataka University and a Post Graduate Diploma in Cement Technology from the National Council of Cement and Building Material. He has 21 years of experience in the cement sector. They are involved in the days to day operations of our company.

We also have a qualified key management team who assist the Board in implementing our business strategies and identifying new opportunities for furthering the growth of our Company and have experience in the cement industry, including in the areas of manufacturing, quality control, sales, marketing and finance. We believe that the cement manufacturing domain knowledge and experience of our Promoter and our Senior Management Personnel provides us with a significant competitive advantage as we seek to grow in our existing markets and enter new segments and regional markets.

For further details of our Senior Management Personnel, please refer to chapter titled '***Board of Directors and Senior Management'*** beginning on page 135.

OUR STRATEGIES

Capitalize on industry tailwinds through on-going capacity expansions

The cement industry is a core industrial sector in India. For a developing economy such as India, cement as a commodity holds significant value. This is attributed to the immense infrastructure requirements of a growing and urbanizing country and its contributions by way of direct and indirect employment. The cement production by India has remained in the range of 7% to 8% of the total world output in the last 5 years but have increased to 10% in CY23.Even though India is the second-largest producer of cement in the world, the Indian market is highly underpenetrated. The per capita consumption of cement in India is only between 250-270 kg/per capita as compared to the world average of 500-550 kg/per capita. *(Source: CARE Report)*

The cement demand is expected to grow at 5-7% over FY24-29 to reach 530-585 MT driven by a growing government push for infrastructure development especially in the rural segment, urban housing growth, and public infrastructure developments like metros, NHAI, smart cities, etc., in different regions of India. *(Source: CARE Report)*

For financial year ended March 31, 2024, our Sri Durga Cement Works facility has an installed manufacturing capacity of 21,41,250 MT of cement grinding and 18,00,000 MT of clinker. As on the date of this Draft Letter of Offer, we are operating the Sri Durga Cement Works facility with an installed capacity of 22,50,000 MT of cement a year and 18,50,000 MT of clinker a year.

As part of the expansion and modernization plans, we intend to install a roller press as a pre-grinder to our existing mills at Sri Durga Cement Works. Installations & modifications will be done to enhance the clinker manufacturing at Sri Durga Cement Works. This modernization is intended to, among other things enhance our ability to service the fast-growing demand for cement in India.

Therefore, we believe that there is significant scope for leveraging our manufacturing capacities. We intend to augment our production capacity through various measures including replacement of existing dynamic separator, installation of covered shed for existing limestone storage area as environmental protection initiative, installation of new reclaimer exclusively for transporting coal to coal mill, installation of power distribution equipment, electrical equipment including Motors, VFD, Instrumentation, AAQ Monitoring system etc. are under implementation to optimise production.

Leverage parent reputation and brand recall in South India markets

Our Promoter is Sagar Cements Limited, a well reputed and established cement player in South India. They have over 4 decades' experience in operating & managing cement manufacturing units. They also have extensive experience in taking over & turning around distressed cement assets. In addition to our Company, Sagar Cements Limited operates 3 integrated cement manufacturing units in Mattampally (3.0 MTPA cement capacity & 2.75 MTPA clinker capacity in Telangana), Gudipadu (1.25 MTPA cement capacity & 1.00 MTPA clinker capacity in Andhra Pradesh) and Jeerabad, through its subsidiary Sagar Cements (M) Private Limited (1.00 MTPA cement capacity & 1.00 MTPA clinker capacity in Madhya Pradesh) and 2 grinding units in Bayyavaram, Vizag (1.50 MTPA cement capacity in Andhra Pradesh) and Jajpur (1.50 MTPA cement capacity in Odisha). On an aggregate basis (including our Company), our Promoter has 10.50 MTPA cement manufacturing capacity and 6.60 MTPA clinker capacity.

The cement manufactured by us at Sri Durga Cement Works is marketed and sold under the brand 'Sagar Cement'. Our Promoter has a well-established presence across 11 states of India with an average lead distance of less than 300 Kms. Sagar Cements Limited has been awarded for Energy Efficient Unit 2023 by the Confederation of Indian Industry and has also received awards for Environmental Excellence, Productivity Excellency, Energy Excellence and Health and Safety Excellence by QCFI at the Third National Sustainability Awards on Cement and RMC, 2023. We have been able to leverage the brand recall, established distribution network and expertise in sourcing raw material as a result of our association with Sagar Cements Limited. This has further helped us to execute orders on a timely basis and has helped us grow our business.

In terms of scale of operations, our Promoter is one of the prominent players (in terms of installed capacity of cement & clinker manufacturing) in South India.

Improve clinker & cement capacity utilization levels and achieve operational efficiency

We strive to continuously implement measures to reduce our operating costs which has a direct impact on our profitability and results of operation. We intend to continue to focus on improving the utilization levels of our existing capacities. Higher capacity utilization will lead to lower fixed costs per tonne, thereby improving our profitability.

One of the key initiatives in this regard is the proposed installation of a 6-stage twin stream pre-heater along with inline calciner. The existing preheater system at Sri Durga Cement Works has a 4 stage with K line and 5-stage with C line along with offline calciner, which is consuming around 780 to 800 Kcal/kg of clinker in the process. The new 6-stage twin stream pre-heater along with inline calciner would consume around 690 Kcal to 710 Kcal/kg of clinker only, thereby reducing the cost by ~10%. The integrated design of the 6-stage twin stream pre-heater along with inline calciner will, amongst others also provide the following multi-dimensional benefits –

- Stable kiln operation;
- Enhanced clinker output;
- Reduced specific heat consumption;
- Reduced specific electrical consumption;
- Consistent quality;
- Resource conservation; and
- Reduced emissions;

For the period starting from April 1, 2024 till July 31, 2024 the existing power consumption per ton of clinker was 63.33 Kwh and up to cement was 90.40 Kwh. Our Company has identified the deficiencies in the existing system and proposed the installation of variable frequency drives (VFD) across all major equipment's to optimize the power consumption. Post expansion, the expected power consumption per ton of cement would be around 70 Kwh.

Further, the new 6-stage pre-heater will enable us to install a Waste Heat Recovery System **("WHRS")** which generates power through recycling waste heat generated from the clinkerization process. This will help us to reduce our power & fuel costs in the future. In order to further become cost efficient, we may look to invest in alternative sources of power like solar power, which will further reduce our power & fuel costs, make us self-reliant and help in our ESG commitments.

Increase focus towards blended cement by increasing share of PPC

Presently, our Company manufactures the following varieties of cement, namely, Ordinary Portland Cement ("**OPC**") of 53 grade & 43 grade and Portland Pozzalona Cement ("**PPC**").

PPC is a type of blended portland cement manufactured by combining OPC with pozzolana particles such as fly-ash and volcanic ash in the ratio of 15% to 35%. By blending the pozzolana material with OPC, cement manufacturers lower their power and fuel and raw material costs, thereby improving their operating margins and profitability. Further, PPC has greater durability and strength than OPC and since it uses a lesser concentration of cement, it is more environment friendly than OPC as well. *(Source: CARE Report)*

To reduce power and fuel consumption, many players are now manufacturing blended cement varieties (eg: PPC & PSC) which consume less power per tonne. It is more environmentally friendly than OPC due to the reduction in usage of limestone and lower consumption of power and fuel. Further, PPC provides better workability and finishing properties than pure OPC while having enhanced durability due to the presence of pozzolanic material. PPC has a variety of applications including being used in the construction of dams, bridges, hydraulic structures as well as the creation of foundations, columns and slabs in residential and commercial construction. *(Source: CARE Report)*

We plan to increase our focus on blended cement and increase its proportion in our sales mix. Blending material like fly ash & gypsum are available at competitive prices around our Sri Durga Cement Works manufacturing plant in Dachepalli, Andhra Pradesh. As blended cement is relatively more cost efficient than regular cement, we believe, increasing its proportion will help improve our production levels and profitability

Expand our distribution network and deepened our presence in existing markets

While we believe that the brand of our Promoter "Sagar Cement" is well established in key markets of South India, we aim to strengthen our presence and the penetration of our brand & products in key markets of South India like Andhra Pradesh, Telangana and Tamil Nadu. We plan to achieve this by strengthening our customer relationship management and use product experts to better serve our customers, particularly our trade segment (which typically include retail customers and wholesale customers including dealers and distributors who then resell our products to retail customers). We seek to add additional dealers and retailers to our sales and distribution network, and to further strengthen our relationships with the existing dealers and retailers. We plan to engage select dealers and distributors that have an established sales network in our target markets and attract them by providing incentive schemes and also undertake programs to provide training and advice on marketing and sales techniques, inventory management and technical applications of cement products. In addition, we plan to expand our sales network by establishing branch offices that will enhance our ability to develop, penetrate and control our target markets.

We plan to undertake extensive customer and market research to measure the various aspects of a product, plan our marketing campaigns and accordingly, continue to enhance the brand recall through a range of targeted advertising activities including television commercials, sponsorships and other media advertisements. We aim to grow our brand and improve our reputation among cement manufacturers as a producer of high-quality cement in our target markets by consistently investing in our quality and engaging in brand-building activities

Achieve cost optimizations by focusing on alternative sources of power

As of the date of this Draft Letter of Offer, our Company has a 30 MW captive thermal power plant. However, the same is not in operation as the current levels of capacity utilization make sourcing power from state power grid network more feasible. As of the date of this Draft Letter of Offer, our Company does not have a Waste Heat Recovery System **("WHRS")**. However, the new 6-stage pre-heater will enable us to install a WHRS which generates power through recycling waste heat generated from the clinkerization process.

As of the date of this Draft Letter of Offer, our Promoter, Sagar Cements Limited operates the following sources of alternative power –

Particulars	Capacity (in MW)
WHRS	14.10
Thermal	43.00
Solar	1.56
Hydro	8.30
Total	**66.96**

We aim to leverage the extensive experience of our Promoter in operating plants for alternative power sources and may look to invest in alternative sources of power like solar power, which will further reduce our power & fuel costs, make us self-reliant and help in our ESG commitments.

DESCRIPTION OF OUR BUSINESS

Our product portfolio, sales and distribution

Our Company is engaged in the production of a variety of cement products. Cement is the key ingredient in concrete, the primary building material in the industrial and residential construction sectors. Cement acts as the binding agent, which when mixed with sand, stone or other aggregates and water, produces either ready mixed concrete or mortar. Mortar is the mixture of cement with sand and water, and ready-mixed concrete is the mixture of cement with sand, gravel or other aggregates and water.

Varieties of cement

We produce and sell cement, manufactured using clinker produced in our cement production units as well as other ingredients procured from various local suppliers. Our primary products of cement are:

1. **Ordinary Portland Cement ("OPC")**

    - Ordinary Portland Cement – 53 Grade ("53 Grade OPC");
    - Ordinary Portland Cement – 43 Grade ("43 Grade OPC");

2. **Portland Pozzolona Cement ("PPC");**

Ordinary Portland Cement

OPC is produced by grinding a mixture consisting of 95% cement clinker prepared in a rotary cement kiln along with 5% gypsum. OPC is graded on the basis of its strength. Based on the compressive strength, which is expressed in mega pascals, OPC may further be classified as 43 Grade OPC and 53 Grade OPC. The grade indicates the compression strength, which is expressed in mega pascals (mpa), of the concrete that will attain after 28 days of setting. The range of applications, the physical and chemical requirements of the BIS and strength of OPC are discussed below.

a) 53 Grade OPC

53 Grade cement is used for fast paced construction where initial strength is to be achieved quickly. This grade of cement is widely used in plain and reinforced cement concrete, masonry and plastering, for bridge piers, pre- stressed girders and electric poles, concrete pipes, pre- cast concrete, pre-stressed concrete, slip formed concrete, tall building and structures, R.C.C bridges, for cement concrete roads, for structural repairs and grouting, pre- stressed works, precast element, bridges, atomic power stations, railway sleepers, silos RCC pipe etc.

b) 43 Grade OPC

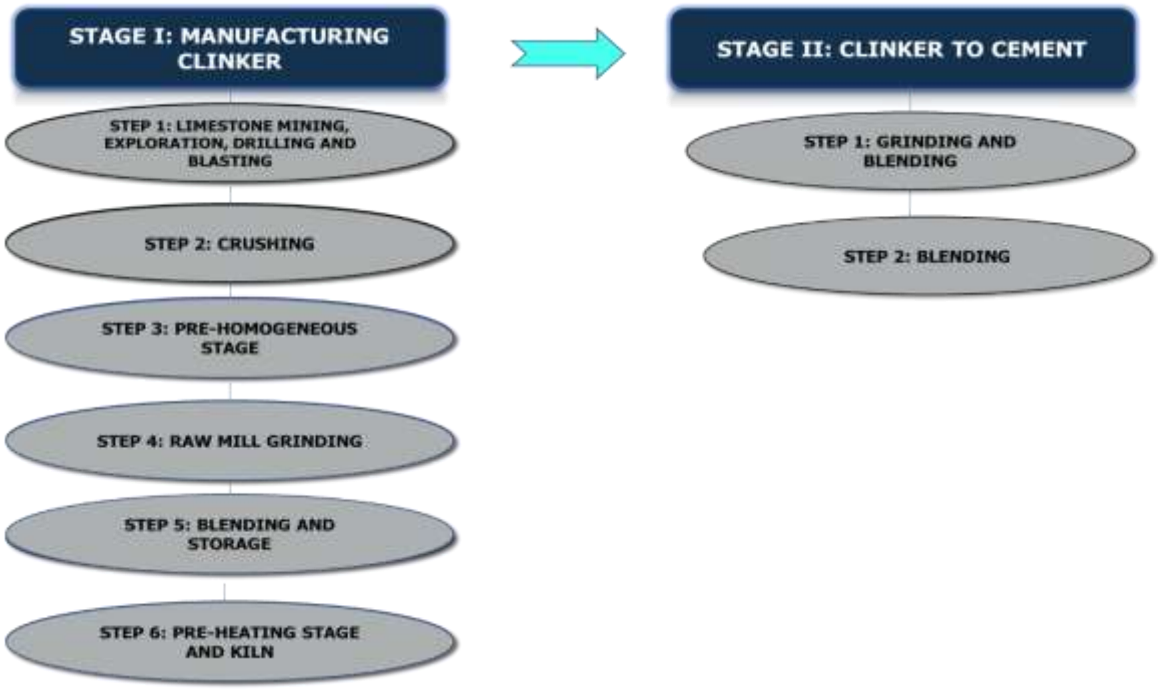
This grade of cement is widely used for all general and semi-specialized constructions like columns, beams, slabs and all structural works, manufacture of concrete blocks and tiles, brick and stone masonry, plastering and flooring, plain and Reinforced Cement Concrete (RCC), precast, pre-stressed slip formed concrete jobs, and commercial buildings, industrial constructions, multi- storied complexes, cement concrete roads, heavy duty floors etc.

Portland Pozzolona Cement

PPC is blended cement produced by the addition of pozzolanic materials, primarily, fly ash to clinker. Typically, PPC production is attributed by higher margins as compared to OPC on account of lower cost of production. PPC cement is widely used in mass concrete works like dams, spillways, retaining walls, all types of RCC work, underground structures, bridges, general building works, hydro- power stations etc. The production process for PPC is similar to that of OPC with the exception of addition of fly ash, the pozzolonic material which is generally used, being mixed with clinker in the cement mill stage of production. The fly ash content of PPC produced by our Company is generally between 33% and 35%. The use of fly ash enables cement to be produced by lower utilization of clinker thereby resulting in mineral and energy conservation. Additionally, fly ash, being a waste product of the coal fired power plants, is generally available at a significantly lower cost as against the cost of production of clinker.

Cement production process

The cement manufacturing process involves four distinct stages.



Source: CARE Report

There are 4 stages in the manufacturing of Portland cement:

1. Crushing and grinding the raw materials
2. Blending the materials in the correct proportions
3. Burning the prepared mix in a kiln
4. Grinding the burned product known as clinker together with some 5% of gypsum.

Details of cement manufacturing process:

Mining and Quarrying: The raw materials required for cement production, such as limestone, clay, shale, iron ore, and gypsum, are extracted from quarries or mines. These raw materials are typically sourced locally or transported to the cement plant from nearby locations. We source our limestone from our captive mines located at Gamalapadu and Ramapuram.

The excavated materials are then transported to the crushing plants by trucks, railway freight cars, conveyor belts, or ropeways. They also can be transported in a wet state or slurry by pipeline.

Crushing and Grinding: The extracted raw materials are crushed and ground into a fine powder. Limestone and other raw materials are crushed using crushers while grinding mills are used to grind the raw materials into a fine powder, known as raw meal. The grinding process ensures homogeneity and proper blending of the raw materials.

Preheating and Pre-calcining: The raw meal is then preheated and pre-calcined in a preheater and pre-calciner system. This process involves heating the raw meal to temperatures of around 900°C to 1000°C to partially decompose the raw materials and initiate the chemical reactions necessary for cement formation.

Clinker Production: The preheated and pre-calcined raw meal is fed into a rotary kiln, where it is subjected to high temperatures (up to 1450°C) and continuous rotation. Inside the kiln, chemical reactions occur, resulting in the formation of clinker nodules. The clinker is a nodular material with varying compositions of minerals, mainly calcium silicates and aluminates.

Cooling: The hot clinker discharged from the rotary kiln is cooled rapidly to ambient temperature using air or water in a clinker cooler. This rapid cooling helps stabilize the crystalline structure of the clinker and prevents it from reacting prematurely.

Grinding and Blending: The cooled clinker is ground into a fine powder, known as cement. Gypsum is added during the grinding process to regulate the setting time of the cement. Other additives, such as fly ash, slag, or pozzolans, may also be added to the cement to enhance its properties.

Packaging and Distribution: The finished cement is transported to storage silos and then packaged into bags or bulk containers for distribution to customers. Cement may be transported by truck, rail, or ship to various construction sites, ready-mix concrete plants, or distribution centres.

Our production Units and location

Our Company owns and operates its production unit situated at Dachepalli, Andhra Pradesh. The brief details about our facility is as under:

S. No.	Name/ Location	Type of Plant
1.	Sri Durga Cement Works Address: Sri Durgapuram, Srinagar Post, Dachepalli Mandal, Palnadu District, Andhra Pradesh-522414	Integrated Plant

The following table sets forth certain information relating to the total installed capacity and capacity utilisation of cement and clinker at the Manufacturing Plants for the financial years ended March 31, 2024, 2023 and 2022.

1. Sri Durga Cement Works-

1.1 Details of installed capacity & production of cement

(in Metric Tonnes)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Installed Cement Grinding Capacity	21,41,250*	18,15,000	18,15,000
Production by cement type			
OPC (Ordinary Portland Cement) Production	2,93,632	NIL	NIL
PPC (Portland Pozzolana Cement) Production	2,22,509	NIL	NIL
Total Production	5,16,141	NIL	NIL
Utilization Level (%)	24.10	NIL	NIL

 # As certified by K.V. Subramanium Kishore, Chartered Engineer, by way of his certificate dated September 03, 2024

**Weighted average of FY24. 1.815 MTPA for Apr'23-Jun'23 and 2.25 MTPA for Jul'23-Mar'24*

1.2 Details of installed capacity & production of clinker

(in Metric Tonnes)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Installed Clinker Capacity	18,00,000*	16,50,000	16,50,000
Total Clinker Production	5,97,513	NIL	NIL
Utilization Level (%)	33.20	NIL	NIL

 # As certified by K.V. Subramanium Kishore, Chartered Engineer, by way of his certificate dated September 03, , 2024

**Weighted average of FY24. 1.65 MTPA for Apr'23-Jun'23 and 1.85 MTPA for Jul'23-Mar'24*

Raw Materials

The principal raw materials for cement production are limestone, iron ore, laterite, coal, gypsum, fly ash and water. Raw materials are transported to the production facility mainly by means of road and rail transport. The cost of raw materials consumed accounted for approximately 11 % of our total expenses for financial year ended March 31, 2024, respectively.

Limestone: Limestone is the main raw material required in the production of cement. Our company presently has two long term mining leases for mines situated at Gamalapadu and Ramapuram. As on the date of this Draft Letter of Offer, our Company mines limestone only from the Gamalapadu limestone mine which is situated at a distance of ~1.5 km from Sri Durga Cement Works which provides it with a stable and timely supply of limestone in a cost efficient manner. We plan to operate the Ramapuram limestone mine from the year 2027.

The following table provides details of the Company's mining lease and residual reserves, as at July 31, 2024:

S. No.	Mine - reserve	Location	Type	Valid up to	Residual reserves(Million Tonnes)
a)	Gamalapadu Limestone Mine	Gamalapadu	Limestone	50 years-valid up to March 31, 2030	108.66
b)	Ramapuram Limestone Mine	Ramapuram	Limestone	50 years- valid up to September 23, 2051	206.85

We are required to obtain a lease from the relevant state government in order to mine the limestone deposits. The tenure of our mining leases is in accordance with the current provisions of the Mines and Minerals (Development and Regulation) Act, 1957, as amended ("**MMDR Act**"). In terms of section 8A of the MMDR Act, a lease granted on or after January 12, 2015 shall be for a period of 50 years from the date of the original grant and leases granted before January 12, 2015 shall be deemed to have been granted for 50 years from the date of the grant or up to the current renewal period of the mine or up to March 31, 2030 (where the minerals are used for captive purpose), whichever is later, and shall be put on auction after expiry of the lease period with a right of first refusal granted to the holder of the mining lease agreement granted for captive purposes.

Based on the provisions of the Mines and Minerals (Development and Regulation) Amendment Act, 2015, which is applicable from January 12, 2015, the holder of mining lease granted before the date of commencement of the aforesaid Act, shall in addition to the royalty, pay to the District Mineral Foundation of the district in which the mining operations are carried on, an amount not exceeding the royalty paid in terms of the second Schedule in such manner and subject to the categorization of the mining leases and the amount payable by the various categories of lease holders, as may be prescribed by the Central Government.

As we have access to quality limestone, we generally do not need to purchase additional quality limestone or other additives from external sources.

Iron ore and Laterite: Iron ore and laterite are used as additives to limestone to achieve desired chemical composition in the raw meal. We currently meet our iron ore and laterite requirements by obtaining them from local suppliers by placing purchase orders, as required from time to time.

Coal: Coal is primarily used as fuel in the kiln and calciner during the process of cement production. We use both domestic as well as imported coal and petcoke in varied proportions to achieve maximum utilization efficiency. Further, we have entered into long term agreements (e-fuel supply agreements) for supply of domestic coal. This helps us to ensure unhindered supply of coal to meet our power & fuel requirement.

Gypsum: Gypsum is added as a retarding agent to control the setting time for cement. Generally, between 4.50 MT and 5.00 MT of gypsum is consumed in the production of 100 MT of cement. Gypsum is usually obtained from domestic supplies and we generally maintain stocks in levels sufficient to meet our production requirements.

Fly ash: Fly ash is used in the manufacture of PPC. Fly ash is a by-product of the coal burning process at thermal power plants. We source our fly ash requirements from nearby thermal power plants.

Slag: Fly ash is used in the manufacture of PSC. Slag is a by-product of the steel manufacturing process. We source our fly ash requirements from nearby steel manufacturing plants.

Others: Additives like red ochre and bauxite are also required for clinker in small quantities, all of which are available from local suppliers within the State of Andhra Pradesh and Telangana.

Power and Fuel

Coal and electricity are our key sources of energy for cement production. Coal is used in the calcination and sintering process to provide the necessary heat for the production process while electricity is used across all the processes. Power and fuel expenses are account for significant expenses in the cement manufacturing process comprising approximately 38% of our manufacturing expenses in Fiscal 2024, respectively.

Sales and distribution

We leverage the strong distribution network of our Promoter which as of July 31, 2024, had an extensive network of channel partners spanning 85 clearing & forwarding agents, 3,074 dealers and 7,207 sub-dealers. We currently market and sell our cement in the states of Andhra Pradesh, Telangana and Tamil Nadu.

Quality Assurance

We have an analytical laboratory for quality control at our manufacturing facility which is controlled by experienced team of professionals. Our laboratory is equipped with Cross Belt Analyser for monitoring of mineral composition of raw materials and the final product. Samples of the final products are also sent to independent quality analysts for inspection to enhance and standardize quality norms.

Pricing policy

We set prices for our products on a district-wise basis, with view to price our products competitively against certain peers. We review our prices regularly based on prevailing whole sale prices in the market. Performance over the course of the month is closely monitored in each location and prices can be changed to reflect changes in conditions. Pricing decisions are made, and can only be changed, at our corporate office.

Information Technology

We believe that an appropriate information technology infrastructure is important in order to support the growth of our business. We have implemented enterprise resource planning software ("**ERP**") for integrated management of all the business processes, such as sales, production planning, material management, finance and accounting and enterprise asset management. We believe such systems and processes enable us to manage our operations efficiently, quality and customer service along with incorporating necessary controls and checks and balances in the business operations. Our IT infrastructure also enables us to generate the reports and information required to assist our management in decision making.

Employees

We consider our employee strength as a key factor to our success. As on July 31, 2024, we had employed 183 permanent employees. In addition, our Company also hires contract labourers based on the requirements at our production units and as on July 31, 2024, we had 403 contract labour. The following table provides information about our permanent employees, as of July 31, 2024:

S. No	DEPARTMENT	No. of employees
1	Plant In-charge	1
2	Operations & Projects	1
3	Mines & Automobiles	21
4	Mechanical	35
5	Production & QC	23
6	Electrical & Instrumentation	29
7	Process	11
8	Commercial & Packing Plant	17
9	HR & Admin and Secretarial	12
10	Environment & Security	7
11	Accounts & Finance	6
12	Information Technology	2
13	Civil	4
14	Hospitals & Safety	8
15	Stores	6
Total		**183**

We provide our employees comprehensive and on-going training. This training is tailored to our evolving business environment and corporate needs with the objective of improving customer services. We have also implemented a performance appraisal system which allows the performance of our employees to be assessed through an objective and transparent process.

Insurance

Our production plants are insured against fire, riot, strike and malicious damage risks with various underwriters. Insurance policies also cover selected items of machinery for the risk of machinery breakdown. Our insurance policies provide cover on reinstatement value of the assets in their present state. Our policies have limited coverage with regard to product liability. See '*Risk Factors*' beginning on page 24.

We believe that our insurance arrangements are consistent with industry standards in India.

Competition

The Indian cement industry is highly competitive and is dominated by a few large pan-India cement manufactures. In southern region of India, our major competitors include well-known locally established cement manufacturers. Competition occurs principally on the basis of price, quality and brand name. As a result, to remain competitive in our markets, we must continuously strive to reduce our costs of production, transportation and distribution and improve our operating efficiencies. We compete against our competitors by establishing ourselves as a knowledge based company with industry expertise in providing variety of quality products.

Intellectual Property Rights

We believe that the trademark which are of material importance and significant to our business is the logo '*Sagar Cement*'. Our company has entered into a trademark License Agreement dated May 11, 2023 with SCL. Our company shall be paying a royalty of ₹ 30 per metric ton as per our quantity despatched on a monthly basis.

Health, safety and environment

Our cement plant, mines and offices in India are required to comply with several laws governing every aspect of our operations, including compliance with environment regulations. In order to ensure compliance, we have implemented an automated compliance monitoring and assurance system to enable monitoring of our manufacturing process. We place high emphasis on quality assurance and product safety at each step of the manufacturing process, to ensure that the quality of our products meets the expectations of our customers and achieves maximum customer satisfaction

Land and property

Our registered office is situated at Sri Durga Cement Works, Sri Durgapuram, Dachepalli – 522414, Palnadu District, Andhra Pradesh and corporate office is situated at Plot No. 111, Road No. 10, Jubilee Hills, Hyderabad – 500 033. We have also established branch offices to facilitate our business. We own and lease various properties for our corporate operations and for undertaking our businesses. In order to conduct our business operations, we have entered into a combination of leave and license agreements and lease deeds. We have been sanctioned mining leases in respect of our limestone mines situated at in Gamalapadu and Ramapuram villages in Dachepalli Mandal of Palnadu district of Andhra Pradesh.

OUR MANAGEMENT

In terms of our Articles of Association and subject to the provisions of the Companies Act, 2013, our Company is required to have not less than 4 Directors and not more than 12 Directors, unless otherwise determined by a special resolution. As on the date of this Draft Letter of Offer, our Board comprises 7 Directors of whom 1 is a Managing Director, 2 are Non-Executive Non Independent Directors (including 1 woman Director) and 4 are Independent Directors (including 1 woman Independent Director). Accordingly, the current composition of our Board is in compliance with the Companies Act, 2013 and the SEBI Listing Regulations.

Our Board

The following table sets forth details regarding our Board as on the date of filing of this Draft Letter of Offer.

Sr. No.	Name, designation, term, period of directorship, address, occupation, date of birth and DIN	Age	Other Directorship
1.	**Kalidindi Venkata Vishnu Raju** *Designation:* Chairman and Independent Director *Date of Birth:* January 31, 1964 *Address:* Plot No. 10, Road No. 9, Jubilee Hills, Hyderabad – 500033 *Occupation*: Business *Current term:* For a period of 5 years w.e.f. March 23, 2023 to March 22, 2028 *Period of directorship*: Since March 23, 2023 *DIN:* 00480361	60	1. Anjani Vishnu Allied Services Limited. 2. Anjani Vishnu Holdings Limited. 3. Anjani Cement (Karnatak) Limited. 4. B.V.Raju Dental Health Care Systems Limited. 5. NCL Buildtek Limited. 6. Gorinta Hotels Private Ltd 7. Anjani Foods Limited 8. Sagar Cements Limited
2.	**Dr. Sammidi Anand Reddy** *Designation*: Managing Director *Date of Birth*: June 10, 1964 *Address*: Plot No. 1254, Road No. 63, Jubilee Hills, Hyderabad – 500033 *Occupation*: Business *Current term:* for a period of 5 years w.e.f. April 14, 2023 to April 13, 2028 *Period of directorship*: since March 7, 2023 *DIN:* 00123870	60	1. Sagar Power Limited 2. Sagar Priya Housing and Industrial Enterprises Limited 3. Super Hydro Electric Private Limited 4. Sagar Cements (M) Private Limited 5. Sagar Cements Limited
3.	**Sammidi Sreekanth Reddy** *Designation*: Non- Executive - Non-Independent Director *Date of Birth:* August 27, 1971	53	1. Sagar Power Limited 2. Sagar Priya Housing and Industrial Enterprises Limited. 3. Sree Venkateshwara Winery and Distillery Private Limited 4. Super Hydro Electric Private Limited 5. Sagar Cements (M) Private Limited

Sr. No.	Name, designation, term, period of directorship, address, occupation, date of birth and DIN	Age	Other Directorship
	Address: Plot No. 854. S.no. 102/1 Road No. 44, Near Peddamma Temple, Shaikpet, Jubilee Hills, Hyderabad – 500033, Telangana. *Occupation*: Business *Current term:* March 7, 2023 and liable to retire by rotation *Period of directorship*: since March 7, 2023 *DIN*: 00123889		6. Sagarsoft (India) Limited 7. Sagar Cements Limited
4.	**Sammidi Rachana** *Designation*: Non- Executive - Non-Independent Director *Date of Birth:* August 4, 1975 *Address:* Plot No. 854. S.no. 102/1 Road No. 44, Near Peddamma Temple, Shaikpet, Jubilee Hills, Hyderabad – 500033, Telangana. *Occupation*: Business *Current term:* March 7, 2023 and liable to retire by rotation *Period of directorship*: since March 7, 2023 *DIN*: 01590516	49	1. R V Consulting Services Private Limited 2. Sagar Cements Limited
5.	**Ravichandran Rajagopal** Designation: Independent Director *Date of Birth:* July 10, 1962 Address: No J-12/A, H. No. 8-2-293/82/J-111/112/ A, Prasashan Nagar, Road No. 72, Jubilee Hills, Hyderabad – 500 033. *Occupation*: Business *Current term:* for a period of 5 years w.e.f. April 14, 2023 to April 13, 2028 *Period of directorship*: since April 14, 2023 *DIN:* 00110930	62	1. Anjani Foods Limited 2. Anjani Vishnu Holdings Limited 3. Vishnu Foundation Technology Business Incubator 4. Senta Foodwork Private Limited 5. Tulya Beverages Private Limited 6. PH4 Food and Beverages Private Limited 7. Sagar Cements Limited
6.	**Rekha Onteddu** *Designation:* Independent Director *Date of Birth:* July 20, 1959	65	1. Sagar Cements (M) Private Limited 2. VA Champ Industries Private Limited 3. Sagar Cements Limited

Sr. No.	Name, designation, term, period of directorship, address, occupation, date of birth and DIN	Age	Other Directorship
	Address: Plot No. 630, Road No. 35, Jubilee Hills Hyderabad – 500033 *Occupation:* Consultant *Current term:* for a period of 5 years w.e.f. March 23, 2023 to March 22, 2028 *Period of directorship*: Since March 23, 2023 DIN: 07938776		
7.	**Valliyur Hariharan Ramakrishnan** *Designation:* Independent Director *Date of Birth:* April 13, 1941 *Address:* Flat No. 1005, Block-2A, SMR Vinay City, Bollaram Road, Opposite Naren Gardens, Miyapur, Hyderabad – 500049 Occupation: Retired Bank Executive *Current term:* For a period of 5 years w.e.f. June 5, 2023 to June 4, 2028 *Period of directorship*: Since June 5, 2023 DIN: 00143948	83	Nil

Brief Biographies of our Directors

Kalidindi Venkata Vishnu Raju is Independent Director and Chairman of our Company**.** He is a Director of our Company since March 23, 2023. He holds a bachelor's degree in Technology from University of Madras and master's degree in chemical engineering from Michigan Technological University, Houghton, MI, USA.

Dr Sammidi Anand Reddy is the Managing Director of our Company. He is a Director of our Company since March 7, 2023. He holds a Bachelor's degree in medicine and surgery from the Nagarjuna University. He has over 34 years of work experience in cement manufacturing.

Sammidi Sreekanth Reddy is Non- Executive - Non-Independent Director of our Company. He is a Director of our Company since March 7, 2023. He holds a bachelor's degree in engineering in (Industrial & Production Engineering) from the Karnataka University. He has completed his Post Graduate Diploma in cement technology from the National Council for Cement and Building Materials. He has over 21 years of work experience in the business of cement industry.

Sammidi Rachana is Non- Executive - Non-Independent Director of our Company. She is a Director of our Company since March 7, 2023. She holds a bachelor's degree in science from the Osmania University and completed an advanced diploma in nutrition and dietetics from the Institute of Health Care Administration, Chennai.

Ravichandran Rajagopal is Independent Director of our Company**.** He is a Director of our Company since April 14, 2023. He holds a bachelor's degree in mechanical engineering from University of Madras and a Diploma in Management from Indian Institute of Management, Calcutta.

Rekha Onteddu is Independent Director of our Company**.** She is a Director of our Company since March 23, 2023. She is an Associate Member of the Institute of Chartered Accountants of India.

Valliyur Hariharan Ramakrishnan is an Independent Director of our Company. He was appointed as a Director of our Company with effect from June 5, 2023. He holds a bachelor's degree in Science from University of Madras. He is a member of the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India. He had been associated with Bank of India until his retirement in the year 2001 as General Manager. He has an overall work experience of 35 years.

Confirmations

None of our Directors is or was a director of any listed company during the 5 years preceding the date of filing of this Draft Letter of Offer, whose shares were or have been suspended from being traded on any stock exchange, during the term of their directorship in such company.

None of our Directors is or was a director of any listed company during the 5 years preceding the date of filing of this Draft Letter of Offer, whose shares were or have been delisted from any stock exchange, during the term of their directorship in such company.

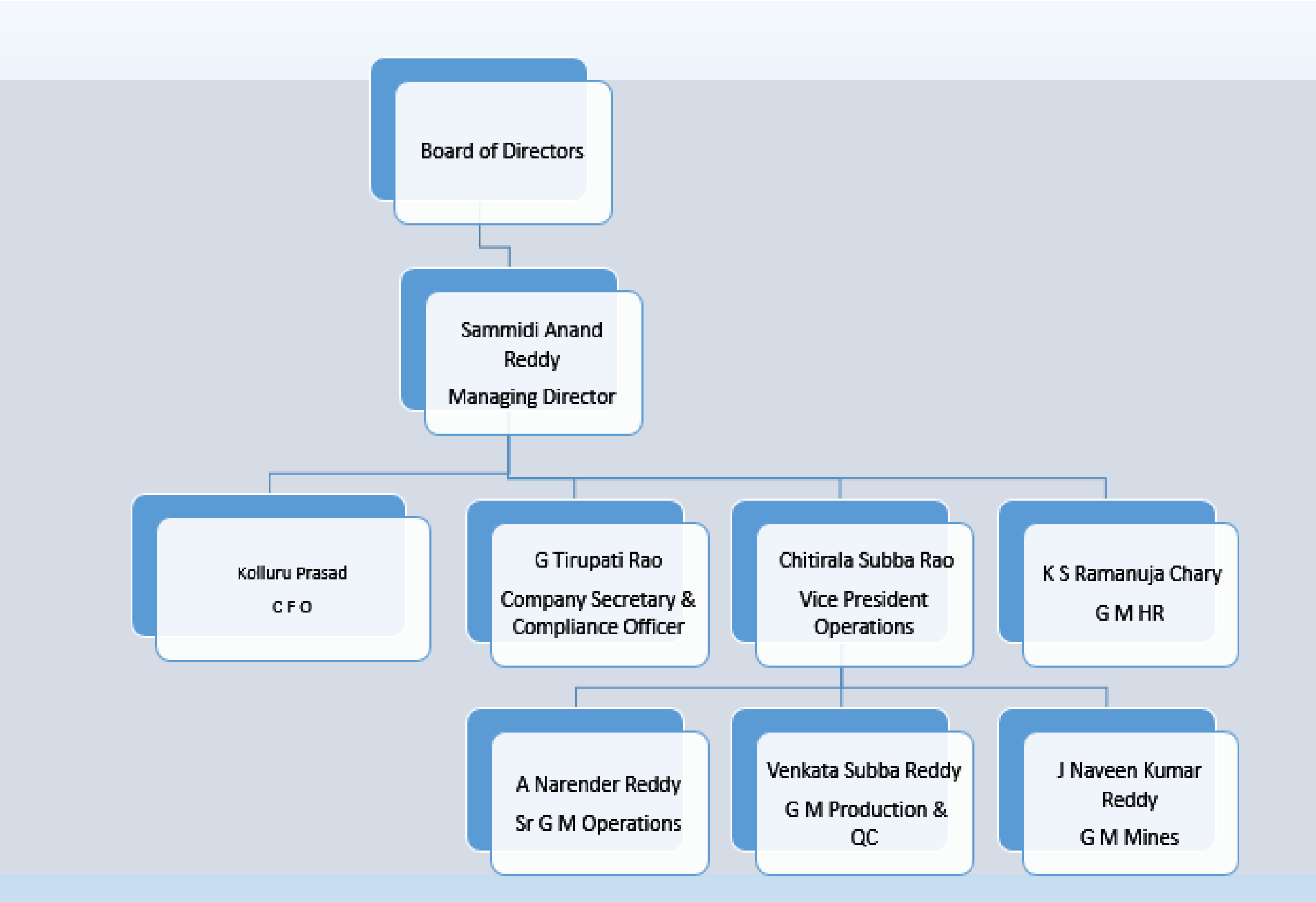
None of our Directors have been debarred or prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

None of our Directors, have been identified as Wilful Defaulters or Fraudulent Borrowers.

None of our Directors are declared as Fugitive Economic Offenders.

Other than Dr. Sammidi Anand Reddy, Sammidi Sreekanth Reddy, and Sammidi Rachana, none of our Directors are related to each other.

Management Organization Structure



Corporate Governance

The provisions of the SEBI Listing Regulations, SEBI ICDR Regulations and the Companies Act with respect to corporate governance are applicable to us.

We are in compliance with the requirements of the Companies Act and the SEBI Listing Regulations in respect of corporate governance including constitution of our Board and committees thereof. Our Board undertakes to take all necessary steps to continue to comply with all the requirements of the SEBI Listing Regulations and the Companies Act.

Committees of our Board

Our Board has constituted following committees in accordance with the requirements of the Companies Act and SEBI Listing Regulations:

1. Audit Committee;

2. Nomination and Remuneration Committee; and

3. Stakeholders' Relationship Committee

4. Risk Management Committee

5. Rights Issue Committee

Details of each of these committees are as follows:

Audit Committee

The Audit Committee of our Board was last re-constituted by a resolution of our Board at their meeting held on July 27, 2023. The constitution of the Audit Committee is as follows:

Sr. No.	Name of the Director	Designation	Position in the committee
1.	Valliyur Hariharan Ramakrishnan	Independent Director	Chairman
2.	Kalidindi Venkata Vishnu Raju	Independent Director	Member
3.	Rekha Onteddu	Independent Director	Member
4.	Sammidi Sreekanth Reddy	Non-Executive Non- Independent Director	Member

The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations and its terms of reference are as follows:

Terms of Reference for the Audit Committee

The Audit Committee shall be responsible for, among other things, from time to time, the following:

1. oversight of the listed entity's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. recommendation for appointment, remuneration and terms of appointment of auditors of the listed entity;
3. approval of payment to statutory auditors for any other services rendered by the statutory auditors;
4. reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:

    a) matters required to be included in the director's responsibility statement to be included in the board's report in terms of clause (c) of sub-section (3) of Section 134 of the Companies Act, 2013;
    b) changes, if any, in accounting policies and practices and reasons for the same;

c) major accounting entries involving estimates based on the exercise of judgment by management;
d) significant adjustments made in the financial statements arising out of audit findings;
e) compliance with listing and other legal requirements relating to financial statements;
f) disclosure of any related party transactions;
g) modified opinion(s) in the draft audit report;

5. reviewing, with the management, the quarterly financial statements before submission to the board for approval;
6. reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public issue or rights issue or preferential issue or qualified institutions placement, and making appropriate recommendations to the board to take up steps in this matter;
7. reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
8. approval or any subsequent modification of transactions of the listed entity with related parties;
9. scrutiny of inter-corporate loans and investments;
10. valuation of undertakings or assets of the listed entity, wherever it is necessary;
11. evaluation of internal financial controls and risk management systems;
12. reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. discussion with internal auditors of any significant findings and follow up there on;
15. reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. to look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. to review the functioning of the whistle blower mechanism;
19. approval of appointment of chief financial officer after assessing the qualifications, experience and background, etc. of the candidate;
20. Carrying out any other function as is mentioned in the terms of reference of the audit committee.
21. reviewing the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding rupees 100 crore 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.
22. consider and comment on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the listed entity and its shareholders.

The audit committee shall mandatorily review the following information:

1) management discussion and analysis of financial condition and results of operations;
2) management letters / letters of internal control weaknesses issued by the statutory auditors;
3) internal audit reports relating to internal control weaknesses; and
4) the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee.
5) statement of deviations:
   a) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of Regulation 32(1).
   b) annual statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice in terms of Regulation 32(7).

As required under the SEBI Listing Regulations, the Audit Committee shall meet at least 4 times a year with maximum interval of 4 months between 2 meetings and the quorum for each meeting of the Audit Committee shall be 2 members or one third of the members, whichever is greater, provided that there should be a minimum of 2 independent directors present.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee was last re-constituted by a resolution of our Board at their meeting held on July 27, 2023. The constitution of the Nomination and Remuneration Committee is as follows:

Sr. No.	Name of the Director	Designation	Position in the committee
1.	Rekha Onteddu	Independent Director	Chairperson
2.	Kalidindi Venkata Vishnu Raju	Chairman and Independent Director	Member
3.	Sammidi Sreekanth Reddy	Non-Executive Non Independent Director	Member
4.	Ravichandran Rajagopal	Independent Director	Member

The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations and its terms of reference are as follows:

Terms of Reference for the Nomination and Remuneration Committee

1. Formulating 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.
2. For every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Committee may:

    a. use the services of an external agencies, if required;
    b. consider candidates from a wide range of backgrounds, having due regard to diversity; and
    c. consider the time commitments of the candidates;

3. formulation of criteria for evaluation of performance of independent directors and the board of directors;
4. devising a policy on diversity of board of directors;
5. 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 of directors their appointment and removal.
6. 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. recommend to the board, all remuneration, in whatever form, payable to senior management.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee was last re-constituted by a resolution of our Board at their meeting held on March 23, 2023. The constitution of the Stakeholders Relationship Committee is as follows:

Sr. No.	Name of the Director	Designation	Position in the committee
1.	Kalidindi Venkata Vishnu Raju	Chairman & Independent Director	Chairman
2.	Rekha Onteddu	Independent Director	Member

Sr. No.	Name of the Director	Designation	Position in the committee
3.	Dr Sammidi Anand Reddy	Managing Director	Member

The scope and functions of the Stakeholders' Relationship Committee are in accordance with Section 178 of the Companies Act and Regulation 20 of the SEBI Listing Regulations and its terms of reference are as follows:

Terms of Reference for the Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee shall be responsible for, among other things, as may be required by the under applicable law, the following:

1. Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc.
2. Review of measures taken for effective exercise of voting rights by shareholders.
3. Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.
4. 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.

Risk Management Committee

The Risk Management Committee_was last re-constituted by a resolution of our Board at their meeting held on July 27, 2023. The constitution of the Stakeholders Relationship Committee is as follows:

Sr. No.	Name of the Director	Designation	Position in the committee
1.	Sammidi Sreekanth Reddy	Non- Executive - Non-Independent Director	Chairman
2.	Kalidindi Venkata Vishnu Raju	Chairman and Independent Director	Member
3.	Rekha Onteddu	Independent Director	Member
4.	Valliyur Hariharan Ramakrishnan	Independent Director	Member
5.	Ravichandran Rajagopal	Independent Director	Member

The scope and functions of the Stakeholders' Relationship Committee are in accordance with Regulation 21 of the SEBI Listing Regulations and its terms of reference are as follows:

Terms of Reference for the Risk Management Committee

1. To formulate a detailed risk management policy which shall include:

    a) A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
    b) Measures for risk mitigation including systems and processes for internal control of identified risks.
    c) Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
3. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

4. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
5. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;
6. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors.

Rights Issue Committee

The Rights Issue Committee_was constituted by a resolution of our Board at their meeting held on March 28, 2024. The constitution of the Rights Issue Committee is as follows:

Sr. No.	Name of the Director	Designation	Position in the committee
1.	Valliyur Hariharan Ramakrishnan	Independent Director	Chairman
2.	Ravichandran Rajagopal	Independent Director	Member
3.	Dr Sammidi Anand Reddy	Managing Director	Member
4.	Sammidi Sreekanth Reddy	Non- Executive - Non-Independent Director	Member

Terms of Reference of the Rights Issue Committee

a. to appoint and enter into arrangements with lead managers, domestic legal advisors, international legal counsel, registrars, bankers to the issue, monitoring agency and all other intermediaries and advisors necessary for the Rights Issue and to negotiate, authorise and approve fees in connection therewith;
b. to pay commission, fees, remuneration, expenses and / or any other charges to the above agencies / persons and to give them such directions or instructions as it may deem fit from time to time;
c. to negotiate, finalise, settle and execute the Issue Agreement, agreement with registrar and all other necessary documents, deeds, agreements and instruments;
d. to take necessary actions and steps for obtaining relevant approvals, consents from SEBI, Stock Exchanges, RBI and such other authorities as may be necessary in relation to the Rights Issue;
e. e. to review, approve, adopt, alter, rectify and finalise the Draft Letter of Offer, Letter of Offer, Composite Application Form, Split Application Form, Abridged Letter of Offer and other documents and to file the same with SEBI, the Stock Exchanges, Registrar of Companies and other concerned authorities, as may be required and issue the same to the equity shareholders of the Company;
f. to approve and adopt any financial statements prepared for purposes of inclusion in the Offer Documents, pursuant to the requirements outlined by the SEBI ICDR Regulations or any other applicable law for time being in force including intimating the approval and adoption of such financial statements to the Stock Exchanges, if required.
g. to approve all notices, including any advertisements required to be issued, as may be necessary or allowed by SEBI and such other applicable authorities and to decide on other terms and conditions of the Rights Issue;
h. to determine or alter the terms and conditions of the Issue including the rights entitlement ratio, the issue price, issue size, record date, timing of the Rights Issue and other related matters;
i. to decide the final size of the Rights Issue or the total number of Equity Shares to be issued in the Rights Issue;
j. to fix the Record Date / book closure / fix appropriate date for the purpose of the Rights Issue for ascertaining the names of existing shareholders who will be entitled to the Equity Shares in consultation with the Stock Exchanges on which the Company's equity shares are listed;
k. to decide the ratio in terms of number of the Equity Shares which each existing shareholders on the Record Date will be entitled to in proportion to the equity shares held by him on such date;
l. to obtain necessary approvals for listing the Equity Shares issued in Rights Issue from the Stock Exchanges;
m. to appoint the Collecting Bankers for the purpose of collection of application money for the proposed

Rights

n. Issue at the mandatory collection centers at the various locations in India, to open necessary Bank Accounts with any nationalised Bank/ Private Bank/ Foreign Bank for the purpose of the Right Issue;
o. to decide on the marketing strategy of the Rights Issue and the costs involved;
p. to decide date of opening and closing of the Rights Issue and to extend, vary or alter or withdraw the same as it may deem fit at its absolute discretion or as may be suggested or stipulated by SEBI, Stock Exchanges or other authorities from time to time;
q. to issue and allot Equity Shares in consultation with the lead managers, registrar designated stock exchange and other stock exchanges where existing shares are listed and to do all necessary acts, things, execution of documents, undertaking, etc. with NSDL / CDSL in connection with admitting of Equity Shares and Rights Entitlements issued in the Rights Issue;
r. to incur necessary expenses such as fees of various agencies, filing fees, stamp duty, etc.;
s. to enter the names of the allottees in the Register of Members of the Company;
t. to decide the mode and manner of allotment of Equity Shares if any not subscribed and left / remaining after allotment of Equity Shares and additional Equity Shares applied by the shareholders and renouncees;
u. to apply to regulatory authorities seeking their approval for the allotment of any unsubscribed portion of the Rights Issue (in favour of the parties willing to subscribe to the same);
v. to make any applications to the RBI and such other authorities, as may be required, for the purpose of the Issue, including but not limited to issue of equity shares under the Rights Issue by the Company to non-resident investors including but not limited to non-resident Indians, overseas corporate bodies, foreign portfolio investors, foreign venture capital investors and other non-residents and renunciation of rights entitlements by eligible equity shareholders of the Company, to the extent applicable;
w. to apply to depositories to obtain separate ISIN for crediting the right entitlements;
x. to decide or alter the treatment to be given to the fractional entitlements, if any, including rounding downwards or ignoring such fractional entitlements or issue of fractional coupons and the terms and conditions for consolidation of fractional entitlements into a whole Equity Share and application to the Company for the same as well as to decide the disposal off the Equity Shares representing the fractional coupons which are not so consolidated and presented to the Company for allotment of whole Equity Shares or treating fractional entitlement in the manner as may be approved by SEBI and the Stock Exchanges;
y. to finalise the basis of allotment of the Equity Shares in consultation with lead managers, registrar and the designated stock exchange and other stock exchanges where the existing Equity Shares are listed, if necessary;
z. to sign the listing applications, print share certificates, dispatch refund orders and share certificates;
aa. to take all such actions and give all such directions as may be necessary or desirable and also to settle any question or difficulty or doubts that may arise in regard to the creation, offer, issue and allotment of the Equity Shares and to do all acts, deeds, matters and things which they may in their discretion deem necessary or desirable for the purpose of the Rights Issue;
bb. to file necessary returns, make declarations / announcements, furnish information, etc. to the concerned authorities in connection with the Rights Issue;
cc. to sign and execute any other document, agreement, undertaking in connection the Rights Issue;
dd. to take all such other steps as may be necessary in connection with this Rights Issue;
ee. to dispose of the unsubscribed portion in such manner as it may think most beneficial to the Company;
ff. to settle any question, difficulty or doubt that may arise in connection with the Rights Issue including the issue and allotment of the Equity Shares as aforesaid and to do all such acts, deeds and things as the Board may in its absolute discretion consider necessary, proper, desirable or appropriate for settling such question, difficulty or doubt and making the said Rights Issue and allotment of Equity Shares;
gg. to do all such necessary acts, deeds including execution of agreements, applications undertaking and any other documents for listing of Equity Shares issued in the Rights Issue on the Stock Exchanges; and
hh. to authorize, appoint and substitute; one or more directors, employees, agents, consultants and/or appropriate persons for all or any of the acts, deeds and powers as mentioned herein, and also to authorize to authorize for affixation of common seal of the Company whenever necessary.

Our Key Managerial Personnel and Senior Management Personnel

In addition to our Managing Director namely Dr. Sammidi Anand Reddy whose details have been provided under '*Brief Profile of our Directors*', set forth below are the details of our other Key Managerial Personnel and Senior Management Personnel as on the date of filing of this Draft Letter of Offer:

Key Managerial Personnel and Senior Management Personnel	Date of joining	Status of employment
Kolluru Prasad - Chief Financial Officer	March 7, 2023	Permanent
G Tirupati Rao- Company Secretary and Compliance Officer	November 2, 2006	Permanent
A. Narender Reddy, Senior General Manager (Operations)	April 1, 2023	Permanent
Chitirala Subbarao, Vice President (Operations)	February 02, 2024	Permanent
Venkata Subba Reddy, General Manager (Production & Quality Control)	April 21, 2023	Permanent
J Naveen Kumar Reddy, General Manager (Mines)	December 18, 2023	Permanent
KS Ramanuja Chary, Deputy General Manager (Human Resource)	April 01, 2023	Permanent

Kolluru Prasad is the "Chief Financial Officer" of our Company. He holds a bachelor's degree in Commerce from Sri Venkateswara University. He is a qualified Chartered Accountant and a fellow member of ICAI. He has been associated with our Company since March 7, 2023. He has over 27 years of experience as Chartered Accountant. Previously, he was working with Sagarsoft India Limited. He is currently responsible for finance and accounts in the Company.

G Tirupati Rao is the "Company Secretary and Compliance Officer" of our Company. He holds a bachelor's degree in Commerce from Osmania university. He is a qualified company secretary. He has been associated with our Company since November 2, 2006. He has over 34 years of experience as a company secretary. Previously, he was working with Suryalata Spinning Mills Limited, Novopan Industries Limited, Suryajyoti Infotech Limited, My Home Cement Industries Limited and Royal Orchid Hotels Limited. He is currently responsible for secretarial and legal compliance work in the Company.

A Narender Reddy is the Senior General Manager (Operations Department) in our Company with effect from April 1, 2023. He holds a diploma in Mechanical Engineering from State Board of Technical Education and Training Andhra Pradesh. He was previously working with Chettinad Cement Corporation Private Limited, ACC Cement Limited, Orient Paper and Industries Limited, and Rain Commodities Limited. He has around 20 years of experience in Cement Industries. Currently he is responsible for overseeing machinery maintenance, process improvements, project management, and ensuring work discipline and safety, alongside coordinating with various departments for effective functioning, managing budgets, and implement cost control and good housekeeping practices.

Chitirala Subbarao is the Vice President (Operations) in our company with effect from February 16 , 2024. He holds a membership from The Institute of Engineers (India), post graduate diploma in Operations from Indira Gandhi National Open University. He has previously worked with The Ramco Cements Limited. He has around 32 years of experience in Cement Industries. Currently he is responsible for overseeing all aspects of factory operations, from achieving production targets, maintaining discipline, and ensuring safety, to fostering good relations with stakeholders, ensuring legal compliance, promoting innovation, and maintaining financial discipline.

Venkata Subba Reddy is the General Manager (P & QC) in our company with effect from April 21, 2023. He holds a degree in bachelors of Science from Venkateshwara University. He has pervious worked with The Penna Cement Industries Limited. He has around 21 years of experience in Cement Industries. Currently he is responsible for overseeing production targets, maintaining product quality, ensuring compliance with pollution norms, coordinating with various departments and authorities, implementing safety measures, and fostering process improvements alongside team mentoring, report generation, and accreditation maintenance.

J Naveen Kumar Reddy is the General Manager (Mines) in our company with effect from December 18, 2023. He holds a Professional training and Corporate Membership under Mining Engineering Division, and Merbership Certificate from The Institute of Engineers (India), bachelors in Technologies (Mining) from Sangai International University. He has pervious worked with the India Cement Limited, JSW Cements Limited, Ultratech Cements Limited and The Penna Cement Industries Limited. He has around 17 years of experience in Cement Industries. Currently he is responsible for limestone mining operations, ensuring quality and quantity for factory supply, maintaining machinery, complying with mining laws, coordinating with various agencies, and implementing safety and housekeeping standards alongside department coordination, CSR activities, and budget preparation.

K S Ramanuja Chary is the General Manager (Human Resource) in our company with effect from April 01, 2023. He holds a degree in bachelors of Law from Andhra University, holds a degree in Master of Business Administration from Sri Krishnadevaraya University, and holds Masters of Law from Acharya Nagarjuna University. He has pervious worked with KCP Limited. He has around 14 years of experience in Cement Industry. Currently he is responsible for overseeing the complete employee lifecycle, from manpower planning, recruitment, attrition reduction, payroll processing, compliance with labour laws, HR audits, implementation of procedures, team building, industrial relations, IT interventions, HR policy coordination, manpower redeployment, fostering teamwork, performance management, employee welfare, skill gap identification, vendor compliance oversight, insurance negotiation, to payroll-related statutory compliance**.**

Service Contracts with Key Managerial Personnel and Senior Management Personnel

Our Key Managerial Personnel and Senior Management Personnel, other than our Executive Director, are governed by the terms of their appointment letters and have not executed any service contracts with our Company.

Retirement and termination benefit

Except for applicable statutory benefits, none of our Key Managerial Personnel or Senior Management Personnel would receive any benefits on their retirement or on termination of their employment with our Company.

Status of employment of our Key Managerial Personnel and Senior Management Personnel

All our Key Managerial Personnel and Senior Management Personnel are permanent employees of our Company.

Relationship between our Key Managerial Personnel and Senior Management Personnel

None of our Key Managerial Personnel or Senior Management Personnel are related to each other.

OUR PROMOTER

As on the date of this Draft Letter of Offer, Sagar Cements Limited "SCL" is the Promoter of our Company.

As on date of this Draft Letter of Offer, our Promoter holds 8,29,54,926 Equity Shares, representing 90.00% of the pre-Issue subscribed and paid-up Equity Share capital of our Company.

SCL was incorporated on January 15, 1981, as a public company limited by shares under the Companies Act, 1956, with a Certificate of Incorporation granted by the Registrar of Companies, at Hyderabad, Andhra Pradesh. Our Company received its Certificate for Commencement of Business from the RoC on April 16, 1983. The corporate identity number of our Promoter is L26942TG1981PLC002887. The registered office of SCL is situated Plot No.111, Road No.10, Jubilee Hills, Hyderabad – 500 033.

As on September 27, 2024, the equity shares of SCL are listed on Stock Exchanges and its market capitalisation is ₹ 3,05,137.00 lakhs *(Source: BSE)*.

Brief financial details of SCL, on consolidated basis, are set out below:

(₹ in lakhs, except earnings per share)

Particulars	Fiscal 2024 (Audited)	Fiscal 2023 (Audited)	Fiscal 2022 (Audited)
Revenue from Operations	2,50,461	2,22,954	1,59,687
Total Income	2,55,873	2,45,224	1,61,029
Profit after Tax	(5,205)	961	5,915
Reserves and Surplus (excluding revaluation reserves)	1,91,508	1,96,848	1,23,193
Basic Earnings per share (in ₹)	(3.98)	0.74	5.03
Diluted earnings per share (in ₹)	(3.98)	0.74	5.03
Net worth*	2,01,969	2,06,479	1,30,944
Net asset value per share (in ₹)**	154.52	157.97	111.44

**Sum of equity share capital and other equity (excluding revaluation reserves).*
*** Sum of equity share capital and other equity divided by number of shares outstanding.*

Confirmations

1. Our Promoter has not been declared as a Wilful Defaulter or a Fraudulent Borrower by the RBI or any other governmental authority and there are no violations of securities laws committed by it in the past or is currently pending against it.

2. Our Promoter has not been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018.

3. Our Promoter has not been debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. Our Promoter is not and has never been a promoter, director, or person in control of any other company, which is debarred or prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority.

4. Save and except as disclosed in '*Outstanding Litigations and Other Material Developments – Litigation involving our Promoter*' on page 227, there are no litigation or legal action pending or taken by any ministry, department of the Government or statutory authority during the last 5 years preceding the date of the Issue against our Promoter.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. The dividend, if any, will depend on a number of factors, including but not limited, consolidated net operating profit after tax, working capital requirements, capital expenditure requirements, cash flow required to meet contingencies, outstanding borrowings, and applicable taxes payable by our Company. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under loan or financing arrangements our Company is currently availing of or may enter into to finance our fund requirements for our business activities.

Dividends paid on Equity Shares:

Our Company has not declared dividends on the Equity Shares during the Financial Years ending March 31, 2024, March 31, 2023 and March 31, 2022. Further, our Company has not declared dividends on the Equity Shares from the last financial period included in this Draft Letter of Offer and until the date of this Draft Letter of Offer. The amount paid as dividends in the past is not necessarily indicative of our dividend policy or dividend amount, if any, in the future and there is no guarantee that any dividends will be declared or paid or that the amount thereof will not be decreased in future. For details in relation to the risk involved, see "*Risk Factor No. 48–Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows*" on page 43 of this Draft Letter of Offer.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S EXAMINATION REPORT ON RESTATED FINANCIAL INFORMATION

The Board of Directors
Andhra Cements Limited

Dear Sirs,

1. We have examined, as appropriate (refer paragraph 6 below), the attached Restated Financial Information of **Andhra Cements Limited** (the "Company"), which comprises of the Restated Statement of Assets and Liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022, the Restated Statements of Profit and Loss (including other comprehensive income), Restated Statement of Changes in Equity and the Restated Statement of Cash Flows for the years ended March 31, 2024, March 31, 2023 and March 31, 2022 and the Summary of Material Accounting Policies and other explanatory information (collectively, the "Restated Financial Information"), as approved by the Rights Issue Committee of the Company ("the Committee") at their meeting held on September 21, 2022 for the purpose of inclusion in the Draft Letter of Offer (the "DLOF" or the "Draft Offer Document") prepared by the Company in connection with its proposed Rights Issue of equity shares of the Company (the "Issue") prepared in terms of the requirements of:

    a) Section 26 of Part I of Chapter III of the Companies Act, 2013, as amended ("the Act");

    b) the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"); and

    c) the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended (the "Guidance Note").

2. The Company's Board of Directors is responsible for the preparation of the Restated Financial Information which has been approved by the Committee for the purpose of inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited and National Stock Exchange of India Limited in connection with the proposed Issue. The Restated Financial Information have been prepared by the management of the Company on the basis of preparation stated in Note 1(ii) to the Restated Financial Information. The responsibility of the board of directors of the Company includes designing, implementing and maintaining adequate internal control relevant to the preparation and presentation of the Restated Financial Information. The board of directors is also responsible for identifying and ensuring that the Company complies with the Act, ICDR Regulations and the Guidance Note.

3. We have examined these Restated Financial Information taking into consideration:

    a) The terms of reference and terms of our engagement agreed upon with you in accordance with our engagement letter dated July 15, 2024 in connection with the proposed Issue of the Company;

    b) The Guidance Note. The Guidance Note also requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI;

    c) Concepts of test checks and materiality to obtain reasonable assurance based on verification of evidence supporting the Restated Financial Information; and

    d) The requirements of Section 26 of the Act and the ICDR Regulations. Our work was performed solely to assist you in meeting your responsibilities in relation to your compliance with the Act, the ICDR Regulations and the Guidance Note in connection with the Issue.

4. These Restated Financial Information have been compiled by the Management from the audited Ind AS financial statements of the Company as at and for the years ended March 31, 2024, March 31, 2023 and March 31,2022 prepared in accordance with the Ind AS as prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 14, 2024, May 06, 2023 and May 30, 2022 respectively.

5. For the purpose of our examination, we have relied on:

   a. Auditors' report issued by us dated May 14, 2024 on the Ind AS Financial Statements of the Company as at and for the year ended March 31, 2024 as referred in Paragraph 4 above.

   b. Auditors' report issued by previous statutory auditors dated May 06, 2023 and May 30, 2022, on the Ind AS financial statements of the Company as at and for the years ended March 31, 2023 and March 31, 2022, which includes the following explanatory paragraphs:

As at and for the year ended March 31, 2022:

i. Emphasis of Matter:

"We draw attention to Note 33(iv) to the financial statements, in respect of confiscation of imported capital goods having import value of ₹ 3,979.00 lakhs due to non-fulfillment of certain export obligations.

Our opinion on the financial statement is not modified in respect of above stated matter."

ii. Material Uncertainty Related to Going Concern

"We draw attention to Note 35 to the financial statements which describe the status of Corporate Insolvency Resolution Process ("CIRP"). The Company has been referred to National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code (IBC). NCLT has admitted the case vide Order No. CP (IB) No. 37/7/AMR/2022 dated 26.04.2022 and Insolvency Resolution Professional (IRP) has also been appointed. The process is currently underway as on date of report and consequently, effect in the financial statements will be given once the process is complete. These events indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern."

iii. Other Matters to be included in the Auditors Report as per Companies (Audit and Auditors) Rules 2014:

"According to the information and explanation given to us, an amount of ₹ 101.91 lakhs and ₹ 1.92 lakhs pertaining to unpaid/unclaimed matured Deposits and Redeemable Cumulative First Preference Shares respectively are yet to be transferred to the Investor Education and Protection Fund by the Company as on March 31, 2022."

The examination report of Other Principal Auditor stated that the management of the Company had requested the Previous Statutory Auditors for their involvement and issuance of necessary reporting for the proposed Issue for the years ended March 31, 2023 and March 31, 2022 which was audited by them, however, due to non-availability of the Previous Statutory Auditors, Other Principal Auditors were engaged by the Company to examine the restated financial information as at and for the years ended March 31, 2023 and March 31, 2022 as peer reviewed Independent Chartered Accountants.

Accordingly, Other Principal Auditors have examined the restated financial information as at and for the years ended March 31, 2023 and March 31, 2022, and accordingly reliance has been placed on the restated statement of assets and liabilities and the restated statement of profit and loss (including other comprehensive income), statement of cash flows and statement of changes in equity, the summary statement of material accounting policies, and other explanatory information (collectively, the "Special Purpose Restated Financial Information") examined by the Other Principal Auditors the said years. The examination report included for the said years is based solely on the report submitted by the Other Principal Auditors. They have also confirmed that the Special Purpose Restated Financial Information:

a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2023 and March 31, 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2024;

b) do not require any adjustment for modification stated in paragraph 5(b) above. There are items relating to emphasis of matter (refer paragraph 5(b) above), which do not require any adjustment to the Special Purpose Restated Financial Information; and

c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

6. Based on our examination and according to the information and explanations given to us, and also as per the reliance placed on the examination report submitted by the Other Principal auditor on their examination of restated financial information of the Company mentioned in paragraph 5(b) above, we report that the Restated Financial Information:

   a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively for the years ended March 31, 2023 and March 31, 2022 to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2024;

   b) do not require any adjustment for modification stated in paragraph 5(b) above. There are items relating to emphasis of matter (refer paragraph 5 (b) above), which do not require any adjustment to the Restated Financial Information and;

   c) have been prepared in accordance with the Act, ICDR Regulations and the Guidance Note.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

8. The Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of the reports on the audited Ind AS financial statements mentioned in paragraph 4 above.

9. This report should not in any way be construed as a reissuance or re-dating of any of the previous audit reports issued by us, nor should this report be construed as a new opinion on any of the financial statements referred to herein.

10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.

11. Our report is intended solely for use of the Board of Directors for inclusion in the Offer Documents to be filed with Securities and Exchange Board of India, BSE Limited, and National Stock Exchange of India Limited in connection with the proposed Issue. Our report should not be used, referred to, or distributed for any other purpose except with our prior consent in writing. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come without our prior consent in writing.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm's Registration No.008072S)

C Manish Muralidhar
(Membership No. 213649)
(UDIN: 24213649BKCJIV9603)

Place: Madrid, Spain
Date: September 21, 2024

Andhra Cements Limited
CIN: L26942AP1936PLC002379
Restated Statement of Assets and Liabilities
All amounts are in ₹ Lakhs unless otherwise stated

Particulars	Note No.	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
ASSETS				
Non-current assets				
(a) Property, plant and equipment	2A	81,465	73,818	83,157
(b) Capital work-in-progress	2B	13	2,630	-
(c) Intangible assets	3	20	-	-
(d) Right of use assets	4	17	-	-
(e) Financial assets				
(i) Investments	5	-	-	-
(ii) Other financial assets	6	1,244	17	954
(f) Deferred tax assets (net)	30	10,721	6,592	-
(g) Other non-current assets	7	646	1,367	360
Total Non-current assets		**94,126**	**84,424**	**84,471**
Current assets				
(a) Inventories	8	5,919	517	782
(b) Financial assets				
(i) Trade receivables	9	3,851	-	5
(ii) Cash and cash equivalents	10	1,071	4,370	1
(iii) Bank balances other than cash and cash equivalents	11	1,625	926	99
(iv) Other financial assets	6	250	7	114
(c) Current tax assets (net)	12	56	5	32
(d) Other current assets	7	931	632	783
Total Current assets		**13,703**	**6,457**	**1,816**
Asset held for sale	13	**137**	**-**	**-**
TOTAL ASSETS		**1,07,966**	**90,881**	**86,287**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	14	9,217	9,217	29,352
(b) Other equity	15	20,464	26,307	(1,21,013)
Total Equity		**29,681**	**35,524**	**(91,661)**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	16A	63,652	52,491	2,410
(ii) Other financial liabilities	17	530	-	-
(b) Provisions	18	186	159	221
(c) Other non-current liabilities	20	385	-	-
Total Non-current liabilities		**64,753**	**52,650**	**2,631**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	16B	3,867	-	94,622
(ia) Lease liabilities	36	17	-	-
(ii) Trade payables	19			
(a) total outstanding dues of micro enterprises and small enterprises		4,126	5	907
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		3,339	285	18,907
(iii) Other financial liabilities	17	935	2,190	50,585
(b) Provisions	18	37	68	170
(c) Other current liabilities	20	1,211	159	10,126
Total Current liabilities		**13,532**	**2,707**	**1,75,317**
Total Liabilities		**78,285**	**55,357**	**1,77,948**
TOTAL EQUITY AND LIABILITIES		**1,07,966**	**90,881**	**86,287**
The accompanying notes are an integral part of the restated financial information	1 to 51			

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No: 008072S

C Manish Muralidhar
Partner
Membership No: 213649

Place: Madrid, Spain
Date: September 21, 2024

For and on behalf of the Board of Directors of
Andhra Cements Limited

Dr. S. Anand Reddy
Managing Director
DIN: 00123870

S. Sreekanth Reddy
Director
DIN: 00123889

G. Tirupati Rao
Company Secretary
M. No. F2818

K Prasad
Chief Financial officer

Place: Hyderabad
Date: September 21, 2024

Andhra Cements Limited

CIN: L26942AP1936PLC002379

Restated Statement of Profit and Loss

All amounts are in ₹ Lakhs unless otherwise stated

	Particulars	Note No.	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
I	Revenue from operations	21	26,811	-	-
II	Other income	22	851	48	61
III	**Total Income (I + II)**		**27,662**	**48**	**61**
IV	**Expenses**				
	(a) Cost of materials consumed	23	4,248	-	-
	(b) Changes in inventories of finished goods and work-in-progress	24	(1,924)	33	-
	(c) Employee benefits expense	25	1,326	744	1,127
	(d) Finance costs	26	7,054	1,567	15,836
	(e) Depreciation and amortisation expense	27	5,641	4,679	4,659
	(f) Power and fuel expenses		14,982	105	147
	(g) Freight and forwarding expense		4,478	-	-
	(h) Other expenses	28	4,025	1,713	1,787
	Total Expenses		**39,830**	**8,841**	**23,556**
V	**Restated Loss before exceptional items and tax (III - IV)**		**(12,168)**	**(8,793)**	**(23,495)**
VI	**Exceptional Items**	29	**(1,479)**	**(97,163)**	**134**
VII	**Restated (Loss)/Profit before tax (V - VI)**		**(10,689)**	**88,370**	**(23,629)**
VIII	**Tax expense**				
	(a) Current tax	30	-	-	-
	(b) Deferred tax	30	(4,128)	(6,592)	-
	Total Tax expense		**(4,128)**	**(6,592)**	**-**
IX	**Restated (Loss)/profit after tax (VII - VIII)**		**(6,561)**	**94,962**	**(23,629)**
X	**Other comprehensive loss**				
	(i) Items that will not be reclassified to profit or loss				
	(a) Remeasurement of defined benefits plan	34	(2)	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	30	1	-	-
	Other comprehensive loss for the year, net of tax		**(1)**	**-**	**-**
XI	**Total comprehensive (loss)/Income (IX + X)**		**(6,562)**	**94,962**	**(23,629)**
XII	**Restated (Loss)/ Earnings per equity share (Face value of ₹ 10 each fully paid)**				
	Basic and Diluted	37	(7.12)	34.82	(8.05)
	The accompanying notes are an integral part of the restated financial information	1 to 51			

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No: 008072S

For and on behalf of the Board of Directors of
Andhra Cements Limited

Dr. S. Anand Reddy
Managing Director
DIN: 00123870

S. Sreekanth Reddy
Director
DIN: 00123889

C Manish Muralidhar
Partner
Membership No: 213649

G. Tirupati Rao
Company Secretary
M. No. F2818

K Prasad
Chief Financial officer

Place: Madrid, Spain
Date: September 21, 2024

Place: Hyderabad
Date: September 21, 2024

Andhra Cements Limited
CIN: L26942AP1936PLC002379
Restated Statement of Changes in Equity
All amounts are in ₹ Lakhs unless otherwise stated

A. Equity share capital

Particulars	Amount
Balance as at March 31, 2021	**29,352**
Changes in equity share capital during the year	-
Balance as at March 31, 2022	**29,352**
Reduction during the year (Refer Note 41)	(28,891)
Shares issued during the year (Refer Note 41)	8,756
Balance as at March 31, 2023	**9,217**
Changes in equity share capital during the year	-
Balance as at March 31, 2024	**9,217**

B. Other equity

Particulars	Reserves and surplus						Other items of other comprehensive income	Total other equity
	Capital reserve	Capital redemption reserve	Equity component of financial instrument	Securities premium	Deemed investment in equity	Retained earnings		
Balance as at March 31, 2021	**10**	**2**	**1,081**	**9,054**	**-**	**(1,07,315)**	**(216)**	**(97,384)**
Loss for the year	-	-	-	-	-	(23,629)	-	(23,629)
Balance as at March 31, 2022	**10**	**2**	**1,081**	**9,054**	**-**	**(1,30,944)**	**(216)**	**(1,21,013)**
Loss for the year	-	-	-	-	-	94,962	-	94,962
Transfer from equity component of financial instrument	1,081	-	(1,081)	-	-	-	-	-
Transfer from securities premium	9,032	-	-	(9,032)	-	-	-	-
Premium on issue of equity shares (Refer note 41)	-	-	-	23,467	-	-	-	23,467
Transfer to Retained earnings	-	-	-	-	-	(216)	216	-
Capital Reduction (Refer note 41)	28,891	-	-	-	-	-	-	28,891
Balance as at March 31, 2023	**39,014**	**2**	**-**	**23,489**	**-**	**(36,198)**	**-**	**26,307**
Loss for the year	-	-	-	-	-	(6,561)	-	(6,561)
Other comprehensive income for the year (net of tax ₹ 1)	-	-	-	-	-	-	(1)	(1)
Deemed investment in equity (Refer note 42)	-	-	-	-	719	-	-	719
Balance as at March 31, 2024	**39,014**	**2**	**-**	**23,489**	**719**	**(42,759)**	**(1)**	**20,464**

The accompanying notes are an integral part of the restated financial information

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
Firm Registration No: 008072S

C Manish Muralidhar
Partner
Membership No: 213649

Place: Madrid, Spain
Date: September 21, 2024

For and on behalf of the Board of Directors of
Andhra Cements Limited

Dr. S. Anand Reddy
Managing Director
DIN: 00123870

S. Sreekanth Reddy
Director
DIN: 00123889

G. Tirupati Rao
Company Secretary
M. No. F2818

K Prasad
Chief Financial officer

Place: Hyderabad
Date: September 21, 2024

Andhra Cements Limited
CIN: L26942AP1936PLC002379
Restated Statement of Cash Flows
All amounts are in ₹ Lakhs unless otherwise stated

	Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023		For the year ended March 31, 2022	
A	**Cash flow from operating activities**						
	Restated (Loss)/profit before tax		**(10,689)**		**88,370**		**(23,629)**
	Adjustments for						
	Depreciation and amortisation expense	5,641		4,679		4,659	
	Finance costs	7,054		1,567		15,836	
	Impairment (reversal)/ losses on property, plant and equipment (net) (Refer Note 29)	(1,479)		4,709		-	
	Exceptional items (Refer Note 29)	-		(1,01,872)		134	
	Interest income	(99)		(47)		(56)	
	Liabilities no longer required written back	(1)		-		-	
	Expected credit loss allowance on receivables	-		-		417	
	Provision for doubtful debts, advances, deposits and Investments	-		-		288	
	Advances written off	-		-		1	
	Unrealised gain on foreign currency transactions and translation	(4)		-		-	
	(Profit)/ loss on sale/ disposal of plant and equipment (net)	(751)		55		-	
	Provision for Inventory written off	-		207		720	
			10,361		(90,702)		21,999
	Operating profit/(loss) before working capital changes		**(328)**		**(2,332)**		**(1,630)**
	Changes in working capital						
	Adjustments for (increase)/decrease in operating assets:						
	Trade receivables	(3,851)		5		345	
	Inventories	(5,402)		58		3	
	Other financial assets	(895)		(7)		965	
	Other assets	(331)		(774)		73	
			(10,479)		(718)		1,386
	Adjustments for increase/(decrease) in operating liabilities:						
	Trade payables	7,180		3,628		787	
	Other financial liabilities	(40)		(674)		588	
	Provisions	(6)		-		(14)	
	Other liabilities	1,052		-		952	
			8,186		2,954		2,313
	Cash generated from operating activities		**(2,621)**		**(96)**		**2,069**
	Less: Income tax refund received/ (paid)		(51)		(5)		5
	Net cash generated from/ (used in) operating activities		**(2,672)**		**(101)**		**2,074**
B	**Cash flow from investing activities**						
	Capital expenditure on property, plant and equipment including capital advances	(11,396)		(2,733)		-	
	Deposits not considered as cash and cash equivalents						
	- Placed	(700)		(827)		(1)	
	- Matured	-		-		-	
	Proceeds from sale of property, plant and equipment	2,403		-		4	
	Interest received	98		47		56	
	Net cash (used in)/ generated from investing activities		**(9,595)**		**(3,513)**		**59**
C	**Cash flow from financing activities**						
	Proceeds from issue of shares including securities premium	-		32,223		-	
	Proceeds from non-current borrowings	8,963		50,080		-	
	Proceeds of loan from related party	4,000		-		292	
	Repayment from non-current borrowings	(2)		(36,159)		-	
	Proceeds from current borrowings (net)	2,067		-		394	
	Repayment of lease liabilities	(16)		-		-	
	Finance costs	(6,044)		(38,161)		(2,819)	
	Net cash generated from/ (used in) financing activities		**8,968**		**7,983**		**(2,133)**
	Net (decrease)/ increase in cash and cash equivalents (A+B+C)		**(3,299)**		**4,369**		**-**
	Cash and cash equivalents at the beginning of the year		4,370		1		1
	Cash and cash equivalents at the end of the year (Refer note 10)		**1,071**		**4,370**		**1**
	Note:						
	Cash and cash equivalents comprises of:						
	Cash on hand		1		-		1
	Balances with banks						
	- In Current accounts		70		370		-
	- Bank deposits with original maturity of less than 3 month		1,000		4,000		-
	Cash and cash equivalents (Refer note 10)		**1,071**		**4,370**		**1**

All amounts are in ₹ lakhs unless otherwise stated

Changes in liabilities arising from financing activities:

Particulars	As at April 01, 2023	Cash flow changes		Non-cash flow changes		As at March 31, 2024
		Proceeds	Repayment	Fair value changes	Other adjustments	
Non-current borrowings (including current maturities of non-current borrowings)	50,491	8,963	(2)	-	-	59,452
Loan from related party and others	2,000	4,000	-	-	-	6,000
Current borrowings	-	2,067	-	-	-	2,067
Total liabilities from financing activities	**52,491**	**15,030**	**(2)**	**-**	**-**	**67,519**

Particulars	As at April 01, 2022	Cash flow changes		Non-cash flow changes		As at March 31, 2023
		Proceeds	Repayment	Fair value changes	Other adjustments	
Non-current borrowings (including current maturities of non-current borrowings)	87,925	50,080	(30,946)	-	(56,568)	50,491
Loan from related party and others	3,894	-	-	-	(1,894)	2,000
Current borrowings	5,213	-	(5,213)	-	-	-
Total liabilities from financing activities	**97,032**	**50,080**	**(36,159)**	**-**	**(58,462)**	**52,491**

Particulars	As at April 01, 2021	Cash flow changes		Non-cash flow changes		As at March 31, 2022
		Proceeds	Repayment	Fair value changes	Other adjustments	
Non-current borrowings (including current maturities of non-current borrowings)	87,925	-	-	-	-	87,925
Loan from related party and others	3,602	292	-	-	-	3,894
Current borrowings	4,819	394	-	-	-	5,213
Total liabilities from financing activities	**96,346**	**686**	**-**	**-**	**-**	**97,032**

Reconciliation of lease liability:

Particulars	As at April 01, 2023	Additions	Finance cost accrued during the year	Payment of lease liabilities	Other adjustments	As at March 31, 2024
Lease liabilities	-	31	2	(16)	-	**17**

Particulars	As at April 01, 2022	Additions	Finance cost accrued during the year	Payment of lease liabilities	Other adjustments	As at March 31, 2023
Lease liabilities	-	-	-	-	-	**-**

Particulars	As at April 01, 2021	Additions	Finance cost accrued during the year	Payment of lease liabilities	Other adjustments	As at March 31, 2022
Lease liabilities	-	-	-	-	-	**-**

The accompanying notes are an integral part of the restated financial information

In terms of our report attached
For **Deloitte Haskins & Sells**
Chartered Accountants
Firm Registration No: 008072S

C Manish Muralidhar
Partner
Membership No: 213649

Place: Madrid, Spain
Date: September 21, 2024

For and on behalf of the Board of Directors of
Andhra Cements Limited

Dr. S. Anand Reddy
Managing Director
DIN: 00123870

S. Sreekanth Reddy
Director
DIN: 00123889

G. Tirupati Rao
Company Secretary
M. No. F2818

K Prasad
Chief Financial officer

Place: Hyderabad
Date: September 21, 2024

1. Corporate information and material accounting policies

a) Corporate Information:

Andhra Cements Limited ("the Company") was incorporated under the Companies Act, 1956 as a public limited company on December 09, 1936. The Company is engaged in the business of manufacture and sale of cement. The Company has its registered office at Dachepalli, Palnadu district, Andhra Pradesh and Corporate office at Hyderabad, Telangana. Its shares are listed on The National Stock Exchange (NSE) of India Limited and the BSE Limited (BSE).

The Company's restated financial information for the years ended March 31, 2024, March 31, 2023 and March 31, 2022 were authorised by Rights Issue Committee on September 21, 2024.

b) Material accounting policies

i) Basis of preparation and Statement of compliance

The Restated Financial Information of the Company comprise of the Restated Statement of Assets and Liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022, the Restated Statement of Profit and Loss (including Other comprehensive income), the Restated Statement of Cash Flows and the Restated Statement of changes in Equity for the years ended March 31, 2024, March 31, 2023 and March 31, 2022 and the summary of material accounting policies and other explanatory notes (collectively, the "Restated Financial Information").

These Restated Financial Information have been prepared by the Management of the Company for the purpose of inclusion in the Draft Letter of Offer and the Letter of Offer (collectively, the "Offer Documents") to be filed with the Securities and Exchange Board of India ("SEBI"), National Stock Exchange of India Limited and BSE Limited prepared by the Company in connection with its proposed Rights issue of equity shares of the Company (the "Issue") prepared in terms of the requirements of:

a) Section 26 of Part I of Chapter III of the Companies Act, 2013 ("the Act");

b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (the "ICDR Regulations"); and

c) The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India ("ICAI"), as amended (the "Guidance Note").

These Restated Financial Information have been compiled from the audited financial statements of the Company as at and for the years ended March 31, 2024, March 31, 2023 and March 31, 2022 prepared in accordance with Indian Accounting Standard (Ind AS) specified under Section 133 of the Act and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meeting held on May 14, 2024, May 06, 2023, and May 31, 2022 respectively.

The accounting policies have been consistently applied by the Company in preparation of the Restated Financial Information and are consistent with those adopted in the preparation of financial statements for the year ended March 31, 2024.

These Restated Financial Information do not reflect the effects of events that occurred subsequent to the respective dates of board meeting for adoption of the financial statements mentioned above.

The management of the Company had requested the Previous Statutory Auditors for their involvement and issuance of necessary reporting for the proposed issue for the years ended March 31, 2023 and March 31, 2022 which was audited by them, however, due to non-availability of the Previous Statutory Auditors, Other Principal Auditors were engaged by the Company to examine the restated financial information as at and for the years ended March 31, 2023 and March 31, 2022 as peer reviewed Independent Chartered Accountants.

The Restated Financial Information:

a) have been prepared after incorporating adjustments for the changes in accounting policies, material errors and regrouping/reclassifications retrospectively in the financial years ended March 31, 2023 and March 31, 2022, to reflect the same accounting treatment as per the accounting policies and grouping/classifications followed as at and for the year ended March 31, 2024;

b) do not require any adjustment for modification as there is no modification in the underlying audit report. There are items relating to emphasis of matter (refer subsequent paragraph), which do not require any adjustment to the Restated Financial Information;

   The auditor's report dated May 30, 2022 on the Ind AS financial statements of the Company as at and for the year ended March 31, 2022 includes the following emphasis of matter paragraph (As refer note 31(iv) to the restated financial information):

   "We draw attention to Note 33(iv) to the financial statements, in respect of confiscation of imported capital goods having import value of ₹ 3,979 lakhs due to non-fulfilment of certain export obligations.

   Our opinion on the financial statement is not modified in respect of above stated matters."

   The auditor's report dated May 30, 2022 on the Ind AS financial statements of the Company as at and for the year ended March 31, 2022 includes the following material uncertainty related to going concern paragraph (As refer note 40 to the restated financial information):

"We draw attention to Note 35 to the financial statements which describe the status of Corporate Insolvency Resolution Process ("CIRP"). The Company has been referred to National Company Law Tribunal (NCLT) under Insolvency and Bankruptcy Code (IBC). NCLT has admitted the case vide Order No. CP (IB) No. 37/7/AMR/2022 dated 26.04.2022 and Insolvency Resolution Professional (IRP) has also been appointed. The process is currently underway as on date of report and consequently, effect in the financial statements will be given once the process is complete. These events indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as going concern. "

The auditor's report dated May 30, 2022, on the Ind AS financial statements of the Company as at and for the year ended March 31, 2022, includes the following emphasis of matter paragraph (As refer note 31(iii) & 43 to the restated financial information):

"We draw attention to the following matter in the Notes to the financial statements:

Note 33(iv) to the financial statements, in respect of confiscation of imported capital goods having import value of ₹ 3,979 lakhs due to non-fulfilment of certain export obligations.

Our opinion on the financial statement is not modified in respect of above stated matter.

In addition to the audit opinion on the financial statements, the auditors are required to comment upon the matters included in the Companies (Auditor's Report) Order, 2020/ the Companies (Auditor's Report) Order, 2016 (together "the CARO") issued by the Central Government of India under subsection (11) of Section 143 of Companies Act, 2013 on the financial statements as at and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022. Certain statements/comments included in the CARO in the financial statements, which do not require any adjustments in the Restated Financial Information are reproduced below in respect of the financial statements presented.

As at and for the year ended March 31, 2022:

"Other Matters to be included in the Auditors Report as per Companies (Audit and Auditors) Rules 2014:
According to the information and explanation given to us, an amount of ₹ 102 lakhs and ₹ 2 lakhs pertaining to unpaid/unclaimed matured Deposits and Redeemable Cumulative First Preference Shares respectively are yet to be transferred to the Investor Education and Protection Fund by the Company as on March 31, 2022.

Companies (Auditor's Report) Order (CARO) 2020

a. For the year ended March 31, 2023:

- In respect of Professional Tax for VCW plant, during the year, the Company is irregular in depositing for more than 6 months and the amount involved is ₹ 0.15 lakhs. Due to technical glitch of the website, the Company was not able to pay these outstanding dues. (Clause vii(a) to CARO 2020)

- The Company has cash losses in the financial year and in the immediately preceding financial year. (Clause xvii to CARO 2020)

b. For the year ended March 31, 2022:

- According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Section 73 to 76 of the Act, and the rules framed thereunder to the extent notified during the year. Further, in respect of deposits accepted by the Company during an earlier year, the Company Law Board (Southern Regional Bench) has by its order dated July 07, 2001 directed the company to repay the said deposits in accordance with the scheme sanctioned by the BIFR. However, the BIFR in its Modified Rehabilitation Scheme dated July 21, 2008 directed the fixed deposits holders to accept the outstanding principal amount, in four annual installments, on interest free basis. Further, no other Order against the Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal. In respect of these deposits, the Company is yet to comply with the requirement of maintaining liquid assets and filing of Return of Deposit. The unclaimed matured deposits of ₹ 102 lakhs at year end are shown under the head "Other Financial Liabilities". (Clause V to CARO 2020)

- According to the information and explanations given to us, undisputed statutory dues including Goods and Services tax, provident fund, employees' state insurance, duty of custom, TDS and any other statutory dues have not been regularly deposited by the Company with the appropriate authorities and there have been serious delays in a large number of cases. (Clause vii to CARO 2020).

- According to the information and explanations given to us, the Company has defaulted in repayment of principal and interest to Financial Institutions and Banks and lender (PARAS) as on the reporting date. (Clause ix to CARO 2020).

- (a) In our opinion and based on our examination, though the Company is required to have and internal audit system under Section 138 of the Act, it does not have the same established for the year. (b) The Company did not have an internal audit system for the period under audit. (Clause xiv of CARO 2020)

- The Company has cash losses in the financial year and in the immediately preceding financial year. (Clause xvii to CARO 2020).

- On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that material uncertainty exists as on the date of the audit report for the Company for meeting out its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. (Clause xix of CARO 2020).

However, the previous auditor's opinion for each of the respective years was not modified in the main audit report for the said qualifications in CARO.

ii) Basis of Measurement

The Restated financial information have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of their acquisition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Restated financial information is determined on such a basis, except for net realisable value in Ind AS 2 or value in use in Ind AS 36 that have some similarities to fair value but are not fair value.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

iii) Functional and Presentation currency

These Restated financial information are presented in Indian Rupees (₹) which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Rounding of amounts

All amounts disclosed in the Restated financial information which also include the accompanying notes have been rounded off to the nearest lakhs as per the requirement of Schedule III to the Companies Act 2013, unless otherwise stated.

iv) Use of estimates and Judgements

In the application of the accounting policies, which are described in Note 1(b), the management of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The Management believes that the estimates used in preparation of the Restated financial information are prudent and reasonable and the associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. The significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the Restated financial information is included in the following notes:

- **Useful lives of property, plant and equipment and amortisation of intangible assets**

  Depreciation on plant and machinery, railway siding, mining rights and land restoration is calculated on a straight-line basis and property, plant and equipment other than stated above is calculated on a diminishing balance method using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment as estimated by the management. Amortisation of intangible assets is calculated on diminishing balance method considering the useful life estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act, 2013. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology. This reassessment may result in change in depreciation expense in future periods.

- **Defined benefit plans**

  The liabilities and costs for defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions relating to discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

- **Recognition of deferred tax assets and liabilities**

  Deferred tax assets and liabilities are recognized for deductible temporary differences and unused tax losses for which there is probability of utilization against the future taxable profit. The Company uses judgement to determine the amount of deferred tax that can be recognized, based upon the likely timing and the level of future taxable profits and business developments.

- **Fair value measurement of Financial instruments**
  When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow ('DCF') model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

- **Provisions and contingencies**
  Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The litigations and claims to which the Company is exposed are assessed by management and in certain cases with the support of external specialised lawyers.

  In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

- **Leases**
  Ind AS 116 Leases requires a lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying lease to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. The discount rate is based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

- **Inventories**
  Inventories are stated at the lower of cost and net realisable value. In estimating the net realisable value of inventories, the Company makes an estimate of future selling prices and costs necessary to make the sale.

- **Expected credit losses**
  The Company makes provision for doubtful receivables based on a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix.

- **Mining rights**
  The Company has used cost saving method for value analysis of limestone mining rights. The valuation method estimates the value of future savings in limestone cost over the life of the mine accruing to the Company, by virtue of the transaction instead of procuring the limestone via open market.

  The resulting post-tax cash flows for each of the years are recognised at their present value using a Weighted Average Cost of Capital ('WACC') relating to the risk of achieving the mine's projected savings.

  A cash generating unit to which mining right has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any mining rights allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for mining rights is recognised in profit and loss. An impairment loss recognised for mining rights is not reversed in subsequent periods.

v) Revenue recognition:

The Company derives revenue from the sale of cement and recognizes when it transfers control over the goods to the customer. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

Revenue from service contracts with customers is recognized when the services are transferred to the customer at an amount that reflects the consideration entitled in exchange for those services.

No element of financing is deemed present as the sales are made with credit terms largely ranging between 30 days and 60 days depending on the specific terms agreed to with customers concerned, which is consistent with the market practice.

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.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income / interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts / payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

vi) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

vii) Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund and compensated absences.

Defined Contribution Plans:

The Company's contribution to provident fund, superannuation fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense to the statement of profit and loss based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plans:

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit and loss. Past service cost is recognised in profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item ‘Employee benefits expense.

Compensated Absences:

The employees of the Company are entitled to compensate absences. The employees can carry-forward a portion of the unutilised accrued compensated absence and utilise it in future periods or receive cash compensation at retirement or termination of employment for the unutilised accrued compensated absence. The Company records an obligation for compensated absences in the period in which the employee renders the services that increase this entitlement. The Company measures the expected cost of compensated absence based on actuarial valuation made by an independent actuary as at the balance sheet date on projected unit credit method. Compensated absences expected to be maturing after 12 months from the date of balance sheet are classified as non-current.

Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

viii) Taxation

Income tax expense represents the sum of current tax and deferred tax. Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from ‘profit before tax’ as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company’s current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Restated financial information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Minimum alternate tax
Minimum alternate tax (MAT) credit is recognised in accordance with tax laws in India as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. The Company reviews the MAT credit at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal income tax during the specified period.

ix) Property, plant and equipment
Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and borrowings costs attributable to acquisition of qualifying property, plant and equipment up to the date the asset is ready for its intended use. Freehold land is not depreciated.

Capital work-in-progress in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such Capital works in progress are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit and loss.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives.

Depreciation on plant and machinery, railway siding is charged under straight line method and on other assets depreciation is charged under diminishing balance method, based on the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Class of asset	**Useful lives**
Buildings	5 – 60 years
Plant and machinery	
- Power plant	30 – 40 years
- Other than power plant	5 – 30 years
Furniture and Fixtures	3 – 10 years
Office equipment	10 years
Vehicles	5 – 10 years
Railway siding	25 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The Company follows the process of componentization for property, plant and equipment. Accordingly, the Company has identified a part of an asset as a separate component in whole asset value (beyond certain value) and useful life of the part is different from the useful life of the remaining asset. The useful life has been assessed based on technical advice, taking into account the nature of the asset / component of an asset, the estimated usage of the asset / component of an asset on the basis of management's best estimation of getting economic benefits from those class of assets / components of an asset. The Company uses its technical expertise along with historical and industry trends for arriving the economic life of an asset/ component of an asset.

Individual assets costing less than or equal to ₹ 5,000 are depreciated in full in the year of acquisition.

x) Intangible assets and amortisation

Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a diminishing balance method over their estimated useful lives for software and mining rights is charged under straight line method over the period of the respective mining agreement. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

xi) Inventories

Inventories are valued at the lower of cost and net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Work-in-progress and finished goods include appropriate proportion of overheads.

The methods of determining cost of various categories of inventories are as follows:

Type of Inventory	**Method**
Raw materials and coal	Weighted average method
Stores and spares and packing materials	Weighted average method
Work-in-progress and finished goods (manufactured)	Weighted average method and including an appropriate share of applicable overheads.

xii) Cash and cash equivalents (for purposes of Statement of Cash Flows)

Cash comprises cash on hand, in bank and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

Cash flows are reported using indirect method whereby profit/ (loss) before tax is adjusted for the effects of transaction of non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

xiii) Foreign currency transactions and translations:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Foreign currency monetary items of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company that are measured in terms of historical cost in a foreign currency are not retranslated.

For the purposes of presenting these Restated financial information, the exchange differences on monetary items arising, if any, are recognised in the statement of profit and loss in the period in which they arise.

xiv) Financial Instruments:

(A) Initial recognition:

Financial assets and financial liabilities are recognized when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value (except trade receivables which is measured at transaction price). Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value of the financial asset or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or liabilities at fair value through profit and loss are recognized immediately in profit and loss.

(B) Subsequent measurement:

Non-derivative Financial Instruments:

a. **Financial assets carried at amortized cost:** A financial asset is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

b. **Financial assets at fair value through other comprehensive income:** A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments.

c. **Financial assets at fair value through profit and loss:** A financial asset which is not classified in any of the above categories are subsequently fair valued through profit and loss.

d. **Financial liabilities:** Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at Fair Value Through Profit and Loss (FVTPL). Interest income is recognised in statement of profit and loss and is included in the "other income" line item.

(C) De-recognition of financial assets and liabilities:

a. Financial assets:
The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit and loss if such gain or loss would have otherwise been recognized in profit and loss on disposal of that financial asset.

b. Financial liabilities:
The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit and loss.

(D) Financial guarantee contract liabilities:
Financial guarantee contract liabilities are disclosed in Restated financial information in accordance with Ind AS 37 – Provisions, contingent liabilities and contingent assets.

xv) Derivative Financial Instruments
The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Any changes therein are recognised in the Statement of Profit and Loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The Company does not hold derivative financial instruments for speculative purposes.

xvi) Impairment of assets

a. Financial assets:
The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit and loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized is recognized as an impairment gain or loss in profit and loss.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

As a practical expedient, the Company uses a provision matrix to determine impairment loss of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. The ECL loss allowance (or reversal) during the year is recognized in the statement of profit and loss.

b. Non-financial assets:
Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognized for the asset in prior years.

xvii) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

xviii) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

A present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, is disclosed as a contingent liability. Contingent liabilities are also disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Claims against the Company where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

Contingent assets are not recognised in Restated financial information since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised. A contingent asset is disclosed, in Restated financial information, where an inflow of economic benefits is probable.

xix) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The management evaluates the Company's performance and allocates resources based on analysis of various performance indicators by business segments.

xx) Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the lease term and useful life of the underlying asset. The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

xxi) Operating cycle

Based on the nature of activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

xxii) New standards and interpretations

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. There is no such notification which would have been applicable from April 01, 2024.

1A. Statement of adjustments to restated financial statements:

(a) Reconciliation between audited equity and restated equity

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Total equity (as per audited financial statements)	**29,681**	**35,524**	**(91,661)**
Restatement Adjustments	-	-	-
Total Equity as Restated Financial Information	**29,681**	**35,524**	**(91,661)**

(b) Reconciliation between financial statements profit/(loss) and restated profit/(loss)

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Profit/ (loss) after tax (as per audited financial statements)	**(6,561)**	**94,962**	**(23,629)**
Restatement Adjustments	-	-	-
Restated Profit/ (loss) after tax	**(6,561)**	**94,962**	**(23,629)**

(c) Material regrouping:

Appropriate regrouping/reclassification have been made in the Restated Statement of Assets and Liabilities, Restated Statement of Profit and Loss, Restated Statement of Cash Flows and Restated Statement of Changes in Equity wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the accounting policies and classification as per the Audited Financial Statements for the year ended March 31, 2024, March 31, 2023 and March 31, 2022, prepared in accordance with Schedule III (Division II) of the Act, as amended, 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.

Andhra Cements Limited
CIN: L26942AP1936PLC002379
Notes to the restated financial information
All amounts are in ₹ lakhs unless otherwise stated

2A. Property, plant and equipment

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Land - freehold	811	699	649
Land restoration	309	-	-
Buildings	9,706	5,340	6,728
Plant and machinery	66,661	65,218	72,878
Furniture and fittings	59	1	20
Office and other equipment	276	22	44
Electrical installations	3,373	2,526	2,795
Computers	33	7	10
Railway Siding	-	-	9
Vehicles	237	5	24
Total	**81,465**	**73,818**	**83,157**

For the year ended March 31, 2024

Description of Assets	Land-freehold	Land-Restoration	Buildings	Plant and Machinery	Furniture and Fittings	Office and other Equipment	Electrical installations	Computers	Railway Siding	Vehicles	Total
I. Gross carrying value											
Opening Balance	**699**	**-**	**10,571**	**1,15,675**	**15**	**383**	**7,212**	**57**	**183**	**124**	**1,34,919**
Add: Additions	112	350	5,291	5,739	68	367	1,376	43	-	237	13,583
Less: Disposals	-	-	-	4,195	-	358	-	-	-	10	4,563
Less: On asset reclassified as held for sale (Refer note 3 below)	-	-	-	990	-	-	-	-	-	-	990
Balance as at March 31, 2024	**811**	**350**	**15,862**	**1,16,229**	**83**	**392**	**8,588**	**100**	**183**	**351**	**1,42,949**
II. Accumulated depreciation and impairment											
Opening Balance	**-**	**-**	**5,231**	**50,457**	**14**	**361**	**4,686**	**50**	**183**	**119**	**61,101**
Add: Depreciation expense	-	41	925	4,072	10	27	529	17	-	5	5,626
Less: Eliminated on disposal of assets	-	-	-	2,629	-	272	-	-	-	10	2,911
Less: On asset reclassified as held for sale (Refer note 3 below)	-	-	-	853	-	-	-	-	-	-	853
Less: Reversal of impairment (Refer note 29)	-	-	-	1,479	-	-	-	-	-	-	1,479
Balance as at March 31, 2024	**-**	**41**	**6,156**	**49,568**	**24**	**116**	**5,215**	**67**	**183**	**114**	**61,484**
Net block (I-II)											
Net carrying value as at March 31, 2024	**811**	**309**	**9,706**	**66,661**	**59**	**276**	**3,373**	**33**	**-**	**237**	**81,465**
Net carrying value as at March 31, 2023	699	-	5,340	65,218	1	22	2,526	7	-	5	73,818

For the year ended March 31, 2023

Description of Assets	Land-freehold	Land-Restoration	Buildings	Plant and Machinery	Furniture and Fittings	Office and other Equipment	Electrical installations	Computers	Railway Siding	Vehicles	Total
I. Gross carrying value											
Opening Balance	**649**	**-**	**10,571**	**1,15,698**	**439**	**668**	**7,161**	**57**	**183**	**236**	**1,35,662**
Add: Additions	50	-	-	-	-	-	53	-	-	-	103
Less: Disposals	-	-	-	23	424	285	2	-	-	112	846
Balance as at March 31, 2023	**699**	**-**	**10,571**	**1,15,675**	**15**	**383**	**7,212**	**57**	**183**	**124**	**1,34,919**
II. Accumulated depreciation and impairment											
Opening Balance	-	-	3,843	42,820	419	**624**	**4,366**	**47**	**174**	**212**	**52,505**
Add: Depreciation expense	-	-	295	4,148	1	2	229	2	-	2	4,679
Less: Eliminated on disposal of assets	-	-	-	18	406	271	2	-	-	95	792
Add: Impairment losses recognised in profit or loss (Refer note 4 below)	-	-	1,093	3,507	-	6	93	1	9	-	4,709
Balance as at March 31, 2023	**-**	**-**	**5,231**	**50,457**	**14**	**361**	**4,686**	**50**	**183**	**119**	**61,101**
Net block (I-II)											
Net carrying value as at March 31, 2023	**699**	**-**	**5,340**	**65,218**	**1**	**22**	**2,526**	**7**	**-**	**5**	**73,818**
Net carrying value as at March 31, 2022	649	-	6,728	72,878	20	44	2,795	10	9	24	83,157

Andhra Cements Limited
CIN: L26942AP1936PLC002379
Notes to the restated financial information
All amounts are in ₹ lakhs unless otherwise stated

2A. Property, plant and equipment

For the year ended March 31, 2022

Description of Assets	Land-freehold	Land-Restoration	Buildings	Plant and Machinery	Furniture and Fittings	Office and other Equipment	Electrical installations	Computers	Railway Siding	Vehicles	Total
I. Gross carrying value											
Opening Balance	**649**	**-**	**10,571**	**1,15,698**	**439**	**745**	**7,161**	**57**	**183**	**236**	**1,35,739**
Add: Additions	-	-	-	-	-	-	-	-	-	-	-
Less: Disposals	-	-	-	-	-	77	-	-	-	-	77
Balance as at March 31, 2022	**649**	**-**	**10,571**	**1,15,698**	**439**	**668**	**7,161**	**57**	**183**	**236**	**1,35,662**
II. Accumulated depreciation and impairment											
Opening Balance	**-**	**-**	**3,564**	**38,671**	**418**	**694**	**4,144**	**45**	**174**	**209**	**47,919**
Add: Depreciation expense	-		279	4,149	1	3	222	2	-	3	4,659
Less: Eliminated on disposal of assets	-	-	-	-	-	73	-	-	-	-	73
Balance as at March 31, 2022	**-**	**-**	**3,843**	**42,820**	**419**	**624**	**4,366**	**47**	**174**	**212**	**52,505**
Net block (I-II)											
Net carrying value as at March 31, 2022	**649**	**-**	**6,728**	**72,878**	**20**	**44**	**2,795**	**10**	**9**	**24**	**83,157**
Net carrying value as at March 31, 2021	649	-	7,007	77,027	21	51	3,017	12	9	27	87,820

Note:

1. Pledge on property, plant and equipment:

(i) Property, plant and equipment with a carrying amount of ₹ 81,465 (March 31, 2023: ₹ 73,818) are subject to a pari-passu first charge on the Company's term loans. Refer note 16A and 16B.

2. The title deeds of all immovable properties are held in the name of the Company. The Company has not revalued its Property, plant and equipment during the year ended March 31, 2024, March 31, 2023 and March 31, 2022.

3. Asset held for sale represents Cement Mill I and Cement Mill II along with its auxiliary equipments. These assets are classified as asset held for sale based on sale agreement executed by the Company, pending clearance of the above-mentioned assets from site by the identified buyer. Asset held for sale is to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease.

4. The Company in accordance with the Ind AS-36 on "Impairment of Assets" carried out an exercise of identifying the assets that may have been impaired in accordance with the said Ind AS. On the basis of review carried out by the management, an amount of ₹ 4,709 has been provided on property, plant and equipment during the year ended March 31, 2023.

5. Class of assets have been re-grouped during the financial year ended March 31, 2023 and March 31, 2022 for aligning the presentation with Holding Company i.e. Sagar Cements Limited. However, there is no change in useful life of the assets and depreciation on account of this change.

6. During the financial year 2018-19, the Directorate of Revenue Intelligence has confiscated the capital goods having import value of ₹ 3,979 -Refer note 31(a)(iii).

2B. Capital Work-in-Progress

Ageing for capital work-in-progress as at March 31, 2024 is as follows:

Particulars	Amount of Capital work-in-progress for the year of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	13	-	-	-	13

There are no projects where activity has been suspended or completion is overdue or exceeded its cost compared to its original plan.

Ageing for capital work-in-progress as at March 31, 2023 is as follows:

Particulars	Amount of Capital work-in-progress for the year of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress	2,630	-	-	-	2,630

There are no projects where activity has been suspended or completion is overdue or exceeded its cost compared to its original plan.

Ageing for capital work-in-progress as at March 31, 2022 is as follows:

Particulars	Amount of Capital work-in-progress for the year of				Total
	Less than 1 year	1 - 2 years	2 - 3 years	More than 3 years	
Projects in progress (Refer to note 29)	-	-	-	-	-

All amounts are in ₹ lakhs unless otherwise stated

3. Intangible assets

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Computer software	20	-	-
Total	**20**	**-**	**-**

Computer Software:

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
I. Gross carrying value			
Opening Balance	**-**	**-**	**-**
Add: Additions	21	-	-
Closing Balance	**21**	**-**	**-**
II. Accumulated amortisation			
Opening Balance	**-**	**-**	**-**
Add: Amortisation expense	1	-	-
Closing Balance	**1**	**-**	**-**
Net block (I-II)			
Net Carrying Value	**20**	**-**	**-**

All amounts are in ₹ lakhs unless otherwise stated

4. Right of use assets

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Buildings	17	-	-
Total	**17**	**-**	**-**

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
I. Gross carrying value			
Opening Balance	**-**	**-**	**-**
Add: Additions	31	-	-
Less: Deletion	-	-	-
Closing Balance	**31**	**-**	**-**
II. Accumulated depreciation			
Opening Balance	**-**	**-**	**-**
Add: Depreciation expense	14	-	-
Closing Balance	**14**	**-**	**-**
Net block (I-II)			
Net Carrying Value	**17**	**-**	**-**

Note: Refer note 36 on operating lease.

All amounts are in ₹ Lakhs unless otherwise stated

Note No.	Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
5	**Investments**			
	Investment in Government securities			
	Unquoted (measured at cost):			
	National Saving Certificates (Lodged as security with Govt. Depts.)	-	-	1
		-	**-**	**1**
	Less: Allowances for impairment in value of Investment	-	-	1
	Total	**-**	**-**	**-**
	Note:-			
	Aggregate amount of unquoted investment before impairment	-	-	1
	Aggregate amount of impairment in value of investments.	-	-	1
	The movement in allowance for impairment in value of Investment			
	Balance as at beginning of the year	-	1	-
	Increase in loss allowance during the year	-	-	1
	Decrease in loss allowance during the year on derecognition of investments	-	(1)	-
	Balance as at end of the year	**-**	**-**	**1**
6	**Other financial assets (Unsecured, considered good)**			
	Non-current			
	Security deposits			
	Considered good	780	4	927
	Considered doubtful	-	-	288
		780	4	1,215
	Less: Allowance for security deposits considered doubtful	-	-	288
		780	4	927
	Balance held as margin money deposit against borrowings (Refer note below)	14	13	12
	Interest accrued but not due on term deposits	-	-	1
	Financial benefit due to guarantee by parent company	450	-	-
	Other receivables	-	-	14
	Total	**1,244**	**17**	**954**
	Note: Held as securities or earmarked for issue of Bank Guarantees/Letters of credit/Margin money.			
	Current			
	Security deposits	115	-	-
	Advances to employees	4	-	-
	Interest accrued but not due on term deposits	8	7	1
	Receivable from related parties (Refer note 35)	-	-	3
	Other receivables	-	-	110
	Financial benefit due to guarantee provided by holding company	123	-	-
	Total	**250**	**7**	**114**
	Total other financial assets	**1,494**	**24**	**1,068**
	The movement in allowance for security deposits considered doubtful			
	Balance as at beginning of the year	-	288	-
	Increase in loss allowance during the year	-	-	288
	Decrease in loss allowance during the year	-	288	-
	Balance as at end of the year	**-**	**-**	**288**

All amounts are in ₹ Lakhs unless otherwise stated

Note No.	Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
7	**Other assets (Unsecured, considered good)**			
	Non-current			
	Capital advances (Refer note 35)	541	1,294	180
	Prepaid expenses	105	73	1
	Balances with government authorities	179	179	179
	Less: Allowance for balances with government authorities	(179)	(179)	-
		-	-	179
	Total	**646**	**1,367**	**360**
	Current			
	Advances to suppliers and service providers			
	Considered good	657	31	706
	Considered doubtful	-	-	57
		657	**31**	**763**
	Less: Allowance for advances to suppliers and service providers considered doubtful	-	-	57
		657	**31**	**706**
	Prepaid expenses	127	44	43
	Balances with government authorities	147	557	34
	Total	**931**	**632**	**783**
	Total other assets	**1,577**	**1,999**	**1,143**
	Movement in allowance for balances with government authorities:			
	Balance as at beginning of the year	179	-	-
	Increase in loss allowance during the year	-	179	-
	Balance as at end of the year	**179**	**179**	**-**
	The movement in allowance for advances to suppliers and service providers considered doubtful:			
	Balance as at beginning of the year	-	57	57
	Decrease in loss allowance during the year	-	(57)	-
	Balance as at end of the year	**-**	**-**	**57**
8	**Inventories (at lower of cost or net realisable value)**			
	Raw materials	173	53	207
	Coal	1,187	52	55
	Work-in-progress	1,920	271	304
	Stores and spares	1,525	923	998
	Packing materials	51	-	-
	Finished goods	275	-	-
	Less: Provision for obsolete stores/ diminution in value of stocks	(225)	(782)	(782)
	Total (A)	**4,906**	**517**	**782**
	Goods-in-transit			
	Raw materials	3	-	-
	Coal	1,010	-	-
	Total (B)	**1,013**	**-**	**-**
	Total inventories (A+B)	**5,919**	**517**	**782**
	The movement in provision for obsolete inventory:			
	Balance as at beginning of the year	782	782	62
	Increase in loss allowance during the year	-	-	720
	Decrease in loss allowance during the year	557	-	-
	Balance as at end of the year	**225**	**782**	**782**
	Note: Refer note 1(b)(xii) for basis of valuation of inventory and refer note 16A & 16B for details of inventory pledged.			

All amounts are in ₹ Lakhs unless otherwise stated

Note No.	Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
9	**Trade Receivables**			
	Trade receivables considered good - Secured	249	-	-
	Trade receivables considered good - Unsecured	3,602	-	5
	Trade receivables which have significant increase in credit risk	-	-	-
	Trade receivables - credit impaired	-	-	1,147
	Sub-total	**3,851**	**-**	**1,152**
	Less: Expected credit loss allowance	-	-	(1,147)
	Total trade receivables	**3,851**	**-**	**5**

1. No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member except as disclosed in note 35.

2. Trade receivables are pledged against borrowings of the Company (Refer note 16A & 16B).

3. The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as per the provision matrix. The ageing of the receivables is as follows:

As at March 31, 2024

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables							
- considered good	2,445	1,398	8	-	-	-	3,851
- which have significant increase in credit risk	-	-	-	-	-	-	-
(ii) Undisputed Trade receivables							
- credit impaired	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Disputed Trade receivables							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Total	**2,445**	**1,398**	**8**	**-**	**-**	**-**	**3,851**

As at March 31, 2023

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
(ii) Undisputed Trade receivables							
- credit impaired	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	129.0
(iii) Disputed Trade receivables							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**129.0**

As at March 31, 2022

Particulars	Not Due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed Trade receivables							
- considered good	-	-	-	-	-	5	5
- which have significant increase in credit risk	-	-	-	-	-	-	-
(ii) Undisputed Trade receivables							
- credit impaired	-	-	-	36	127	984	1,147
- which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Disputed Trade receivables							
- considered good	-	-	-	-	-	-	-
- which have significant increase in credit risk	-	-	-	-	-	-	-
- credit impaired	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**36**	**127**	**989**	**1,152**

Movement in expected credit loss allowance

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	-	1,147	731
Add: Expected credit loss allowance	-	-	416
Less: Reversal of Expected credit loss	-	(1,147)	-
Balance at the end of the year	**-**	**-**	**1,147**

All amounts are in ₹ Lakhs unless otherwise stated

Note No.	Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
10	**Cash and cash equivalents**			
	Cash in hand	1	-	1
	Balances with banks			
	- In Current accounts	70	370	-
	- Bank deposits with original maturity of less than 3 month	1,000	4,000	-
	Total Cash and cash equivalents	**1,071**	**4,370**	**1**
11	**Other bank balances**			
	Balances with banks (Refer note 1 below)	-	-	88
	Margin money deposits (Refer note 2 below)	1,625	926	11
	Total other bank balances	**1,625**	**926**	**99**
	Notes: 1. Goods and Service Tax Department had imposed restrictions on repatriation of amount from Bank in the month of February, 2020 for recovery of GST dues which was subsequently extinguished as per the approved resolution plan by NCLT in the year ended March 31, 2023 and accordingly no outflow of economic benefits is expected in respect thereof. 2. Margin money deposits with banks are against bank guarantees and borrowings.			
12	**Current tax assets (net)**			
	Income tax receivable (net)	**56**	5	32
	Total current tax assets (net)	**56**	**5**	**32**
13	**Assets held for sale**			
	Assets held for sale (Refer note below)	137	-	-
	Total assets held for sale	**137**	**-**	**-**
	Note: Asset held for sale represents Cement Mill I and Cement Mill II along with its auxiliary equipment's. These assets are classified as asset held for sale based on sale agreement executed by the Company, pending clearance of the above-mentioned assets from site by the identified buyer. Asset held for sale is to be measured at the lower of carrying amount and fair value less costs to sell, and depreciation on such assets to cease.			

Note No.	Particulars	As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
		No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
14	**Equity share capital**						
	Authorised:						
	Equity shares of ₹ 10 each	40,00,00,000	40,000	40,00,00,000	40,000	40,00,00,000	40,000
	Preference share capital						
	Authorised:						
	Cumulative redeemable Preference shares of ₹ 100 each	1,00,00,000	10,000	1,00,00,000	10,000	1,00,00,000	10,000
	Issued, subscribed and fully paid:						
	Equity shares ₹ 10 each	9,21,72,140	9,217	9,21,72,140	9,217	29,35,20,492	29,352
	Add: Forfeited shares (Refer note below)		-		-		-
	Total share capital		**9,217**		**9,217**		**29,352**

Note: Forfeited shares of ₹ 0.39 (paid up), were transferred to capital reserve during the year ended March 31, 2023.

(a) Reconciliation of equity shares and amount outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
	No. of shares	Amount	No. of shares	Amount	No. of shares	Amount
Opening Balance	9,21,72,140	9,217	29,35,20,492	29,352	29,35,20,492	29,352
Reduction during the year (Refer note i below)	-	-	(28,89,11,885)	(28,891)	-	-
Shares issued during the year (Refer note ii below)	-	-	8,75,63,533	8,756	-	-
Closing Balance	**9,21,72,140**	**9,217**	**9,21,72,140**	**9,217**	**29,35,20,492**	**29,352**

Notes:

(i) Pursuant to implementation of Resolution Plan, erstwhile promoter's fully paid up 20,17,41,371 Equity shares have been cancelled and public shareholdings have been reduced from 9,17,79,121 equity shares to 46,08,607 Equity shares of ₹ 10/- each i.e. reduced to 5% of the reconstituted paid up Equity Share capital of the Company.

(ii) The Board of Directors of the Company in its meeting held on March 23, 2023 approved allotment of 8,75,63,533 fully paid equity shares ₹ 10/- each to Sagar Cements Limited with a premium of ₹ 26.80 per share, aggregating to ₹ 322 crores, representing 95% of the equity share capital of the Company.

(b) Rights, preferences and restrictions attached to the equity shares:

The Company has only one class of equity shares having a par value of ₹ 10 each per share. Each holder of equity shares is entitled to one vote per share. The dividend, if any proposed by the Board of Directors is subject to the approval of the shareholders, except in case of interim dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shares held by the Holding Company:

Name of the shareholder	As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Sagar Cements Limited	8,29,54,926	90.00%	8,75,63,533	95.00%	-	-
Mahabhadra Constructions Limited (Formerly known as Jaypee Development Corporation Limited)	-	-	-	-	20,19,26,406	68.79%

(d) Details of equity shareholders holding more than 5% shares in the Company:

Name of the shareholder	As at March 31, 2024		As at March 31, 2023		As at March 31, 2022	
	No. of shares	% of holding	No. of shares	% of holding	No. of shares	% of holding
Sagar Cements Limited	8,29,54,926	90.00%	8,75,63,533	95.00%	-	-
Mahabhadra Constructions Limited (Formerly known as Jaypee Development Corporation Limited)	-	-	-	-	20,19,26,406	68.79%
Housing Development Finance Corporation Limited	-	-	11,93,178	1.29%	2,57,42,546	8.77%

(e) Details of shares held by the promoters in the Company and change during the year:

Promoter Name*	As at March 31, 2024			As at March 31, 2023			As at March 31, 2022		
	No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year	No. of Shares	% of total shares	% Change during the year
Sagar Cements Limited **	8,29,54,926	90.00%	(5.00%)	8,75,63,533	95.00%	100.00%	-	-	-
Mahabhadra Constructions Limited (Formerly known as Jaypee Development Corporation Limited)	-	-	-	-	-	(100.00%)	20,19,26,406	68.79%	-

*Promoter Means promoter defined under the Companies Act, 2013 as amended

** 2,18,90,883 equity shares held by Sagar Cements Limited have been Pledged towards borrowings taken by the Company (Refer note 16A)

(f) There are no shares allotted as fully paid-up by way of bonus shares or allotted as fully paid-up pursuant to contract without payment being received in cash, or bought back during the period of five years immediately preceding the reporting date.

All amounts are in ₹ Lakhs unless otherwise stated

Note No.	Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
15	**Other equity**			
	Deemed investment in equity	719	-	-
	Securities premium	23,489	23,489	9,054
	Capital redemption reserve	2	2	2
	Capital reserve	39,014	39,014	10
	Retained earnings	(42,759)	(36,198)	(1,30,944)
	Equity component of financial instrument	-	-	1,081
	Other items of other comprehensive loss	(1)	-	(216)
	Total other equity	**20,464**	**26,307**	**(1,21,013)**

Movement in other equity is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
(a) Deemed investment in equity	**719**	**-**	**-**
(b) Securities premium			
(i) Opening balance	23,489	9,054	9,054
(ii) Premium on issue of equity shares (Refer note 1 below)	-	23,467	-
(iii) Transfer to capital reserve (Refer note 2 below)	-	(9,032)	-
	23,489	**23,489**	**9,054**
(c) Capital redemption reserve	**2**	**2**	**2**
(d) Capital reserve			
(i) Opening balance	39,014	10	10
(ii) Transfer from equity component of financial instrument	-	1,081	-
(iii) Transfer from securities premium (Refer note 2 below)	-	9,032	-
(iv) Capital Reduction (Refer note 2 below)	-	28,891	-
	39,014	**39,014**	**10**
(e) Retained earnings			
(i) Opening balance	(36,198)	(1,30,944)	(1,07,315)
(ii) (Loss)/ profit for the year	(6,561)	94,962	(23,629)
(iii) Transfer from other comprehensive income	-	(216)	-
	(42,759)	**(36,198)**	**(1,30,944)**
(f) Equity component of financial instrument			
(i) Opening balance	-	1,081	1,081
(ii) Addition	-	-	-
(iii) Transfer to capital reserve	-	(1,081)	-
	-	**-**	**1,081**
(g) Other items of other comprehensive income			
(i) Opening balance	-	(216)	(216)
(ii) Other comprehensive loss for the year	(1)	-	-
(iii) Transfer to Retained earnings	-	216	-
	(1)	**-**	**(216)**
Total	**20,464**	**26,307**	**(1,21,013)**

Notes:

1. During the year ended March 31, 2023, the Board of Directors of the Company in its meeting held on March 23, 2023 approved allotment of 8,75,63,533 fully paid equity shares ₹ 10/- each to Sagar Cements Limited with a premium of ₹ 26.80 per share, aggregating to ₹ 32,223, representing 95% of the equity share capital of the Company.

2. Pursuant to implementation of Resolution Plan Erstwhile promoter's fully paid up 20,17,41,371 Equity shares have been cancelled and public shareholdings have been reduced from 9,17,79,121 Equity shares to 46,08,607 Equity shares of ₹ 10/- each i.e. reduced to 5% of the reconstituted paid up Equity Share capital of the Company.

Nature of reserves:

(a) Deemed investment in equity
Deemed investment in equity represents the gain on account of corporate guarantee given by Sagar Cements Limited (Holding Company).

(b) Securities premium
Amounts received on issue of shares in excess of the par value has been classified as securities premium. The utilisation of securities premium is governed by the Section 52 of the Companies Act 2013.

(c) Capital redemption reserve
The Company had created Capital Redemption Reserve out of the profits for redemption of Preference Shares. This reserve may be utilized for the specified purpose in accordance with the provisions of the Act.

(d) Capital reserve
The Capital Reserve was recognized as a result of investment subsidy received for Visaka Cements Works, Vizag during the year ended on March 31, 1981. This reserve is not freely available for distribution to the shareholders, during the year ended March 31, 2023 Capital Reserve created was created with respect to cancellation of equity shares and written off of debt as per approved resolution plan.

(e) Retained earnings
Retained earnings comprises of prior years undistributed earnings after taxes.

(f) Equity component of financial instrument
Equity component of financial instrument represents the gain on account of corporate guarantee given by Sagar Cements Limited (Holding Company). For the earlier year it was created for the unsecured loan from the Erstwhile Holding Company ("Mahabhadra Constructions Limited").

(g) Other items of other comprehensive loss
Other items of other comprehensive income consist of re-measurement of net defined benefit liability.

All amounts are in ₹ Lakhs unless otherwise stated

Note No.	Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
16A	**Non current borrowings***			
	Secured, at amortised cost			
	Term loans (Refer note 1(a) below)	57,652	50,491	-
	Unsecured, at amortised cost			
	Loan from related parties (Refer note 1(b) below)	6,000	2,000	2,410
	Total non-current borrowings	**63,652**	**52,491**	**2,410**

*Current maturities of non-current borrowings have been disclosed under the head "Current borrowings" (Refer note 16B).

Notes:

As at March 31, 2024:

Name of the Lender	Loan outstanding	Terms of repayment	Rate of interest
Secured, at amortised cost			
State Bank of India (Refer note 1(a) below)	59,452	39 quarterly instalments from June 30, 2024	9.75%
Less: Current maturities of non-current borrowings	(1,800)		
	57,652		
Unsecured, at amortised cost			
Loan from related parties (Refer note 1(b) below)	6,000		
Total	**63,652**		

As at March 31, 2023:

Name of the Lender	Loan outstanding	Terms of repayment	Rate of interest
Secured, at amortised cost			
State Bank of India (Refer note 1(a) below)	50,491	39 quarterly instalments from June 30, 2024	9.60%
Less: Current maturities of non-current borrowings	-		
	50,491		
Unsecured, at amortised cost			
Loan from related parties (Refer note 1(b) below)	2,000		
Total	**52,491**		

Note:

1(a) During the year ended March 31, 2023, the Company had availed ₹ 60,000 term loan from State Bank of India Limited as part of implementation of Resolution Plan. This term loan is secured by first pari-passu charge on all the immovable fixed assets (present & future) and all the movable fixed assets (present and future) by way of Equitable mortgage, and first charge on all the rights, title, interest, benefits, claims and demands whatsoever of the Company in the Project documents, and lease holding rights on mining lands and first charge on all the insurance contracts/ insurance proceeds of fixed assets and pledged 2,18,90,883 equity shares of the Company in favour of Axis Trustee Services Limited and corporate guarantee of Sagar Cements Limited.

1(b) During the year ended March 31, 2023, the Company had availed ₹ 2,000 and ₹ 4,000 in the year ended March 31,2024 unsecured loan from Sagar Cements Limited (Holding Company) as part of implementation of Resolution Plan (Refer note 35).

As at March 31, 2022:

Name of the Lender	Loan outstanding	Terms of repayment	Rate of interest
Financial Institution			
PARAS- Term Loan I	36,748	Refer note 2 below	9.15%
PARAS - Term loan II	36,574	Refer note 3 below	9.15%
	73,322		
Less: Loan repayable on demand	(73,322)		
Secured borrowings (Refer note 1 below)	**-**		
Unsecured:			
Related Party			
Mahabhadra Constructions Limited (Formerly Jaypee Development Corporation Limited)	3,894	12 quarterly instalments	10.00%
Less: Current maturities of non-current borrowings	(1,484)		
Unsecured borrowings	**2,410**		

Notes:

1. Term Loans are secured by first pari-passu charge on immovable properties and hypothecation of all movable properties, present and future, and second charge on all current assets, further secured by first charge on intangible assets and other reserve relating to the project and pledge of 75% shares of promoter holding (maximum to the extent of 55% of total paid up capital of the Company) and a personal guarantee of Mr. Manoj Gaur (Ex-chairman) for secured term loans.

2. During the year ended March 31, 2021 Edelweiss Asset Reconstruction Company Limited had taken over outstanding Loan of HDFC Limited which was subsequently assigned to Pridhvi Asset Reconstruction and Securitisation Company Ltd (PARAS) vide letter February 04, 2022. During the year ended March 31, 2022, PARAS recalled the entire amount including interest thereon, basis which the outstanding term loan was classified as "Loan repayable on demand" under "Current borrowings".

3. During the year ended March 31, 2022, vide letter dated February 04, 2022, Edelweiss Asset Reconstruction Company Limited assigned the outstanding loan to Pridhvi Asset Reconstruction and Securitisation Company Ltd (PARAS) which was recalled in the same year, basis which the outstanding term loan was classified as "Loan repayable on demand" under "Current borrowings".

4. The Company has used the borrowings from banks and financial institutions for the specific purpose for which it was taken.

5. The Company was not declared willful defaulter by any bank or financial Institution or other lender.

All amounts are in ₹ Lakhs unless otherwise stated

Note No.	Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
	Current borrowings			
	Secured, amortised at cost			
16B	Cash credit facilities (Refer note 1)	2,067	-	-
	Loan Repayable on Demand			
	(a) Term Loans from Financial Institutions	-	-	73,322
	(b) Term Loans from Banks (Refer note 2 & 3 below)	-	-	14,603
	(c) Working capital loan (Refer note 4)	-	-	5,213
	Current maturities of non-current borrowings	1,800	-	-
		3,867	-	93,138
	Unsecured			
	Current maturities of long term debt	-	-	1,484
		-	-	1,484
	Total current borrowings	**3,867**	**-**	**94,622**

Notes:

1. The Company has availed cash credit facilities from State Bank of India. This facility is secured by first pari-passu charge against all current assets, present and future, and corporate guarantee of Sagar Cements Limited. The loans are repayable on demand and carries interest @ 9.25% p.a. to 9.35% p.a.

2. During the year ended March 31, 2020, Andhra Bank declared the term loans as Non-Performing Assets (NPA) and recalled the entire amount including interest there on, basis which the outstanding term loan was classified as "Loan repayable on demand" under "Current borrowings". The loan repayable on demand was later transferred to a financial institution, Pridhvi Asset Reconstruction and Securitisation Company Ltd (PARAS) vide their letter dated February 03, 2022.

3. During the year ended March 31, 2020, Karur Vasya Bank declared the term loans as Non-Performing Assets (NPA) and recalled the entire amount including interest there on, basis which the outstanding term loan was classified as "Loan repayable on demand" under "Current borrowings". The loan repayable on demand was later transferred to M/S Pridhvi Asset Reconstruction and Securitisation Company Ltd (PARAS) vide their letter dated February 07, 2022.

4. Working capital loans from banks, repayable on demand are secured by first pari passu charge by way of hypothecation of the current assets and second charge on property, plant and equipment of the Company. These loans are further secured by personal guarantee of Mr. Manoj Gaur (Ex-chairman).

5. Satisfaction of Charge is pending for Registration with ROC of Andhra Pradesh, Vijayawada, for Loan from M/s. Karur Vysya Bank w.e.f. 05.03.2022 due to technical reasons.

6. Since all the loans by Banks and Financial Institutions have been recalled in previous years, Details relating to Previous Default in Payment of Principal and interest has been omitted. Entire recalled loan and interest thereon is in default from the date they have been recalled.

7. The Company had repaid the all the loans existing as on March 31, 2022 for the amount proposed in the resolution plan and the balance amount has been extinguished.

8. The Company has used the borrowings for the purposes for which it was taken.

9. The quarterly returns of current assets filed by the Company with banks are in agreement with the books of account.

Andhra Cements Limited
CIN: L26942AP1936PLC002379
Notes to the Restated financial information
All amounts are in ₹ Lakhs unless otherwise stated

Note No.	Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
17	**Other financial liabilities**			
	Non-current			
	Security deposits received (Refer note 3 below)	530	-	-
	Total	**530**	**-**	**-**
	Current			
	Interest accrued but not due on borrowings	845	18	8
	Interest accrued and due on borrowings	-	-	36,594
	Unpaid matured deposits and interest accrued thereon (Refer note 1 below & 45(ii))	-	-	102
	Unclaimed Redeemable Cumulative Preference Share (Refer note 2 below)	-	-	2
	Security deposits received	-	-	1,471
	Liability for disputed Fuel Surcharge Adjustment	-	-	1,159
	Payables on purchase of property, plant and equipment	90	1,602	8,258
	Other liabilities	-	570	2,991
	Total	**935**	**2,190**	**50,585**
	Total other financial liabilities	**1,465**	**2,190**	**50,585**
	Note:			
	1. An amount of ₹ 102 during the year ended March 31, 2022 and March 31, 2021 was due for payment to the Investor Education and Protection Fund under Section 125 of the Companies Act 2013.			
	2. The redeemable Cumulative Preference Shares remain unclaimed aggregating to ₹ 2 as at the year ended March 31, 2022. These unclaimed shares were cancelled as a part of approved resolution plan by NCLT.			
	3.Security deposits received represents trade deposits accepted from customers in accordance with prevalent trade practices and do not have a contractual re-payment term nor are they re-payable on demand, In accordance with such trade terms, these security deposits are adjusted/re-paid when delinquencies take place, as the case may be, in rare circumstances, when the customer/dealer withdraws from the trade relationship with the Company. The actual maturity period for such deposit amounts and interest thereon could differ based on the date on which these deposits are settled to the customers.			
18	**Provisions (Refer note 34)**			
	Gratuity	164	184	305
	Compensated absences	59	43	86
	Total provisions	**223**	**227**	**391**
	Non-current			
	Gratuity	141	131	164
	Compensated absences	45	28	57
	Total	**186**	**159**	**221**
	Current			
	Gratuity	23	53	141
	Compensated absences	14	15	29
	Total	**37**	**68**	**170**

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Note No.	Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
19	**Trade payables**			
	Total outstanding dues of micro enterprises and small enterprises (MSME) (Refer note 32)	4,126	5	907
	Total outstanding dues of creditors other than micro enterprises and small enterprises	3,339	285	18,907
	Total trade payables	**7,465**	**290**	**19,814**

Trade payables ageing schedule:

As at March 31, 2024

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 year	More than 3 years	
(i) MSME	1,399	2,727	-	-	-	4,126
(ii) Others	2,920	286	12	79	42	3,339
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**4,319**	**3,013**	**12**	**79**	**42**	**7,465**

As at March 31, 2023

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 year	More than 3 years	
(i) MSME	-	5	-	-	-	5
(ii) Others	-	91	115	46	33	285
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Total	**-**	**96**	**115**	**46**	**33**	**290**

As at March 31, 2022

Particulars	Not due	Outstanding for following periods from due date of payment				Total
		Less than 1 year	1-2 years	2-3 year	More than 3 years	
(i) MSME	-	-	-	691	216	907
(ii) Others	-	1,292	2,707	8,865	5,992	18,856
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	51	51
Total	**-**	**1,292**	**2,707**	**9,556**	**6,259**	**19,814**

Refer note 32 for details of MSME

Note No.	Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
20	**Other liabilities**			
	Non-current			
	Liability for land restoration	385	-	-
	Total	**385**	**-**	**-**
	Current			
	Advance from customers	367	-	1,471
	Statutory remittances	844	159	8,655
	Total	**1,211**	**159**	**10,126**
	Total other liabilities	**1,596**	**159**	**10,126**

Andhra Cements Limited
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Notes to the Restated financial information
All amounts are in ₹ Lakhs unless otherwise stated

Note No.	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
21	**Revenue from operations**			
	Revenue from sale of cement and clinker (Refer note 38)	26,558	-	-
	Other operating income			
	- Sale of scrap	242	-	-
	- Sale of coal	4		-
	- Insurance claims received	3	-	-
	- Miscellaneous income	4	-	-
	Total revenue from operations	**26,811**	**-**	**-**
	Disaggregation of revenue			
	Revenue by timing of recognition			
	Goods transferred at a point of time	26,558	-	-
	Goods transferred over time	-	-	-
		26,558	**-**	**-**
22	**Other income**			
	Interest Income on financial assets at amortized cost	99	47	56
	Profit on sale of plant & equipment	751	-	-
	Liabilities no longer required written back	1	1	4
	Miscellaneous income	-	-	1
	Total other income	**851**	**48**	**61**
23	**Cost of materials consumed**			
	Opening stock	53	207	207
	Add: Purchases	4,368	-	-
	Less: Obsolete inventory written off	-	154	-
	Less: Closing stock	173	53	207
	Total cost of materials consumed	**4,248**	**-**	**-**
	Details of materials consumed:			
	Limestone	1,812	-	-
	Laterite	812	-	-
	Gypsum	472	-	-
	Fly ash	752	-	-
	Clinker purchased	783	-	-
	Reversal of provision for obsolete inventory	(217)	-	-
	Less: Captive consumption of cement	(166)	-	-
	Total	**4,248**	**-**	**-**
24	**Changes in inventories of finished goods and work-in-progress**			
	Inventories at the beginning of the year:			
	Finished goods	-	-	-
	Work-in-progress	271	304	304
		271	**304**	**304**
	Inventories at the end of the year:			
	Finished goods	275	-	-
	Work-in-progress	1,920	271	304
		2,195	**271**	**304**
	Net (Increase)/Decrease in inventories	**(1,924)**	**33**	**-**

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Notes to the Restated financial information
All amounts are in ₹ Lakhs unless otherwise stated

Note No.	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
25	**Employee benefits expense**			
	Salaries and wages, including bonus	1,106	698	1,044
	Contribution to provident and other funds(Refer note 34)	105	34	62
	Staff welfare expenses	115	12	21
	Total employee benefits expense	**1,326**	**744**	**1,127**
26	**Finance cost**			
	Interest expense			
	- on term loans	5,706	1,430	14,745
	- unwinding cost of term loans	190	4	292
	- on working capital loans	-	89	794
	Interest on lease liability (Refer note 36)	2	-	-
	Other borrowing cost	1,156	44	5
	Total finance cost	**7,054**	**1,567**	**15,836**
27	**Depreciation and amortisation expense**			
	Depreciation of property, plant and equipment (Refer note 2A)	5,626	4,679	4,659
	Amortisation of intangible assets (Refer note 3)	1	-	-
	Depreciation on right of use assets (Refer note 4 and 36)	14	-	-
	Total depreciation and amortisation	**5,641**	**4,679**	**4,659**
28	**Other expenses**			
	Packing materials consumed	730	-	-
	Stores and spares consumed	629	16	8
	Repairs and maintenance			
	Plant & equipment	784	6	10
	Buildings	4	-	-
	Others	288	3	-
	Selling expenses	221	3	1
	Rent	23	11	20
	Insurance	121	83	93
	Rates and taxes	182	122	35
	Payment to auditors (Refer note(i) below)	35	13	13
	Travelling and conveyance	60	5	3
	Security services	179	177	56
	Donations and contributions	5	-	-
	Legal and other professional charges	554	773	89
	Administrative expenses	78	41	-
	Printing and stationery	24	-	-
	Communication	13	4	5
	Net Loss on foreign currency transactions and translation	8	-	-
	Directors sitting fees	23	3	-
	Loss on sale of plant and equipments	-	55	-
	Expected credit loss on Financial assets	-	179	288
	Expected credit loss allowance on receivables	-	-	417
	Obsolete inventory written off	-	207	-
	Provision for diminution of value in the stock	-	-	720
	Advances written off	-	9	1
	Miscellaneous expenses	64	3	28
	Total other expenses	**4,025**	**1,713**	**1,787**
	Note(i):			
	Payment to Auditors (net of taxes) comprises:			
	For audit	25	10	10
	For limited reviews	9	3	3
	For other services	1	-	-
	Total	**35**	**13**	**13**
29	**Exceptional items** (Refer note 1 below)			
	Extinguishment of dues towards Secured financial creditors	-	(58,462)	-
	Liabilities of Capital Goods extinguishment	-	(8,120)	-
	Statutory Remittances written back	-	(1,972)	-
	Other Current and Non Current liabilities written back	-	(34,318)	-
	Reversal of provision for impairment in property, plant & equipment (Refer note 2 below)	(1,479)	-	-
	Total Income	**(1,479)**	**(1,02,872)**	**-**
	Other Current and Non Current assets written off	-	1,000	-
	Provision for impairment in property, plant & equipment	-	4,709	-
	Write off of capital work in progress (Refer note 3 below)	-	-	(134)
	Total Expense	**-**	**5,709**	**(134)**
	Total exceptional items	**(1,479)**	**(97,163)**	**(134)**
	Notes:			
	1.Pursuant to implementation of Resolution plan (Refer note 41 (ii)) statutory remittances and liabilities are extinguished.			
	2.Represents impairment reversal recorded based on remeasurement of certain assets at fair value as per the agreement entered by the Company			
	3.During the year ended March 31, 2022, the ongoing project was terminated and hence the outstanding balance of capital-work-in progress has been written off.			

All amounts are in ₹ Lakhs unless otherwise stated

Note No.	Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
30	**Income tax expense**			
	(a) Income tax recognized in the statement of profit and loss			
	Current tax:			
	In respect of the current year	-	-	-
	Total current tax	**-**	**-**	**-**
	Deferred tax			
	In respect of current year origination and reversal of temporary differences	(4,128)	(6,592)	-
	Total deferred tax	**(4,128)**	**(6,592)**	**-**
	Total tax expense	**(4,128)**	**(6,592)**	**-**

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022 (Refer note 1 below)
Loss before tax (A)	(10,689)	88,370	(23,629)
Enacted tax rates in India (B)	34.94%	34.94%	-
Expected tax expense (C = A*B) (Refer note 1 below)	(3,735)	30,876	-
Permanent difference			
Effect on Income disallowed under Income Tax Act, 1961	(495)	(37,547)	-
Effect on expenses disallowed under Income Tax Act, 1961	102	79	-
Others	-	-	-
Total	**(393)**	**(37,468)**	**-**
At the effective income tax rate	(4,128)	(6,592)	-
Total tax expense	(4,128)	(6,592)	-

Note:

1. Current tax for the year ended March 31, 2022 is nil, as the Company has incurred losses and recognised deferred tax assets arising on account of carried forward tax losses and unabsorbed depreciation only to the extent of the deferred tax liabilities arising on account of the timing difference on depreciation.

(c) Movement in deferred tax assets and liabilities for the year ended March 31, 2024:

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	(Recognized) / Reversed through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	(15,368)	(490)	-	(15,858)
Provision for employee benefits	79	-	1	80
MAT credit entitlement	-	-	-	-
Others	(190)	27	-	(163)
Carry forward of unabsorbed depreciation and business losses	22,071	4,591	-	26,662
Total Deferred tax Asset (Net)*	**6,592**	**4,128**	**1**	**10,721**

*A deferred tax asset is recognized, probable that there will be future taxable profits available

Movement in deferred tax assets and liabilities for the year ended March 31, 2023:

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	(Recognized) / Reversed through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	(16,766)	1,398	-	(15,368)
Provision for employee benefits	-	79	-	79
Expected credit loss allowance	890	(890)	-	-
MAT credit entitlement	-	-	-	-
Others	14,191	(14,381)	-	(190)
Carry forward of unabsorbed depreciation and business losses	1,685	20,386	-	22,071
Total Deferred tax Asset (Net)*	**-**	**6,592**	**-**	**6,592**

*A deferred tax asset is recognized, probable that there will be future taxable profits available

Movement in deferred tax assets and liabilities for the year ended March 31, 2022:

Particulars	Opening balance	(Recognized) / reversed through the statement of profit and loss	(Recognized) / Reversed through other comprehensive income	Closing balance
Property, plant and equipment and intangible assets	-	(16,766)	-	(16,766)
Expected credit loss allowance	-	890	-	890
Others	-	14,191	-	14,191
Carry forward of unabsorbed depreciation and business losses	-	1,685	-	1,685
Total Deferred tax Asset (Net)	**-**	**-**	**-**	**-**

(d) Income tax assets and liabilities

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Income tax assets (Net of provision)	56	5	32
Income tax liabilities (Net of advance tax)	-	-	-
Net Income tax assets	**56**	**5**	**32**

Andhra Cements Limited
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Notes to the Restated financial information
All amounts are in ₹ Lakhs unless otherwise stated

Note 30A: Key financial ratios:

Particulars			Year			Percentage change from			Explanation for the variance more than 25%
Ratio	Numerator	Denominator	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022	March 31,2023 to March 31, 2024	March 31, 2023 to March 31, 2022	March 31, 2022 to March 31, 2021	
Current Ratio	Current Assets	Current Liabilities excl. Current Borrowings	1.42	2.39	0.02	(41%)	10500.85%	(43.54%)	The Company was under shut down for the years ended March 31, 2022 and March 31, 2023. It has restarted the commercial operations during the current financial year, but operations are yet to be fully ramped up. This has resulted in variations in ratios as reported above.
Debt-Equity Ratio	Debt [1]	Net Worth [2]	2.27	1.48	N/A	53%	NA	NA	
Debt Service Coverage Ratio	Earnings before depreciation, interest and tax	Interest expense + Principal repayment [3]	0.07	2.51	N/A	(97%)	NA	NA	
Return on Equity Ratio (ROE)	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	(0.20)	3.71	N/A	(105%)	NA	NA	
Inventory turnover ratio (times)	Sales of Products and Services	Average Inventory [4]	8.25	N/A	N/A	NA	NA	NA	
Trade Receivables turnover ratio (times)	Sales of Products and Services	Average Trade Receivable [5]	13.79	N/A	N/A	NA	NA	NA	
Trade payables turnover ratio (times)	Purchase	Average Trade Payables [6]	6.80	6.42	N/A	6%	NA	NA	
Net capital turnover ratio	Sales of Products and Services	current assets - current liabilities	155.31	N/A	N/A	NA	NA	NA	
Net profit ratio	Profit after tax	Sales of Products and Services	(24.70)	N/A	N/A	NA	NA	NA	
Return on Capital employed	Earnings before interest and taxes	Average Capital Employed [7]	(0.05)	(0.08)	N/A	(38%)	NA	NA	
Return on Investments	Income generated from investments	Time weighted average investments	Nil	Nil	N/A	NA	NA	NA	

[1] Debt = Long term secured loans + Current maturities of long-term debt + Loan term unsecured loans + Cash credit facilities
[2] Net Worth = Equity share capital + Other equity
[3] Excluding refinanced debt for all the loan funds during the period
[4] Average inventory = (Opening + Closing balance) / 2
[5] Average trade receivables = (Opening + Closing balance) / 2
[6] Average trade payables = (Opening + Closing balance) / 2
[7] Capital Employed = Tangible networth + Total debt +Deferred tax liability

All amounts are in ₹ lakhs unless otherwise stated

31. Contingent liabilities, corporate guarantees and capital commitments

a) Contingent Liabilities:

Based on legal opinion/advice obtained, no financial implication to the Company with respect to the following cases is perceived as on the Balance Sheet date:

i) Claims against the Company not acknowledged as debt:

Particulars	As at March 31, 2024*	As at March 31, 2023*	As at March 31, 2022#
Direct tax matters	-	-	2
Indirect tax matters	-	-	3,618
Others	-	-	418

* Claims / Debts against the Company upto the closing date which are addressed under the NCLT approved resolution plan are not included in contingent liabilities though many of such claims / debts may be pending for disposal at various judicial forums. As per clause 3.3.13 of the aforesaid resolution plan, these liabilities stands extinguished. Accordingly, the management has assessed that the possibility of outflow of resources embodying economic benefits with respect to such claims / debts is remote.

All direct and indirect tax liabilities relating to assessments of earlier year upto the closing date stand extinguished as per the NCLT approved resolution plan. Further, the implementation of the resolution plan does not have any effect over claims or receivables owed to the Company. Accordingly, the Company has assessed that any receivables due to the Company, evaluated based on merits of underlying litigations, from various governmental agencies continues to subsist.

Excluding interest and penalty imposable, if any, at the time of disposition of the respective case.

ii) **Excise authority,** although accepted payment of principal amount of ₹ 629 under instalment scheme in terms of BIFR Order (MS-08), has subsequently filed an appeal in Authority for Industrial and Financial Reconstruction (AAIFR) against the said order in respect of reliefs for interest etc., granted to the Company. AAIFR allowed the appeal which was contested by the Company before Hon'ble Delhi High Court. The Delhi High Court disposed the appeal by giving liberty to revenue to decide case on merits and as per guidelines applicable to sick Companies which later confirmed by AAIFR in its final order. The Excise Department has issued a Show Cause Notice (SCN) on June 19, 2015 demanding ₹ 985 towards interest on the principal amount against which Company file writ petition no. 27732 of 2015 in Hon'ble High Court, Hyderabad. Simultaneously, Company submitted the reply for the SCN on March 21, 2016. Excise Department confirmed the Demand against SCN on October 04, 2016, subjected to decision in writ petition no. 27732 of 2015. Company preferred Writ petition no 36553 of 2016 dated October 28, 2016 in the Hon'ble High Court, Hyderabad against the orders of Commissioner Excise confirming the Demand but the Hon'ble High Court, Hyderabad in its order dated March 24, 2017 has dismissed both the petition with mentioned that there are no merits in the writ petition. Against the order of the Hon'ble High Court, Hyderabad, the Company has filed SLP(C) with Hon'ble Supreme Court of India on May 26, 2017 which was registered as civil appeal no. 9332/2017 and the Company is confident of waiver of interest in terms of Hon'ble BIFR directions in MS-08.

iii) **Export obligation:** The Company has export obligation in connection with import of machineries under Export Promotion Capital Goods Scheme (EPCG). In the event of non-fulfilment of the export obligation upto FY 2016-17, the Company may be held liable for differential custom duty of ₹ 838 (approximately) and interest thereon. Further, the Company has made request on March 17, 2016, for 8 years extension from December 2014 for export commitments as the commercial production from the plant started from December 2014. The concerned authorities had demanded payment of partial duty during the FY 2018-19 for considering the request for extension, which was not deposited by the Company. Further, during the FY 2018-19, the Directorate of Revenue Intelligence has issued an order to the Company u/s 110(1) of Customs Act, 1962 confiscating the capital goods having import value of ₹ 3,979 due to non-fulfilment of export obligations. The Company has made adequate provision towards differential Custom Duty and interest thereon.

iv) **Employee benefit:** The Company had entered into Memorandum of Settlement u/s 18(1) of the Industrial Dispute Act, 1947 with the Labour Unions on March 06, 2012 for settlement of salaries and wages arrears. However, some of the workers and staff have filed an application with Central Government Industrial Tribunal cum Labour Court under Section 33(c) (2) of Industrial Dispute Act, 1947 in the financial year 2013-14 of ₹ 59 which had been waived off as per the above settlement.

v) **Fuel Surcharge Adjustment** (FSA) of ₹ 551 levied by Andhra Pradesh Southern Power Distribution Company Limited (APSPDCL) in the financial year 2008-09 which is under disputed and challenged by all cement companies in the Hon'ble Supreme Court. The management is confident that decision will be in favour of Company. However, the Company has sufficiently provided the same along with interest.

The Ministry of Textiles vide its Order dated June 30, 1997 and July 1, 1999, has deleted the Cement from the list of commodities to be packed in Jute bags, under the Jute Packaging Materials (Compulsory Use of Packing Materials), Act, 1987. In view of this, the Company does not expect any liability for non-dispatch of cement in jute bags in respect of earlier years.

All amounts are in ₹ lakhs unless otherwise stated

b) Capital Commitments:

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	39,200	4,247	-

32. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006:

Dues to Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors. The amount of dues payable to micro, small and medium enterprises are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
The principal amount due thereon remaining unpaid to any supplier as at the end of the financial year	4,188	5	907
The interest due thereon remaining unpaid to any supplier as at the end of the financial year	-	-	414
The amount of interest paid by the buyer under the Act along with the amounts of payment made to the supplier beyond the appointed day during each year	-	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-	-
The amount of interest accrued and remaining unpaid at the end of the financial year	62	-	-
The amount of further interest remaining due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of this act.	-	-	-

33. Financial Instruments:

The significant accounting policies, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognized, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1(b)(xv) to the restated financial information.

A. Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balances. The capital structure of the Company consists of net debt (borrowings as detailed in Notes 16A & 16B and offset by cash and bank balances) and total equity of the Company. The Company is not subject to any externally imposed capital requirements. The Company's management reviews the capital structure of the Company on monthly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at the end of the reporting period was as follows:

Description	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Debt (Refer Note below)	67,519	52,491	97,032
Cash and cash equivalents and Other bank balances	2,696	5,296	100
Net debt	64,823	47,195	96,932
Total equity	29,681	35,524	(91,661)
Net debt to equity ratio	2.18	1.33	(1.06)

Note: Debt comprises of current and non-current borrowings as disclosed in Notes 16A & 16B.

All amounts are in ₹ lakhs unless otherwise stated

B. Categories of financial instruments:

The carrying value of financial instruments by categories as at March 31, 2024 March 31, 2023 and March 31, 2022 is as follows:

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Financial assets			
Measured at amortised cost			
(i) Trade receivables	3,851	-	5
(ii) Cash and cash equivalents	1,071	4,370	1
(iii) Other bank balances	1,625	926	99
(iv) Other financial assets	1,494	24	1,068
Total Financial assets	**8,041**	**5,320**	**1,173**

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Financial liabilities			
Measured at amortised cost			
(i) Borrowings	67,519	52,491	97,032
(ii) Trade payables	7,465	290	19,814
(iii) Lease liabilities	17	-	-
(iv) Other financial liabilities	1,465	2,190	50,585
Total Financial liabilities	**76,466**	**54,971**	**1,67,431**

C. Financial risk management objectives:

The Company's corporate finance function monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (includes interest rate risk), credit risk and liquidity risk. The Company seeks to minimize the effects of these risks through continuous monitoring on day to day basis. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The corporate finance function reports monthly to the Company's management which monitors risks and policies implemented to mitigate risk exposures.

D. Market risk:

The Company's activities expose it primarily to the financial risk of changes in interest rates. The Company seeks to minimize the effect of this risk through continuous monitoring and take appropriate steps to mitigate the aforesaid risk.

Interest rate risk management:

The Company is exposed to interest rate risk because it borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates:

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
50 bp increase would decrease the profit before tax by	338	262	466
50 bp decrease would Increase the profit before tax by	338	262	466

This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates may have potential impact on the statement of profit and loss and other comprehensive income and equity, where any transaction references more than one currency or where assets / liabilities are denominated in a currency other than the functional currency of the respective entities. Considering the countries and economic environment in which the Company operates, its operations are subject to risks arising from fluctuations in exchange rates in those countries. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company, as per its risk management policy, uses derivative instruments primarily to hedge foreign exchange. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. It hedges a part of these risks by using derivative financial instruments in line with its risk management policies. There are no outstanding derivative instruments at the end of the current financial year.

All amounts are in ₹ lakhs unless otherwise stated

E. Credit risk management:

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company does not have significant credit risk exposure to any single counterparty.

F. Liquidity risk management:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. Also, the Company has unutilized credit limits with banks. The Company maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended March 31, 2024, March 31, 2023 and March 31, 2022. Cash flow from operating activities provides the funds to service the financial liabilities on a day to day basis.

The Company regularly maintains the rolling forecasts to ensure it has sufficient cash on an on-going basis to meet operational needs. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, is retained as cash and cash equivalents (to the extent required) and any excess is invested in interest-bearing short-term deposits with appropriate maturities to optimize the cash returns on investments while ensuring sufficient liquidity to meet its liabilities.

Financing facilities:

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Secured bills acceptance facility, reviewed annually			
- amount used	1,975	-	-
- amount unused	3,025	3,000	-
Total	**5,000**	**3,000**	**-**
Secured bank overdraft facility reviewed annually and payable at call			
- amount used	2,067	-	5,213
- amount unused	1,433	3,500	-
Total	**3,500**	**3,500**	**5,213**
Secured bank loan facilities with varied maturity dates and which may be extended by mutual agreement			
- amount used	59,452	50,491	87,925
- amount unused	-	8,963	-
Total	**59,452**	**59,454**	**87,925**
Unsecured loan from Holding Company			
- amount used	6,000	2,000	3,894
- amount unused	-	-	-
Total	**6,000**	**2,000**	**3,894**

The details regarding the contractual maturities of significant financial liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022 is as follows:

Particulars	Less than 1year	1-5 years	>5 years	Total payments
March 31, 2024				
Borrowings (including Current maturities of non-current borrowings)	3,867	34,000	29,652	67,519
Trade payables	7,465	-	-	7,465
Lease liabilities	17	-	-	17
Other financial liabilities	935	530	-	1,465
March 31, 2023				
Borrowings (including Current maturities of non-current borrowings)	-	15,000	37,491	52,491
Trade payables	290	-	-	290
Other financial liabilities	2,190	-	-	2190

All amounts are in ₹ lakhs unless otherwise stated

March 31, 2022				
Borrowings (including Current maturities of non-current borrowings)	94,622	2,410	-	97,032
Trade payables	19,814	-	-	19,814
Other financial liabilities	50,585	-	-	50,585

34. Employee benefits:

The employee benefit schemes are as under:

(i) Defined contribution plan:

Provident Fund

The Company makes provident fund contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the Fund administered and managed by the Government of India. The Company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognized during the years shown below:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Contribution to Provident fund	68	33	38

Employee State Insurance

The Company makes employee state insurance contributions which are defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. These contributions are made to the funds administered and managed by the Government of India. The company's monthly contributions are charged to the Statement of Profit and Loss in the period they are incurred. Total expense recognized during the years shown below:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Contribution to ESI fund	2	2	2

(ii) Defined benefit plan:

Gratuity:

In accordance with the 'Payment of Gratuity Act, 1972' of India, the Company provides for gratuity, a defined retirement benefit plan (the 'Gratuity Plan') covering eligible employees. Liabilities with regard to such gratuity plan are determined by an independent actuarial valuation and are charged to the Statement of Profit and Loss in the period determined. The gratuity plan is administered by Life Insurance Corporation of India.

The following table sets out the funded status of the gratuity plan and the amounts recognized in the Company's financial statements as per actuarial valuation as at March 31, 2024, March 31, 2023 and March 31, 2022:

a) The principal assumptions used for the purposes of actuarial valuations were as follows:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Mortality table (LIC)	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)
Discounting rate	7.22%	7.50%	7.00%
Expected rate of return on plan asset	7.67%	-	-
Expected average remaining working lives of employees	17.89 years	14.34 years	10.83 years
Expected salary increase (p.a.)	8.00%	8.00%	5.50%
Attrition rate	5.22%	10.53%	2 to 5%

All amounts are in ₹ lakhs unless otherwise stated

b) Components of defined benefit costs recognised in profit and loss and other comprehensive income:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Amount recognised in statement of profit and loss in respect of defined benefit plan is as follows:			
Current service cost	24	16	14
Interest expense	12	16	21
Expected return on plan assets	-	-	-
Other Adjustment	1	-	(11)
Defined benefit cost included in profit and loss	**37**	**32**	**24**
Re-measurement effects recognised in Other Comprehensive Income (OCI):			
Remeasurements – Due to financial and demographic experience adjustments	3	-	-
Return on plan assets (excluding in interest income)	(1)	-	-
Components of defined benefit costs recognised in OCI	**2**	**-**	**-**

c) Key Results - Reconciliation of fair value of assets and obligations

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Present value of funded defined benefit obligations	185	184	306
Fair value of plan assets	(21)	-	-
Net liability arising from defined benefit obligation	164	184	306

d) Movement in present value of defined benefits obligation are as follows:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Defined benefit obligation at the beginning of the year	184	306	319
Current service cost	24	16	14
Interest cost	12	16	21
Remeasurements – Due to financial and experience adjustments	2	-	(10)
Benefits paid out of plan assets and by employer	(37)	(154)	(38)
Defined benefit obligation at the year end	**185**	**184**	**306**

e) Maturity profile of defined benefit obligation:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Within 1 year	24	54	141
1 – 2 years	30	26	40
2 – 3 years	17	27	23
3 – 4 years	12	18	18
4 – 5 years	25	13	11
5 – 10 years	64	66	72

f) Movement in fair value of plan assets are as follows:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening fair value of the plan assets	-	-	-
Expected return on plan assets	1	-	-
Contributions from the employer	20	-	-
Re-measurement – Actuarial loss/ (gain)	-	-	-
Fair value of plan asset at the year end	**21**	**-**	**-**

g) Sensitivity Analysis:

Sensitivity to significant actuarial assumptions is computed by varying one actuarial assumption used for the valuation of the defined benefit obligation at the period end by one percentage, keeping all other actuarial assumptions constant.

Particulars	Defined Benefit Obligation					
	1% change					
	For the year ended March 31, 2024		For the year ended March 31, 2023		For the year ended March 31, 2022	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Effect of change in assumed discount rate	174	199	177	192	296	315
Effect of change in assumed salary rate	199	173	193	176	314	296
Effect of change in assumed attrition rate	184	187	184	184	*	*

* Sensitivities due to attrition are not material & hence impact of change due to these not calculated.

The Company is expected to contribute ₹ 164 lakhs to its defined benefit plans during the next financial year.

Compensated absences:
The accrual for unutilized leave is determined for the entire available leave balance standing to the credit of the employees at the period-end. The value of such leave balance eligible for carry forward, is determined by an independent actuarial valuation and charged to the Statement of Profit and Loss in the period determined.

The key assumptions as provided by an independent actuary, used in the computation of provision for compensated absences are as given below:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount Rate	7.22%	7.50%	7.00%
Salary escalation rate	8.00%	8.00%	5.5%
Attrition rate	5.22%	10.53%	2 to 5%
Mortality tables	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)	IALM 2012-14 (ultimate)

The Company has made provision for compensated absences based on the actuarial valuation.

35. Related Party Disclosures:
The list of related parties of the Company is given below:

Relationship	Name
Erstwhile Ultimate Holding Company	Jaypee Infra Ventures Pvt. Ltd., being Holding Company of Mahabhadra Constructions Limited (Formerly known as Jaypee Development Corporation Limited) (upto 03.03.2023)
Holding Company	Sagar Cements Limited (w.e.f 18.03.2023) Mahabhadra Constructions Limited (Formerly known as Jaypee Development Corporation Limited) (upto 03.03.2023)
Key Managerial Personnel (KMP)	Shri Naveen Kumar Singh, Chief Executive Officer (upto 06.03.2023) Shri A. K Agrawal, Chief Financial Officer (upto 06.03.2023) Shri K Prasad, Chief Financial Officer (w.e.f. 07.03.2023) Shri G. Tirupati Rao, Company Secretary Dr. S. Anand Reddy, Managing Director (w.e.f. 07.03.2023)
Non-Executive and Independent Directors	Shri K. V. Rajendran (Chairman upto 06.03.2023)) Shri Suresh Chand Rathi (upto 06.03.2023)) Shri Pankaj Gaur (upto 06.03.2023) Shri R B Singh (upto 06.10.2021) Shri Shyam Datt Nailwal (w.e.f. 11.10.2021 upto 06.03.2023) Smt. Manju Sharma (upto 06.03.2023) Shri S. Sreekanth Reddy, Director (w.e.f. 07.03.2023) Smt S Rachana, Director (w.e.f. 07.03.2023) Shri K V Vishnu Raju (w.e.f. 23.03.2023) Smt O Rekha (w.e.f. 23.03.2023) Shri Rajagopal Ravichandran (w.e.f.14.04.2023) Shri Valliyur Hariharan Ramakrishnan (w.e.f. 05.06.2023)
Enterprise over which KMP above have significant influence.	Jaiprakash Associates Limited (upto 03.03.2023) Jaypee Cement Corporation Limited (upto 03.03.2023) Himalayaputra Aviation Limited (upto 03.03.2023)

All amounts are in ₹ lakhs unless otherwise stated

Relationship	Name
	JIL Information Technology Limited (upto 03.03.2023) Bhilai Jaypee Cement Limited (upto 03.03.2023) Jaiprakash Power Ventures Limited (upto 03.03.2023) Sagar Cements (M) Private Limited (w.e.f 18.03.2023) Jajpur Cements Private Limited (w.e.f 18.03.2023) – merged with Sagar Cements Limited Panchavati Polyfibres Limited (w.e.f 18.03.2023) RV Consulting Services Private Limited (w.e.f 18.03.2023)
Relative Of KMP	S. Vanajatha (Mother of Dr. S. Anand Reddy and S. Sreekanth Reddy)

Summary of the transactions with the above parties are as follows:

Particulars	Name	For the year ended		
		March 31, 2024	March 31, 2023	March 31, 2022
Purchase of property, plant and equipment	RV Consulting Services Private Limited	4,630	2,290	-
Purchase of Packing Material	Panchavati Polyfibres Limited	769	-	-
Purchase of Clinker	Sagar Cements Limited	579	-	-
Purchase of Stores	Sagar Cements Limited	11	-	-
Purchase of scrap	Sagar Cements (M) Private Limited	2	-	-
Sale of Clinker	Sagar Cements Limited	4,001	-	-
Sale of coal	Sagar Cements Limited	4	-	-
Sale of slag	Sagar Cements Limited	1	-	-
Sale of gypsum	Sagar Cements Limited	2	-	-
Loans taken	Sagar Cements Limited	4,000	2,000	-
Interest expense on loan	Mahabhadra Constructions Limited (Formerly known as Jaypee Development Corporation Limited)	-	-	97
	Sagar Cements Limited	221	16	-
Services received	Jaiprakash Associates Limited	-	-	326
	Sagar Cements Limited	456	-	-
Sale of property, plant and equipment	Jaiprakash Associates Limited	-	-	5
Rent expenses paid	Dr. S. Anand Reddy	5	-	-
	S. Sreekanth Reddy	5	-	-
	S. Vanajatha	5	-	-
	Total	**15**	-	-
Reimbursement of expenses paid	Sagar Cements Limited	10	-	-
Interest expense on corporate guarantee	Sagar Cements Limited	146	-	-
Purchase of coal	Sagar Cements Limited	966	-	-
Sale of property, plant and equipment	Sagar Cements Limited	92	-	-
Sale of stores & spares	Sagar Cements Limited	9	-	-
Sale of stores & spares	Sagar Cements (M) Private Limited	7	-	-

Particulars	Name	For the year ended		
		March 31, 2024	March 31, 2023	March 31, 2022
Short term benefits	MD, Directors, CS and CFO	24	59	57
Sitting Fee	Chairman, MD and Directors	23	3	9

Outstanding Balances:

Nature of the balance	Name	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Loans taken	Sagar Cements Limited	6,000	2,000	-
	Mahabhadra Constructions Limited (Formerly known as Jaypee Development Corporation Limited)	-	-	3,894
Trade payables	Sagar Cements Limited	102	-	-
	Panchavati Polyfibres Limited	93	-	-
	Total	**195**	-	-

All amounts are in ₹ lakhs unless otherwise stated

Interest accrued but not due on loan taken	Sagar Cements Limited	214	15	-
Payable on purchase of property, plant and equipment	Jaiprakash Associates Limited	-	-	18,779
	RV Consulting Services Private Limited	-	338	-
Capital advances	RV Consulting Services Private Limited	163	-	-
Corporate guarantee taken	Sagar Cements Limited	66,500	60,000	-
Balances Receivable	Jaypee Cement Corporation Limited	-	-	3

36. Operating Lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Operating lease commitments

The Company's lease asset classes primarily consist of for buildings. The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

Following are the changes in the carrying value of right of use assets:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Balance	-	-	-
Additions	31	-	-
Depreciation	(14)	-	-
Closing Balance	**17**	**-**	**-**

The aggregate depreciation expense on right-of-use assets is included under depreciation and amortization expense in the statement of profit and loss.

The following is the movement in lease liabilities:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Opening Balance	-	-	-
Additions	31	-	-
Finance cost accrued during the year	2	-	-
Payment of lease liabilities	(16)	-	-
Closing Balance	**17**	**-**	**-**

The following is the break-up of current and non-current lease liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Non-current lease liabilities	-	-	-
Current lease liabilities	17	-	-
Total	**17**	**-**	**-**

All amounts are in ₹ lakhs unless otherwise stated

The table below provides details regarding the contractual maturities of lease liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022 on discounted basis

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Within one year	17	-	-
After one year but not more than five years	-	-	-
More than five years	-	-	-

Amount recognised in statement of profit and loss account:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Amortization of right of use assets	14	-	-
Interest on lease liability	2	-	-
Expense relating to short term lease	23	11	20

37. Restated Earnings per share:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
(Loss)/Profit after tax	(6,561)	94,962	(23,629)
Weighted average number of equity shares outstanding	9,21,72,140	272,724,950	293,520,492
Earnings per share:			
Basic and Diluted (in ₹)	(7.12)	34.82	(8.05)

38. Reconciliation of revenue as per contract price and recognised in Statement of Profit and Loss:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue as per Contract price	31,285	-	-
Less: Discounts and incentives	(4,727)	-	-
Revenue as per statement of profit and loss	**26,558**	**-**	**-**

- The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 to 60 days. There is no significant financing component in any transaction with the customers.
- The Company does not provide performance warranty for products, therefore there is no liability towards performance warranty.
- The Company does not have any material performance obligations which are outstanding as at the year-end as the contracts entered for sale of goods are for short term in nature.
- Of the total revenue from operations, ₹ 4,001 during the year ended March 31, 2024, which amounts to 15% of the total revenue is contributed by a single largest customer of the Company.

Disaggregation of Revenue:

Revenue by timing of recognition:

Particulars	For the year ended March 31, 2024	For the year ended March 31, 2023	For the year ended March 31, 2022
Goods transferred at a point of time	26,558	-	-
Goods transferred over time	-	-	-

39. Relationship with struck off companies:

Relationship with Struck off Companies as at March 31, 2024:

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding as at March 31, 2024	Relationship with the Struck off company, if any,
Ninad Holding Pvt Ltd	Shares held by stuck off company (Number of Shares of ₹ 10 each)	125	N/A
Ninand Holding Private Limited		46	N/A
Fairgrowth Investments Limited		34	N/A
Cosmat Investments Pvt Limited		20	N/A
Sky Line Promoters Pvt Ltd		15	N/A
L Y N X Mutual Funds Limited		13	N/A
Rockland Leasing Limited		11	N/A

All amounts are in ₹ lakhs unless otherwise stated

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding as at March 31, 2024	Relationship with the Struck off company, if any,
Baps (India) Trading Private Limited		11	N/A
Micronet Software Services Private Limit		10	N/A
Silver Arrow Investments Private Limited		9	N/A
Victor Properties Private Limited		-	N/A
Devika Constructions Private Limited		5	N/A
Paul Dey & Company Private Limited		4	N/A
Suphala Plantations India Limited		4	N/A
Sukam Financial Services Private Limited		3	N/A
G P S Commercial Private Limited		3	N/A
Sindhudurg Investments Private Limited		3	N/A
H I - L E A Finance Limited	Shares held by stuck off company (Number of Shares of ₹ 10 each)	3	N/A
Victor Properties Private Limited		1	N/A
Aravali Commercial Private Limited		1	N/A
Mifco Credits & Securities Limited		1	N/A
M/S Prananjali Investment & Trading Co P		1	N/A
Baps (India) Trading Private Limited		1	N/A
Rajendra Mercantile Private Limited		1	N/A
Rohifin Investment Private Limited		1	N/A
Small Lots Services Limited		1	N/A
H P M Investments Limited		1	N/A
Balbir Leasing Private Limited		1	N/A
Kay Bee Finvest Pvt. Ltd.		1	N/A

Relationship with struck off Companies as at March 31, 2023:

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding as at March 31, 2023	Relationship with the Struck off company, if any,
PMR Ready Mix Concrete	Receivables	-	Balance of ₹ 29.00 written off
Metcoke Industries Limited	Receivables	-	Balance of ₹ 1.15 written off
Spring Nirman India Private Limited	Payables	-	Balance of ₹ 0.57 written back
Intex Designer Tiles (P) Limit	Payables	-	Balance of ₹ 0.53 written back
Rasi Designer Tile Pvt Ltd	Payables	-	Balance of ₹ 0.24 written back
Sew Constructions Limited	Payables	-	Balance of ₹ 0.63 written back
Classic Designer Tiles Pvt. Ltd.	Payables	-	Balance of ₹ 0.16 written back
Sri Giri Cement Pvt Ltd	Payables	-	Balance of ₹ 0.59 written back
Ninad Holding Pvt Ltd	Shares held by stuck off company (Number of Shares of ₹ 10 each)	125	Reduction of Shares as per Approved Resolution Plan
Ninand Holding Private Limited		46	
Fairgrowth Investments Limited		34	
Cosmat Investments Pvt Limited		20	
Sky Line Promoters Pvt Ltd		15	
L Y N X Mutual Funds Limited		13	
Rockland Leasing Limited		12	
Baps (India) Trading Private Limited		11	
Micronet Software Services Private Limit		10	
Silver Arrow Investments Private Limited		9	
Victor Properties Private Limited		6	
Devika Constructions Private Limited		5	
Paul Dey & Company Private Limited		4	
Suphala Plantations India Limited		4	
Sukam Financial Services Private Limited		3	
G P S Commercial Private Limited		3	
Sindhudurg Investments Private Limited		3	
H I - L E A Finance Limited		3	
Victor Properties Private Limited		1	
Aravali Commercial Private Limited		1	
Mifco Credits & Securities Limited		1	
M/S Prananjali Investment & Trading Co		1	
Baps (India) Trading Private Limited		1	
Rajendra Mercantile Private Limited		1	
Rohifin Investment Private Limited		1	
Small Lots Services Limited		1	
H P M Investments Limited		1	
Balbir Leasing Private Limited		1	
Kay Bee Finvest Pvt. Ltd.		1	

Relationship with Struck Off Companies March 31, 2022:

Name of struck off Company	Nature of transactions with struck-off Company	Balance outstanding as at March 31, 2023	Relationship with the Struck off company, if any,
Ebiz Solutions Pvt. Ltd	Receivables	-	Balance of ₹ 0.01 written off
Metcoke Industries Limited	Receivables	1	N/A
Spring Nirman India Private Limited	Payables	1	N/A
Intex Designer Tiles (P) Limit	Payables	1	N/A
Rasi Designer Tile Pvt Ltd	Payables	-	N/A
Sew Constructions Limited	Payables	1	N/A
Classic Designer Tiles Pvt.Ltd	Payables	-	N/A
Sri Giri Cemtn Pvt Ltd	Payables	-	N/A
Chandana Ap Advertising (P) Ltd.	Payables	-	Balance of ₹ 0.20 written back
Divya Chemical&Anticorrosive Pvt Ltd	Payables	-	Balance of ₹ 0.10 written back
P.G. Power Systems Pvt Limited	Payables	-	Balance of ₹ 0.11 written back
SNJ Synthetics Ltd.	Payables	-	Balance of ₹ 0.49 written back
Ninad Holding Pvt Ltd	Shares held by stuck off company (Number of Shares of ₹ 10 each)	2,500	N/A
Ninand Holding Private Limited		912	N/A
Fairgrowth Investments Limited		675	N/A
Cosmat Investments Pvt Limited		399	N/A
Sky Line Promoters Pvt Ltd		300	N/A
L Y N X Mutual Funds Limited		250	N/A
Rockland Leasing Limited		250	N/A
Baps (India) Trading Private Limited		225	N/A
Micronet Software Services Private Limit		200	N/A
Silver Arrow Investments Private Limited		175	N/A
Victor Properties Private Limited		125	N/A
Devika Constructions Private Limited		100	N/A
Paul Dey & Company Private Limited		75	N/A
Suphala Plantations India Limited		72	N/A
Sukam Financial Services Private Limited		50	N/A
G P S Commercial Private Limited		50	N/A
Sindhudurg Investments Private Limited		50	N/A
H I - L E A Finance Limited		50	N/A
Victor Properties Private Limited		25	N/A
Aravali Commercial Private Limited		25	N/A
Mifco Credits & Securities Limited		25	N/A
M/S Prananjali Investment & Trading Co		12	N/A
Baps (India) Trading Private Limited		12	N/A
Rajendra Mercantile Private Limited		12	N/A
Rohifin Investment Private Limited		12	N/A
Small Lots Services Limited		12	N/A
H P M Investments Limited		6	N/A
Balbir Leasing Private Limited		6	N/A
Kay Bee Finvest Pvt. Ltd.		6	N/A

40.

(i) The Company has incurred losses of ₹ 23,629 for the financial year ended March 31, 2022, resulting into accumulated losses of ₹ 131,160 against the paid-up share capital of ₹ 29,352 lakhs as at March 31, 2022. Moreover, the Company has aggregate borrowing of ₹ 133,738 as on March 31, 2022 including working capital loans and interest accrued thereon.

(ii) The Company has incurred losses of ₹ 8,793 for the financial year ended March 31, 2023 before exceptional items and however due to implementation of resolution plan the gain has been recognized on account of reversal of liabilities after settlements, the accumulated losses were reduced to ₹ 36,198 as at March 31, 2023.

(iii) National Company Law Tribunal ("NCLT"), Amaravati Bench vide order dated April 26, 2022 ("Order") has initiated Corporate Insolvency Resolution Process ("CIRP") against Company pursuant to an application u/s 7 of the Insolvency and Bankruptcy Code, 2016 (the "Code") filed by Pridhvi Asset Reconstruction and Securitisation Company Limited, one of the financial creditors of the Company. Mr. Nirav Kirit Pujara having IP Registration Number IBBI/IPA-001/IP-P-01450/2018-2019/12285 has been appointed as Interim Resolution Professional ("IRP") to manage the affairs of the Company, and as per the Code, it is required that the Company be managed as a going concern during the CIRP. By virtue of the provisions of Code read with the Order, from the date of the Order i.e., April 26, 2022 ("Insolvency Commencement Date"), the management of the affairs of the Company vests in IRP. Also, the powers of the board of directors of the Company stands suspended and would be exercised by the IRP.

(iv) The IRP has not signed the financial statements and that no statement, fact, information (whether current or historical) or opinion contained herein should be construed as a representation or warranty, express or implied, of the IRP including, his authorized representatives and advisors.

(v) The financial statement of the Company for the year ended March 31, 2022 have just been taken on record by the IRP. For all such information and data, the IRP has assumed that such information and data are in the conformity with the Companies Act, and other applicable laws with respect to the preparation of the financial results and that they give true and fair view of the position of the Company as of the dates and period indicated therein. Accordingly, the IRP has not verified the genuineness or accuracy or the fairness of the financial statement and is not making any representations regarding accuracy, veracity or completeness of the data or information in the financial statements.

(vi) In accordance with Code, public announcement was made calling upon financial creditors and operational creditors for the Company to submit their claims to Interim Resolution Professional. Further in accordance with Code, IRP/RP has to receive, collate and admit claims submitted against Company.

(vii) The National Company Law Tribunal ("NCLT"), Amaravati Bench vide its order dated February 16, 2023 ("Order") has since approved the resolution plan submitted by Sagar Cements Limited (SCL) for acquisition and revival of Andhra Cements Limited (ACL). Basis this SCL has completed the resolution process within the prescribed time and became the holding company of ACL by subscribing to 95% of the revised paid-up capital of the Company.

(viii) Post completion of the resolution process under the supervision of the Monitoring Committee (MC) which was constituted as per the mandate given in the NCLT order SCL got the control of ACL with effect from March 18 2023, post dissolution of the MC and to maintain the Company as a going concern. Considering the above facts, the financial statements of the Company for the year ended March 31, 2023 have been prepared on a going concern basis.

41. The implementation of the Approved Resolution Plan commenced on February 17, 2023, the entire process got completed within the prescribed timeline of 30 days as mentioned in the approved Resolution Plan. The abstract of the implementation of the Resolution Plan is given below:

(i) An amount of ₹ 76,242 was paid towards the settlement of Allocated CIRP Costs, Financial Creditors, Workmen and Employees and Other Operational Creditor Payments.

Sl. No.	Particulars	Amount in ₹ Lakhs
1	Upfront Cash Recovery (as defined in RFRP)/ Upfront FC Debt Settlement Amount	72,589
2	Allocated CIRP Costs Amount	1,891
3	Workmen and Employees Payments	827
4	Other Operational Creditors Payments	935
Total Payment to Creditors and CIRP Costs		**76,242**

In addition to the above, an amount of ₹ 504 towards interim management cost and an amount of ₹ 15,479 is proposed for improving the operations of the Company.

Pursuant to implementation of Resolution Plan Erstwhile promoters fully paid up 201,741,371 Equity shares have been canceled and public shareholdings have been reduced from 91,779,121 Equity shares to 4,608,607 Equity shares of ₹ 10/- each i.e reduced to 5% of the reconstituted paid-up Equity Share capital of the Company.

The Board of Directors of the company in its meeting held on March 23, 2023, approved allotment of 8,75,63,533 fully paid equity shares ₹ 10/- each to Sagar Cements Limited with a premium of ₹ 26.80/- per share, aggregating to ₹ 32,223 representing 95% of the equity share capital of the Company.

(ii) As per the approved resolution plan, all claims have been settled and remaining liability stands extinguished and accounted as exceptional item.

42. The Company is not required to incur any amount on account of Corporate Social Responsibility (CSR) as the average profit before tax as per Section 198 of Companies Act 2023 during the preceding three financial year is negative.

43. The Holding Company extended the corporate guarantee for the further loans availed by the Company and on account of the same, the loans were given at concessional rate to the Company. The fair value of the corporate guarantee aggregating to ₹ 719 (March 31, 2023: Nil) has been accounted as deemed investment in equity.

44. The Company is exclusively engaged in the business of cement and cement related products. As per Ind AS 108 "Operating Segments", specified under Section 133 of the Companies Act, 2013, there is no reportable segment applicable to the Company.

45. Board for Industrial and Financial Reconstruction (BIFR):

(i) Hon'ble BIFR has discharged the Company from the purview of Sick Industrial Companies (Special Provisions) Act, 1985 vide its Order dated January 22, 2010. In terms of the said Order, the unimplemented provisions of MS-08 (Modified Rehabilitation Scheme sanctioned by BIFR vide its Order dated July 21, 2008) would be implemented by the concerned agencies.

(ii) In terms of the said Scheme, the fixed deposit holders are to accept outstanding principal amount in four annual instalments commencing from financial year 2007-08 onwards, on interest-free basis. The unclaimed fixed deposits as at March 31, 2022 are shown under the head "Other Financial Liabilities".

46. During the financial year the company has converted the method of depreciation from SLM to WDV for assets other than Plant & Machinery and Railway Siding. There is no material effect with respect to change in method of depreciation during the year ended March 31, 2023. The net impact debited to statement of profit and loss during the current financial year is ₹ 23 lakhs.

47. Some of the records of the Company like agreements with suppliers/agents, statements of Bank Accounts including those at some of the branches/depots for the period prior to June 1994, have still not been restored by the erstwhile promoters/management. The matter being pending since considerable long time, no material adjustment, in this respect, is likely to arise.

48. The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

49. Other statutory information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company has not revalued its Property, plant & equipment (including right-of-use assets) and Intangible assets during the financial year beginning from April 01, 2021 till financial year ending March 31, 2024.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(v) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vi) The Company has not given any funds to any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(c) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(d) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(viii) The Company has no such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(ix) Section 135 of Companies Act, 2013 is not applicable to the company for the year.

50. These financial statements were approved by the Company's rights issue committee on September 21, 2024.

For and on behalf of Board of Directors of
Andhra Cements Limited

Dr. S. Anand Reddy
Managing Director
DIN: 00123870

S. Sreekanth Reddy
Joint Managing Director
DIN: 00123889

G.Tirupati rao
Company Secretary
M.NO. F2818

K. Prasad
Chief Financial Officer

Place: Hyderabad
Date: September 21, 2024.

ANDHRA CEMENTS LIMITED

CIN No: L26942AP1936PLC002379

Sri Durga Cement Works, Sri Durgapuram, Srinagar Post, Dachepalli Mandal, Palnadu District, Andhra Pradesh - 522 414,

Phone: +91 8649 257441 Fax: +91 8649 257428, Email: investorcell@andhracements.com, Website: www.andhracements.com

STATEMENT OF UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED JUNE 30, 2024

(₹ in lakhs, except per share data and unless otherwise stated)

Sl. No.	Particulars	Quarter ended			Year ended
		June 30, 2024	March 31, 2024	June 30, 2023	March 31, 2024
		(Unaudited)	(Unaudited) (Refer note 5)	(Unaudited)	(Audited)
1	**Income**				
	(a) Revenue from operations	6,339	9,184	1,320	26,811
	(b) Other income	456	746	36	851
	Total income	**6,795**	**9,930**	**1,356**	**27,662**
2	**Expenses**				
	(a) Cost of materials consumed	1,120	1,283	707	4,248
	(b) Changes in inventories of finished goods and work-in-progress	(1,118)	521	(5)	(1,924)
	(c) Employee benefits expense	402	390	280	1,326
	(d) Finance costs	1,804	1,761	1,414	7,054
	(e) Depreciation and amortisation expense	1,722	1,492	1,287	5,641
	(f) Power and fuel expenses	3,871	4,255	476	14,982
	(g) Freight and forwarding expense	1,366	1,787	288	4,478
	(h) Other expenses	1,236	1,408	671	4,025
	Total expenses	**10,403**	**12,897**	**5,118**	**39,830**
3	**Loss before exceptional items and tax (1 - 2)**	**(3,608)**	**(2,967)**	**(3,762)**	**(12,168)**
4	**Exceptional items** (Refer note 4)	-	-	-	**1,479**
5	**Loss before tax (3 + 4)**	**(3,608)**	**(2,967)**	**(3,762)**	**(10,689)**
6	**Tax expense**				
	(a) Current tax	-	-	-	-
	(b) Deferred tax	(1,249)	(1,089)	(1,296)	(4,128)
	Total tax expense	**(1,249)**	**(1,089)**	**(1,296)**	**(4,128)**
7	**Net loss for the period/ year (5 - 6)**	**(2,359)**	**(1,878)**	**(2,466)**	**(6,561)**
8	**Other Comprehensive Income**				
	(i) Remeasurements gain on defined benefit plans	(1)	(2)	-	(2)
	(ii) Income tax relating to items that will not be reclassified to profit or loss	-	1	-	1
	Total Other Comprehensive Income	**(1)**	**(1)**	-	**(1)**
9	**Total Comprehensive loss (7+8)**	**(2,360)**	**(1,879)**	**(2,466)**	**(6,562)**
10	Paid up equity share capital (Face value of ₹ 10 per share)				9,217
11	Other equity				20,464
12	Earnings per share of ₹ 10 each				
	(a) Basic (in ₹)	(2.56)	(2.04)	(2.68)	(7.12)
	(b) Diluted (in ₹)	(2.56)	(2.04)	(2.68)	(7.12)
		(*)	(*)	(*)	

(*) - Not Annualised

DELOITTE HASKINS & SELLS CHARTERED ACCOUNTANTS

ANDHRA CEMENTS LIMITED

Notes:

1 The above unaudited financial results of Andhra Cements Limited ("the Company") as reviewed by the Audit Committee have been approved by the Board of Directors at its meeting held on July 18, 2024. The statutory auditors of the Company have issued an unmodified conclusion in respect of the limited review of the quarter ended June 30, 2024.

2 The Company is engaged in manufacture and sale of "cement and cement related products" which constitutes a single reportable business segment as per Ind AS 108 - 'Operating Segments'.

3 The unaudited financial results of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India and guidelines issued by the Securities and Exchange Board of India ("SEBI").

4 Exceptional item in the financial results represents impairment reversal recorded for the year ended March 31, 2024, based on remeasurement of certain assets at fair value as per the agreement entered by the Company.

5 The figures for the quarter ended March 31, 2024 are the balancing figures of the audited financials for the year ended March 31, 2024 and unaudited year to date published results for the nine months ended December 31, 2023, which were subject to limited review by the statutory auditors.

DELOITTE HASKINS & SELLS
CHARTERED ACCOUNTANTS

Place: Hyderabad
Date: July 18, 2024

ANDHRA CEMENTS LIMITED

For Andhra Cements Limited

Dr. S. Anand Reddy
(Managing Director)

Deloitte
Haskins & Sells

Chartered Accountants
KRB Towers, Plot No.1 to 4 & 4A
1st, 2nd & 3rd Floor
Jubilee Enclave, Madhapur
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INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM FINANCIAL RESULTS

TO THE BOARD OF DIRECTORS OF
ANDHRA CEMENTS LIMITED

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **ANDHRA CEMENTS LIMITED** ("the Company"), for the quarter ended June 30, 2024 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations").

2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

4. Based on our review conducted as stated in paragraph 3 above, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

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

Manish

C Manish Muralidhar
(Partner)
(Membership No. 213649)
(UDIN: 24213649BKCJHR1264)

Place: Hyderabad
Date: July 18, 2024

OTHER FINANCIAL INFORMATION

The following tables present certain key accounting and other ratios of our Company computed on the basis of the Restated Financial Statements included in the *'Financial Statements'* on page 150.

Accounting Ratios

Particulars	Fiscal		
	2024	2023	2022
Restated (Loss) / Earning per Equity Share			
a. Basic earnings per Equity Share (₹)	(7.12)	34.82	(8.05)
b. Diluted earnings per Equity Share (₹)	(7.12)	34.82	(8.05)
Return on net worth (%)	(22.11)	267.32	N/A
Net asset value per Equity Share (₹)	32.20	38.54	(31.23)
EBITDA (₹ in lakhs)	(324)	(2,595)	(3,061)

N/A-Not Applicable
Notes:
a. *Basic earnings per equity share: Net profit after tax from continuing and discontinued operations attributable to equity shareholders / weighted average number of equity shares outstanding during the year / period.*
b. *Diluted earnings per share: Net profit after tax from continuing and discontinued operations attributable to equity shareholders / weighted average number of equity shares considered for calculating Diluted EPS.*
c. *Return on Net Worth Ratio: Net profit after tax attributable to equity shareholders / Net worth (excluding revaluation reserves) at the end of the year / period.*
d. *Net asset value per equity share is calculated by dividing Net Worth by the number of Equity Shares outstanding during the year / period.*
e. *EBITDA is calculated as profit / (loss) before tax expenses and exceptional items from continuing operations for the year / period, finance costs, depreciation and amortization expenses and other income.*
f. *Net worth (excluding revaluation reserves) means the aggregate value of paid-up equity share capital (including shares pending allotment) and securities premium account, after adding surplus in statement of profit and loss.*

Calculation of Basic and Diluted Earning per Equity Share

Particulars	Fiscal		
	2024	2023	2022
Restated (loss) / Profit attributable to Equity shareholders (A) *(₹ in lakhs)*	(6,562)	94,962	(23,629)
Weighted average number of equity shares outstanding during the year / period (B)	9,21,72,140	27,27,24,950	29,35,20,492
Basic & Diluted EPS (A)/(B)	(7.12)	34.82	(8.05)

Calculation of Return on Net Worth

Particulars	Fiscal		
	2024	2023	2022
Restated (loss) / Profit after tax *(₹ in lakhs)*	(6,562)	94,962	(23,629)
Net worth *(₹ in lakhs)*	29,681	35,524	(91,661)
Return on Net worth (%)	(22.11)	267.32	N/A

N/A- Not Applicable

a

Calculation of Net Worth

(₹ in lakhs)

Particulars	Fiscal		
	2024	**2023**	**2022**
Equity share capital	9,217	9,217	29,352
Other equity	20,464	26,307	(1,21,013)
Net worth	**29,681**	**35,524**	**(91,661)**

Calculation of Net Asset Value per Equity Share

Particulars	Fiscal		
	2024	**2023**	**2022**
Net Worth *(₹ in lakhs)*	29,681	35,524	(91,661)
Number of equity shares outstanding during the year	9,21,72,140	9,21,72,140	29,35,20,492
Net Asset Value per Equity Share (in ₹)	32.20	38.54	(31.23)

Calculation of EBITDA

(₹ in lakhs)

Particulars	Fiscal		
	2024	**2023**	**2022**
Restated loss before tax and exceptional items	(12,168)	(8,793)	(23,495)
Other Income	851	48	61
Finance cost	7,054	1,567	15,836
Depreciation and amortization	5,641	4,679	4,659
EBITDA[#]	(324)	(2,595)	(3,061)

[#]EBITDA is calculated as profit / (loss) before tax expenses and exceptional items from continuing operations for the year / period, finance costs, depreciation and amortization expenses and other income.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion is intended to convey our management's perspective on our financial condition and results of our operations. Our Financial Year commences on April 1 and ends on March 31 of the following year, so all references to a particular Financial Year or a Fiscal are to the 12 months ended March 31 of that year.

Unless otherwise indicated or the context otherwise requires, the financial information for Fiscals 2022, 2023 and 2024 included herein is derived from the Restated Financial Information, included in this Draft Letter of Offer. For further information, see "Financial Information" on page 150.

*This discussion may include certain forward-looking statements that involve risks and uncertainties. Our actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors or contingencies, including those described below and in the 'Forward-Looking Statements' on page 19. Also see 'Risk Factors' and 'Principal factors affecting our financial condition and results of operations' on pages 24 and 208, respectively, for a discussion of certain factors or contingencies that may affect our business, financial condition, or results of operations. Unless otherwise indicated, the industry-related information contained in this Draft Letter of Offer is derived from the "Research Report on Cement Industry" dated September 24, 2024 ("**CARE Report**") issued by Care Analytics and Advisory Private Limited ("CARE"), which have been exclusively commissioned and paid for by our Company for agreed fees for the purposes of confirming our understanding of the industry exclusively in connection with the Issue and exclusively prepared and issued by CARE. We officially engaged CARE, in connection with the preparation of the CARE Report pursuant to an engagement letter dated March 11, 2024. Copies of the CARE Report shall be available on the website of our Company at www.andhracements.com. For further details and risks in relation to commissioned reports, see 'Risk Factors - This Draft Letter of Offer contains information from an industry report prepared by CARE which we have commissioned and paid for' on page 39.*

Our Company was admitted to CIRP in April 2022, pursuant to an application filed by Pridhvi Asset Reconstruction and Securitisation Company Limited ("PARAS") under section 7 of the Insolvency and Bankruptcy Code, 2016. In the process, our Company was taken over by our Promoter Sagar Cements Limited in February, 2023 and pursuant to this change of control, our Company's management changed in the Fiscal 2023.

Our Company's manufacturing plants -Sri Durga Cement Works and Visaka Cement Works were in-operational for the Fiscals 2023, and 2022, accordingly, our Restated Financial Statements as at and for Fiscal 2024 included in this Draft Letter of Offer are not directly comparable to our results in the preceding Fiscals and, our results must be viewed in light of the prevailing circumstances.

OVERVIEW

Our company is engaged in manufacturing of cement and clinker from our integrated cement manufacturing facility situated at Dachepalli, Palnadu District, Andhra Pradesh namely "Sri Durga Cement Works". For the Fiscal ended March 31, 2024, Sri Durga Cement Works has an installed manufacturing capacity of 21,41,250 MT of cement grinding and 18,00,000 MT of clinker. As on the date of this Draft Letter of Offer, we are operating from Sri Durga Cement Works facility with an installed cement manufacturing capacity of 22,50,000 MT a year and a clinker manufacturing capacity of 18,50,000 MT a year. During the Fiscal ended March 31, 2024, our Company manufactured an aggregate quantity of 5,16,141 MT of cement and 5,97,513 MT of clinker at Sri Durga Cement Works. As on the date of this Draft Letter of Offer, Sri Durga Cement Works facility has an installed cement manufacturing capacity of 22,50,000 MT a year and a clinker manufacturing capacity of 18,50,000 MT a year.

Pursuant to an application filed by Pridhvi Asset Reconstruction and Securitisation Company Limited **("PARAS")** u/s 7 of the Insolvency and Bankruptcy Code, 2016, our Company was admitted to the Corporate Insolvency Resolution Process **("CIRP")** in April 2022. In the process, our Company was resolved and taken over by our Promoter, namely Sagar Cements Limited in February, 2023. As part of the resolution plan submitted by Sagar Cements Limited, all the then outstanding debt, litigations etc. were resolved and our equity shares got re-listed on the National Stock Exchange of India Limited **("NSE")** and BSE Limited **("BSE")** from May 10, 2023.

Our manufacturing unit at Sri Durga Cement Works is strategically located in close proximity to the Captive Limestone Mines from which we procure limestone, which we require for our operations. Our company presently has two long term mining leases for mines situated at Gamalapadu and Ramapuram. As on the date of this Draft Letter of Offer, our Company mines limestone only from the Gamalapadu limestone mine which is situated at a distance of 1.5 km from Sri Durga Cement Works which provides it with a stable and timely supply of limestone in a cost-efficient manner. We plan to operate the Ramapuram limestone mine from the year 2027.

Our production unit is well connected by road and rail, with the unit being connected to both the national highway and the national railway networks. Sri Durga Cement Works is located less than a kilometre away from State Highway between Miryalaguda – Guntur connecting Hyderabad and Chennai and ~7.20 kilometres to the nearest railway station – Nadikudi.

Our Company manufactures the following varieties of cement, namely, Ordinary Portland Cement ("**OPC**") of 53 grade, 43 grade and Portland Pozzalona Cement ("**PPC**") through our facility at Sri Durga Cement Works, which are marketed and sold under the brand 'Sagar Cement'. Our manufacturing unit has capabilities of producing both OPC and PPC cement, and our production lines are fungible, which provides flexibility in our ability to alter our product mix in response to variations in demand.

We supply our cement through our network of dealers to retailers **("Trade Channel")** also directly to institutional and bulk customers **("Non-Trade Channel")**. For the fiscal year ended March 31, 2024, the revenue generated from our Trade Channel and Non-trade Channel constituted 55 % and 45 % of our operating revenue respectively. The cement manufactured by us at Sri Durga Cement Works is marketed and sold under the brand "Sagar Cement". We leverage the strong distribution network of our Promoter which as of July 31, 2024, had an extensive network of channel partners spanning 85 clearing & forwarding agents, 3,074 dealers and 7,207 sub-dealers. We currently market and sell our cement in the states of Andhra Pradesh, Telangana and Tamil Nadu.

All our products comply with the quality standards specified by the Bureau of Indian Standards ("**BIS**"), including for standard marks IS 1489:Part 1:2015 and IS 269:2015 . We have entered into an agreement dated May 11, 2023 with Sagar Cements Limited for sales and services ("**Agreement**"). We benefit from our association with our Promoter, Sagar Cements Limited through their expertise and long-standing presence in cement manufacturing.

We meet our energy requirements from the state power grid network. Going forward, we plan to start operating our 30 MW captive thermal power plant, once we achieve a feasible level of capacity utilization. We source water for our manufacturing unit from the mining pits (which get filled with rainwater) and bore well.

As on July 31, 2024, our Company had 183 permanent employees and 403 contract labourers. Our Company is led by an experienced management team, which has significant experience in the cement manufacturing sector. Dr. Anand Reddy Sammidi (Managing Director) and Mr. Sammidi Sreekanth Reddy (Non-Executive Director) have combined 5 decades of experience in operating & managing cement manufacturing units and in turning around distressed cement assets. They are also the Managing Director and Joint Managing Director respectively of Sagar Cements Limited.

The following table provides the installed capacity and capacity utilization of cement and clinker at our manufacturing facility Sri Durga Cement Works:

(in metric tonnes)

S. No.	Particulars	Fiscal		
		2024	2023	2022
1.	Installed capacity for cement*	21,41,250	18,15,000	18,15,000
2.	Installed capacity for clinker$	18,00,000	16,50,000	16,50,000
3.	Capacity utilization for cement (%)	24.10	NIL	NIL
4.	Capacity utilization for clinker (%)	33.20	NIL	NIL

 # As certified by K.V. Subramanium Kishore, Chartered Engineer, by way of his certificate dated September 03, 2024
**Weighted average of FY24. 1.815 MTPA for Apr'23-Jun'23 and 2.25 MTPA for Jul'23-Mar'24*
$ Weighted average of FY24. 1.65 MTPA for Apr'23-Jun'23 and 1.85 MTPA for Jul'23-Mar'24

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations and financial condition are affected by a number of important factors including:

Demand and Supply for Products in Southern part of India

Our sales volumes and results of operations are affected by the demand for and supply of cement in southern India, where we have historically made almost all our sales and where most of our cement operations are concentrated. For Fiscal 2024 our revenue from sale of cement in Andhra Pradesh, Telangana and Tamil Nadu was ₹ 13,100 lakhs, ₹ 8,106 lakhs and ₹ 1,351 lakhs respectively constituting 58%, 36%, and 6% respectively, of our revenue from sale of cement for the same period. Since our manufacturing plants are located in the southern regions of India, our business and results of operations are dependent on the economic growth in these regions. The level of economic activity is influenced by a number of factors, including political and regulatory policy, funding received for housing and infrastructure projects from the central and state governments and climatic conditions such as monsoon and drought.

The cement demand is expected to grow at 5-7% over FY24-29 to reach 530-585 MT driven by a growing government push for infrastructure development especially in the rural segment, urban housing growth, and public infrastructure developments like metros, NHAI, smart cities, etc., in different regions of India.The government has from time to time announced schemes with regards to infrastructure development including affordable housing which augurs well for the cement industry. The central government continues to focus on increasing capex outlay to spur growth in light of the 2024 general elections. The infrastructure Capex for FY2023-24 (Budget Estimate) at Rs. 10 lakh crores are almost three times the capital expenditure in FY2019-20. The Government also increased outlay on railways and included plans for 50 new airports in the Union Budget 2023-24. Similarly, the government has increased the allocation to the PM Awas Yojana, with budgetary allocation higher by 66% for FY24, which will further support strong cement demand. The private CapEx is also expected to pick up in the coming years with the support of rising domestic demand and policies like the PLI scheme announced by the government for 13 manufacturing sectors. *Source: CARE Report)*

Any materially adverse social, political or economic development, natural calamities, civil disruptions, changes in the policies of the state or local governments in this region or operating restrictions/ lockdown consequent to outbreak of infectious diseases, could adversely affect manufacturing activities at our facilities, and require a modification of our business strategy, or require us to incur significant capital expenditure. Any such adverse development affecting continuing operations at our facilities could result in significant loss from inability to meet customer contracts and production schedules and could materially affect our business reputation within the industry. We cannot assure you that there will not be any significant disruptions in our operations in the future. In addition, the concentration of number of cement manufacturing companies in South India reduces the amount of revenues we can generate from the sale of our cement products. The occurrence of, or our inability to effectively respond to, any such event s or effectively manage the competition in the region, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects.

Cost and Availability of Raw Materials and Power and Fuel

Our cost of materials consumed and power and fuel costs constitute a significant component of our cost structure. We are dependent on a steady supply of raw materials and inputs for our manufacturing businesses. While we have captive consumption of our primary raw material limestone from our mine situated at Gamalapadu and Ramapuram, we still rely on a selected number of suppliers to provide the required quantities of coal, petcoke, alternative fuels and certain other raw materials (such as gypsum, fly ash, alumina clay and waste derived alternative raw materials). As of July 31, 2024, we had 18 suppliers which supply us with raw materials, such as gypsum, fly ash, alumina clay and waste-derived alternative raw materials. We use imported and domestic coal to meet our fuel requirements of our operations. Increases in the global prices for coal, have in the past resulted in increases in our cost of fuel expenses.

If the costs of raw materials and power and fuel continue to increase or continue at the current level, it may have an adverse impact on our results of operations. We cannot predict future price trends for power and fuel supplies and raw materials, or the degree of any volatility. If we are unable to obtain adequate power and fuel supplies and raw materials in a timely manner or on acceptable commercial terms, or if there are significant increases in the cost of these supplies, our business and results of operations may be materially and adversely affected.

Capacity utilization and capacity expansion

Our operating margins and profitability depends on capacity utilization as higher capacity utilization results in increased manufacturing volumes, and enables us to achieve greater economies of scale. Manufacturing levels are affected by the number of lost days due to scheduled and unscheduled facility shutdowns. Future growth will be driven by our ability to sustain and increase our capacity utilisation, as well as by our ability to sell the increased volumes of cement that we anticipate producing. Growth will also be largely dependent upon demand for cement in India out-balancing supply. In case of oversupply in the industry or lack of demand we may not be able to utilise our expanded capacity efficiently. Our capacity utilization for cement was 24.10% for the financial year ended March 31, 2024 and our capacity utilization for clinker was 33.20% in the same period. For further information, see "*Our Business - Capacity and Capacity Utilization*" on page 122. Under-utilization of our manufacturing capacities over extended periods, or significant under-utilization in the short term, or an inability to fully realize the benefits of our recently implemented capacity expansion, could materially and adversely impact our business, growth prospects and future financial performance.

As part of our plans, we intend to utilise a portion of the Net Proceeds for part-funding of capacity expansion and modernization of existing manufacturing facility at "Sri Durga Cement Works", Dachepalli, Palnadu District, Andhra Pradesh, Civil Works and Electrical & Instrumentation ("**Proposed Project**"). As per the detailed project report issued by R V Consulting Services Private Limited ("DPR"), total estimated cost of the Proposed Project is ₹47,069.00 lakhs of which our Company proposes to utilise ₹ 16,700.00 9 lakhs from the Net Proceeds. Further, our Company has deployed ₹ 4009.75 lakhs towards meeting the expenditure incurred on the Proposed Project as on September 20, 2024, which is certified by Independent Chartered Accountants, vide their certificate dated September 21, 2024. Orders for purchase of the machinery / equipment worth ₹ 1,613.06 lakhs have been placed as on the date of this Draft Letter of Offer. We believe we will be able to handle larger volumes and increase our revenue generation capacity. To remain profitable, we must maintain optimum levels of capacity utilization at our facility. If we are unable to achieve and maintain optimum levels of capacity utilization at our facilities in the future, our financial condition and results of operations may be adversely affected.

Seasonal Variations

In line with the general trend in the cement/building materials industry, our business is subject to seasonal variations on account of lower demand for building materials during the monsoon season. There is a cyclical trend in cement consumption, as it is low during April to October mainly on account of monsoon and picks up subsequently over the November to March period with pick-up in construction activity. As a result, the production is lower in the 1st and 2nd quarter of the financial year, and usually witnesses a significant growth in the 3rd and 4th quarters of the financial year. *(Source: CARE Report)*

Consequently, our revenues recorded during the months of June to September are typically lower compared to other periods. During the monsoons, construction activity is curtailed and we generally plan major repairs and maintenance of our plant and equipment during such times, to take advantage of the reduced demand, so as to ensure that plant and equipment are working efficiently when the demand usually picks up subsequent to the monsoons in the third quarter of a Fiscal.

Competition and Pricing Pressure

Cement is a commodity product and competition among manufacturers is based largely on price. Prices are often subject to material changes in response to relatively minor fluctuations in supply and demand, general economic conditions and other market conditions beyond our control. We compete with domestic cement companies, as well as international cement companies. Our competitors may also make strategic acquisitions or establish co-operative relationships among themselves or with third parties, including dealers of cement, thereby increasing their ability to address the needs of our target customers. We depend on the strength of our brand to sell our products. We will be required to compete effectively with our existing and potential competitors, to maintain and grow our market share and in turn, our results of operations.

The cement industry in India is highly fragmented and competitive with the presence of a few large players and several medium and small players. We face competition from private players including Ultratech Cement, ACC Ltd, Dalmia Bharat, Shree Cements and Ambuja Cements who form the large corporations who collectively control nearly one-half of India's installed capacity. The Indian cement industry is also highly fragmented by region, with each region being dominated by a few regional heavyweights. In the southern markets, we are competing with India Cements Ltd, Kesoram Industries, Orient Cement Limited, NCL Industries Limited, Deccan Cements Limited and Anjani Portland Cement Limited.

Cement prices continue to rise on a Y-o-Y basis on account of increased raw material costs due to inflationary pressure and supply chain disruption. The price increase started in CY2022 with the Russia-Ukraine conflict which raised the costs of Petcoke and Brent Crude, and international coal prices. Due to pressure on operating margins, cement players passed on rising cost to consumers, thereby resulting in hike in cement prices in India. The power and fuel coast which accounts for almost 30% of the industry cost elevated further in the start of FY23 due the Russia -Ukraine war. The petcoke prices and crude oil prices though started cooling down in FY23 further effected the costs which led to hike in prices by 4-5% in FY23 to protect the profitability. *(Source: CARE Report)*

An increase in competition may also lead to lower cement prices and profit margins. Our pricing policy is based on several factors including the cost of operations and raw materials, our competitive position and the pricing of certain products in the markets.

Government Policies and Regulations

The government has from time-to-time announced schemes with regards to infrastructure development including affordable housing which augurs well for the cement industry. The central government continues to focus on increasing capex outlay to spur growth in light of the 2024 general elections. The infrastructure Capex for FY2023-24 (Budget Estimate) at Rs. 10 lakh crores is almost three times the capital expenditure in FY2019-20. The Government also increased outlay on railways and included plans for 50 new airports in the Union Budget 2023-24 *(Source: CARE Report).*

Mining rights are subject to compliance with certain terms and conditions and are also governed by the relevant state authorities and accordingly, any change in state policy would impact the operations of the relevant mine. Further, the Government of India has the power to take action with respect to mining rights, including imposing fines or restrictions, revoking the mining rights or changing the amount of royalties payable for mining the mines. Though there has been no instance of termination of any our mining lease in past, our mining leases may be terminated for various reasons, including but not limited to breach of the conditions of the mining lease agreements or due to changes in law. Further, in case of increase of rate of royalty for mining of limestone, which is currently ₹105.60 per MT, will result in increase our cost of production. There can be no assurance that we will be able to retain such leasehold rights on acceptable terms, or, if obtained, such rights may not be obtained in a timely manner or may involve requirements which restrict our ability to conduct our operations or to do so profitably.

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently to the periods presented in the Restated Financial Statements for the Fiscals 2024, 2023 and 2022. For details of our significant accounting policies, please refer section titled "Financial Information" on page 150.

PRINCIPAL COMPONENTS OF OUR STATEMENT OF PROFIT AND LOSS

Total Income

Our total income comprises revenue from operations and other income.

Revenue from operations

Includes revenue from sales of cement and clinker

Other income

Other income includes interest income on financial assets at amortized cost, liabilities no longer required to be written back and rental income

Expenses

Our total expenses comprise of cost of material consumed, change in inventories of finished goods and work-in-progress, employee benefit expenses, finance cost, depreciation and amortization expenses and other expenses.

Cost of materials consumed

Cost of materials consumed represent cost of raw materials consumed such as fly ash, gypsum, coal, petcoke, water etc.

Changes in inventories of finished goods and work-in-progress

Changes in inventories of finished goods and work- in- progress represent the difference between the opening and closing stock of finished goods and work in progress kept as inventory.

Employee benefits expenses

Employee benefits expenses include salaries and wages, including bonus contribution to provident and other funds and staff welfare expenses.

Finance Cost

Finance cost includes interest expense on term loan, working capital loans & unsecured loans (from related parties). It also includes unwinding cost on term loans, interest on lease liabilities and other borrowing cost.

Depreciation and amortisation expense

Depreciation and amortisation expenses comprises depreciation on property, plant and equipment i.e. buildings, plant and machinery, furniture and fittings, office and other equipment, electrical installations, computers, railway siding and vehicles and depreciation on right of use assets.

Power and fuel expenses

Power and fuel expenses include the expenses towards power and coal consumed.

Freight and forwarding expenses

Freight and forwarding expenses include expenses towards freight on raw materials to the manufacturing plant and forwarding of finished goods from the manufacturing plant to the customers.

Other expenses

Other expenses include packing materials consumed, stores and spares consumed, repairs and maintenance, selling expenses, rent, insurance, rates and taxes, expenditure on corporate social responsibility, payment to auditors, travelling and conveyance, security services, donation and contributions, legal and other professional charges, administrative expenses, net loss on foreign currency transactions and translation, directors sitting fees and miscellaneous expenses.

Exceptional items

Exceptional items include reversal of provision for impairment on property, plant and equipment.

Tax expenses

Tax expense comprises of current and deferred taxes.

RESULTS OF OUR OPERATIONS FOR FISCALS 2024, 2023 AND 2022

The following table provides information with respect to our results of operations for Fiscals 2024, 2023 and 2022 from our Restated Financial Statements.

in ₹ lakhs

Particulars	Fiscal 2024*	For Fiscal 2023*	For Fiscal 2022*
Income			
Revenue from operations	26,811	0	0
Other income	851	48	61
Total Income	27,662	**48**	**61**
Expenses			
Cost of materials consumed	4,248	0	0
Changes in inventories of finished goods and work-in-progress	(1,924)	33	0
Employee benefit expenses	1,326	744	1,127
Finance Costs	7,054	1,567	15,836
Depreciation and Amortization expense	5,641	4,679	4,659
Power and fuel expenses	14,982	105	147
Freight and forward expense	4,478	0	0
Other expenses	4,025	1,713	1,787
Total Expenses	**39,830**	**8,841**	**23,556**
Restated Loss before exceptional items and tax	**(12,168)**	**(8,793)**	**(23,495)**
Exceptional items	1,479	97,163	(134)
Restated (Loss)/profit before for the year	**(10,689)**	**88,370**	**(23,629)**
Tax Expenses			
Current Tax	0	0	0
Deferred Tax	(4,128)	(6,592)	0
Total tax expenses	(4,128)	**(6,592)**	**0**
Restated Net (loss)/profit for the year	**(6,561)**	**94,962**	**(23,629)**

* *Each item as a percentage of total income for the periods indicated in the above table are not calculated as the revenue from the operations in such periods were nil/negligible.*

FISCAL 2024 COMPARED TO FISCAL 2023

Total Income

Our total income stood at ₹ 27,662 lakhs in the Fiscal 2024 as compared to ₹ 48 lakhs in the Fiscal 2023. Our revenue from operations stood at ₹ 26,811 lakhs in the Fiscal 2024 as compared to ₹ Nil in the Fiscal 2023 as the Company has undertaken operations during these Fiscal 2024.

Expenses

Our total expenses stood at ₹ 39,830 lakhs in the Fiscal 2024 as compared to ₹ 8,841 lakhs in the Fiscal 2023, on account of commencement of commercial operations in Fiscal 2024.

The cost of materials consumed stood at ₹ 4,248 lakhs in Fiscal 2024 as compared to ₹ Nil lakhs in the Fiscal 2023 on account of commencement of operations in Fiscal 2024, changes in inventories of finished goods and work-in-progress ₹ (1,924) lakhs in Fiscal 2024 as compared to ₹ 33 lakhs in the Fiscal 2023, change is due to on account of commencement of operations in Fiscal 2024 and freight & forwards expenses were ₹ 4,478 lakhs in Fiscal 2024 as compared to ₹ Nil lakhs in the Fiscal 2023 on account of commencement of operations in Fiscal 2024. In the Fiscal 2024, the employee benefit expenses was ₹ 1,326 lakhs, finance cost was ₹ 7,054 lakhs, depreciation and amortisation expense was ₹ 5,641 lakhs, power and fuel expenses was ₹ 14,982 lakhs, and other expenses was ₹4,025 lakhs as compared to Fiscal 2023 where employee benefit expenses was ₹ 744 lakhs, finance cost was ₹ 1,567 lakhs, depreciation and amortisation expense was ₹ 4,679 lakhs, power and fuel expenses was ₹ 105 lakhs, and other expenses was ₹ 1,713 lakhs, change is due to on account of commencement of operations in Fiscal 2024.

Tax expenses

The tax expenses were ₹ (4,128) lakhs and ₹ (6,592) lakhs for the Fiscals 2024 and 2023 respectively. Deferred tax expenses represent changes in deferred tax assets and deferred tax liabilities.

Net loss / profit for the period

As a result of the foregoing factors, our restated loss was ₹ (6,562) lakhs in Fiscal 2024, compared to restated profit of ₹ 94,962 lakhs in Fiscal 2023.

The Company had incurred operational losses of ₹ (8,793) lakhs for the Fiscal 2023 before exceptional items, however due to implementation of resolution plan extraordinary gain has been recognized on account of reversal of liabilities after settlements which resulted in restated profit of ₹ 94,962 lakhs in Fiscal 2023.

FISCAL 2023 COMPARED TO FISCAL 2022

Total Income

Our total income stood at ₹ 48 lakhs in the Fiscal 2023 as compared to ₹ 61 lakhs in the Fiscal 2023. Our revenue from operations were nil for the Fiscal 2023 and Fiscal 2022 as the Company did not undertake any operations during these Fiscals. Our total income for the aforesaid Fiscals only comprised of other income.

Expenses

Our total expenses decreased to ₹ 8,841 lakhs in the Fiscal 2023 from ₹ 23,556 lakhs in the Fiscal 2022 primarily due to decrease in the finance cost. The finance cost decreased to ₹ 1,567 lakhs in the Fiscal 2023 from ₹ 15,836 lakhs in the Fiscal 2022. The CIRP process was initiated in April 2022 post which the Company was under the moratorium period and no interest was levied on the borrowings availed by the Company. The other expenses in the aforesaid Fiscals stood as given below:

The cost of materials consumed and freight & forwarding expenses were nil in the Fiscals 2023 and 2022 as there were no operations undertaken by the Company. The changes in inventories of finished goods and work-in-progress stood at ₹ 33 lakhs in the Fiscal 2023 as compared to ₹ Nil lakhs in the Fiscal 2022. In the Fiscal 2023, the employee benefit expenses was ₹ 744 lakhs, depreciation and amortisation expense was ₹ 4,679 lakhs, power and fuel expenses was ₹ 105 lakhs, and other expenses was ₹ 1,713 lakhs as compared to Fiscal 2022 where employee benefit expenses was ₹ 1,127 lakhs, depreciation and amortisation expense was ₹ 4,659 lakhs, power and fuel expenses was ₹ 147 lakhs, and other expenses was ₹ 1,787 lakhs.

Exceptional items

Exceptional items stood at ₹ 97,163 lakhs in the Fiscal 2023 as compared to ₹ (134) lakhs in the Fiscal 2022. This increase was majorly due to extinguishment of dues towards secured & unsecured financial creditors, operational creditors and other current & non-current liabilities written back, pursuant to the CIRP process which was initiated in April 2022, and concluded via the NCLT order in March 2023.

Tax expenses

Our total tax expenses include only deferred tax expenses which stood at ₹ (6,592) lakhs in the Fiscal 2023 as compared to Nil in 2022. Deferred tax expenses represent changes in deferred tax assets and deferred tax liabilities.

Net loss / profit for the period

Our restated profit for was ₹ 94,962 lakhs in Fiscal 2023, compared to restated loss ₹ (23,629) lakhs in Fiscal 2022. This increase was majorly due to the increase in exceptional items as substantiated above.

Liquidity and Capital Resources

As on March 31, 2024, we had a sum of ₹ 2,696 lakhs in cash and cash equivalent comprising of cash in hand, balances with bank and deposits with bank.

We expect to meet our future working capital and capital expenditure requirements through internal accruals, borrowings from banks & financial institutions and through issue proceeds.

Cash Flow

The following table summarizes our statements of cash flows for the periods presented:

in ₹ lakhs

Particulars	**For the Fiscals**		
	2024	**2023**	**2022**
Cash flow from operating activities	(2,672)	(101)	2,074
Cash flow from investing activities	(9,595)	(3,513)	59
Cash flow from financing activities	8,968	7,983	(2,133)
Net (decrease)/increase in cash and cash equivalents	(3,299)	4,369	0
Cash and cash equivalents at the end of the year	1,071	4,370	1

Cash flow from operating activities

For Fiscal 2024

Restated Net Profit/ (loss) before tax stood at ₹ (10,689) lakhs. The primary adjustments were on the account of Depreciation and Amortization expense of ₹ 5,641 lakhs, Finance Cost of ₹ 7,054 lakhs and Reversal of Impairment on property, plant and equipment of ₹ (1,479) lakhs.

Resultantly the operating profit before working capital adjustments was ₹ (328) lakhs.

The changes in working capital were due to:

1) Increase in Trade Receivables of ₹ (3,851) lakhs
2) Increase in Inventory of ₹ (5,402) lakhs
3) Increase in Other Financial Assets of ₹ (895) lakhs
4) Increase in Other Assets of ₹ (331) lakhs
5) Increase in Trade Payables of ₹ 7,180 lakhs
6) Decrease in Other Financial Liabilities of ₹ (40) lakhs
7) Decrease in Provisions of ₹ (6) lakhs
8) Increase in Other Liabilities of ₹ 1,052 lakhs

During this period our Income tax refund received/ (paid) was ₹ (51) Lakhs. Consequent to the above, our Net cash generated from/ (used in) operating activities ₹ (2,672) lakhs.

For Fiscal 2023

Net Profit/ (loss) before tax stood at ₹ 88,370 lakhs. The primary adjustments were on the account of Depreciation and Amortization expense of ₹ 4,679 lakhs, Finance Cost of ₹ 1,567 lakhs, Impairment losses / (reversal) on property, plant and equipment of ₹ 4,709 lakhs and Exceptional Items of ₹ (1,01,872) lakhs.

Resultantly the operating profit before working capital adjustments was ₹ (2,332) lakhs.

The changes in working capital were due to:

1) Decrease in Trade Receivables of ₹ 5 lakhs
2) Decrease in Inventory of ₹ 58 lakhs
3) Increase in Other Financial Assets of ₹ (7) lakhs
4) Increase in Other Assets of ₹ (774) lakhs
5) Increase in Trade Payables of ₹ 3,628 lakhs
6) Decrease in Other Financial Liabilities of ₹ (674) lakhs

During this period our Income tax refund received/ (paid) was ₹ (5) Lakhs. Consequent to the above, our Net cash generated from/ (used in) operating activities ₹ (101) lakhs.

For Fiscal 2022

Net Profit/ (loss) before tax stood at ₹ (23,629) lakhs. The primary adjustments were on the account of Depreciation and Amortization expense of ₹ 4,659 lakhs, Finance Cost of ₹ 15,836 lakhs.

Resultantly the operating profit before working capital adjustments was ₹ (1,630) lakhs.

The changes in working capital were due to:

1) Decrease in Trade Receivables of ₹ 345 lakhs
2) Decrease in Inventory of ₹ 3 lakhs
3) Decrease in Other Financial Assets of ₹ 965 lakhs
4) Decrease in Other Assets of ₹ 73 lakhs
5) Increase in Trade Payables of ₹ 787 lakhs
6) Increase in Other Financial Liabilities of ₹ 588 lakhs
7) Decrease in Provisions of ₹ (14) lakhs
8) Increase in Other Liabilities of ₹ 952 lakhs

During this period our Income tax refund received/ (paid) was ₹ 5 Lakhs. Consequent to the above, our Net cash generated from/ (used in) operating activities ₹ 2,074 lakhs.

Cash flow from investing activities

For Fiscal 2024

For Fiscal 2024, net cash used in investing activities was ₹ (9,595) lakhs. This primarily included capital expenditure on property, plant and equipment, including capital advances (net) of ₹ (11,396) lakhs, deposits placed and not considered as cash and cash equivalents of ₹ (700) lakhs, proceeds from sale of property, plant and equipment of ₹ 2,403 lakhs and interest received of ₹ 98 lakhs.

For Fiscal 2023

In Fiscal 2023, net cash used in investing activities was ₹ (3,513) lakhs. This primarily included capital expenditure on property, plant and equipment, including capital advances of ₹ (2,733) lakhs, deposits placed and not considered as cash and cash equivalents of ₹ (827) lakhs and interest received of ₹ 47 lakhs.

For Fiscal 2022

In Fiscal 2022, net cash used in investing activities was ₹ 59 lakhs. This primarily included deposits placed and not considered as cash and cash equivalents of ₹ (1) lakhs, proceeds from sale of property, plant and equipment of ₹ 4 lakhs and interest received of ₹ 56 lakhs.

Cash flow from financing activities

For Fiscal 2024

For Fiscal 2024, net cash (used in)/generated from financing activities was ₹ 8,968 lakhs. This was primarily due to proceeds from non-current borrowings of ₹ 8,963 lakhs, repayment from non-current borrowings of ₹

(2) lakhs, proceeds of loan from related party of ₹ 4,000 lakhs, proceeds from current borrowings (net) of ₹ 2,067 lakhs, repayment of lease liabilities of ₹ (16) lakhs and finance costs of ₹ (6,044) lakhs.

For Fiscal 2023

In the Fiscal 2023, net cash (used in)/generated from financing activities was ₹ 7,983 lakhs. This primarily included Proceeds from issue of shares including securities premium of ₹ 32,223 lakhs, proceeds from non-current borrowings ₹ 50,080 lakhs, repayment from non-current borrowings of ₹ (36,159) lakhs and finance costs of ₹ (38,161) lakhs.

For Fiscal 2022

In the Fiscal 2022, net cash (used in)/generated from financing activities was ₹ (2,133) lakhs. This primarily included proceeds from current borrowings (net) of ₹ 394 lakhs, proceeds of loan from related party of ₹ 292 lakhs and finance costs of ₹ (2,819) lakhs.

CONTINGENT LIABILITIES

Based on legal opinion/advice obtained, no financial implication to the Company with respect to the following cases is perceived as on the Balance Sheet date:

i) Claims against the Company not acknowledged as debt:

PARTICULARS	AS AT MARCH 31, 2024*	AS AT MARCH 31, 2023*	AS AT MARCH 31, 2022#
Direct tax matters	-	-	2
Indirect tax matters	-	-	3,618
Others	-	-	418

* Claims / Debts against the Company upto the closing date which are addressed under the NCLT approved resolution plan are not included in contingent liabilities though many of such claims / debts may be pending for disposal at various judicial forums. As per clause 3.3.13 of the aforesaid resolution plan, these liabilities stands extinguished. Accordingly, the management has assessed that the possibility of outflow of resources embodying economic benefits with respect to such claims / debts is remote.

All direct and indirect tax liabilities relating to assessments of earlier year upto the closing date stand extinguished as per the NCLT approved resolution plan. Further, the implementation of the resolution plan does not have any effect over claims or receivables owed to the Company. Accordingly, the Company has assessed that any receivables due to the Company, evaluated based on merits of underlying litigations, from various governmental agencies continues to subsist.

Excluding interest and penalty imposable, if any, at the time of disposition of the respective case.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements.

Related Party Transactions

We have engaged in the past, and may engage in the future, in related party transactions with our ultimate holding company, holding company, key management personnel and their relatives, Non-executive and Independent Directors and enterprises over which our key management personnel, ultimate holding company and holding company have significant influence, on an arm's length basis. Such transactions could be for remuneration, for purchase of fixed assets, clinker, stores, for loans, sale of clinker etc. For further details of our related party transactions, see "*Financial Statements*" on page 150

Summary of reservations or qualifications or matters of emphasis or adverse remarks of auditors

Except as disclosed below, there are no matters of emphasis included the Restated Financial Statements for the years ended March 31, 2024, March 31, 2023 and March 31, 2022:

For the Period	Nature of Reporting	Observation	Impact on the financial statements and financial position of the Company	Corrective steps taken and / or proposed to be taken by the Company
2021-22	Emphasis of matters, Material Uncertainty Related to Going Concern, and Other Matters	**Emphasis of Matter** 1. Confiscating the capital goods having import value of ₹ 3,979 Lakhs by Customs Authorities due to non-fulfilment of export obligations **Material Uncertainty Related to Going Concern** 1. The company is in Corporate Insolvency Resolution Process ("CIRP") which indicate the existence of a material uncertainty that may cast significant doubt on the company's ability to continue as going concern. **Other Matters** 1. An amount of ₹ 102 lakhs and ₹ 2.00 lakhs pertaining to unpaid/unclaimed matured Deposits and Redeemable Cumulative First Preference Shares respectively are yet to be transferred to the Investor Education and Protection Fund by the Company as on March 31, 2022.	NIL	NIL

Change in accounting policies

Other than as disclosed in the '*Financial Statements'* on page 150, there have been no changes in accounting policies in the last 3 Fiscals.

Quantitative and Qualitative Disclosures about Market Risk

The Company is exposed to various financial risks such as market risk, credit risk and liquidity risk. The financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

Market Risk

The Company's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and changes in interest rates. There have been no changes to the Company's exposure to market risk or the manner in which it manages and measures the risk in recent past. 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 (i) interest rate risk and (ii) currency risk. Financial instruments affected by market risk include borrowings and bank deposits.

(i) 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.

(ii) Foreign currency risk -is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to import of store and spare and other materials. The Company's foreign currency risks are identified, measured and managed at periodic intervals in accordance with the Company's policies.

Credit Risk

Credit risk is the risk that counterparty will default on its contractual obligations resulting in financial loss to the company. The Company has adopted a policy of only dealing with creditworthy customers. In many cases an appropriate advance as security deposits or letter of credit / bank guarantee is taken from the customers to cover the risk. In other cases, credit limit is granted to customer after assessing the credit worthiness based on the information supplied by credit rating agencies, publicly available financial information or its own past trading records and trends. At March 31, 2023, the company did not consider there to be any significant concentration of credit risk, which had not been adequately provided for. The carrying amount of the financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the maximum exposure to credit risk.

Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. 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. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

Competitive Conditions

We operate in a competitive environment. For further information, see '*Risk Factors*', *'Industry Overview'*, *'Our Business - Competition'* on pages 24, 86 and 134 respectively.

Seasonality / Cyclicality of business

Our business is impacted by seasonality and is cyclic in nature. For further information see "*Risk Factor- Our Company's products are commodities, which are subject to significant changes in supply and demand due to number of factors beyond our control including seasonal changes in demand, which could affect our business and results of operations adversely" on page 33*

Known trends or uncertainties

Our business has been, and we expect will continue to be, subject to significant economic changes arising by the trends identified above under *'Principal factors affecting our financial condition and results of operations'* on page 208 and the uncertainties described in the section *'Risk Factors'* on page 24. To our knowledge, except as we have described in this Draft Letter of Offer, there are no known trends or uncertainties, that have or had or are expected to have a material adverse impact on our revenues from continuing operations.

Future relationships between costs and income

Except as disclosed in this Draft Letter of Offer, to our knowledge there are no known factors that we expect will have a material adverse impact on the costs or income from operations of our Company in future.

Unusual or infrequent events or transaction

As on the date of this Draft Letter of Offer, there have been, to our knowledge, no unusual or infrequent events or transactions that have in the past, or may in the future, affect our business operations or future financial performance.

Significant dependence on a single or few suppliers or customers

We are not dependent on a selected group of customers for majority of our revenue.

Significant Developments after March 31, 2024, that may affect our results of operations

Except as disclosed elsewhere in this Draft Letter of Offer, there are, to our knowledge, no significant developments after the date of the last financial statements contained in this Draft Letter of Offer which materially and adversely affects, or is 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.

CAPITALISATION STATEMENT

The following table sets forth our capitalisation as at March 31, 2024 on the basis of our Restated Financial Statements, and as adjusted for the proposed Offer. This table should be read in conjunction with '*Risk Factors*', '*Management's Discussion and Analysis of Financial Condition and Results of Operations*', and '*Financial Statements*' on pages 24, 206 and 150, respectively.

(in ₹ lakhs, except ratios)

Particulars	Pre-Issue as at March 31, 2024	As adjusted for the Issue
Total borrowings		
Non-current borrowings (including current maturity) (A)	65,452	[●]
Current borrowings (B)	2,067	[●]
Total borrowings (C) = (A)+(B)	67,519	[●]
Total equity attributable to equity holders of our Company		
Equity share capital *	9,217	[●]
Other equity *#	20,464	[●]
Total equity attributable to equity shareholders of our Company (D)	29,681	[●]
Non-current borrowings / total equity attributable to equity shareholders of the Company = (A) / (D)	2.21	[●]
Ratio: Total borrowings / total equity attributable to equity shareholders of the Company = (C) / (D)	2.27	[●]

** These terms shall carry the meaning as per Schedule III of the Companies Act, 2013 (as amended).*

 # It has not been adjusted for the estimated issue expenses.

MARKET PRICE INFORMATION

The Equity Shares are listed on BSE and NSE. The Rights Equity Shares will be listed on BSE and NSE pursuant to the Issue. For further details, see '*Terms of the Issue*' on page 240.

We have received in-principle approvals for listing of the Rights Equity Shares on the Stock Exchanges to be issued pursuant to the Issue from the BSE and NSE by their letters dated [●] and dated [●] respectively. Our Company will also make applications to BSE and NSE to obtain the listing and trading approvals from the respective Stock Exchanges for the Rights Entitlements as required under the SEBI Rights Issue Circular.

Stock Market Data of the Equity Shares

The following table sets forth the high, low, and average market price of the Equity Shares recorded on the BSE and the NSE during the preceding 3 Fiscal, and the number of the Equity Shares traded on the days when the high and low prices were recorded:

BSE												
Fiscal	**High (₹)**	**Date of high**	**Volume on date of high (No. of Equity Shares)**	**Total Turnover on date of high (₹)**	**Low (₹)**	**Date of low**	**Volume on date of low (No. of Equity Shares)**	**Total Turnover on date of low (₹)**	**Equity shares traded in the year**	**Turnover (₹ in lakhs)**	**No. of trading days in the period**	**Average market price (₹)**
2024	158.75	05-06-23	97,051	1,52,03,481	54.94	10-05-23	504	29,062	38,30,684	4,171.58	223	102.54
2023	15.75	12-04-22	1,46,575	22,23,904	4.88	02-03-23	6,35,494	31,10,485	1,00,89,319	932.09	112	8.52
2022	37.40	05-08-21	1,55,797	53,71,145	5.13	19-04-21	1,33,459	7,18,339	6,54,63,906	11,456.67	248	16.49

Source: www.bseindia.com

			NSE									
Fiscal	**High (₹)**	**Date of high**	**Volume on date of high (No. of Equity Shares)**	**Total Volume on date of high (₹)**	**Low (₹)**	**Date of low**	**Volume on date of low (No. of Equity Shares)**	**Total Volume on date of low (₹)**	**Equity shares traded in the year**	**Turnover (₹ in lakhs)**	**No. of trading days in the period**	**Average market price (₹)**
2024	158.25	05-06-23	2,98,848	46,71,27,34.95	77	28-03-24	2,06,739	1,64,67,301.55	1,78,64,950	18,562.36	173	104.26
2023	15.70	12-04-22	4,50,292	68,01,212.65	4.90	02-03-23	12,32,726	60,90,628.20	2,04,42,800	2,367.59	37	11.71
2022	20.40	29-10-21	36,10,173	6,98,91,647.70	5.25	03-05-21	1,41,917	7,54,109.70	9,77,37,567	14,406.25	158	13.44

Source: www.nseindia.com

The total number of days traded on the BSE during the last 6 months was 123 days. The average volume of Equity Shares traded on the BSE during the last 6 months was 19,850 Equity Shares per day.

The high and low prices and volume of Equity Shares traded on the respective date on the BSE during the last 6 months preceding the date of filing of this Draft Letter of Offer are as follows:

BSE										
Month	**High (₹)**	**Date of High**	**Volume on date of high (No. of Equity Shares)**	**Total Turnover on date of high (₹)**	**Low (₹)**	**Date of Low**	**Volume on date of low (No. of Equity Shares)**	**Total Turnover on date of low (₹)**	**Total number of days of trading**	**Average**
August 2024	99.24	01-08-24	11,619	11,34,303	89.10	30-08-24	10,606	9,67,003	21	93.82
July 2024	103.75	24-07-24	46,147	46,96,533	92.00	22-07-24	15,067	14,20,672	22	97.53
June 2024	110.50	12-06-24	1,44,883	1,53,35,864	76.38	05-06-24	14,004	11,13,068	19	94.54
May 2024	98.19	03-05-24	21,634	20,83,852	82.35	27-05-24	46,090	39,51,405	22	90.96
April 2024	99.06	29-04-24	42,992	41,50,658	79.17	01-04-24	9,276	7,57,173	20	90.31
March 2024	99.95	04-03-24	8,765	8,47,442	77.00	28-03-24	46,594	37,00,387	19	86.58

Source: www.bseindia.com

The total number of days traded on the NSE during the last 6 months was 123 days. The average volume of Equity Shares traded on the NSE during the last 6 months was 1,33,206 Equity Shares per day.

The high and low prices and volume of Equity Shares traded on the respective date on the NSE during the last 6 months preceding the date of filing of this Draft Letter of Offer are as follows:

	NSE									
Month	**High (₹)**	**Date of High**	**Volume on date of high (No. of Equity Shares)**	**Total Turnover on date of high (₹)**	**Low (₹)**	**Date of Low**	**Volume on date of low (No. of Equity Shares)**	**Total Turnover on date of low (₹)**	**Total number of days of trading**	**Average**
August 2024	99.70	01-08-24	77,690	75,80,613.50	90.07	29-08-24	54,516	49,65,831.33	21	93.75
July 2024	103.85	24-07-24	3,41,579	3,47,67,830.98	92.25	22-07-24	32,338	30,50,878.55	22	97.60
June 2024	110.40	12-06-24	13,75,783	14,53,81,774.62	76.00	05-06-24	1,04,461	82,98,390.65	19	94.56
May 2024	98.45	03-05-24	1,26,374	1,21,79,459.15	82.15	27-05-24	88,228	76,80,020.50	22	90.86
April 2024	99.90	29-04-24	4,04,899	39309897.75	79.50	01-04-24	26,698	21,69,739.05	20	90.23
March 2024	99.90	04-03-24	1,27,461	1,23,26,147.75	77.00	28-03-24	2,06,739	1,64,67,301.55	19	86.51

Source: www.nseindia.com

The Board has approved the Issue at their meeting held on March 28, 2024. The high and low prices of Equity Shares as quoted on the BSE and NSE on April 01, 2024, the day on which the trading in the Equity Shares happened immediately following the date of the Board meeting are as follows:

Date	**Volume (No. of Equity Shares)**	**High Price (₹)**	**Low Price (₹)**
BSE			
April 01, 2024	9,276	81.94	79.17
NSE			
April 01, 2024	26,698	81.60	79.50

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

The closing market price of the Equity Shares as on September 27, 2024 i.e. one working day prior to filing of this Draft Letter of Offer was ₹ 87.03 on the BSE and ₹ 87.00 on the NSE. The Issue Price is ₹ [●] per Rights Equity Share.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND OTHER MATERIAL DEVELOPMENTS

Our Company, its Directors and its Promoter are involved in certain legal proceedings from time to time, primarily in the nature of tax disputes, criminal complaints, civil suits and petitions, which are pending before various authorities.

Except as stated in this section, there are no outstanding litigation with respect to (a) criminal proceedings involving our Company, Directors or Promoter; (b) actions by any statutory or regulatory authorities involving our Company, Directors or Promoter; (c) disciplinary action including penalty imposed by SEBI or stock exchanges against our Promoter in the last 5 Fiscals including outstanding action; (d) claim involving our Company, Directors or Promoter for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved); and (e) other pending litigations involving our Company, Directors or Promoter (other than proceedings covered under (i) to (iv) above) which have been determined to be material as per the policy of materiality defined by the board of directors of the issuer and disclosed in the Draft Letter of Offer and/or in accordance with the materiality policy framed under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015.

*For the purpose of the Issue, the following outstanding civil litigations have been considered as material and accordingly, have been disclosed in this chapter: any outstanding civil litigation, including tax litigation, involving our Company, where the amount involved exceeds ₹ 268.11 lakhs being 1% of the total revenue from operations of our Company, as per the latest restated audited financial statements (included in the Issue Documents) for the Fiscal 2024 (**Materiality Threshold**).*

Pre-litigation notices received by our Company, its Directors or its Promoter from third parties (excluding notices pertaining to any offence involving issues of moral turpitude, criminal liability, materiality violation of statutory regulations or proceedings related to economic offences) has not been evaluated for materiality until such time our Company, its Directors or its Promoter are impleaded as defendant in litigation proceedings before any judicial / arbitral forum.

Unless stated to the contrary, the information provided below is as of the date of this Draft Letter of Offer.

All terms defined in a particular litigation are for that particular litigation only. In this chapter, the next date of hearing of all matters has been provided, where such date has been notified to our Company, absent which the status of the matter has been simply disclosed as pending.

I. Litigation involving our Company

A. Litigations against our Company

i. Criminal proceedings against our Company

Nil

ii. Outstanding actions by statutory and/or regulatory authorities

Nil

iii. Tax proceedings

Nature of the case	Number of cases	Total amount involved(in ₹ Lakhs)
Direct tax litigations	Nil	Nil
Indirect tax litigations	1	204.52
Total	1	204.52

iv. Other material Litigations

1. Pridhvi Asset Reconstruction and Securitization Company Limited ("**Financial Creditor**") initiated a Corporate Insolvency Resolution Process ("**CIRP**") against our Company through Company Petition (IB) No. 37/7/AMR/2022 on April 13, 2022 before the National Company Law Tribunal, Amaravathi ("**NCLT**"). The NCLT approved the resolution plan submitted by our Promoter vide its order dated February 16, 2023 ("**NCLT Order**"). Subsequently, Sambasiva Transport & Others ("**Applicants**") have filed an Interlocutory Application bearing no. 358 of 2023 against our Company, our Promoter and others ("**Respondents**") before the NCLT. During the financial year 2021-22, Jajpur Cements Limited, which is a wholly owned subsidiary of our Promoter, invested ₹445 crores by way Non-Convertible Debentures ("**NCDs**") into Financial Creditor . The Applicants have sought to recall and set aside and the order of the NCLT on the grounds that on fraudulent motives, material facts including the transaction of ₹445 crores by way of NCDs were suppressed by the Financial Creditor from the NCLT during the CIRP. The Applicants have also challenged the valuation of the assets under CIRP. The matter is currently pending before the NCLT.

2. A R Transport and others ("**Appellants/Operational Creditors**") have filed a Company Appeal bearing reference Company Appeal (AT)(CHE)(INS)No.164 of 2023 ("**Appeal**") against our Company, our Promoter and others ("**Respondents**") before the National Company Law Appellate Tribunal, Chennai ("**NCLAT**"). Pridhvi Asset Reconstruction and Securitization Company Limited ("**Financial Creditor**") initiated a Corporate Insolvency Resolution Process ("**CIRP**") against our Company through Company Petition (IB) No. 37/7/AMR/2022 on April 13, 2022 before the National Company Law Tribunal, Amaravathi ("**NCLT**"). The NCLT approved the resolution plan submitted by our Promoter vide its order dated February 16, 2023 ("**NCLT Order**"). The Appellants have challenged the NCLT Order on the grounds that the NCLT has erred in approving the resolution plan, as there has been an alleged undervaluation of the assets of our Company by the Resolution Professional of the CIRP. Hence, the Appeal has been filed by the Appellants. The matter is currently pending before the NCLAT.

B. Litigations initiated by our Company

i. Criminal proceedings by our Company

Nil

ii. Other material litigations

1. Our Company ("**Petitioner**") has filed a writ petition bearing number 32320 of 2023 ("**Petition**") against the State of Andhra Pradesh ("**Respondent 1**"), the Central Power Distribution Company of Andhra Pradesh Limited ("**Respondent 2**") and certain others (collectively, "**Respondents**") before the High Court of Judicature of Andhra Pradesh, at Amaravathi ("**Court**"). The Andhra Pradesh Electricity Duty Act, 1939 ("**Act**") was amended and the Andhra Pradesh Electricity Duty (Amendment) Act, 2020 ("**Amendment Act**"), was published on August 26, 2021. The Amendment Act amended Section 3(1) of the Act, empowering the State Government to notify the electricity duty ("**Duty**") for different consumer categories. In furtherance to the amendment, the State Government vide notification G.O.Ms. No. 7, Energy (Power-III) Department ("**Order**") dated April 8, 2022 increased the Duty from ₹0.06 paise per unit to ₹1 per unit for commercial and industrial users. Pursuant to the Order, Respondent 2 demanded the consumers including the Petitioner, to pay the revised Duty without the sanction of the State Government. Several Writ Petitions were filed by various parties challenging the Order. The Court vide a common order dated September 15, 2023, granted an interim stay on the Order ("**Interim Stay**"). Subsequent to the Interim Stay by the Court, the State Government issued order dated October 23, 2023 bearing reference no. G.O.Ms. No. 22 Energy (Power-III) Department permitting the licensees to recover the excess duty on electricity as per the Order. Aggrieved by the order dated October 23, 2023, the Petitioner, through the aforesaid Petition, has challenged the constitutional validity of Section 3 of

the Amendment Act, and the validity of the Orders. The matter is currently pending before the Court.

2. Our Company ("**Petitioner**") has filed a writ petition bearing number 35838 of 2014 ("**Petition**") against the State of Andhra Pradesh ("**Respondent 1**"), The District Collector, Guntur ("**Respondent 2**"), The Revenue Divisional Officer, Gurajala ("**Respondent 3**") and the Tahsildar, Dachepally Mandal, Guntur District ("**Respondent 4**") (collectively "**Respondents**"). The Petitioner has challenged the action of Respondents in not finalizing the alienation proposals made by the Petitioner in respect of Ac. 75.00 cents of land in Sy. Nos. 811 to 816 and 844, 845 situated at Gamalapadu Village, Guntur District ("**Land**"). The Petitioner had made representation to Respondent 2 dated October 20, 1978 for alienation of the Land. The Land has been in possession of the Petitioner since February 2, 1982 as per the order of the District Collector in proceedings No. Rc. 475/82-B5 dated January 18, 1982. Vide letter of the Revenue Department, Guntur District dated January 30, 2001, the cost of the Land was fixed at ₹6.78 lakhs and the consent of the Petitioner was accorded. The Petitioner gave its consent vide letter dated March 3, 2001. However, no further action was taken by the Respondents. Further, pursuant to inaction of the Respondents, the Petitioner made another representation dated November 21, 2012. Thereafter, Respondent 2 submitted a requisition to Respondent 3 to send alienation proposals as per the New Land Allotment Policy introduced through order of the State Government bearing reference no. G.O.Ms. No. 571 dated September 14, 2012. Being aggrieved by the action of the Respondents, the Petition was filed before the Court. The matter is currently pending.

3. Our Company and others ("**Petitioners**") have filed a writ petition bearing number 3099 of 2006 against the State of Andhra Pradesh and Others ("**Respondents**") in the High Court of Andhra Pradesh, at Hyderabad ("**Court**"). The Petitioners are challenging the validity of the Andhra Pradesh Mineral Bearing Lands (Infrastructure) Act, 2005 ("**Act**"), imposing cess on mineral produce from mineral bearing land. The Petitioners have alleged that the Act is beyond the competence of the State Legislature and violative of the fundamental rights of the Petitioners. The matter has been adjourned sine die.

4. Our Company ("Petitioner") has filed a writ petition bearing number 15807 of 2024 against the Superintendent GST, Chennai and others("Respondents") in the High Court of Andhra Pradesh at Amravati ("Court"). The Petitioner has challenged the notice dated March 21, 2024 issued by the Respondent, alleging incorrect returns filed for the financial year 2019-2020. The Petitioner responded, citing the Corporate Insolvency Resolution Process (CIRP) initiated against the Company and stating that discrepancies in returns prior to the commencement of the CIRP would automatically extinguish. Despite this, the Respondent issued a subsequent notice dated May 31, 2024, directing the Petitioner to pay ₹ 204.52 Lakhs as a penalty. Aggrieved by this action, the Petitioner filed the writ petition before the Court. The Court, vide its order dated July 24, 2024, stayed all further proceedings.

II. Litigations involving our Directors

A. Litigation against our Directors

i. Criminal proceedings against our Directors

Nil

ii. Outstanding actions by our statutory and/or regulatory authorities

Nil

iii. Tax Proceedings

Nil

iv. Other material litigations

Nil

B. Litigation initiated by our Directors

i. Criminal proceedings

Nil

ii. Other material litigations

Nil

III. Litigation involving our Promoter

A. Litigation against our Promoter

i. Criminal Proceedings against our Promoter

Nil

ii. Outstanding actions by statutory and/or regulatory authorities

The Competition Commission of India (the "**Commission**") registered a Suo Motu Case No.02 of 2019 basis on the numerous allegations received by the Commission that certain cement manufacturing companies, including our Promoter have formed as a cartel in different geographic regions in India. The Commission referred the matter to the Director General vide order dated July 1, 2019 for investigation. Upon submission of Investigation Report by the Director General on July 1, 2022, the Commission issued notices to companies and individuals directing them to file objections by August 16, 2022.Thereafter, the Commission again extended the time up to September 23, 2022 for filing objections and posted the matter to September 29, 2022 for hearing the parties. However the matter was not taken up by the commission and it was decided to reschedule the final hearing. The matter is currently pending**.**

iii. Disciplinary action including penalty imposed by SEBI or stock exchanges against our Promoter in the last 5 Fiscals including outstanding action

Nil

iv. Tax proceedings

Nature of the case	**Number of cases**	**Total amount involved (in ₹ Lakhs)**
Direct tax litigations	5	113.50
Indirect tax litigations	27	1,672.58
Total	**32**	**1,786.08**

v. Other material litigations

1. Vemula Padma ("**Petitioner**") has filed three separate writ petitions numbered W.P.No.25642 of 2021, W.P. 1913 of 2020, W.P.No.6338 of 2018, and W.P.No.4138 of 2024 against our Promoter, Sagar Cements Limited & certain others ("**Respondents**") before the High Court of Judicature of Hyderabad for the State of Telangana and the State of Andhra Pradesh ("**Court**"). The Petitioner has alleged that she has been threatened to be disposed from lawful possession of land situated at Sy. No. 540/539 Peedavedu village of Suryapet District ("**Disputed Property**") at the behest of our Promoter. The Petitioner has further alleged that our Promoter was given possession of land by way of lease for purpose of mining at different location, however there has been illegal interference over the Disputed Property by our Promoter. The Petitioner had also instituted a civil suit O.S. number 115 of 2017 before the Junior Civil Judge at Hukumnagar, pursuant to which ad-interim relief was granted to the Petitioner. The matter is currently pending before the Court.

2. Narrah Venkaiah ("**Plaintiff**") has filed suits bearing number O.S No. 186 of 2014 and O.S. No. 187 of 2014 for perpetual injunction under Section 26, Order VII, Rule 1 of the Civil Procedure Code, 1908 against our Promoter, the deputy-general manager of our Promoter and the personal officer of our Promoter ("**Defendants**") before the Court of the Junior Civil Judge of Huzurnagar ("**Court**"). The Plaintiff is the owner and possessor of an extent of Ac. 1-35 gts, out of Sy. No. 540/12 situated at Pedaveedu Revenue Village, the possession of which is alleged to be interfered by the Defendants. The Plaintiff has in the present matters prayed for permanent injunction restraining the Defendants, awarding of costs and issuing such other reliefs as the Court deems fit. The matter is currently pending before the Court.

3. Narra Venkaiah has filed a writ petition bearing number 8283 of 2015 and Narra Ramakrishna & others have filed a writ petition bearing number 14573 of 2018 (together "**Petitioners**") against our Promoter and others ("**Respondents**"), before the High Court Judicature at Hyderabad, for the State of Telangana and Andhra Pradesh ("**Court**"). The matter arises upon the allegation made by the Petitioners that our Promoter is conducting illegal mining operations by virtue of the leases for mining granted by the Government of Telangana vide its orders G.O.Ms No. 117 dated February 21, 1984, G.O.Ms No. 316 dated November 22, 1997 and G.O.Ms. No. 139 dated July 2, 2004 in covering Sy. No. 540 & 540/A of Pedaveedu village, Mattampally Mandal, Nalgonda District ("**Property**"). The Divisional Forest Officer, Nalgonda vide his order in RC No. 755/2015/S5 dated January 29, 2016 ("**Order**"), informed no mining activity shall be conducted on the Property. The Court has passed an interim order dated February 5, 2016 suspending the Order. The matter is currently pending before the Court.

4. Redapangu Venkateswarlu and Others ("**Petitioners**") filed a writ petition bearing number 25642 of 2020 ("**Petition**") against our Promoter and others ("**Respondents**") before the High Court for the State of Telangana, at Hyderabad ("**Court**"). The subject matter of the Petition is the possession of land to an extent of Ac. 6.00 gts and Ac. 6-16 gts in Peedavedu Village, Mattampally Mandal, Suryapeta District ("**Subject Land**"). Our Promoter has been granted mining lease in respect of the Subject Land by the Government of Andhra Pradesh ("**Government**") by orders G.O.Ms. No. 372 dated September 7, 2002 and subsequently renewed vide G.O.Ms. No. 139 dated July 2, 2004 and G.O.Ms. No. 75 dated August 26, 2017. The lease is valid till August 17, 2034. The Petitioners claim that the Subject Land was assigned by the Government to the Petitioners in 1997 as agricultural land to landless people, and they have never relinquished the Subject Land. Being aggrieved by the action of the Respondents, the present Petition is filed. The matter is currently pending before the Court

5. Nandireddy Narayanamma ("**Petitioner**") filed an original suit bearing no. 197 of 2020 ("**Suit**") against our Promoter ("**Defendant**") before the Court of the Junior Civil Judge, Suryapet District at Huzurnagar ("**Court**"). The subject matter of the dispute is land in Sy No. 540/287/2 admeasuring Ac.3-00 gts ("**Land 1**") and Sy No. 540 admeasuring Ac.2-20 gts ("**Land 2**") situated in Peddaveedu village, Mattampally Mandal (together "**Lands**"). The Petitioner claims that Nandireddy Sambhi Reddy i.e. the

husband of the Petitioner, was the absolute owner of Land 1 by virtue of Lavoni Patta, vide file no. B/449/2010 bearing no. 88200130114 dated September, 2010 by Tahsildar, Mattampally and of Land 2 by virtue of Patta Certificate vide no. A/500/1/1997 dated April 2, 1997 issued by the Revenue Divisional Officer, Mattampally. The Petitioner has claimed that the Defendant has allegedly tried to interfere and attempted to dispossess the Petitioner from the Lands. Hence, the Suit has been filed before the Court seeking perpetual injunction against the Defendant. The matter is currently pending

6. Nandireddy Narayanamma ("**Petitioner**") filed an original suit bearing no. 247 of 2020 ("**Suit**") against our Promoter ("**Defendant**") before the Court of the Junior Civil Judge, Suryapet District at Huzurnagar ("**Court**"). The subject matter of the dispute is land in Sy. No. 307/Ru admeasuring Ac.5-00 gts vide Patta no. 427 and Sy. No. 307/Ka admeasuring Ac.4-32 gts, vide Patta No. 447, in total admeasuring Ac.9-32 gts., situated at Peddaveedu village, Mattampally Mandal, Suryapet District ("**Lands**"). The Petitioner claims that Nandireddy Sambhi Reddy i.e. the husband of the Petitioner, was the absolute owner of Lands, by virtue of ancestors. The Petitioner has claimed that the Defendant has allegedly tried to interfere and attempted to dispossess the Petitioner from the Lands. Hence, the Suit has been filed before the Court seeking perpetual injunction against the Defendant. The Petitioner has also filed in Interlocutory Application bearing number I.A. 383 of 2020 seeking interim injunction before the Court. The matter is currently pending.

B. Litigation initiated by our Promoter

i. Criminal proceedings initiated by our Promoter

There are 9 cases filed by our Company pending before various forums for alleged violation of Section 138 of the Negotiable Instruments Act, 1881 for recovery of dishonour of cheques issued by the clients/ debtors of our Company which involves an aggregate sum of ₹134.72 lakhs.

ii. Other material litigation

1. Our Promoter, Sagar Cements Limited ("**Petitioner**") has filed writ petition bearing number 3541 of 2016 against the Forest Department of the State of Telangana, the Revenue Department of the State of Telangana, the Principal Chief Conservator of Forests and Head of Forest Force, Telangana, the Additional Principal Chief Conservator of Forests (P&V), the Conservator of Forests, the Divisional Forest Officer, the District Collector, Nalgonda District, the Revenue Divisional Officer, Nalgonda District and the Director of Mines and Geology, Telangana State (collectively, "**Respondents**"), before the High Court of Judicature of Hyderabad for the State of Telangana and the State of Andhra Pradesh ("**Court**") challenging the impugned order dated January 29, 2016 in Rc. No. 755/2015/S5 pursuant to which the Petitioner was directed to stop mining activities in part of the leased area located at Sy.No.540 of Peddaveedu Village, Mattampalli, Mandal, Nalgoda Dirstrict which was given to Amareswari Cements Limited (a company which was subsequently amalgamated with the Petitioner) on a mining lease, without issuing any notice. Pursuant to this writ petition, the Petitioner sought an order, direction or writ, declaring the impugned order dated January 29, 2016 in Rc. No. 755/2015/S5 as being without authority of law, arbitrary, illegal and unconstitutional. The matter is currently pending before the Court.

2. Our Promoter, Sagar Cements Limited ("**Petitioner**") has filed writ petition bearing number 19304 of 2021 against the Special Tribunal, Suryapet; the Tahsildar, Suryapet; Narra Narayanamma, Narra Janaiah and Narra Narasimha Rao ("**Respondents**") before the High Court of Judicature of Hyderabad for the State of Telangana ("**Court**"). The Petitioner had obtained a mining lease for limestone to an extent of 485 acres in Sy. No. 540 and 541 of Peddaveedu vide G.O.Ms number 139 dated July 2, 2004 issued by the Government of Andhra Pradesh for a period of 20 years from August 18, 2004. Pursuant to issuance of land by the Tahsildar to certain other persons without any notice to the Petitioner, the Petitioner made a representation to the Tahilsildar and requested for the cancellation of allotment of such land as the land was already assigned through a mining lease to the Petitioner. Aggrieved by the order dated June 10, 2021 of the Special Tribunal, Suryapet in case bearing number No.D/2944-1/2014

(RDO, Huzurnagar), the Petitioner has filed this write petition to declare the order as being patently erroneous.

3. Our Promoter, Sagar Cements Limited ("**Petitioner**") filed a Writ Petitions bearing numbers 1351 of 2021 and 35324 of 2021 ("**Petitions**") against State of Telangana, represented by its Principal Secretary, Mines and Geology Department and Others ("**Respondents**") before the High Court of Judicature of Telangana at Hyderabad. The Petitioner filed applications for 4 prospecting licenses under the Mineral Concession Rules, 1960 (i) dated April 24, 2012 in respect of Ac. 10.13 gts. in Sy. No. 307 (P), 308, 309, 310 of Gundalapally Village, Mattampally Mandal, Nalgonda District, with the Government of Telangana. ("**Mining area 1**") (ii) dated June 13, 2011 in respect of Ac. 587.00 gts. in Sy. No. 66, 67, 68 to 111 and 114 to 122 of Gundalapally Village, Mattampally Mandal, Nalgonda District. ("**Mining area 2**") (iii) dated April 24, 2012 in respect of Ac. 130.00 gts. in Sy. No.540 of Pedaveedu Village, Mattampally Mandal, Nalgonda District. ("**Mining area 3**") (iv) dated April 24, 2012 in respect of Ac. 984 gts. in compartment no. 11 & 12(P) of Sultanpur Reserve Forest Gundalapally Village, Mattampally Mandal, Nalgonda District. ("**Mining area 4**"). The Government of Telangana granted the prospecting licenses vide orders M.s No. 178, M.s No. 177, M.s No. 176 dated December 13, 2013 each and order M.s No. 32 dated April 10, 2013 for a period of 3 years in favour of the Petitioner.

   The Petitioner filed applications dated March 24, 2014 and December 10, 2016 in respect of Mining area 4 and Mining area 1 respectively and applications dated May 24, 2019 in respect of Mining area 2 and Mining area 3 each for obtaining mining lease under the Mining Concession Rules 1960, upon completion of the prospecting operations. However, no response was received by the Petitioner. Further, the Mines and Minerals (Development and Regulation) Amendment Act, 2021 ("**2021 Amendment**") came into effect from August 28, 2021. The amendment took away protection of certain rights of existing mineral concession holders including applications for mineral concessions which were pending as on the date of introduction of the Mines and Minerals (Development and Regulation) Amendment Act, 2015. Aggrieved by the inaction of the Respondents and the 2021 Amendment, the Petitioner filed the current Petitions. The matter is currently pending.

4. Our Promoter ("**Petitioner**") filed a Writ Petition bearing number 12263 of 2020, against Southern Power Distribution Company of Telangana Limited ("**Respondent 1**"), the Superintending Engineer, Operation Circle, Suryapet, TSSPDCL ("**Respondent 2**") and Sagar Power Limited ("**Respondent 3**"), Respondents 1,2 and3 (collectively. "**Respondents**") before the High Court for the State of Telangana at Hyderabad ("**High Court**"). The Respondents 1 and 2 issued 2 notices dated June 27, 2020 ("**Notices**") towards outstanding charges on energy consumed by the Petitioner from the period December, 1999 to August, 2014 for an amount of ₹2321.89 lakhs. The Petitioner has challenged the Notices on the grounds that the energy was supplied to the Petitioner by Respondent No. 3 through third party wheeling and that as per HT Agreement dated January 11, 1999 entered into between Respondent 1 and the Petitioner, the Petitioner will pay only for the energy supplied by the DISCOMs and the wheeling is totally outside the scope of said HT Agreement. The Petitioner has further alleged that such amount shall be borne by the Respondent 3 as per the terms of Power Wheeling and Purchase Agreement dated August 1, 1998 between the Respondent 1 and Respondent 3. An interim direction dated August 10, 2020 has been granted by the High Court to prevent coercive steps pending the petition's disposal. The matter is currently pending before the High Court.

5. Our Promoter (the "**Petitioner**") has filed a Writ Petition bearing number 25052 of 2022 ("**Petition**") against State of Telangana, Department of Environment & Forests and Others ("**Respondents**") in the High Court for the State of Telangana at Hyderabad ("**High Court**"). In order to overcome the shortage of limestone reserves, the Petitioners identified an area in Sultanpur Reserve Forest Block in Compartment Nos. 11 & 12(P) of Sultanpur Reserve Forest in Sy. No. 540B, Pedaveedu Village, and in Sy. No. 4, Gundlapally Village, Mattampally Mandal, Suryapet District. The Petitioner applied for Prospecting License for mining limestone which was granted by the erstwhile Government of Andhra Pradesh vide G.O.Ms. No. 32 dated April 10, 2013. Pursuant to the provisions of the Forest (Conservation) Act, 1980 which mandate that diversion of forest land will not be allowed to be utilised for non-forest purpose unless an equivalent extent of land and other charges are provided, the

Petitioner identified and purchased lands in Peddamula hamlet of Chitriyal and Pogilla Villages, Chandampet Mandal, Nalgonda District, for the given purpose. Our Promoter has filed the Petition against the Respondents when Forest Range Officer, Devarakonda tried to encroach upon the Petitioner's lands on the premise that the de-reserved land that the Petitioner purchased in its name are purportedly still forest lands. The matter is currently pending.

IV. Disclosures Pertaining to Wilful Defaulters or Fraudulent Borrowers

Neither our Company nor our Promoter nor our Directors have been identified as Wilful Defaulters or Fraudulent Borrowers.

V. Material Developments since the date of the last Balance Sheet

Except as set outbelow, no material developments have occurred since March 31, 2024, which materially or adversely affect or are likely to affect: (a) the operations or the profitability of our Company; or (b) the value of its assets; or (c) its ability to pay its liabilities in the next 12 months; or (d) its performance and prospects.

Our Company vide their board meeting dated September 28, 2024 has approved the credit facility provided by YES Bank Limited vide its sanction letter dated September 27, 2024 to the tune of ₹ 15,000.00 lakhs. Further, our Company has entered into a loan agreement dated September 28, 2024 for availing unsecured loan up to ₹ 6,000 lakhs from our Promoter for part-funding the Proposed Project. These funds shall be drawn by the Company as and when required to meet its requirements for the Proposed Project. This facility shall be repayable on the date falling three (3) years from the date of disbursement of the entire amount of ₹ 6,000 lakhs along with interest @10% per annum.

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GOVERNMENT AND OTHER APPROVALS

Our Company has obtained necessary consents, licenses, permissions and approvals from governmental and regulatory authorities that are material for carrying on our present business activities. Some of the approvals and licenses that our Company requires for our business operations may expire in the ordinary course of business, and our Company will apply for their renewal from time to time.

Our Company is required to obtain the following approvals for the purpose of setting up the Proposed Project in accordance with the Objects of the Issue:

Material approvals to be applied for, including renewal applications made, in respect of the Objects of the Issue:

Sr. No.	Particulars of the approvals required	Authority from which approval has to be obtained
1.	Consent for expansion of additional capacity of Clinker and Cement at our facility located at Sri Durga Cement Works, Sri Durgapuram, Dachepalli, Palnadu District,	Andhra Pradesh Pollution Control Board

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorized by a resolution of the Board passed at its meeting held on March 28, 2024, pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable provisions.

This Draft Letter of Offer has been approved by the Rights Issue Committee pursuant to its resolution dated September 30, 2024. The Rights Issue Committee, in its meeting held on [●], has resolved to issue the Equity Shares to the Eligible Equity Shareholders, at ₹ [●] per Rights Equity Share (including a premium of ₹ [●] per Rights Equity Share) and Rights Entitlement as [●] Rights Equity Shares for every [●] Equity Shares held on the Record Date aggregating up to ₹ 18,000.00 lakhs. The Issue Price is ₹[●] per Rights Equity Share and has been arrived at by our Company in consultation with the Lead Manager prior to determination of the Record Date.

Our Company has received 'in-principle' approvals from BSE and NSE pursuant to Regulation 28(1) of the SEBI Listing Regulations, *vide* their letters dated [●] and [●] respectively, for listing of the Rights Equity Shares to be Allotted pursuant to the Issue. Our Company will also make applications to BSE and NSE to obtain their trading approvals for the Rights Entitlements as required under the SEBI Rights Issue Circular.

Our Company has been allotted the ISIN [●] for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. Our Company has been allotted the ISIN [●] by CDSL and NSDL for the Rights Equity Shares to be issued pursuant to this Issue. For details, see *'Terms of the Issue'* on page 240.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoter, our Directors and persons in control of our Company or our Promoter have not been and are not debarred and are not prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority / court as on the date of this Draft Letter of Offer.

None of the companies with which directors of our Promoter or our Directors are associated with as promoters or directors have been debarred from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Neither our Promoter nor any of our Directors or Directors of our Promoter have been declared a Wilful Defaulter or Fraudulent Borrower or Fugitive Economic Offender as defined under SEBI ICDR Regulations.

Directors associated with the Securities Market

None of our Directors are associated with entities operating in the securities market.

Prohibition by RBI

Neither our Company, nor our Promoter or any of our Directors or Directors of our Promoters have been categorised or identified or declared as a Wilful Defaulter or Fraudulent Borrower or Fugitive Economic Offender.

Confirmation under Companies (Significant Beneficial Owners) Rules, 2018

Our Company and our Promoter are in compliance with the requirements of the Companies (Significant Beneficial Owners) Rules, 2018, as amended, to the extent applicable, as on the date of this Draft Letter of Offer.

Eligibility for the Issue

Our Company is a listed company, incorporated under the Indian Companies Act, 1913. The Equity Shares of our Company are currently listed on BSE and NSE. Our Company is eligible to offer Equity Shares pursuant to the Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, pursuant to Clause (3)(b) of Part B of Schedule VI to the SEBI ICDR Regulations, our Company is undertaking the Issue in compliance with Part B-1 of Schedule VI to the SEBI ICDR Regulations.

Compliance with Regulation 61 and 62 of the SEBI ICDR Regulations

Our Company is in compliance with the conditions specified in Regulations 61 and 62 of the SEBI ICDR Regulations, to the extent applicable. Further, in relation to compliance with Regulation 62(1)(a) of the SEBI ICDR Regulations, our Company has made applications to the Stock Exchanges and has received their 'in-principle' approvals for listing of the Rights Equity Shares to be issued pursuant to this Issue. [●] is the Designated Stock Exchange for the Issue.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT LETTER OF OFFER TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (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 THIS DRAFT LETTER OF OFFER. THE LEAD MANAGER, HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING 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 THIS DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 30, 2024 IN THE FORMAT PRESCRIBED UNDER SCHEDULE V(A) OF THE SEBI ICDR REGULATONS, WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION, INCLUDING COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL WHILE FINALISING THIS DRAFT LETTER OF OFFER OF THE SUBJECT ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION, CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:**

    a. **THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS WHICH ARE MATERIAL TO THE ISSUE;**

    b. **ALL MATERIAL LEGAL REQUIREMENTS RELATING TO THE ISSUE AS SPECIFIED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

    c. **THE MATERIAL DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SEBI ICDR REGULATIONS AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID – COMPLIED WITH;**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE;**

5. **WRITTEN CONSENT FROM THE PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED OR SOLD OR TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT LETTER OF OFFER WITH SEBI UNTIL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – NOT APPLICABLE;**

6. **ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO EQUITY SHARES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAVE BEEN AND SHALL BE DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION(S) HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER – NOT APPLICABLE;**

7. **ALL APPLICABLE PROVISIONS OF SEBI ICDR REGULATIONS, WHICH RELATE TO RECEIPT OF PROMOTER'S CONTRIBUTION PRIOR TO OPENING OF THE ISSUE, SHALL BE COMPLIED WITH. ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE AND THAT THE AUDITOR'S CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE COMPANY ALONG WITH THE PROCEEDS OF THE ISSUE – NOT APPLICABLE;**

8. **NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONIES RECEIVED PURSUANT TO THE ISSUE ARE CREDITED OR TRANSFERRED TO A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE COMPANY SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE TO THE EXTENT APPLICABLE;**

9. **THE EXISTING BUSINESS AS WELL AS ANY NEW BUSINESS OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED FALL WITHIN THE 'MAIN OBJECTS' IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED IN LAST TEN YEARS ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – COMPLIED WITH TO THE EXTENT APPLICABLE;**

10. **FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:**

    a. **AN UNDERTAKING FROM THE COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY, EXCLUDING SUPERIOR VOTING RIGHTS EQUITY SHARES, WHERE AN ISSUER HAS OUTSTANDING SUPERIOR VOTING RIGHTS EQUITY SHARES – COMPLIED WITH (THE COMPANY HAS NOT ISSEUD ANY SUPERIOR VOTING RIGHTS EQUITY SHARES); AND**

    b. **AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH ALL DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI – COMPLIED WITH;**

11. **WE SHALL COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENTS IN TERMS OF THE SEBI ICDR REGULATIONS – NOTED FOR COMPLIANCE;**

12. IF APPLICABLE, THE COMPANY IS ELIGIBLE TO LIST ON THE INNOVATORS GROWTH PLATFORM, IN TERMS OF THE PROVISIONS OF CHAPTER X OF THE SEBI ICDR REGULATIONS – NOT APPLICABLE;

13. NONE OF THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY – COMPLIED WITH;

14. THE COMPANY IS ELIGIBLE TO MAKE A FAST TRACK ISSUE IN TERMS OF REGULATION 99 OF SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THE LETTER OF OFFER – NOT APPLICABLE;

15. THE ABRIDGED LETTER OF OFFER CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS – NOTED FOR COMPLIANCE;

16. ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE COMPANY OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE RIGHTS EQUITY SHARES OFFERED THROUGH THE ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES / ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH THE PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN - COMPLIED WITH AND NOTED FOR COMPLIANCE;

17. AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE RIGHTS EQUITY SHARES OF THE COMPANY - COMPLIED WITH.

THE FILING OF THIS DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THIS DRAFT LETTER OF OFFER.

Disclaimer from our Company, our Directors and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this Draft Letter of Offer or in any advertisement or other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information, including our Company's website *www.andhracements.com* or the respective websites of our Promoter or an affiliate of our Company would be doing so at their own risk.

All information shall be made available by our Company and the Lead Manager 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 centers or elsewhere.

Investors who invest in this Issue will be required to confirm and will be deemed to have represented to our Company, the Lead Manager and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable law, rules, regulations, guidelines and approvals to acquire the Rights Equity Shares and will not sell, issue, 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 Lead Manager and their respective directors, officers, agents, affiliates, and representative accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares and such investors are relying on independent advice / evaluation as to their ability and quantum of investment in the Issue.

No information which is extraneous to the information disclosed in this Draft Letter of Offer or otherwise shall be given by our Company or any member of the Issue management team or the syndicate to any particular section of investors or to any research analyst in any manner whatsoever, including at road shows, presentations, in research or sales reports or at bidding centers.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as at its date.

Disclaimer Clause of BSE

As required, a copy of this Draft Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with SEBI and the Stock Exchanges.

Disclaimer Clause of NSE

As required, a copy of this Draft Letter of Offer has been submitted to NSE. The disclaimer clause as intimated by NSE to us, post scrutiny of this Draft Letter of Offer, shall be included in the Letter of Offer prior to filing with SEBI and the Stock Exchanges.

Caution

Our Company and the Lead Manager shall make all relevant information available to the Eligible Equity Shareholders in accordance with the SEBI ICDR Regulations and no selective or additional information would be available for a section of the Eligible Equity Shareholders in any manner whatsoever, including at presentations, in research or sales reports, etc., after filing this Draft Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Draft Letter of Offer. You must not rely on any unauthorized information or representations. This Draft Letter of Offer is an offer to sell only the Rights Equity Shares and the Rights Entitlement, but only under circumstances and in the applicable jurisdictions. Unless otherwise specified, the information contained in this Draft Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Draft Letter of Offer has been prepared under the provisions of Indian law and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Hyderabad, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of the Issue is [●].

Listing

The Rights Equity Shares offered through the Letter of Offer are proposed to be listed on BSE and NSE. Our Company will apply to BSE and NSE for final approval for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

Consents

Consents in writing of our Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Statutory Auditors, Independent Chartered Accountant, Chartered Engineer, Legal Counsels, the Registrar to the Issue, Lead Manager to the Issue, the Bankers to the Issue, the Monitoring Agency and Experts to act in their respective capacities, have been obtained and such consents have not been withdrawn up to the date of this Draft Letter of Offer.

Expert Opinion

Our Company has received consent from its Statutory Auditors, Deloitte Haskins & Sells, Chartered Accountants through their letter dated September 21, 2024 to include their name as required under Section 26(1) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of (i) the Restated Financial Statements and the examination reports in respect of the Audited Financial Statements, and (ii) statement of special tax benefits dated September 21, 2024 and such consents have not been withdrawn as of the date of this Draft Letter of Offer. However, the term "expert" shall not be construed to mean an "Expert" as defined under the U.S. Securities Act.

Our Company has also received written consent dated September 21, 2024 from the Independent Chartered Accountant, C Ramachandram & Co, Chartered Accountants, to include its name in this Draft Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the certificates issued by them in their capacity as an independent chartered accountant to our Company and such consent has not been withdrawn as on the date of this Draft Letter of Offer. The term "expert" and "consent" thereof shall not be construed to mean an "expert" or "consent" as defined under the U.S. Securities Act.

Our Company has received written consent dated September 03, 2024 from V. Subramanium Kishore, Chartered Engineer to include their name in this Draft Letter of Offer, as an "expert" as defined under Section 2(38) of the Companies Act in their capacity as the independent chartered engineer regarding capacities of the manufacturing facilities of the Company such consent has not been withdrawn as on the date of this Draft Letter of Offer.

Performance *vis-à-vis* objects – Public / Rights Issue of our Company

Our Company has not undertaken any rights issues or public issues during the 5 years immediately preceding the date of this Draft Letter of Offer. There have been no instances in the past, wherein our Company has failed to achieve the objects in its previous issues.

Stock Market Data of the Equity Shares

Our Equity Shares are listed on BSE and NSE. Our Equity Shares are traded on BSE and NSE. For details in connection with the stock market data of the Stock Exchanges, see *'Market Price Information'* on page 221.

Filing

This Draft Letter of Offer has been filed with SEBI for its observations electronically through the SEBI intermediary portal at https://siportal.sebi.gov.in in terms of the SEBI circular bearing reference no. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI, and with the Stock Exchanges. Further, in light of the SEBI notification dated March 27, 2020, our Company has submitted a copy of this Draft Letter of Offer to the e-mail address: cfddil@sebi.gov.in After SEBI gives its observations, the final Letter of Offer will be filed with SEBI and the Stock Exchanges simultaneously with the filing of the Letter of Offer with the Designated Stock Exchange as per the provisions of the SEBI ICDR Regulations.

Mechanism for Redressal of Investor Grievances

Our Company has adequate arrangements for the redressal of investor complaints in compliance with the corporate governance requirements in compliance with the Listing Agreements and the SEBI LODR Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI circular no. CIR/OIAE/2/2011 dated June 3, 2011 and shall comply with the SEBI circular bearing reference number SEBI/HO/OIAE/CIR/P/2023/156 dated September 20, 2023 and any other circulars issued in this regard. Consequently, investor grievances are also tracked online by our Company through the SCORES mechanism.

Our Company has a Stakeholders Relationship Committee which meets at least once every year and as and when required. Its terms of reference include considering and resolving grievances of shareholders in relation to transfer of shares and effective exercise of voting rights CIL Securities Limited is our Registrar and Share Transfer Agent. All investor grievances received by us have been handled by the Registrar and Share Transfer Agent in consultation with our Company Secretary and Compliance Officer.

The Investor complaints received by our Company are generally disposed of within 30 days from the date of receipt of the complaint.

Investors may contact the Registrar or our Company Secretary and Compliance Officer for any pre-Issue or post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar, with a copy to the SCSBs(in case of ASBA process), giving full details such as name, address of the Applicant, contact number(s), e-mail address of the sole/ first holder, folio number or demat account number, number of Rights Equity Shares applied for, amount blocked (in case of ASBA process), ASBA Account number and the Designated Branch of the SCSBs where the Application Form or the plain paper application, as the case may be, was submitted by the Investors along with a photocopy of the acknowledgement slip (in case of ASBA process). For details on the ASBA process, please see "*Terms of the Issue*" beginning on page 240.

The contact details of Registrar to the Issue and our Company Secretary and Compliance Officer are as follows:

Registrar to the Issue

KFin Technologies Limited
Selenium Tower B, Plot 31 & 32, Gachibowli, Financial District
Nanakramguda, Serilingampally Hyderabad 500 032
Telangana, India
Telephone: +91 4067162222/18003094001
E-mail: acl.rights@kfintech.com
Investor Grievance ID: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
SEBI Registration Number: INR000000221

Company Secretary and Compliance Officer

G. Tirupati Rao is the Company Secretary and Compliance Officer of our Company. His details are as follows:

Plot No. 111, Road No.10, Jubilee Hills
Hyderabad – 500 033, Telangana, India
Telephone: +91 – 40-23351571/23356572
Email: gtrao@andhracements.com

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in the Issue. Investors should carefully read the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form, before submitting the Application Form. Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigation and ensure that the Application Form is accurately filled up in accordance with instructions provided therein and this Draft Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, Investors proposing to apply in the Issue can apply only through ASBA or by mechanism as disclosed in this Draft Letter of Offer.

Investors are requested to note that an Application in the Issue can only be made through ASBA or any other mode which may be notified by SEBI.

The Rights Entitlement on the Equity Shares, the ownership of which is currently under dispute and including any court proceedings or are currently under transmission or are held in a demat suspense account and for which our Company has withheld the dividend, shall be held in abeyance and the Application Form along with the Rights Entitlement Letter in relation to these Rights Entitlements shall not be dispatched pending resolution of the dispute or court proceedings or completion of the transmission or pending their release from the demat suspense account. On submission of such documents /records confirming the legal and beneficial ownership of the Equity Shares with regard to these cases on or prior to the Issue Closing Date, to the satisfaction of our Company, our Company shall make available the Rights Entitlement on such Equity Shares to the identified Eligible Equity Shareholder. The identified Eligible Equity Shareholder shall be entitled to subscribe to Equity Shares pursuant to the Issue during the Issue Period with respect to these Rights Entitlement and subject to the same terms and conditions as the Eligible Equity Shareholder.

Overview

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association of our Company, the provisions of the Companies Act, 2013, the FEMA, the FEMA Rules, the SEBI ICDR Regulations, the SEBI LODR Regulations, the SEBI ICDR Master Circular and the guidelines, notifications, circulars and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, approvals, if any, from RBI or other regulatory authorities, the terms of the Listing Agreements entered into by our Company with Stock Exchanges and the terms and conditions as stipulated in the Allotment Advice.

I. DISPATCH AND AVAILABILITY OF ISSUE MATERIALS

In accordance with the SEBI ICDR Regulations and the SEBI ICDR Master Circular, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent/ dispatched only to the Eligible Equity Shareholders who have provided their Indian address to our Company and who are located in jurisdictions where the offer and sale of the Rights Entitlement or Rights Equity Shares is permitted under laws of such jurisdiction and does not result in and may not be construed as, a public offering in such jurisdictions . In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e- mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Further, the Letter of Offer will be sent/ dispatched to the Eligible Equity Shareholders who have provided their Indian address and who have made a request in this regard.

Investors can access the Draft Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable laws) on the websites of:

(a) our Company at www.andhracements.com;

(b) the Registrar at https://rights.kfintech.com;

(c) the Lead Manager, at www.anandrathiib.com;

(d) the SEBI at www.sebi.gov.in;

(e) the Stock Exchanges at www.bseindia.com and www.nseindia.com.

To update the respective Indian addresses/e-mail addresses/phone or mobile numbers in the records maintained by the RTA or by our Company, Eligible Equity Shareholders should visit rta@cilsecurities.com.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar to the Issue (i.e., https://rights.kfintech.com) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.andhracements.com).

Please note that neither our Company nor the Registrar nor the Lead Manager shall be responsible for not sending the physical copies of Issue materials, including the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form attributable to non-availability of the e- mail addresses of Eligible Equity Shareholders or electronic transmission delays or failures, or if the Application Forms or the Rights Entitlement Letters are delayed or misplaced in the transit.

The distribution of the Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and the issue of Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. No action has been, or will be, taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that this Draft Letter of Offer is being filed with SEBI for observations and the Letter of Offer will be filed with SEBI and the Stock Exchanges. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form or any Issue related materials or advertisements in connection with this Issue may not be distributed, in any jurisdiction, except in accordance with and as permitted under the legal requirements applicable in such jurisdiction. Receipt of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form (including by way of electronic means) will not constitute an offer, invitation to or solicitation by anyone in any jurisdiction or in any circumstances in which such an offer, invitation or solicitation is unlawful or not authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form must be treated as sent for information only and should not be acted upon for making an Application and should not be copied or re-distributed.

Accordingly, persons receiving a copy of the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form in or into any jurisdiction where to do so, would, or might, contravene local securities laws or regulations or would subject our Company or its affiliates or the Lead Manager or their respective affiliates to any filing or registration requirement (other than in India). If the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form is received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to make an Application or acquire the Rights Entitlements referred to in the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter or the Application Form. Any person who makes an application to acquire Rights Entitlements and the Rights Equity Shares offered in the Issue will be deemed to have declared, represented and warranted that such person is authorized to acquire the Rights Entitlements and the Rights Equity Shares in compliance with all applicable laws and regulations prevailing in such person's jurisdiction and India, without requirement for our Company or our affiliates or the Lead Manager or their respective affiliates to make any filing or registration (other than in India).

The Letter of Offer will be provided, primarily through e-mail, by the Registrar on behalf of our Company or the Lead Manager to the Eligible Equity Shareholders who have provide d their Indian addresses to our Company and who make a request in this regard.

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

- In accordance with Regulation 76 of the SEBI ICDR Regulations, the SEBI ICDR Master Circular and the ASBA Circulars, all Investors desiring to make an Application in this Issue are mandatorily required to use the ASBA process. Investors should carefully read the provisions applicable to such Applications before making their Application through ASBA.

The Application Form can be used by the Eligible Equity Shareholders as well as the Renouncees, to make Applications in this Issue basis the Rights Entitlement credited in their respective demat accounts or demat suspense escrow account, as applicable. For further details on the Rights Entitlements and demat suspense escrow account, see "- *Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" on page 252.

Please note that one single Application Form shall be used by Investors to make Applications for all Rights Entitlements available in a particular demat account or entire respective portion of the Rights Entitlements in the demat suspense escrow account in case of resident Eligible Equity Shareholders holding shares in physical form as on Record Date and applying in this Issue, as applicable. In case of Investors who have provided details of demat account in accordance with the SEBI ICDR Regulations, such Investors will have to apply for the Rights Equity Shares from the same demat account in which they are holding the Rights Entitlements and in case of multiple demat accounts, the Investors are required to submit a separate Application Form for each demat account.

Investors may apply for the Rights Equity Shares by submitting the Application Form to the Designated Branch of the SCSB or online/electronic Application through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

a) Investors are also advised to ensure that the Application Form is correctly filled up stating therein:

b) the ASBA Account (in case of Application through ASBA process) in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB; or the requisite internet banking.

Applicants should note that they should very carefully fill-in their depository account details and PAN in the Application Form or while submitting application through online/electronic Application through the website of the SCSBs (if made available by such SCSB). Please note that incorrect depository account details or PAN or Application Forms without depository account details shall be treated as incomplete and shall be rejected. For details, see "- *Grounds for Technical Rejection*" on page 249. Our Company, the Lead Manager, the Registrar and the SCSBs shall not be liable for any incomplete or incorrect demat details provide d by the Applicants.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in the Issue by making plain paper Applications. Please note that SCSBs shall accept such applications only if all details required for making the application as per the SEBI ICDR Regulations are specified in the plain paper application and that Eligible Equity Shareholders making an application in the Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, -

see “- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*” on page 245.

- Options available to the Eligible Equity Shareholders

The Rights Entitlement Letter will clearly indicate the number of Rights Equity Shares that the Eligible Equity Shareholder is entitled to.

If the Eligible Equity Shareholder applies in the Issue, then such Eligible Equity Shareholder can:

a) apply for its Rights Equity Shares to the full extent of its Rights Entitlements; or

b) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part); or

c) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements; or

d) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares; or

e) renounce its Rights Entitlements in full.

- Making of an Application through the ASBA process

An Investor, wishing to participate in the Issue through the ASBA facility, is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in the Issue through ASBA process, may submit the Application Form in physical mode to the Designated Branches of the SCSB or online/ electronic Application through the website of the SCSBs (if made available by such SCSB) for authorizing such SCSB to block Application Money payable on the Application in their respective ASBA Accounts.

Investors should ensure that they have correctly submitted the Application Form and have provided an authorisation to the SCSB, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Money mentioned in the Application Form, as the case may be, at the time of submission of the Application.

For the list of banks which have been notified by SEBI to act as SCSBs for the ASBA process, please refer to https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34.

Please note that subject to SCSBs complying with the requirements of the SEBI circular bearing reference number CIR/CFD/DIL/ 13/ 2012 dated September 25, 2012, within the periods stipulated therein, Applications may be submitted at the Designated Branches of the SCSBs. Further, in terms of the SEBI circular bearing reference number CIR/CFD/DIL/1/ 2013 dated January 2, 2013, it is clarified that for making Applications by SCSBs on their own account using ASBA facility, each such SCSB should have a separate account in its own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making an Application in the Issue and clear demarcated funds should be available in such account for such an Application.

The Lead Manager, our Company, its directors, its employees, affiliates, associates and their respective directors and officers and the Registrar shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc., in relation to Applications accepted by SCSBs, Applications uploaded by SCSBs, Applications accepted but not uploaded by SCSBs or Applications accepted and uploaded without blocking funds in the ASBA Accounts.

Investors applying through the ASBA facility should carefully read the provisions applicable to such Applications before making their Application through the ASBA process.

Do's for Investors applying through ASBA:

a) Ensure that the necessary details are filled in the Application Form including the details of the ASBA Account.

b) Ensure that the details about your Depository Participant, PAN and beneficiary account are correct and the beneficiary account is activated as the Rights Equity Shares will be Allotted in the dematerialized form only.

c) Ensure that the Applications are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the Application.

d) Ensure that there are sufficient funds (equal to {number of Rights Equity Shares (including Additional Rights Equity Shares) applied for} X {Application Money of Equity Shares}) available in ASBA Account mentioned in the Application Form before submitting the Application to the respective Designated Branch of the SCSB.

e) Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the Application Form, in the ASBA Account, of which details are provided in the Application Form and have signed the same;

f) Ensure that you have a bank account with SCSBs providing ASBA facility in your location and the Application is made through that SCSB providing ASBA facility in such location.

g) Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the Application Form in physical form or plain paper Application.

h) Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form and the Rights Entitlement Letter.

i) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated February 13, 2020 read with press release dated June 25, 2021 and September 17, 2021.

Don'ts for Investors applying through ASBA:

a) Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

b) Do not submit the Application Form after you have submitted a plain paper Application to a Designated Branch of the SCSB or vice versa.

c) Do not send your physical Application to the Lead Manager, the Registrar, the Bankers to the Issue (assuming that such Banker to the Issue is not an SCSB), a branch of the SCSB which is not a Designated Branch of the SCSB or our Company; instead submit the same to a Designated Branch of the SCSB only.

d) Do not instruct the SCSBs to unblock the funds blocked under the ASBA process upon making the Application.

e) Do not submit the Application Form using a third party ASBA account.

f) Do not submit multiple Applications.

g) Avoiding applying on the Issue Closing Date due to risk of delay/restriction in making any physical Application.

- **Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process.**

An Eligible Equity Shareholder in India who is eligible to apply under the ASBA process may make an Application to subscribe to the Issue on plain paper in terms of Regulation 78 of SEBI ICDR Regulations in case of non-receipt of Application Form as detailed above. In such cases of non-receipt of the Application Form through physical delivery (where applicable) and the Eligible Equity Shareholder not being in a position to obtain it from any other source may make an Application to subscribe to the Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchanges or the Lead Manager. An Eligible Equity Shareholder shall submit the plain paper Application to the Designated Branch of the SCSB for authorising such SCSB to block Application Money in the said bank account maintained with the same SCSB. Applications on plain paper will not be accepted from any Eligible Equity Shareholder who has not provided an Indian address.

Please note that in terms of Regulation 78 of SEBI ICDR Regulations, the Eligible Equity Shareholders who are making the Application on plain paper shall not be entitled to renounce their Rights Entitlements and should not utilize the Application Form for any purpose including renunciation even if it is received subsequently.

The Application on plain paper, duly signed by the Eligible Equity Shareholder including joint holders, in the same order and as per specimen recorded with his/her bank, must reach the office of the Designated Branch of the SCSB before the Issue Closing Date and should contain the following particulars:

a) Name of our Company, being Andhra Cements Limited;

b) Name and address of the Eligible Equity Shareholder including joint holders (in the same order and as per specimen recorded with our Company or the Depository);

c) Folio number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;

d) Except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;

e) Number of Equity Shares held as on Record Date;

f) Allotment option – only dematerialised form;

g) Number of Rights Equity Shares entitled to;

h) Number of Rights Equity Shares applied for within the Rights Entitlements;

i) Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);

j) Total number of Rights Equity Shares applied for;

k) Total Application amount paid at the rate of ₹ [●] per Rights Equity Share;

l) Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;

m) In case of non-resident Eligible Equity Shareholders making an application with an Indian address, details of the NRE / FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;

n) Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account; and

o) Signature of the Eligible Equity Shareholder (in case of joint holders, to appear in the same sequence and order as they appear in the records of the SCSB).

In cases where Multiple Application Forms are submitted for Applications pertaining to Rights Entitlements credited to the same demat account or in demat suspense escrow account, as applicable, including cases where an Investor submits Application Forms along with a plain paper Application, such Applications shall be liable to be rejected.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an Application being rejected, with our Company, the Lead Manager and the Registrar not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar at https://rights.kfintech.com .

Our Company, the Lead Manager and the Registrar shall not be responsible if the Applications are not uploaded by the SCSB or funds are not blocked in the Investors' ASBA Accounts on or before the Issue Closing Date.

- **Making of an Application by Eligible Equity Shareholders holding Equity Shares in physical form**

Please note that in accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialised form only. Accordingly, Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date and desirous of subscribing to Rights Equity Shares in this Issue are advised to furnish the details of their demat account to the Registrar or our Company at least two clear Working Days prior to the Issue Closing Date, to enable the credit of their Rights Entitlements in their respective demat accounts at least one day before the Issue Closing Date.

Prior to the Issue Opening Date, the Rights Entitlements of those Eligible Equity Shareholders, among others, who hold Equity Shares in physical form, and whose demat account details are not available with our Company or the Registrar, shall be credited in a demat suspense escrow account opened by our Company.

Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date and who have opened their demat accounts after the Record Date, shall adhere to following procedure for participating in this Issue:

a) The Eligible Equity Shareholders shall send a letter to the Registrar containing the name(s), address, e-mail address, contact details and the details of their demat account along with copy of self-attested PAN and self-attested client master sheet of their demat account either by e-mail, post, speed post, courier, or hand delivery so as to reach to the Registrar no later than two clear Working Days prior to the Issue Closing Date;

b) The Registrar shall, after verifying the details of such demat account, transfer the Rights Entitlements of such Eligible Equity Shareholders to their demat accounts at least one day before the Issue Closing Date;

c) The remaining procedure for Application shall be same as set out in "- *Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 245.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed to renounce their Rights Entitlements in the Issue. However, such Eligible Equity Shareholders, where the dematerialized Rights Entitlements are transferred from the suspense escrow demat account to the respective demat accounts within prescribed timelines, can apply for Additional Rights Equity Shares while submitting the Application through ASBA process.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM, AS APPLICABLE, AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR OR OUR COMPANY AT LEAST TWO WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE, SHALL NOT BE ELIGIBLE TO MAKE AN APPLICATION FOR RIGHTS EQUITY SHARES AGAINST THEIR RIGHTS ENTITLEMENTS WITH RESPECT TO THE EQUITY SHARES HELD IN PHYSICAL FORM, AS APPLICABLE.

Application for Additional Rights Equity Shares

Investors are eligible to apply for Additional Rights Equity Shares over and above their Rights Entitlements, provided that they are eligible to apply for Equity Shares under applicable law and they have applied for all the Rights Equity Shares forming part of their Rights Entitlements without renouncing them in whole or in part. Where the number of Additional Rights Equity Shares applied for exceeds the n umber available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange. Applications for Additional Rights Equity Shares shall be considered, and Allotment shall be made in accordance with the SEBI ICDR Regulations and in the manner as set out in "- *Basis of Allotment*" on page 260.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Addition al Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares unless regulatory approvals are submitted.

Additional general instructions for Investors in relation to making of an Application

(a) Please read the Letter of Offer carefully to understand the Application process and applicable settlement process.

(b) Please read the instructions on the Application Form sent to you. Application should be complete in all respects. The Application Form found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form are liable to be rejected. The Application Form must be filled in English.

(c) In case of non-receipt of Application Form, Application can be made on plain paper mentioning all necessary details as mentioned under "-*Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process*" on page 245.

(d) Applications should be submitted to the Designated Branch of the SCSB or made online/electronic through the website of the SCSBs (if made available by such SCSB) for authorising such SCSB to block Application Money payable on the Application in their respective ASBA Accounts. Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

(e) Applications should not be submitted to the Bankers to the Issue, our Company or the Registrar or the Lead Manager.

(f) All Applicants, and in the case of Application in joint names, each of the joint Applicants, should mention their PAN allotted under the Income-tax Act, irrespective of the amount of the Application. Except for Applications on behalf of the Central or the State Government, the residents of Sikkim and the officials appointed by the courts, Applications without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be "suspended for credit" and no Allotment and credit of Rights Equity Shares pursuant to the Issue shall be made into the accounts of such Investors.

(g) Ensure that the demographic details such as address, PAN, DP ID, Client ID, bank account details and occupation ("Demographic Details") are updated, true and correct, in all respects. Investors applying under the Issue should note that on the basis of name of the Investors, DP ID and Client ID provided by them in the Application Form or the plain paper Applications, as the case may be, the Registrar will obtain Demographic Details from the Depository. Therefore, Investors applying under the Issue should carefully fill in their Depository Account details in the Application. These Demographic Details would be used for all correspondence with such Investors including mailing of the letters intimating unblocking of bank account of the respective Investor and/or refund. The Demographic Details given by the Investors in the Application Form would not be used for any other purposes by the Registrar. Hence, Investors are advised to update their Demographic Details as provided to their Depository Participants. **The Allotment Advice and the intimation on unblocking of ASBA Account or refund (if any) would be mailed to the address of the Investor as per the Indian address provide d to our Company or the Registrar or Demographic Details received from the Depositories. The Registrar will give instructions to the SCSBs for unblocking funds in the**

ASBA Account to the extent Rights Equity Shares are not Allotted to such Investor. Please note that any such delay shall be at the sole risk of the Investors and none of our Company, the SCSBs, Registrar or the Lead Manager shall be liable to compensate the Investor for any losses caused due to any such delay or be liable to pay any interest for such delay. In case no corresponding record is available with the Depositories that match three parameters, (a) names of the Investors (including the order of names of joint holders), (b) DP ID, and (c) Client ID, then such Application Forms are liable to be rejected.

(h) By signing the Application Forms, Investors would be deemed to have authorised the Depositories to provide, upon request, to the Registrar, the required Demographic Details as available on its records.

(i) For physical Applications through ASBA at Designated Branches of SCSB, signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in any such language or thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Investors must sign the Application as per the specimen signature recorded with the SCSB.

(j) Investors should provide correct DP ID and Client ID/ folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) while submitting the Application. Such DP ID and Client ID/ folio number should match the demat account details in the records available with Company and/or Registrar, failing which such Application is liable to be rejected. Investor will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar will not be liable for any such rejections.

(k) In case of joint holders and physical Applications through ASBA process, all joint holders must sign the relevant part of the Application Form in the same order and as per the specimen signature(s) recorded with the SCSB. In case of joint Applicants, reference, if any, will be made in the first Applicant's name and all communication will be addressed to the first Applicant.

(l) All communication in connection with Application for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar prior to the date of Allotment in the Issue quoting the name of the first/sole Applicant, folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP ID and Client ID and Application Form number, as applicable. In case of any change in contact details of the Eligible Equity Shareholders, the Eligible Equity Shareholders should also send the intimation for such change to the respective depository participant, or to our Company or the Registrar in case of Eligible Equity Shareholders holding Equity Shares in physical form.

(m) Investors are required to ensure that the number of Rights Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.

(n) Do not apply if you are ineligible to participate in the Issue under the securities laws applicable to your jurisdiction.

(o) Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

(p) Avoid applying on the Issue Closing Date due to risk of delay/ restrictions in making any physical Application.

(q) Do not pay the Application Money in cash, by money order, pay order or postal order.

(r) Do not submit multiple Applications.

(s) An Applicant being an OCB is required not to be under the adverse notice of RBI and in order to apply in the Issue as an incorporated non-resident must do so in accordance with the FDI Policy and Foreign Exchange Management (Non-Debt Instrument) Rules, 2019, as amended.

(t) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated February 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

- **Grounds for Technical Rejection**

Applications made in the Issue are liable to be rejected on the following grounds:

(a) DP ID and Client ID mentioned in Application does not match with the DP ID and Client ID records available with the Registrar.

(b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar.

(c) Sending an Application to our Company, the Lead Manager, Registrar, Bankers to the Issue to a branch of a SCSB which is not a Designated Branch of the SCSB.

(d) Insufficient funds are available in the ASBA Account with the SCSB for blocking the Application Money.

(e) Funds in the ASBA Account whose details are mentioned in the Application Form having been frozen pursuant to regulatory orders.

(f) Account holder not signing the Application or declaration mentioned therein.

(g) Submission of more than one Application Form for Rights Entitlements available in a particular demat account.

(h) Multiple Application Forms, including cases where an Investor submits Application Forms along with a plain paper Application.

(i) Submitting the GIR number instead of the PAN (except for Applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts).

(j) Applications by persons not competent to contract under the Indian Contract Act, 1872, except Applications by minors having valid demat accounts as per the Demographic Details provided by the Depositories.

(k) Applications by SCSB on own account, other than through an ASBA Account in its own name with any other SCSB.

(l) Application Forms which are not submitted by the Investors within the time periods prescribed in the Application Form and the Letter of Offer.

(m) Physical Application Forms not duly signed by the sole or joint Investors, as applicable.

(n) Application Forms accompanied by stock invest, outstation cheques, post -dated cheques, money order, postal order or outstation demand drafts.

(o) If an Investor is (a) debarred by SEBI; or (b) if SEBI has revoked the order or has provided any interim relief then failure to attach a copy of such SEBI order allowing the Investor to subscribe to their Rights Entitlements.

(p) Applications which: (i) appears to our Company or its agents to have been executed in, electronically transmitted from or dispatched from the United States or other jurisdictions where the offer and sale of the Rights Equity Shares is not permitted under laws of such jurisdictions; (ii) does not include the relevant certifications set out in the Application Form, including to the effect that the person submitting and/or renouncing the Application Form is outside the United States , and is eligible to subscribe for the Rights Equity Shares under applicable securities laws and is complying with laws of jurisdictions applicable to such person in connection with the Issue; and our Company shall not be bound to issue or allot any Rights Equity Shares in respect of any such Application Form.

(q) Applications which have evidence of being executed or made in contravention of applicable securities laws.

(r) Application from Investors that are residing in U.S. address as per the depository records.

(s) Applicants not having the requisite approvals to make Application in the Issue.

Multiple Applications

In case where multiple Applications are made using same demat account in respect of the same Rights Entitlement, such Applications shall be liable to be rejected. A separate Application can be made in respect of Rights Entitlements in each demat account of the Investors and such Applications shall not be treated as multiple applications. Similarly, a separate Application can be made against Equity Shares held in dematerialized form and Equity Shares held in physical form, and such Applications shall not be treated as multiple applications. Further supplementary Applications in relation to further Rights Equity Shares with/without using additional Rights Entitlement will not be treated as multiple application. A separate Application can be made in respect of each scheme of a mutual fund registered with SEBI and such Applications shall not be treated as multiple applications. For details, see "- *Procedure for Applications by Mutual Funds*" on page 251.

In cases where Multiple Application Forms are submitted, including cases where (a) an Investor submits Application Forms along with a plain paper Application or (b) multiple plain paper Applications (c) or multiple applications through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected

Procedure for Applications by certain categories of Investors

Procedure for Applications 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 and indirectly having common ownership of more than 50% of common control)) shall be below 10% of our post-Issue Equity Share capital.

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 or 10% or more of the paid -up value of any series of debentures or preference shares or share warrants that may be issued by our Company, the total investment made by the FPI or investor group will be re-classified as FDI subject to the conditions or restrictions as specified by SEBI and RBI in this regard. Further, the aggregate limit of all FPIs investments is up to the sectoral cap applicable to the sector in which our Company operates (i.e., 100% under automatic route).

FPIs are permitted to participate in the Issue subject to compliance with conditions and restrictions which may be specified by the Government from time to time. FPIs who wish to participate in the Issue are advised to use the Application Form for non-residents. Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI may 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 an FPI against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons registered as Category I FPI under the SEBI FPI Regulations; (ii) such offshore derivative instruments are issued only to persons who are eligible for registration as Category I FPIs (where an entity has an investment manager who is from the Financial Action Task Force member country, the investment manager shall not be required to be registered as a Category I FPI); (iii) such offshore derivative instruments are issued after compliance with 'know your client' norms; and (iv) compliance with other conditions as may be prescribed by SEBI.

An FPI issuing offshore derivative instruments is also required to ensure that any transfer of offshore derivative instruments issued by or on its behalf, is carried out subject to inter alia the following conditions:

(a) such offshore derivative instruments are transferred only to persons in accordance with the SEBI FPI Regulations; and

(b) prior consent of the FPI is obtained for such transfer, except when the persons to whom the offshore derivative instruments are to be transferred to are pre-approved by the FPI.

Procedure for Applications by AIFs, FVCIs, VCFs and FDI route

The SEBI VCF Regulations and the SEBI FVCI Regulations prescribe, among other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI AIF Regulations prescribe, among other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in the Issue. Further, venture capital funds registered as Category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in the Issue. Other categories of AIFs are permitted to apply in the Issue subject to compliance with the SEBI AIF Regulations. Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Procedure for Applications by NRIs

Investments by NRIs are governed by the FEMA Rules. Applications will not be accepted from NRIs that are ineligible to participate in the Issue under applicable securities laws.

As per the FEMA Rules, an NRI or Overseas Citizen of India ("**OCI**") may purchase or sell capital instruments of a listed Indian company on repatriation basis, on a recognised stock exchange in India, subject to the conditions, inter alia, that the total holding by any individual NRI or OCI will not exceed 5% of the total paid- up equity capital on a fully diluted basis or should not exceed 5% of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and OCIs put together will not exceed 10% of the total pa id-up equity capital on a fully diluted basis or shall not exceed 10% of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10% may be raised to 24% if a special resolution to that effect is passed by the general body of the Indian company.

Further, in accordance with press note 3 of 2020, the FDI Policy has been amended to state that all investments by entities incorporate in a country which shares land border with India or where beneficial owner of an investment into India is situated in or is a citizen of any such country ("**Restricted Investors**"), will require prior approval of the Government of India. It is not clear from the press note whether or not an issue of the Rights Equity Shares to Restricted Investors will also require prior approval of the Government of India and each Investor should seek independent legal advice about its ability to participate in the Issue. In the event such prior approval has been obtained, the Investor shall intimate our Company and the Registrar about such approval within the Issue Period.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds or exchange traded funded or sector or industry specific schemes. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights

Procedure for Applications by Systemically Important Non-Banking Financial Companies ("NBFC-SI")

In case of an application made by NBFC-SI registered with RBI, (a) the certificate of registration issued by RBI under Section 45IA of RBI Act, 1934 and (b) net worth certificate from its statutory auditors or any independent chartered accountant based on the last audited financial statements is required to be attached to the application.

Last date for Application

The last date for submission of the duly filled in the Application Form or a plain paper Application is [●], i.e., Issue Closing Date. Our Board or any committee thereof may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date).

If the Application Form is not submitted with an SCSB, uploaded with the Stock Exchanges and the Application Money is not blocked with the SCSB, on or before the Issue Closing Date or such date as may be extended by our Board or any committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and our Board or any committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as set out in "- *Basis of Allotment*" on page 260.

Please note that on the Issue Closing Date, Applications through ASBA process will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Stock Exchanges.

Please ensure that the Application Form and necessary details are filled in. In place of Application number, Investors can mention the reference number of the e-mail received from Registrar informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their interna l reference number in place of application number.

Withdrawal of Application

An Investor who has applied in the Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where application is submitted. However, no Investor, applying through ASBA facility, may withdraw their Application post 5.00 p.m. (Indian Standard Time) on the Issue Closing Date.

Disposal of Application and Application Money

No acknowledgment will be issued for the Application Money received by our Company. However, the Designated Branches of the SCSBs receiving the Application Form will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each Application Form.

Our Board or a committee thereof reserves its full, unqualified and absolute right to accept or reject any Application, in whole or in part, and in either case without assigning any reason thereto.

In case an Application is rejected in full, the whole of the Application Money will be unblocked in the respective ASBA Accounts, in case of Applications through ASBA. Wherever an Application is rejected in part, the balance of Application Money, if any, after adjusting any money due on Rights Equity Shares Allotted, will be refunded / unblocked in the respective bank accounts from which Application Money was received / ASBA Accounts of the Investor within a period of 4 days from the Issue Closing Date. In case of failure to do so, our Company shall pay interest at such rate and within such time as specified under applicable law.

For further instructions, please read the Application Form carefully.

CREDIT OF RIGHTS ENTITLEMENTS IN DEMAT ACCOUNTS OF ELIGIBLE EQUITY SHAREHOLDERS

- Rights Entitlements

As your name appears as a beneficial owner in respect of the issued and paid-up Equity Shares held in dematerialised form or appears in the register of members of our Company as an Eligible Equity Shareholder in respect of our Equity Shares held in physical form, as on the Record Date, you may be entitled to subscribe to the number of Rights Equity Shares as set out in the Rights Entitlement Letter.

Eligible Equity Shareholders can also obtain the details of their respective Rights Entitlements from the website of the Registrar (i.e., https://rights.kfintech.com) by entering their DP ID and Client ID or folio number (for Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date) and PAN. The link for the same shall also be available on the website of our Company (i.e., www.andhracements.com).

In this regard, our Company has made necessary arrangements with NSDL and CDSL for crediting of the Rights Entitlements to the demat accounts of the Eligible Equity Shareholders in a dematerialized form. A separate ISIN for the Rights Entitlements has also been generated which is ISIN [●]. The said ISIN shall remain frozen (for debit) until the Issue Opening Date. The said ISIN shall be suspended for transfer by the Depositories post the Issue Closing Date.

Additionally, our Company will submit the details of the total Rights Entitlements credited to the demat accounts of the Eligible Equity Shareholders and the demat suspense escrow account to the Stock Exchanges after completing the corporate action. The details of the Rights Entitlements with respect to each Eligible Equity Shareholders can be accessed by such respective Eligible Equity Shareholders on the website of the Registrar after keying in their respective details along with other security control measures implemented thereat.

Rights Entitlements shall be credited to the respective demat accounts of Eligible Equity Shareholders before the Issue Opening Date only in dematerialised form. Further, if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall lapse and shall be extinguished after the Issue Closing Date. No Rights Equity Shares for such lapsed Rights Entitlements will be credited, even if such Rights Entitlements were purchased from market and purchaser will lose the premium paid to acquire the Rights Entitlements. Persons who are credited the Rights Entitlements are required to make an Application to apply for Rights Equity Shares offered under the Issue for subscribing to the Rights Equity Shares offered under the Issue.

If Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date. Such Eligible Equity Shareholders holding shares in physical form can update the details of their respective demat accounts on the website of the Registrar (i.e., https://rights.kfintech.com). Such Eligible Equity Shareholders can make an Application only after the Rights Entitlements is credited to their respective demat accounts.

In accordance with Regulation 77A of the SEBI ICDR Regulations read with the SEBI ICDR Master Circular, the credit of Rights Entitlements and Allotment of Rights Equity Shares shall be made in dematerialized form only. Prior to the Issue Opening Date, our Company shall credit the Rights Entitlements to (i) the demat accounts of the Eligible Equity Shareholders holding the Equity Shares in dematerialised form; and (ii) a demat suspense escrow account (namely, "[●]") opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) Equity Shares held in the account of the Investor Education and Protection Fund (IEPF) authority; or (b) the demat accounts of the Eligible Equity Shareholder which are frozen or the Equity Shares which are lying in the unclaimed suspense account (including those pursuant to Regulation 39 of the SEBI LODR Regulations) or details of which are unavailable with our Company or with the Registrar on the Record Date; or (c) Equity Shares held by Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date where details of demat accounts are not provided by Eligible Equity Shareholders to our Company or Registrar; or (d) credit of the Rights Entitlements returned/reversed/failed; or (e) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any; or (f) non-institutional equity shareholders in the United States.

Eligible Equity Shareholders are requested to provide relevant details (such as copies of self-attested PAN and client master sheet of demat account etc., details/ records confirming the legal and beneficial ownership of their respective Equity Shares) to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., by [●] to enable the credit of their Rights Entitlements by way of transfer from the demat suspense escrow account to their demat account at least one day before the Issue Closing

Date, to enable such Eligible Equity Shareholders to make an application in the Issue, and this communication shall serve as an intimation to such Eligible Equity Shareholders in this regard. Such Eligible Equity Shareholders are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar account is active to facilitate the aforementioned transfer.

RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

- **Renouncees**

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to the Issue shall apply to the Renouncee(s) as well.

- **Renunciation of Rights Entitlements**

The Issue includes a right exercisable by Eligible Equity Shareholders to renounce the Rights Entitlements credited to their respective demat account either in full or in part.

The renunciation from non-resident Eligible Equity Shareholder(s) to resident Indian(s) and vice versa shall be subject to provisions of FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time. However, the facility of renunciation shall not be available to or operate in favour of an Eligible Equity Shareholders being an erstwhile OCB unless the same is in compliance with the FEMA Rules and other circular, directions, or guidelines issued by RBI or the Ministry of Finance from time to time.

- **Procedure for Renunciation of Rights Entitlements**

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts, either in full or in part (a) by using the secondary market platform of the Stock Exchanges (the "On Market Renunciation"); or (b) through an off market transfer (the "Off Market Renunciation"), during the Renunciation Period. The Investors should have the demat Rights Entitlements credited / lying in his/her own demat account prior to the renunciation. The trades through On Market Renunciation and Off Market Renunciation will be settled by transferring the Rights Entitlements through the depository mechanism.

Investors may be subject to adverse foreign, state or local tax or legal consequences as a result of trading in the Rights Entitlements. Investors who intend to trade in the Rights Entitlements should consult their tax advisor or stock-broker regarding any cost, applicable taxes, charges and expenses (including brokerage) that may be levied for trading in Rights Entitlements.

Please note that the Rights Entitlements which are neither renounced nor subscribed by the Investor s on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Payment Schedule of Rights Equity Shares

₹[●] per Rights Equity Share (including premium of ₹[●] per Rights Equity Share) shall be payable on Application.

The Lead Manager and our Company accept no responsibility to bear or pay any cost, applicable taxes, charges and expenses (including brokerage), and such costs will be incurred solely by the Investors.

(a) On Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by trading/selling them on the secondary market platform of the Stock Exchanges through a registered stock-broker in the same manner as the existing Equity Shares of our Company.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI ICDR Master Circular, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchanges under ISIN: [●] subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Stock Exchanges for trading of Rights Entitlements. No assurance can be given regarding the active or sustained On Market Renunciation or the price at which the Rights Entitlements will trade. The details for trading in Rights Entitlements will be as specified by the Stock Exchanges from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is 1 (one) Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, i.e., from [●] to [●] (both days inclusive).

The Investors holding the Rights Entitlements who desire to sell their Rights Entitlements will have to do so through their registered stock-brokers by quoting the ISIN: [●] and indicating the details of the Rights Entitlements they intend to trade. The Investors can place order for sale of Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The On Market Renunciation shall take place electronically on secondary market platform of BSE and NSE under automatic order matching mechanism and on 'T+1 rolling settlement basis', where 'T' refers to the date of trading. The transactions will be settled on trade-for-trade basis. Upon execution of the order, the stock-broker will issue a contract note in accordance with the requirements of the Stock Exchanges and the SEBI.

(b) Off Market Renunciation

The Eligible Equity Shareholders may renounce the Rights Entitlements, credited to their respective demat accounts by way of an off market transfer through a depository participant. The Rights Entitlements can be transferred in dematerialised form only.

Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date to enable Renouncees to subscribe to the Rights Equity Shares in the Issue.

The Investors holding the Rights Entitlements who desire to transfer their Rights Entitlements will have to do so through their depository participant by issuing a delivery instruction slip quoting the ISIN [●], the details of the buyer and the details of the Rights Entitlements they intend to transfer. The buyer of the Rights Entitlements (unless already having given a standing receipt instruction) has to issue a receipt instruction slip to their depository participant. The Investors can transfer Rights Entitlements only to the extent of Rights Entitlements available in their demat account.

The instructions for transfer of Rights Entitlements can be issued during the working hours of the depository participants.

The detailed rules for transfer of Rights Entitlements through off market transfer shall be as specified by the NSDL and CDSL from time to time.

MODE OF PAYMENT

All payments against the Application Forms shall be made only through (i) ASBA facility; or (ii) internet banking. The Registrar will not accept any payments against the Application Forms, if such payments are not made through ASBA facility or internet banking.

In case of Application through the ASBA facility, the Investor agrees to block the entire amount payable on Application with the submission of the Application Form, by authorizing the SCSB to block an amount, equivalent to the amount payable on Application, in the Investor's ASBA Account. The SCSB may reject the application at the time of acceptance of Application Form if the ASBA Account, details of which have been provided by the Investor in the Application Form does not have sufficient funds equivalent to the amount payable on Application mentioned in the Application Form. Subsequent to the acceptance of the Application by the SCSB, our Company would have a right to reject the Application on technical grounds as set forth in this Draft Letter of Offer and the Letter of Offer.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the Application Form, the SCSB shall block an amount equivalent to the Application Money mentioned in the Application Form until the Transfer Date. On the Transfer Date, upon receipt of intimation from the Registrar, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, the SCSBs shall transfer such amount as per the Registrar's instruction from the ASBA Account into the Allotment Account(s) which shall be a separate bank account maintained by our Company, other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act, 2013. The balance amount remaining after the finalisation of the Basis of Allotment on the Transfer Date shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the respective SCSB.

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 5, 2003, the stock invest scheme has been withdrawn. Hence, payment through stock invest would not be accepted in the Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility or internet banking . Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Investors

As regards the Application by non-resident Investors, payment must be made only through ASBA facility and using permissible accounts in accordance with FEMA, FEMA Rules and requirements prescribed by RBI and subject to the following:

(a) In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Equity Shares can be remitted outside India, subject to tax, as applicable according to the Income Tax Act. However, please note that conditions applicable at the time of original investment in our Company by the Eligible Equity Shareholder including repatriation shall not change and remain the same for subscription in the Issue or subscription pursuant to renunciation in the Issue.

(b) Subject to the above, in case Rights Equity Shares are Allotted on a non-repatriation basis, the dividend and sale proceeds of the Rights Equity Shares cannot be remitted outside India.

(c) In case of an Application Form received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines and rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

(d) Application Forms received from non-residents/ NRIs, or persons of Indian origin residing abroad for Allotment of Rights Equity Shares shall, amongst other things, be subject to conditions, as may be imposed from time to time by RBI under FEMA, in respect of matters including Refund of Application Money and Allotment.

(e) In the case of NRIs who remit their Application Money from funds held in FCNR/NRE Accounts, refunds and other disbursements, if any shall be credited to such account.

(f) Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory approval for applying for Additional Rights Equity Shares.

BASIS FOR THE ISSUE AND TERMS OF THE ISSUE

The Rights Equity Shares are being offered for subscription to the Eligible Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories in respect of our Equity Shares held in dematerialised form and on the register of members of our Company in respect of our Equity Shares held in physical form at the close of business hours on the Record Date.

For principal terms of Issue such as face value, Issue Price, Rights Entitlement ratio, see "*The Issue*" beginning on page 50.

- **Fractional Entitlements**

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of [●] Equity Share for every [●] Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under the Issue, if the shareholding of any of the Eligible Equity Shareholders is less than [●] Equity Shares or not in the multiple of [●], the fractional entitlement of such Eligible Equity Shareholders shall be ignored in the computation of the Rights Entitlement. However, the Eligible Equity Shareholders whose fractional entitlements are being ignored, will be given preferential consideration for the allotment of one additional Equity Share each if they apply for additional Equity Shares over and above their Rights Entitlements, if any, subject to availability of Rights Equity Shares in the Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than [●] Equity Shares shall have 'zero' entitlement in the Issue. Such Eligible Equity Shareholders are entitled to apply for additional Equity Shares and will be given preference in the allotment of one additional Equity Share if such Eligible Equity Shareholders apply for the additional Equity Shares. However, they cannot renounce the same in favour of third parties and the application forms shall be non-negotiable.

- **Ranking**

The Rights Equity Shares to be issued and Allotted pursuant to the Issue shall be subject to the provisions of this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and the Memorandum of Association and the Articles of Association, the provisions of the Companies Act, 2013, FEMA, the SEBI ICDR Regulations, the SEBI LODR Regulations, and the guidelines, notifications and regulations issued by SEBI, the Government of India and other statutory and regulatory authorities from time to time, the terms of the Listing Agreements entered into by our Company with the Stock Exchanges and the terms and conditions as stipulated in the Allotment advice. The Rights Equity Shares to be issued and Allotted under the Issue shall rank pari passu with the existing Equity Shares, in all respects including dividends.

- **Listing and trading of the Rights Equity Shares to be issued pursuant to the Issue**

Subject to receipt of the listing and trading approvals, the Rights Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the Stock Exchanges. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to the Issue will be listed as soon as practicable and all steps for completion of necessary formalities for listing and commencement of trading in the Rights Equity Shares will be taken within such period prescribed under the SEBI ICDR Regulations. Our Company has received in-principle approval from the BSE through letter bearing reference number [●] dated [●] and from the NSE through letter bearing reference number [●] dated [●]. Our Company will apply to the Stock Exchanges for final approvals for the listing and trading of the Rights Equity Shares subsequent to their Allotment. No assurance can be given regarding the active or sustained trading in the Rights Equity Shares or the price at which the Rights Equity Shares offered under the Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 532141) and NSE (Scrip Code: ACL) under the ISIN: INE666E01020 . The Rights Equity Shares shall be credited to a temporary ISIN which will be frozen until the receipt of the final listing/ trading approvals from the Stock Exchanges. Upon receipt of such listing and trading approvals, the Rights Equity Shares shall be debited from such temporary ISIN and credited to the new ISIN for the Rights Equity Shares and thereafter be available for trading and the temporary ISIN shall be permanently deactivated in the depository system of CDSL and NSDL.

The listing and trading of the Rights Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework then applicable. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

In case our Company fails to obtain listing or trading permission from the Stock Exchanges, our Company shall refund through verifiable means/unblock the respective ASBA Accounts, the entire monies received/blocked within four days of receipt of intimation from the Stock Exchanges, rejecting the application for listing of the Rights Equity Shares, and if any such money is not refunded/ unblocked within four days after our Company becomes liable to repay it, our Company and every director of our Company who is an officer-in-default shall, on and from the expiry of the fourth day, be jointly and severally liable to repay that money with interest at rates prescribed under applicable law.

Subscription to the Issue by our Promoters and members of the Promoter Group

Our Promoter or member of the Promoter Group shall not apply for subscription to their Rights Entitlements and shall forgo their Rights Entitlements in order to comply with the minimum public shareholding requirements mandated under Rule 19(2)(b) and 19A of the SCRR read with regulation 38 of SEBI Listing Regulations.

Rights of Holders of Equity Shares of our Company

Subject to applicable laws, Equity Shareholders who have been Allotted Rights Equity Shares pursuant to the Issue shall have the following rights:

(a) The right to receive dividend, if declared;

(b) The right to receive surplus on liquidation;

(c) The right to receive offers for rights shares and be allotted bonus shares, if announced;

(d) The right to free transferability of Rights Equity Shares;

(e) The right to attend general meetings of our Company and exercise voting powers in accordance with law, unless prohibited / restricted by law and as disclosed in this Draft Letter of Offer; and

(f) Such other rights as may be available to a shareholder of a listed public company under the Companies Act, 2013, the Memorandum of Association and the Articles of Association.

GENERAL TERMS OF THE ISSUE

- **Market Lot**

The Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Equity Shares in dematerialised mode is one Equity Share.

- **Joint Holders**

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as the joint holders with the benefit of survivorship subject to the provisions contained in our Articles of Association. In case of Equity Shares held by joint holders, the Application submitted in physical mode to the Designated Branch of the SCSBs would be required to be signed by all the joint holders (in the same order as appearing in the records of the Depository) to be considered as valid for allotment of Equity Shares offered in the Issue.

- **Nomination**

Nomination facility is available in respect of the Equity Shares in accordance with the provisions of the Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014.

Since the Allotment is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be Allotted in the Issue. Nominations registered with the respective DPs of the Investors would prevail. Any Investor holding Equity Shares in dematerialised form and desirous of changing the existing nomination is requested to inform its Depository Participant.

- **Arrangements for Disposal of Odd Lots**

The Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Equity Share and hence, no arrangements for disposal of odd lots are required.

- **Restrictions on transfer and transmission of shares and on their consolidation/splitting**

There are no restrictions on transfer and transmission and on their consolidation/splitting of shares issued pursuant to the Issue. However, the Investors should note that pursuant to the provisions of the SEBI LODR Regulations, with effect from April 1, 2019, except in case of transmission or transposition of securities, the request for transfer of securities shall not be affected unless the securities are held in the dematerialized form with a depository.

- **Notices**

In accordance with the SEBI ICDR Regulations and the SEBI ICDR Master Circular, and MCA General Circular No. 21/2020 dated May 11, 2020, our Company will send through email and speed post, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material only to the Eligible Equity Shareholders who have provided Indian address. In case such Eligible Equity Shareholders have provided their valid e-mail address, the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be sent only to their valid e-mail address and in case such Eligible Equity Shareholders have not provided their e-mail address, then the Letter of Offer, the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue material will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

All notices to the Eligible Equity Shareholders required to be given by our Company shall be published in one English language national daily newspaper with wide circulation, one Hindi language national daily newspaper with wide circulation and one Telugu language daily newspaper with wide circulation (Telugu also being the regional language in the place where our Registered Office is located).

This Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form shall also be submitted with the Stock Exchanges for making the same available on their websites.

- **Offer to Non-Resident Eligible Equity Shareholders/Investors**

As per Rule 7 of the FEMA Rules, RBI has given general permission to Indian companies to issue rights equity shares to non-resident equity shareholders including additional rights equity shares. Further, as per the Master Direction on Foreign Investment in India dated January 4, 2018 issued by RBI, non-residents may, amongst other things, (i) subscribe for additional shares over and above their rights entitlements; (ii) renounce the shares offered to them either in full or part thereof in favour of a person named by them; or (iii) apply for the shares renounced in their favour. Applications received from NRIs and non -residents for allotment of Rights Equity Shares shall be, amongst other things, subject to the conditions imposed from time to time by RBI under FEMA in the matter of Application, refund of Application Money, Allotment of Rights Equity Shares and issue of Rights Entitlement Letters/ letters of Allotment/ Allotment advice. If a non-resident or NRI Investor has specific approval from RBI or any other governmental authority, in connection with his shareholding in our Company, such person should enclose a copy of such approval with the Application details and send it to the Registrar at https://rights.kfintech.com. It will be the sole responsibility of the investors to ensure that the necessary approval from the RBI or the governmental authority is valid in order to make any investment in the Issue and the Lead Manager and our Company will not be responsible for any such allotments made by relying on such approvals.

The Letter of Offer, Abridged Letter of Offer, the Rights Entitlement Letter and Application Form shall be sent only to the Indian addresses of the non-resident Eligible Equity Shareholders on a reasonable efforts basis, who have provided an Indian address to our Company and located in jurisdictions where the offer and sale of the Rights Equity Shares may be permitted under laws of such jurisdictions, Eligible Equity Shareholders can access this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer and the Application Form (provided that the Eligible Equity Shareholder is eligible to subscribe for the Rights Equity Shares under applicable securities laws) from the websites of the Registrar, our Company, the Lead Manager and the Stock Exchanges. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Applicants. Our Board may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Allotment. The Rights Equity Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original Equity Shares against which Rights Equity Shares are issued on rights basis.

In case of change of status of holders, i.e., from resident to non-resident, a new demat account must be opened.

Any Application from a demat account which does not reflect the accurate status of the Applicant is liable to be rejected at the sole discretion of our Company and the Lead Manager.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH OUR EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE. FOR DETAILS, SEE "*ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS*" ON PAGE 261.

ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	[●]
ISSUE OPENING DATE	[●]
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS#	[●]
ISSUE CLOSING DATE*	[●]
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF ALLOTMENT (ON OR ABOUT)	[●]
DATE OF CREDIT (ON OR ABOUT)	[●]
DATE OF LISTING (ON OR ABOUT)	[●]

 # Eligible Equity Shareholders are requested to ensure that renunciation through off market transfer is completed in such a manner that the Rights Entitlements are credited to the demat account of the Renouncees on or prior to the Issue Closing Date.
**Our Board or a duly authorized committee thereof will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Opening Date). Further, no withdrawal of Application shall be permitted by any Applicant after the Issue Closing Date.*

Please note that if Eligible Equity Shareholders holding Equity Shares in physical form as on Record Date, have not provided the details of their demat accounts to our Company or to the Registrar, they are required to provide their demat account details to our Company or the Registrar not later than two clear Working Days prior to the Issue Closing Date, i.e., [●] to enable the credit of the Rights Entitlements by way of transfer from the demat suspense escrow account to their respective demat accounts, at least one day before the Issue Closing Date, i.e., [●].

BASIS OF ALLOTMENT

Subject to the provisions contained in this Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, the Articles of Association and the approval of the Designated Stock Exchange, our Board will proceed to Allot the Rights Equity Shares in the following order of priority:

(a) Full Allotment to those Eligible Equity Shareholders who have applied for their Rights Entitlements of Rights Equity Shares either in full or in part and also to the Renouncee(s) who has or have applied for Rights Equity Shares renounced in their favour, in full or in part.

(b) Eligible Equity Shareholders whose fractional entitlements are being ignored and Eligible Equity Shareholders with zero entitlement, would be given preference in allotment of one Additional Rights Equity Share each if they apply for Additional Rights Equity Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Equity Shares after allotment under (a) above. If number of Rights Equity Shares required for Allotment under this head are more than the number of Rights Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange and will not be a preferential allotment.

(c) Allotment to the Eligible Equity Shareholders who having applied for all the Rights Equity Shares offered to them as part of the Issue, have also applied for Additional Rights Equity Shares. The Allotment of such Additional Rights Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there are any unsubscribed Rights Equity Shares after making full Allotment in (a) and (b) above. The Allotment of such Rights Equity Shares will be at the sole discretion of our Board in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(d) Allotment to Renouncees who having applied for all the Rights Equity Shares renounced in their favour, have applied for Additional Rights Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Rights Equity Shares will be made on a proportionate basis in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

(e) Allotment to any other person, subject to applicable laws, that our Board may deem fit, provided there is surplus available after making Allotment under (a), (b), (c) and (d) above, and the decision of our Board in this regard shall be final and binding.

(f) After taking into account Allotment to be made under (a) to (d) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

(g) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in the Issue, along with:

(h) The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful Application;

(i) The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and

(j) The details of rejected ASBA applications, if any, to enable the SCSBs to un block the respective ASBA Accounts.

(k) Further, the list of Applicants eligible for refund with corresponding amount will also be shared with Escrow Collection Bank(s) to refund such Applicants.

ALLOTMENT ADVICE OR REFUND/ UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/ dispatch Allotment advice, refund intimations, if applicable or demat credit of securities and/or letters of regret, only to the Eligible Equity Shareholders who have provided Indian address; along with crediting the Allotted Rights Equity Shares to the respective beneficiary accounts (only in dematerialised mode) or in a demat suspense account (in respect of Eligible Equity Shareholders holding Equity Shares in physical form on the Allotment Date) or issue instructions for unblocking the funds in the respective ASBA Accounts, if any, within a period of fifteen days from the Issue Closing Date. In case of failure to do so, our Company and our Directors who are "officers in default" shall pay interest at such rate as specified under applicable law from the expiry of such 15 days' period.

The Rights Entitlements will be credited in the dematerialized form using electronic credit under the depository system and the Allotment advice shall be sent, through a mail, to the Indian mail address provided to our Company or at the address recorded with the Depository.

In the case of non-resident Investors who remit their Application Money from funds held in the NRE or the FCNR Accounts, unblocking refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Applicant has applied for Additional Rights Equity Shares in the Issue and is Allotted a lesser number of Rights Equity Shares than applied for, the excess Application Money paid/blocked shall be refunded/unblocked.

The unblocking of ASBA funds / refund of monies shall be completed be within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in making refunds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

PAYMENT OF REFUND

- Mode of making refunds

The payment of refund, if any, including in the event of oversubscription or failure to list or otherwise would be done through any of the following modes.

(a) Unblocking amounts blocked using ASBA facility.

(b) NACH – National Automated Clearing House is a consolidated system of electronic clearing service. Payment of refund would be done through NACH for Applicants having an account at one of the centres specified by RBI, where such facility has been made available. This would be subject to availability of complete bank account details including a Magnetic Ink Character Recognition ("MICR") code wherever applicable from the depository. The payment of refund through NACH is mandatory for Applicants having a bank account at any of the centres where NACH facility has been made available by RBI (subject to availability of all information for crediting the refund through NACH including the MICR code as appearing on a cheque leaf, from the depositories), except where Applicant is otherwise disclosed as eligible to get refunds through NEFT or Direct Credit or RTGS.

(c) **National Electronic Fund Transfer ("NEFT")** – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code ("IFS C Code"), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar to our Company or with the Depository Participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.

(d) **Direct Credit** – Investors having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

(e) **RTGS –** If the refund amount exceeds ₹2,00,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC Code in the Application Form. In the event the same is not provided, refund shall be made through NACH or any other eligible mode. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.

(f) For all other Investors, the refund orders will be dispatched through speed post or registered post subject to applicable laws. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/first Investor and payable at par.

(g) Credit of refunds to Investors in any other electronic manner, permissible by SEBI from time to time.

Refund payment to non-residents

(h) The Application Money will be unblocked in the ASBA Account of the non-resident Applicants, details of which were provided in the Application Form.

ALLOTMENT ADVICE OR DEMAT CREDIT OF SECURITIES

The demat credit of securities to the respective beneficiary accounts will be credited within 15 days from the Issue Closing Date or such other timeline in accordance with applicable laws.

- Receipt of the Rights Equity Shares in Dematerialized Form

  PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR UNDER THE ISSUE CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO (A) THE SAME DEPOSITO RY ACCOUNT/ CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY SUCH INVESTOR ON THE RECORD DATE, OR (B) THE DEPOSITORY ACCOUNT, DETAILS OF WHICH HAVE BEEN PROVIDED TO OUR COMPANY OR THE REGISTRAR AT LEAST TWO CLEAR WORKING DAYS PRIOR TO THE ISSUE CLOSING DATE BY THE ELIGIB LE EQUIT Y SHAREHOLDER HOLDING EQUITY SHARES IN PHYSICAL FORM, AS APPLICABLE, AS ON THE RECORD DATE, OR (C) DEMAT SUSPENSE ACCOUNT PENDING RECEIPT OF DEMAT ACCOUNT DETAILS FOR RESIDENT ELIGIBLE EQUITY SHAREHOLDERS HOLDING EQUITY SHARES FORM/ WHERE THE CREDIT OF THE RIGHTS ENTITLEME NTS RETURNED/REVERS ED/ FAILED.

  Investors shall be Allotted the Rights Equity Shares in dematerialized (electronic) form. Our Company has signed two agreements with the respective Depositories and the Registrar to the Issue, which enables the Investors to hold and trade in the securities issued by our Company in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates:

- Tripartite Agreement dated September 26, 2003 between our Company, CIL Securities Limited and NSDL.

- Tripartite Agreement dated November 30, 2001 between our Company, CIL Securities Limited and CDSL.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in the Issue in the dematerialised form is as under:

(a) Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in the records of our Company). In case of Investors having various folios in our Company with different joint holders, the Investors will have to open separate accounts for such holdings. Those Investors who have already opened such beneficiary account(s) need not adhere to this step.

(b) It should be ensured that the depository account is in the name(s) of the Investors and the names are in the same order as in the records of our Company or the Depositories.

(c) The responsibility for correctness of information filled in the Application Form vis-a-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in Application Form should be the same as registered with the Investor's depository participant.

(d) If incomplete or incorrect beneficiary account details are given in the Application Form, the Investor will not get any Rights Equity Shares and the Application Form will be rejected.

(e) The Rights Equity Shares will be allotted to Applicants only in dematerialized form and would be directly credited to the beneficiary account as given in the Application Form after verification or demat suspense account (pending receipt of demat account details for resident Eligible Equity Shareholders holding Equity Shares in physical form/ with Investor Education and Protection Fund (IEPF) authority/ in suspense, etc.). Allotment advice, refund order (if any) would be sent through physical dispatch, by the Registrar but the Applicant's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Applicant's depository account.

(f) Non-transferable Allotment advice / refund intimation will be directly sent to the Investors by the Registrar, on their registered email address or through physical dispatch.

(g) Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in the Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

(h) Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository

(i) Participant to our Company as on the date of the book closure.

(j) Resident Eligible Equity Shareholders, who hold Equity Shares in physical form, as applicable, and who have not furnished the details of their demat account to the Registrar or our Company at least two Working Days prior to the Issue Closing Date, will not be able to apply in the Issue.

IMPERSONATION

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

"*Any person who –*

(a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447."

The liability prescribed under Section 447 of the Companies Act, 2013 for fraud involving an amount of at least ₹ 0.10 crore 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 ₹ 0.10 crore 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 ₹0.50 crore or with both.

UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

(a) All monies received out of the Issue shall be transferred to a separate bank account;

(b) Details of all monies utilized out of the Issue referred to under (A) above shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised; and

(c) Details of all unutilized monies out of the Issue referred to under (A) above, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilized monies have been invested.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

(a) The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

(b) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Equity Shares are to be listed will be taken by our Board within the time limit specified by SEBI.

(c) The funds required for making refunds / unblocking to unsuccessful Applicants as per the mode(s) disclosed shall be made available to the Registrar by our Company.

(d) Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.

(e) In case of refund / unblocking of the Application Money for unsuccessful Applicants or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Applicants.

(f) No further issue of securities shall be made till the securities offered through the Letter of Offer are listed or till the application monies are refunded on account of non-listing, under subscription etc., other than as disclosed in accordance with Regulation 97 of SEBI ICDR Regulations.

(g) Adequate arrangements shall be made to collect all ASBA Applications.

(h) As on date, our Company does not have any convertible debt instruments.

(i) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

(a) Please read the Letter of Offer carefully before taking any action. The instructions contained in the Application Form, Abridged Letter of Offer and the Rights Entitlement Letter are an integral part of the conditions of this Draft Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.

(b) All enquiries in connection with this Draft Letter of Offer must be addressed (quoting the registered folio number in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date or the DP ID and Client ID number, the Application Form number and the name of the first Eligible Equity Shareholder as mentioned on the Application Form and superscribed "*[●]– Rights Issue*" on the envelope and postmarked in India) to the Registrar at the following address:

KFin Technologies Limited
Selenium Tower B, Plot 31 & 32, Gachibowli, Financial District
Nanakramguda, Serilingampally Hyderabad 500 032
Telangana, India
Telephone: +91 4067162222/18003094001
E-mail: acl.rights@kfintech.com
Investor Grievance ID: einward.ris@kfintech.com
Website: www.kfintech.com
Contact Person: M Murali Krishna
SEBI Registration Number: INR000000221

(c) In accordance with SEBI ICDR Master Circular, frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors will be available on the website of the Registrar https://rights.kfintech.com. Further, helpline number provided by the Registrar for guidance on the Application process and resolution of difficulties is +91 40 67162222/18003094001.

(d) The Investors can visit following links for the below-mentioned purposes:

(i) Frequently asked questions and online/ electronic dedicated investor helpdesk for guidance on the Application process and resolution of difficulties faced by the Investors: https://rights.kfintech.com

(ii) Updation of Indian address/ e-mail address/ phone or mobile number in the records maintained by the Registrar or our Company: https://rights.kfintech.com;

(iii) Updation of demat account details by Eligible Equity Shareholders holding s hares in physical form: https://rights.kfintech.com; and

(iv) Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: Einward.ris@kfintech.com

(e) The Issue will remain open for a minimum 7 days. However, our Board or the Rights Issue Committee will have the right to extend the Issue Period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date (inclusive of the Issue Closing Date).

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (**FDI**) through press notes and press releases.

The Government has from time to time made policy pronouncements on FDI through press notes and press releases. The DPIIT issued the Consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 (**FDI Circular 2020**), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The FDI Circular 2020 will be valid until the DPIIT issues an updated circular.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of RBI, provided that (i) the activities of the investee company falls under the automatic route as provided in the FDI Circular 2020 and FEMA and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Circular 2020; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI and RBI.

No investment under the FDI route (i.e. any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of the Company or any FDI investment for which an approval from the government was taken in the past) will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval from the government. It will be the sole responsibility of the investors to ensure that the necessary approval or the pre-existing approval from the government is valid in order to make any investment in the Issue. The Lead Manager and our Company will not be responsible for any Allotments made by relying on such approvals.

Please also note that pursuant to Circular No. 14 dated September 16, 2003 issued by RBI, OCBs have been derecognized as an eligible class of investors and RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Investor being an OCB is required not to be under the adverse notice of RBI and to obtain prior approval from RBI for applying in this Issue as as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.

Further, while investing in the Issue, the Investors are deemed to have obtained the necessary approvals, as required, under applicable laws and the obligation to obtain such approvals shall be upon the Investors. Our Company shall not be under an obligation to obtain any approval under any of the applicable laws on behalf of the Investors and shall not be liable in case of failure on part of the Investors to obtain such approvals.

The above information is given for the benefit of the Applicants / Investors. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Letter of Offer. Investors are advised to make their independent investigations and ensure that the number of Equity Shares applied for do not exceed the applicable limits under laws or regulations.

RESTRICTIONS ON PURCHASES AND RESALES

General Eligibility and Restrictions

No action has been taken or will be taken to permit a public offering of the Rights Entitlements or the Equity Shares to occur in any jurisdiction, or the possession, circulation, or distribution of this Draft Letter of Offer, its accompanying documents or any other material relating to our Company, the Rights Entitlements or the Equity Shares in any jurisdiction where action for such purpose is required, except that this Draft Letter of Offer will be filed with the Stock Exchanges.

The Rights Entitlements and the Equity Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States.

The Rights Entitlements or the Equity Shares may not be offered or sold, directly or indirectly, and none of this Draft Letter of Offer, its accompanying documents or any offering materials or advertisements in connection with the Rights Entitlements or the Equity Shares may be distributed or published in or from any country or jurisdiction except in accordance with the legal requirements applicable in such jurisdiction.

Investors are advised to consult their legal counsel prior to accepting any provisional allotment of the Equity Shares, applying for excess Equity Shares or making any offer, sale, resale, pledge or other transfer of the Rights Entitlements or the Equity Shares.

This Draft Letter of Offer and its accompanying documents will be supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose.

Each person who exercises the Rights Entitlements and subscribes for the Equity Shares, or who purchases the Rights Entitlements, or the Equity Shares shall do so in accordance with the restrictions set out below.

Cayman Islands

This Draft Letter of Offer does not constitute an invitation or offer to the public in the Cayman Islands of the Equity Shares, whether by way of sale or subscription. The Rights Entitlements and the Rights Equity Shares are not being offered or sold, and will not be offered or sold, directly or indirectly, to the public in the Cayman Islands.

European Economic Area (EEA) and the United Kingdom

In relation to each Member State of the European Economic Area and the United Kingdom (each a **Relevant State**), no Rights Entitlement or Rights Equity Shares have been offered or will be offered pursuant to the Issue to the public in that Relevant State prior to the publication of a prospectus in relation to the Rights Entitlement or Rights Equity Shares which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of the Rights Entitlement or the Rights Equity Shares may be made to the public in that Relevant State at any time under the following exemptions under the Prospectus Regulation (EU) 2017 / 1129 (and any amendment thereto) **(Prospectus Regulation)**:

1. To any legal entity that is a qualified investor, as defined in the Prospectus Regulation;

2. To fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) subject to obtaining the prior consent of our Company for any such offer; or

3. In any other circumstances falling within Article 1(4) of the Prospectus Regulation,
provided that no such offer of the Rights Entitlement or the Rights Equity Shares shall result in a requirement for the publication by our Company or the Lead Manager of a prospectus pursuant to Article 3 of the Prospectus Regulation. Each person who initially acquires any Rights Entitlement or the Rights Equity Shares or to whom any offer is made will be deemed to have represented, acknowledged and agreed to and with the Lead Manager and the Company that it is a "qualified investor" within the meaning of Article 2(e) of the Prospectus Regulation.

In case any of the Rights Entitlement or the Rights Equity Shares are being offered to a financial intermediary, as that term is used in Article 5 of the Prospectus Regulation, each such financial intermediary will also be deemed to have represented, acknowledged and agreed that the Rights Equity Shares have not been subscribed for on a non-discretionary basis on behalf of, nor have they been subscribed for with a view to their offer or resale to persons in circumstances which may give rise to an offer of the Rights Equity Shares to the public other than their offer or resale in a Relevant State to the qualified investors (as so defined) or in circumstances in which the prior consent of our Company has been obtained to each such proposed offer or resale.

For the purposes of this section, the expression an ‘offer to the public’ in relation to any Rights Entitlement or rights Equity Shares in any Relevant State means a communication to persons in any form and by any means presenting sufficient information on the terms of the offer and the Rights Entitlement or the Rights Equity Shares so as to enable an investor to decide to purchase or subscribe for the Rights Entitlement or the Rights Equity Shares. Our Company, the Lead Manager and its affiliates and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements.

United Kingdom

In the United Kingdom, this Draft Letter of Offer and any investment or investment activity to which this Draft Letter of Offer relates is directed only at, being distributed and made available only to, and will be engaged in only with, persons who are qualified investors within the meaning of Article 2(e) of the Prospectus Regulation and who (i) fall within the definition of “investment professionals” contained in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; (ii) fall within Article 49(2)(a) to (d) (*high net worth companies, unincorporated associations, etc*.) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended; or (iii) to whom it can otherwise lawfully be communicated (all such persons together be referred to as **relevant persons**). Persons who are not relevant persons should not take any action on the basis of this Draft Letter of Offer and should not act or rely on it or any of its contents.

Hong Kong

The Rights Entitlement or Rights Equity Shares may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) (**CO**), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (**SFO**) and any rules made thereunder, or in other circumstances which do not result in the document being a “prospectus” within the meaning of the CO and no advertisement, invitation or document relating to the shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made thereunder.

This Draft Letter of Offer has not been reviewed or approved by any regulatory authority in Hong Kong. In particular, this Draft Letter of Offer has not been, and will not be, registered as a “prospectus” in Hong Kong under the CO nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the SFO. Recipients are advised to exercise caution in relation to the Issue. If recipients are in any doubt about any of the contents of this Draft Letter of Offer, they should obtain independent professional advice.

Unless permitted by the securities laws of Hong Kong, no person may issue or have in its possession for issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Rights Entitlement or the Rights Equity Shares, which is directed at, or the content of which is likely to be accessed or read by, the public of Hong Kong other than with respect to the Rights Entitlement or the Rights Equity Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to the Professional Investors.

No person who has received a copy of this Draft Letter of Offer may issue, circulate or distribute this Draft Letter of Offer in Hong Kong or make or give a copy of this Draft Letter of Offer to any other person. No person allotted the Rights Equity Shares may sell, or offer to sell, such Rights Equity Shares to the public in Hong Kong within 6 months following the date of issue of such Rights Equity Shares.

Mauritius

Neither the Rights Entitlements nor the Rights Equity Shares may be offered, distributed or sold, directly or indirectly, in Mauritius or to any resident of Mauritius, except as permitted by applicable Mauritius law, including but not limited to the Mauritius Securities Act. No offer or distribution of securities will be made to the public in Mauritius.

Singapore

This Draft Letter of Offer has not been and will not be registered as a prospectus with the Monetary Authority of Singapore under the Securities and Futures Act (Chapter 289) of Singapore (**SFA**). The offer of the Rights Entitlements and the Rights Equity Shares pursuant to the Rights Entitlements to the Eligible Equity Shareholders in Singapore is made in reliance on the offering exemption under Section 273(1)(cd) of the SFA.

The Eligible Equity Shareholders in Singapore may apply for the Additional Rights Equity Shares over and above their Rights Entitlements only: (i) if they are an "institutional investor" within the meaning of Section 274 of the SFA and in accordance with the conditions of an exemption invoked under Section 274 of the SFA; (ii) if they are a relevant person pursuant to Section 275(1) of the SFA or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (iii) pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where any Additional Rights Equity Shares over and above their Rights Entitlements are purchased under Section 275 of the SFA by a relevant person which is: (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired such Rights Equity Shares pursuant to an offer made under Section 275 of the SFA except: (a) to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA or to any person arising from referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA; (b) where no consideration is or will be given for the transfer; (c) where the transfer is by operation of law; (d) as specified in Section 276(7) of the SFA; or (e) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore, our Company has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA) that the Rights Entitlements and the Rights Equity Shares are 'prescribed capital markets products' (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

United States

The Rights Entitlements and the Rights Equity Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold, resold, allotted, taken up, exercised, renounced, pledged or transferred in the United States except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state of the United States. The Rights Entitlements and the Rights Equity Shares are being offered and sold only to persons outside the United States in reliance on Regulation S and the applicable laws of the jurisdiction where those offers and sales are made.

For investors outside the United States

Each person accepting the Rights Entitlements and subscribing to the Rights Equity Shares outside the United States shall be deemed to have represented, warranted, agreed and acknowledged as follows:

1. It is entitled to accept the Rights Entitlements and subscribe to the Rights Equity Shares under the laws of all relevant jurisdictions that apply to it and that it has fully observed such laws and has complied with all

necessary formalities to enable it to accept the Rights Entitlements and subscribe to the Rights Equity Shares;

2. It was outside the United States at the time the offer of the Rights Entitlements and the Rights Equity Shares was made to it and it was outside the United States when its buy order for the Rights Entitlements (if applicable) and the Rights Equity Shares was originated;

3. It did not accept the Rights Entitlements or subscribe to the Rights Equity Shares as a result of any "directed selling efforts" (as defined in Regulation S);

4. The Rights Entitlements and the Rights Equity Shares have not been and will not be registered under the Securities Act or the securities law of any state of the United States and that the offer of the Rights Entitlements and the offer and sale of the Rights Equity Shares to it is made in reliance on the Regulation S;

5. It will not offer, sell or otherwise transfer the Rights Entitlements except in India in a transaction complying with Rule 903 or Rule 904 of the Regulation S;

6. It subscribed to the Rights Equity Shares for investment purposes and not with a view to the distribution or resale thereof. If in the future it decides to offer, sell, pledge or otherwise transfer any of the Rights Equity Shares, it shall only offer, sell, pledge or otherwise transfer such Equity Shares: (a) outside the United States in a transaction complying with Rule 903 or Rule 904 of the Regulation S and in accordance with all applicable laws of any other jurisdiction, including India; or (ii) in the United States pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws;

7. Prior to making any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares, it: (a) will have consulted with its own legal, regulatory, tax, business, investment, financial and accounting advisers in each jurisdiction in connection herewith to the extent it has deemed necessary; (b) will have carefully read and reviewed a copy of this Draft Letter of Offer and its accompanying documents; (c) will have possessed and carefully read and reviewed all information relating to our Company and the Rights Entitlements and the Rights Equity Shares that it believes is necessary or appropriate for the purpose of making its investment decision, including, without limitation, the Exchange Information (as defined below); (d) will have conducted its own due diligence on our Company and this Issue, and will have made its own investment decisions based upon its own judgement, due diligence and advice from such advisers as it has deemed necessary and will not have relied upon any recommendation, promise, representation or warranty of or view expressed by or on behalf of our Company, Lead Manager or its affiliates (including any research reports) (other than with respect to our Company and any information contained in this Draft Letter of Offer); and (e) will have made its own determination that any investment decision to exercise the Rights Entitlements and subscribe for the Rights Equity Shares is suitable and appropriate, both in the nature and number of the Rights Equity Shares being subscribed.

8. Without limiting the generality of the foregoing, it acknowledges that: (a) the Equity Shares are listed on BSE and NSE and our Company is therefore required to publish certain business, financial and other information in accordance with the rules and practices of BSE and NSE (which includes, but is not limited to, a description of the nature of our Company's business and our Company's most recent balance sheet and profit and loss account, and similar statements for preceding years together with press releases, announcements, investor education presentations and annual reports, which collectively constitutes Exchange Information), and that it has had access to such information without undue difficulty and has reviewed such Exchange Information as it has deemed necessary; and (b) neither our Company nor the Lead Manager or any of its affiliates has made any representations or recommendations to it, express or implied, with respect to our Company, the Rights Entitlements or the Rights Equity Shares or the accuracy, completeness or adequacy of the Exchange Information.

9. It acknowledges that: (a) any information that it has received or will receive relating to or in connection with this Issue, and the Rights Entitlements or the Rights Equity Shares, including this Draft Letter of Offer and the Exchange Information (collectively, Information), has been prepared solely by our Company; and (b) none of the Lead Manager or any of its affiliates has verified the Information, and no recommendation, promise, representation or warranty (express or implied) is or has been made or given by the Lead Manager or its affiliates as to the accuracy, completeness or sufficiency of the Information, and nothing contained in the Information is, or shall be relied upon as, a promise, representation or warranty by the Lead Manager

or its affiliates.

10. It will not hold our Company and the Lead Manager or its affiliates responsible for any misstatements in or omissions to the Information or in any other written or oral information provided by our Company to it. It acknowledges that no written or oral information relating to this Issue, the Rights Entitlements or the Rights Equity Shares has been or will be provided by the Lead Manager or its affiliates to it.

11. It understands and acknowledges that the Lead Manager is assisting our Company in respect of this Issue and that the Lead Manager is acting solely for our Company and no one else in connection with this Issue and, in particular, is not providing any service to it, making any recommendations to it, advising it regarding the suitability of any transactions it may enter into to subscribe or purchase any Rights Entitlements or Rights Equity Shares nor providing advice to it in relation to our Company, this Issue, the Rights Entitlements or the Rights Equity Shares. Further, to the extent permitted by law, it waives any and all claims, actions, liabilities, damages or demands it may have against the Lead Manager arising from its engagement with our Company and in connection with this Issue.

12. It understands and acknowledges that the Lead Manager is not making, will not make, and will not participate or otherwise be involved in any offers or sales of the Rights Entitlements or the Rights Equity Shares.

13. If it acquired any of the Rights Entitlements or Rights Equity Shares as fiduciary or agent for one or more investor accounts, it has sole investment discretion with respect to each such account and that it has full power to make the foregoing representations, warranties, acknowledgements and agreements on behalf of each such account;

14. It shall indemnify and hold our Company and the Lead Manager harmless from any and all costs, claims, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of these representations, warranties or agreements. It agrees that the indemnity set forth in this paragraph shall survive the resale of the Rights Entitlements and Rights Equity Shares; and

15. It acknowledges that our Company, the Lead Manager and others will rely upon the truth and accuracy of the foregoing representations, warranties and acknowledgements.

SECTION VIII: OTHER INFORMATION

STATUTORY INFORMATION

Please note that the Rights Equity Shares applied for under this Issue will be allotted only in dematerialized form and will be credited to (a) the same depository account / corresponding PAN in which the Equity Shares are held by such Investor on the Record Date, or (b) the depository account, details of which have been provided to our Company or the Registrar at least 2 working days prior to the Issue Closing Date by the Eligible Equity Shareholder holding Equity Shares in physical form as on the Record Date, or (c) demat suspense escrow account. For details, see '*Terms of the Issue*' on page 240.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered or are to be entered into by the Company (not being contracts entered into in the ordinary course of business carried on by the Company or contracts entered into more than 2 years before the date of this Draft Letter of Offer) which are or may be deemed material have been entered or are to be entered into by the Company. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all working days from the date of this Draft Letter of Offer until the Issue Closing Date.

A. **Material Contracts**

1. Issue Agreement dated September 30, 2024, entered between our Company and the Lead Manager.

2. Registrar Agreement dated April 30, 2024, entered between our Company and the Registrar to the Issue.

3. Banker to the Issue Agreement dated [●] entered amongst our Company, the Lead Manager, the Registrar to the Issue and the Banker to the Issue.

4. Monitoring Agency Agreement dated September 25, 2024 entered between our Company and the Monitoring Agency.

B. Material Documents in Relation to the Issue

1. Certified copies of the Memorandum of Association and Articles of Association of our Company.

2. Certificate of incorporation of our Company dated December 9, 1936, under the name The Andhra Cement Company Limited.

3. Certificate of incorporation of our Company dated December 24, 1990, under the name Andhra Cements Limited.

4. Annual Reports of our Company for the last 5 Fiscals.

5. NCLT Amravati order dated February 16, 2023, approving the Corporate Insolvency Resolution Plan dated August 29, 2022.

6. Resolution of our Board dated March 28, 2024, in relation to approval of the Issue and other related matters.

7. Resolution of the Rights Issue Committee dated September 30, 2024 approving and adopting this Draft Letter of Offer.

8. Resolution passed by our Rights Issue Committee dated [●] finalizing the terms of the Issue including the Record Date.

9. Our Company has received consent from its Statutory Auditors, Deloitte Haskins & Sells, Chartered Accountants through their letter dated September 30, 2024 to include their name as required under Section 26(1) of the Companies Act, 2013 in this Draft Letter of Offer and as an "expert" as defined under Section 2(38) of the Companies Act, 2013 in respect of (i) the Restated Financial Statements and the examination reports in respect of the Audited Financial Statements, and (ii) statement of special tax benefits dated September 28, 2024 and such consents have not been withdrawn as of the date of this Draft Letter of Offer.

10. Our Company has also received written consent dated September 21, 2024 from the Independent Chartered Accountants, to include its name in this Draft Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the certificates issued by them in their capacity as an independent chartered accountant to our Company and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

11. Our Company has also received written consent dated September 03, 2024 from the Chartered Engineer, K.V. Subramanium Kishore, Chartered Engineer, to include their name in this Draft Letter of Offer, as an "expert" as defined under section 2(38) of the Companies Act, 2013 in respect of the certificates issued by them in their capacity as an independent chartered accountant to our Company and such consent has not been withdrawn as on the date of this Draft Letter of Offer.

12. Examination report on the Restated Financial Statements dated September 21, 2024, of our Statutory Auditors, included in this Draft Letter of Offer.

13. Consents of our Directors, Company Secretary, Compliance Officer, Lead Manager, Statutory Auditor, Independent Chartered Accountant, Chartered Engineer, Banker to the Issue, Monitoring Agency, Legal Counsel to the Issue, and Registrar to the Issue for inclusion of their names in this Draft Letter of Offer to act in their respective capacities.

14. Report titled '*Research Report on Cement Industry*' issued by Care Analytics and Advisory Private Limited and consent letter dated September 24, 2024, in respect of such report.

15. Agreement dated May 11, 2023, between the Company and Sagar Cements Limited ("**Promoter**") for the usage of the brand and the services of the Promoter for the business of the Company.

16. Loan Agreements dated March 28, 2023, March 06, 2024, and September 28, 2024 respectively, between our Company and SCL for the Unsecured loans provided by SCL for an amounts ₹ 2,000 lakhs, ₹ 4,000 lakhs and ₹ 6,000 lakhs respectively .

17. Sanction Letter dated September 27, 2024 YES Bank Limited for sanction of Credit facilities.

18. Detailed Project report dated January 24, 2024 prepared by R V Consulting Services Private Limited on the proposed expansion and modernization of the manufacturing facility Sri Durga Cement Works.

19. Agreement dated March 29, 2024, between the company and R V Consulting Services Private Limited for undertaking turnkey project for proposed expansion and modernization of the manufacturing facility Sri Durga Cement Works.

20. In principle listing approvals dated [●] issued by BSE and NSE, respectively under Regulation 28(1) of the SEBI Listing Regulations.

21. Statement of Special Tax Benefits available to our Company and its shareholders dated September 28, 2024 from Deloitte Haskins & Sells, the Statutory Auditors of our Company.

22. Due diligence certificate dated September 30, 2024 addressed to SEBI from the Lead Manager.

23. Tripartite Agreement dated September 26, 2003, between our Company, CIL Securities Limited and NSDL.

24. Tripartite Agreement dated November 30, 2001, between our Company, CIL Securities Limited and CDSL.

25. SEBI Observation letter no. [●] dated [●].

Any of the contracts or documents mentioned in this Draft Letter of Offer 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 Eligible Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government, and the regulations or guidelines issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, and the Securities and Exchange Board of India Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Kalidindi Venkata Vishnu Raju
Chairman, Non-Executive - Independent Director

Date: September 30, 2024
Place: Hyderabad

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government, and the regulations or guidelines issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, and the Securities and Exchange Board of India Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Dr. Sammidi Anand Reddy
Managing Director

Date: September 30, 2024
Place: Hyderabad

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government, and the regulations or guidelines issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, and the Securities and Exchange Board of India Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Sammidi Sreekanth Reddy
Non-Executive - Non Independent Director

Date: September 30, 2024
Place: Hyderabad

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government, and the regulations or guidelines issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, and the Securities and Exchange Board of India Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Sammidi Rachana
Non-Executive - Non Independent Director

Date: September 30, 2024
Place: Hyderabad

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government, and the regulations or guidelines issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, and the Securities and Exchange Board of India Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Rekha Onteddu
Independent Director

Date: September 30, 2024
Place: Hyderabad

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government, and the regulations or guidelines issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, and the Securities and Exchange Board of India Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

Ravichandran Rajagopal
Independent Director

Date: September 30, 2024
Place: Hyderabad

DECLARATION

We hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government, and the regulations or guidelines issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, and the Securities and Exchange Board of India Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. We further certify that all the statements in this Draft Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Valliyur Hariharan Ramakrishnan
Independent Director

Date: September 30, 2024
Place: Hyderabad

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act, 2013 and the regulations and guidelines issued by the Government of India, and the regulations or guidelines issued by SEBI, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Letter of Offer is contrary to the provisions of the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, and the Securities and Exchange Board of India Act, 1992, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

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Kolluru Prasad
Chief Financial Officer

Date: September 30, 2024
Place: Hyderabad