





Our Company was originally incorporated under the provisions of the Companies Act, 1956 as “J.K. Udaipur Udyog Limited”, a public limited company, pursuant to a certificate of incorporation dated March 15, 1993 issued by the Registrar of Companies, Rajasthan at Jaipur (“RoC”). Subsequently, the name of our Company was changed to “Udaipur Cement Works Limited”, pursuant to which a fresh certificate of incorporation, dated May 19, 2006 was issued by the RoC. For details of the changes to the address of the registered office of our Company, please see “General Information – Changes in the registered office of our Company” on page 47.

Registered Office: Shripati Nagar, CFA, P.O. Dabok, Udaipur 313 022, Rajasthan, India; **Tel.:** +91 294 265 5076
Corporate Office: Nehru House 4, Bahadur Shah Zafar Marg, New Delhi 110 002, Delhi, India; **Tel.:** +91 11 6820 1861, +91 11 6820 1864
Contact Person: Poonam Singh, Company Secretary and Compliance Officer
E-mail: ucwl.investors@jkmil.com; **Website:** www.udaipurcement.com
Corporate Identification Number: L26943RJ1993PLC007267

OUR PROMOTER: JK LAKSHMI CEMENT LIMITED		
FOR PRIVATE CIRCULATION TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY		
ISSUE OF UP TO 24,91,27,853 FULLY PAID-UP EQUITY SHARES OF FACE VALUE OF ₹ 4 EACH OF OUR COMPANY (THE “RIGHTS EQUITY SHARES”) FOR CASH AT A PRICE OF ₹ 18 PER RIGHTS EQUITY SHARE (INCLUDING A PREMIUM OF ₹ 14 PER EQUITY SHARE) AGGREGATING UP TO ₹ 448.43 CRORES” ON A RIGHTS BASIS TO THE ELIGIBLE EQUITY SHAREHOLDERS OF OUR COMPANY IN THE RATIO OF 4 RIGHTS EQUITY SHARES FOR EVERY 5 FULLY PAID-UP EQUITY SHARES HELD BY THE ELIGIBLE EQUITY SHAREHOLDERS ON THE RECORD DATE, THAT IS JUNE 14, 2023 (“RECORD DATE”) (THE “ISSUE”). FOR FURTHER DETAILS, PLEASE SEE “TERMS OF THE ISSUE” ON PAGE 213.		
*Assuming full subscription		
WILFUL DEFAULTERS OR FRAUDULENT BORROWERS		
Neither our Company, nor our Promoter or our Directors are categorized as Wilful Defaulters (as defined hereinafter) or Fraudulent Borrowers (as defined hereinafter).		
GENERAL RISKS		
Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the 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 the Issue. For taking an investment decision, investors must rely on their own examination of our Company and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India (“SEBI”) nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. Specific attention of investors is invited to the statement of “Risk Factors” on page 15 before making an investment in this Issue.		
ISSUER’S ABSOLUTE RESPONSIBILITY		
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this 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 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 makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.		
LISTING		
The existing Equity Shares of our Company are listed on BSE Limited (“BSE”) (“Designated Stock Exchange” or “Stock Exchange”, as the context may require). Our Company has received an “in-principle” approval dated June 5, 2023 from BSE for listing of the Rights Equity Shares to be allotted pursuant to the Issue. Our Company will also make applications to BSE to obtain trading approvals for the Rights Entitlements as required under the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020. For the purposes of the Issue, the Designated Stock Exchange is BSE.		
LEAD MANAGER		REGISTRAR TO THE ISSUE
		
JM Financial Limited 7 th Floor, Cnergy Appasaheb Marathe Marg Prabhadevi, Mumbai 400 025 Maharashtra, India Tel.: +91 22 6630 3030 E-mail: udaipurcementworks.rights@jmfl.com Investor grievance E-mail: grievance.ibd@jmfl.com Contact person: Prachi Dhuri Website: www.jmfl.com SEBI Registration: INM000010361		KFin Technologies Limited Selenium Tower-B, Plot 31 & 32 Gachibowli, Financial District Nanakramguda, Serilingampally Hyderabad 500 032 Telangana, India Tel.: +91 40 6716 2222 E-mail: udaipur.rights@kfintech.com Investor grievance E-mail: einward.ris@kfintech.com Contact Person: M Murali Krishna Website: www.kfintech.com SEBI Registration No.: INR000000221
ISSUE PROGRAMME		
ISSUE OPENS ON	LAST DATE FOR ON MARKET RENUNCIATION*	ISSUE CLOSES ON**
Wednesday, June 21, 2023	Friday, June 30, 2023	Wednesday, July 5, 2023

*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 accounts 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). Further, no withdrawal of Application shall be permitted by any Investor after the Issue Closing Date.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

This 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 below.

References to any legislation, act, circular, regulation, rules, guidelines or policies shall be to such legislation, act, circular, regulation, rules, guidelines or policies as amended, supplemented, or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

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

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

Company Related Terms

Term	Description
Annual Financial Statements	The audited financial statements of our Company as at and for the financial years ended March 31, 2023 (along with comparative financial statements for the financial year ended March 31, 2022) prepared in accordance with applicable accounting standards, which comprises the balance sheet as at March 31, 2023 (along with comparative balance sheet as at March 31, 2022) and the statement of profit and loss, including other comprehensive income, the statement of cash flows and the statement of changes in equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details, please see “ Financial Statements ” on page 109
Articles of Association/Articles/AoA	Articles of association of our Company, as amended from time to time
Board of Directors or Board	Board of directors of our Company
Captive Limestone Mines	Together, Limestone Mine-1 and Limestone Mine-2 as defined below
Company Secretary and Compliance Officer	The company secretary and compliance officer of our Company, namely Poonam Singh
Corporate Office	The corporate office of our Company situated at Nehru House 4, Bahadur Shah Zafar Marg, New Delhi 110 002, Delhi, India
CRISIL	CRISIL Limited
CRISIL Report	Report on ‘Overview of Indian Cement Industry’ dated May 2023, prepared by CRISIL Research, a division of CRISIL Limited, commissioned and paid for by our Company
CRPS	Cumulative redeemable preference shares of face value ₹ 1,00,000 each issued by our Company
Director(s)	The directors on the Board of our Company
Equity Shareholder(s)	A holder of Equity Share(s) of our Company, from time to time
Equity Shares	Equity shares of face value of ₹ 4 each of our Company
Executive Director(s)	Executive director(s) of our Company. For details, see “ Our Management ” on page 68
Expansion Project	Ongoing project for the expansion and development of our Udaipur Manufacturing Plant. For details, see “ Objects of the Issue ” on page 54
Group Companies	Group companies in relation to our Company as defined under Regulation 2(1)(t) of the SEBI ICDR Regulations
Independent Director(s)	Independent Directors on the Board, who are eligible to be appointed as independent directors under the provisions of the Companies Act, 2013 and the SEBI LODR Regulations
Key Managerial Personnel	The Key Managerial Personnel of our Company determined in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations. For details, see “ Our Management ” on page 68
Limestone Mine-1	Our captive mining facility of 703.305 hectares located at Udaipur, Rajasthan, India under mining lease bearing ML No. 186/2008 granted by the State Government of Rajasthan
Limestone Mine-2	Our captive mining facility of 213.33 hectares located at Udaipur, Rajasthan, India under mining lease bearing ML No. 23/2001 granted by the State Government of Rajasthan
Materiality Threshold	Materiality threshold adopted by our Company solely for the purposes of the Issue in relation to the disclosure of outstanding civil and tax proceedings, involving our Company, where the amount involved is ₹ 35.86 lakhs (being 1% of the profit after tax of our Company, in terms of the Annual Financial Statements as at and for the financial year ended March 31, 2023)

Term	Description
Memorandum of Association/Memorandum/MoA	Memorandum of Association of our Company, as amended from time to time
Non-Executive Director(s)	Non-executive director(s) of our Company. For details, see “ Our Management ” on page 68
OCRRPS	Optionally convertible cumulative redeemable preference shares of face value ₹ 100 each issued by our Company
Promoter	The promoter of our Company being JK Lakshmi Cement Limited
Promoter Group	The entities constituting the promoter group of our Company determined in accordance with Regulation 2(1)(pp) of the SEBI ICDR Regulations
Promoter Shareholder	Bengal & Assam Company Limited, a member of our Promoter Group which held 756 Equity Shares of our Company as on March 31, 2023
Registered Office	The registered office of our Company situated at Shripati Nagar, CFA, P.O. Dabok, Udaipur 313 022, Rajasthan, India
Registrar of Companies or RoC	Registrar of Companies, Rajasthan at Jaipur
Senior Management	Senior management of our Company determined in accordance with Regulation 2(1)(bbbb) of the SEBI ICDR Regulations. For details, see “ Our Management ” on page 68
Stakeholders’ Relationship Committee	Stakeholders’ relationship committee of our Board constituted in accordance with Regulation 20 of the SEBI LODR Regulations and currently comprising Vinit Marwaha, Independent Director, as chairperson of the committee, Onkar Nath Rai, Independent Director and Surendra Malhotra, Independent Director
Statutory Auditors	Statutory auditors of our Company namely, M/s. Bansilal Shah & Co., Chartered Accountants
Udaipur Manufacturing Plant	Integrated cement manufacturing unit of the Company at Udaipur, Rajasthan, India
Whole-Time Director	The whole-time director of our Board namely, Naveen Kumar Sharma

Issue Related Terms

Term	Description
Abridged Letter of Offer/ALOF	The 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	The Rights Equity Shares applied for or allotted under this Issue in addition to the Rights Entitlement
Allotment/Allot/Allotted	Allotment of Rights Equity Shares pursuant to the Issue
Allotment Accounts	The accounts opened with the Banker(s) to this Issue, into which the Application Money blocked by Application Supported by Blocked Amount in the ASBA Account, with respect to successful Investors 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, Axis Bank Limited
Allotment Advice	Note, advice or intimation of Allotment sent to each successful Investor who has been or is to be Allotted the Rights Equity Shares pursuant to the Issue
Allotment Date	Date on which the Allotment is made pursuant to the Issue
Allottee(s)	Person(s) to whom the Rights Equity Shares are Allotted pursuant to Issue
Application	Application made through submission of the Application Form or plain paper application to the Designated Branch(es) 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 used or application through the website of the SCSBs (if made available by such SCSBs) under the ASBA process used by an Investor to make an application for the Allotment of Rights Equity Shares in this Issue
Application Money	Aggregate amount payable at the time of Application i.e., ₹ 18 per Rights Equity Share in respect of the Rights Equity Shares applied for in the Issue at the Issue Price
Application Supported by Blocked Amount/ASBA	Application (whether physical or electronic) used by an Investor 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 Investor for blocking the amount mentioned in the Application Form or in the plain paper Application
Banker to the Issue Agreement	Agreement dated June 9, 2023 entered into by and among our Company, the Registrar to the Issue, the Lead Manager and the Banker to the Issue for collection of the Application Money from Investors, transfer of funds to the Allotment Account from the SCSBs, Allotment Account to our Company and other persons and where applicable, refunds of the amounts

Term		Description
		collected from Investors and providing such other facilities and services as specified in the agreement
Banker to the Issue		Together, Allotment Account Bank and Refund Bank, in this case being Axis Bank Limited
Basis of Allotment		The basis on which the Rights Equity Shares will be Allotted to successful Investors in consultation with the Designated Stock Exchange, being BSE, in this Issue, as described in “ <i>Terms of the Issue</i> ” on page 213
Business Hours		Business hours mean the hours between 9 am and 5 pm (IST), during a weekday (Monday through Friday), excluding national holidays
Controlling Branches/Controlling Branches of the SCSBs		Such branches of the SCSBs which coordinate with the Lead Manager, the Registrar to the Issue and the Stock Exchange, a list of which is available on 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
Designated Branches		Such branches of the SCSBs which shall collect the ASBA Applications, as the case may be, used by the Investors and a list of which is available on the website of SEBI and/or such other website(s) as may be prescribed by the SEBI from time to time
Designated Exchange or Stock Exchange	Stock	Stock exchange where the Equity Shares are presently listed i.e., BSE
Eligible Shareholder(s)	Equity	Existing Equity Shareholders as on the Record Date. Please note that the investors eligible to participate in the Issue exclude certain overseas shareholders. For further details, please see “ <i>Notice to Investors</i> ” on page 8
Equity Shareholder(s) /Shareholders		Holder(s) of the Equity Shares of our Company
FPIs		Foreign portfolio investors as defined under the SEBI FPI Regulations
Investor(s)		Eligible Equity Shareholder(s) of our Company on the Record Date, i.e. June 14, 2023 and the Renouncee(s) who make an application for the Rights Equity Shares pursuant to the Issue in terms of this Letter of Offer
ISIN		International Securities Identification Number
Issue		This issue of up to 24,91,27,853 Rights Equity Shares for cash at a price of ₹ 18 per Rights Equity Share (including a premium of ₹ 14 per Rights Equity Share) aggregating up to ₹ 448.43 crores* on a rights basis to the Eligible Equity Shareholders of our Company in the ratio of 4 Rights Equity Shares for every 5 fully paid-up Equity Shares held by the Eligible Equity Shareholders on the Record Date *Assuming full subscription
Issue Agreement		Issue agreement dated June 9, 2023 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue
Issue Closing Date		Wednesday, July 5, 2023
Issue Materials		This Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter, the Application Form, and any other material relating to the Issue
Issue Opening Date		Wednesday, June 21, 2023
Issue Period		The period between the Issue Opening Date and the Issue Closing Date, inclusive of both days, during which Investors can submit their Applications, in accordance with the SEBI ICDR Regulations
Issue Price		₹ 18 per Rights Equity Share
Issue Proceeds/Gross Proceeds		The gross proceeds raised through the Issue
Issue Size		The issue of up to 24,91,27,853 Rights Equity Shares for cash at a price of ₹ 18 per Rights Equity Share (including a premium of ₹ 14 per Rights Equity Shares) aggregating up to ₹ 448.43 crores* *Assuming full subscription
Lead Manager		JM Financial Limited
Letter of Offer		This letter of offer dated June 9, 2023 filed with the Stock Exchange and SEBI
Listing Agreement		The listing agreement(s) entered into between our Company and the Stock Exchange in terms of the SEBI LODR Regulations read along with SEBI circular bearing reference number CIR/CFD/CMD/6/2015 dated October 13, 2015
Monitoring Agency		CARE Ratings Limited
Monitoring Agency Agreement		Agreement dated June 9, 2023 between our Company and the Monitoring Agency in relation to monitoring of Net Proceeds
Multiple Application Forms		Multiple application forms submitted by an Investor in respect of the same Rights Entitlements available in their demat account. However, supplementary applications in relation to further Rights Equity Shares with/without using additional Rights Entitlements will not be treated as multiple applications
Net Proceeds		Issue Proceeds less the Issue related expenses. For further details, please see “ <i>Objects of the Issue</i> ” on page 54

Term	Description
Off Market Renunciation	The renouncement 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 Circulars, circulars issued by the Depositories from time to time and other applicable laws
On Market Renunciation	The renouncement of Rights Entitlements undertaken by the Investor by trading them over the secondary market platform of the Stock Exchange through a registered stockbroker in accordance with the SEBI Rights Issue Circulars, circulars issued by the Stock Exchange from time to time and other applicable laws, on or before Friday, June 30, 2023
Record Date	Designated date for the purpose of determining the Shareholders eligible to apply for the Rights Equity Shares in the Issue, being Wednesday, June 14, 2023
Refund Bank	The Banker to the Issue with whom the refund account will be opened, in this case being Axis Bank Limited
Registrar Agreement	Agreement dated June 9, 2023 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
Registrar to the Company/Registrar and Share Transfer Agent	MCS Share Transfer Agent Limited
Registrar to the Issue/Registrar	KFin Technologies Limited
Renouncee(s)	Person(s) who has/have acquired Rights Entitlements from the Eligible Equity Shareholders on renunciation
Renunciation Period	The period during which the Eligible Equity Shareholders can renounce or transfer their Rights Entitlements which shall commence from the Issue Opening Date. Such period shall close on Friday, June 30, 2023 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 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 Entitlement/RE	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 4 Rights Equity Shares for every 5 Equity Shares held by an Eligible Equity Shareholder, on the Record Date, excluding any fractional entitlements.
Rights Equity Shares	The Rights Entitlements with a separate ISIN: INE225C20011 will be credited to the respective demat account of Eligible Equity Shareholder before the Issue Opening Date, against the Equity Shares held by the Eligible Equity Shareholders as on the Record Date
Rights Issue Committee	Equity Shares of our Company to be Allotted pursuant to this Issue
SCSB(s)	The committee of our Board constituted pursuant to Board resolution dated May 17, 2022, and currently comprising Vinita Singhania, Chairperson, Shrivats Singhania, Executive Director and Chief Executive Officer, Naveen Kumar Sharma, Whole-Time Director, Vinit Marwaha, Independent Director as members of the Committee
SEBI Exemption Letter	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
Transfer Date	Letter dated January 18, 2023 issued by SEBI to the Company granting exemption from the minimum public shareholding requirement for the purpose of achieving the minimum subscription requirements of the Issue. For further details, please see “ <i>Summary of Letter of Offer - Intention and extent of participation by our Promoter/Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their right entitlement</i> ” on page 13
Working Days	The date on which the Application Money blocked in the ASBA Accounts 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, being BSE
Wilful Defaulter	Wilful defaulter as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
Fraudulent Borrower	Fraudulent borrower as defined under Regulation 2(1)(III) of the SEBI ICDR Regulations
Working Days	Working days defined in accordance with Regulation 2(1)(mmm) of the SEBI ICDR Regulations, being all days on which commercial banks in Delhi 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 Delhi are open for business. Furthermore, the time period between the Issue Closing Date and the listing of Equity Shares on the Stock Exchange, working day means all trading days of the Stock Exchange, excluding Sundays and bank holidays, as per circulars issued by SEBI

Conventional and General Terms or Abbreviations

Term/Abbreviation	Description/Full Form
₹/Rs./Rupees/INR	Indian Rupee
AAIFR	Appellate Authority for Industrial and Financial Reconstruction
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the SEBI AIF Regulations
BIFR	Board for Industrial and Financial Reconstruction
BSE	BSE Limited
CDSL	Central Depository Services (India) Limited
Central Government	Central Government of India
CIN	Corporate Identification Number
Companies Act	Companies Act, 1956 and the Companies Act, 2013, as applicable
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the relevant rules made thereunder
Companies Act, 2013	The Companies Act, 2013, along with the relevant rules made thereunder
Company/Our Company	Udaipur Cement Works Limited, a public limited company incorporated under the Companies Act, 1956, and having its registered office at Shripati Nagar, CFA, P.O. Dabok, Udaipur 313 022, Rajasthan, India.
CY	Calendar Year
Depositories Act	Depositories Act, 1996
Depository	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996
DIN	Director identification number
DP/Depository Participant	Depository participant as defined under the Depositories Act
DP ID	Depository participant identity
DPIIT	Department for Promotion of Industry and Internal Trade, GOI
EBITDA	Profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense
EPS	Earnings per share
FDI	Foreign direct investment
FDI Circular 2020	Consolidated FDI policy circular dated October 15, 2020 issued by the DPIIT
FEMA	Foreign Exchange Management Act, 1999
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019
Financial Year/Fiscal Year/FY/ Fiscal	Period of 12 months ending March 31 of that particular year
FVCI	Foreign Venture Capital Investors registered under the SEBI FVCI Regulations
GOI	Government of India
Government	Central Government and/or the State Government, as applicable
IEPF Authority	Investor Education and Protection Fund Authority established by the GOI under Section 125 of the Companies Act, 2013
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
Ind AS	Indian accounting standards as specified under section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules 2015
India	Republic of India
ISIN	International securities identification number
MMDR Act	Mines and Minerals (Development and Regulation) Act, 1957
MMDR Amendment Act	Mines and Minerals (Development and Regulation) Amendment Act, 2015
Mutual Fund	Mutual fund registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996
MVA	Mega Volt Amp
MW	Megawatt
NAV	Net asset value per Equity Share at a particular date computed based on total equity divided by number of Equity Shares
Net Worth	The aggregate value of the paid-up share capital and all reserves created out of the profits, securities premium account and debit or credit balance of profit and loss account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation
NR	Non-resident or person(s) resident outside India, as defined under the FEMA
NRE Account	Non-resident external account
NRI	A person resident outside India, who is a citizen of India and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Deposit) Regulations, 2016

Term/Abbreviation	Description/Full Form
NRO Account	Non-resident ordinary account
NSDL	National Securities Depository Limited
OCBs	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA
PAN	Permanent account number
RBI	Reserve Bank of India
SCRA	Securities Contracts (Regulation) Act, 1956
SCRR	Securities Contracts (Regulation) Rules, 1957
SEBI	The Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018
SEBI LODR Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
SEBI Rights Issue Circulars	Collectively, SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, SEBI circular bearing reference number SEBI/HO/CFD/SSEP/CIR/P/2022/66 dated May 19, 2022, and any other circular issued by SEBI in this regard
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed and replaced by the SEBI AIF Regulations
State Government	Government of a State of India
U.S./USA/United States	United States of America, including the territories or possessions thereof
U.S. GAAP	The U.S. Generally Accepted Accounting Principles
U.S. Securities Act	U.S. Securities Act of 1933, as amended
VCF	Venture capital fund as defined under the SEBI AIF Regulations and SEBI VCF Regulations

Industry Related Terms

Term/Abbreviation	Description/Full Form
AMRUT	Atal Mission for Rejuvenation and Urban Transformation
BTKM	Billion Tonne Kilometre
CAGR	Compounded Annual Growth Rate
CPI	Consumer Price Index
DFC	Dedicated Freight Corridor
EDFC	Eastern Dedicated Freight Corridor
GDP	Gross Domestic Product
IHB	Individual building house
KM	Kilometre
MT	Million Tonne
MTPA	Million Tonne Per Annum
NHAI	National Highway Authority of India
NHDP	National Highway Development Project
OPC	Ordinary Portland Cement
PMAY	Pradhan Mantri Awas Yojana
PMAY-G	Pradhan Mantri Awas Yojana (Grameen)
PMAY-U	Pradhan Mantri Awas Yojana - Urban
PMGSY	Pradhan Mantri Gram Sadak Yojana
PLI	Production - Linked Incentive
PPC	Portland Pozzolana Cement
PSC	Portland Slag Cement
RERA	Real Estate Regulatory Authority
RMC	Ready-Mix Concrete
RoRo	Roll-on-roll-off

Term/Abbreviation	Description/Full Form
WDFC	Western Dedicated Freight Corridor
WSS	Water supply and sanitation

NOTICE TO INVESTORS

The distribution of the Issue Materials and the issue of Rights Entitlements and the Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India are restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession the Issue Materials may come, are required to inform themselves about and observe such restrictions.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Issue Materials will be sent/dispatched only to the Eligible Equity Shareholders who have a registered address in India or who have provided an Indian address to our Company. In case such Eligible Equity Shareholders have provided their valid e-mail address, 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 Materials will be 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 Letter of Offer, and other Issue Materials from the websites of our Company, the Registrar to the Issue, the Lead Manager and the Stock Exchange.

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 Letter of Offer is being filed with SEBI and the Stock Exchange. Accordingly, the Rights Entitlements and the Rights Equity Shares may not be offered or sold, directly or indirectly, and the Issue Materials or advertisements in connection with the Issue may not be distributed, whole or in part, in or into in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of the 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, the 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 the Issue Materials should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Issue Materials 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 Issue Materials are received by any person in any such jurisdiction, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlements referred to in such 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 our affiliates or the Lead Manager or its affiliates to make any filing or registration (other than in India). In addition, each purchaser of Rights Entitlements and the Rights Equity Shares will be deemed to make the representations, warranties, acknowledgments and agreements set forth in “Other Regulatory and Statutory Disclosures – Selling Restrictions” on page 211.

Our Company, in consultation with the Lead Manager, reserves the right to treat as invalid any Application Form 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 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 this Issue; or (iii) where either a registered Indian address is not provided or 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 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 Letter of Offer or the date of such information. The contents of this 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 their respective 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.

THIS DOCUMENT IS SOLELY FOR THE USE OF THE PERSON WHO RECEIVED IT FROM OUR COMPANY OR FROM THE REGISTRAR TO THE ISSUE. THIS DOCUMENT IS NOT TO BE REPRODUCED OR DISTRIBUTED TO ANY OTHER PERSON.

THE CONTENTS OF THIS LETTER OF OFFER SHOULD NOT BE CONSTRUED AS LEGAL, TAX OR INVESTMENT ADVICE. PROSPECTIVE INVESTORS MAY BE SUBJECT TO ADVERSE FOREIGN, STATE OR LOCAL TAX OR LEGAL CONSEQUENCES AS A RESULT OF THE ISSUE OF RIGHTS EQUITY SHARES OR RIGHTS ENTITLEMENTS. ACCORDINGLY, EACH INVESTOR SHOULD CONSULT THEIR OWN COUNSEL, BUSINESS ADVISOR AND TAX ADVISOR AS TO THE LEGAL, BUSINESS, TAX AND RELATED MATTERS CONCERNING THE ISSUE OF RIGHTS SECURITIES. IN ADDITION, NEITHER OUR COMPANY NOR THE LEAD MANAGER IS MAKING ANY REPRESENTATION TO ANY OFFEREE OR PURCHASER OF THE EQUITY SHARES REGARDING THE LEGALITY OF AN INVESTMENT IN THE RIGHTS EQUITY SHARES BY SUCH OFFEREE OR PURCHASER UNDER ANY APPLICABLE LAWS OR REGULATIONS.

The above information is given for the benefit of the 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 Letter of Offer. 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.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

Certain Conventions

Unless otherwise specified or the context otherwise requires, all references in this Letter of Offer to (i) 'India' are to the Republic of India and its territories and possessions; and (ii) 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 Letter of Offer is in Indian Standard Time ("IST"). Unless indicated otherwise, all references to a year in this Letter of Offer are to a calendar year.

In this Letter of Offer, a reference to the singular also refers to the plural and one gender also refers to any other gender, wherever applicable.

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

Financial Data

Unless stated otherwise, or unless the context requires otherwise, the financial data in this Letter of Offer is derived from the Annual Financial Statements. Our Company's Fiscal commences on April 1 of each calendar year and ends on March 31 of the following calendar year. For details of the Annual Financial Statements, please see "**Financial Statements**" on page 109. Unless otherwise stated, references in this Letter of Offer to a particular 'Financial Year' or 'Fiscal Year' or 'Fiscal' are to the twelve month period ended on March 31 of that year.

We have prepared our Annual Financial Statements in accordance with Ind AS, Companies Act, 2013, and other applicable statutory and/or regulatory requirements. We publish our Annual Financial Statements in Indian Rupees. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should accordingly be limited.

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

Non-GAAP Measures

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as EBITDA, EBITDA Margin Return on Net Worth, among others, have been included in this Letter of Offer. These may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies. For further details, please see "**Risk Factors -We have in this Letter of Offer included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the cement industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies.**" on page 40.

Market and Industry Data

Unless stated otherwise, market, industry and demographic data used in this Letter of Offer, including in "**Risk Factors**", "**Industry Overview**", "**Our Business**" and "**Management's Discussion and Analysis of Financial Condition and Results of Operations**" on pages 15, 71, 97 and 176, has been obtained from market research, publicly available information, industry publications and government sources. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Further, the information has also been derived from the Report on 'Overview of Indian Cement Industry' dated May 2023, prepared by CRISIL Research, a division of CRISIL Limited ("**CRISIL Report**").

The CRISIL Report is subject to the following disclaimer:

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

Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decision should be made solely on the basis of such information.

This information is subject to change and cannot be verified with certainty due to limits on the availability and reliability of the raw data and other limitations and uncertainties inherent in any statistical survey. In many cases, there is no readily available external information (whether from trade or industry associations, government bodies or other organizations) to validate market-related analysis and estimates, and thus we have relied on internally developed estimates.

Currency of Presentation

All references to

- ‘INR’, ‘₹’, ‘Indian Rupees’ and ‘Rupees’ are to the legal currency of the Republic of India;
- ‘US\$’, ‘USD’, ‘\$’ and ‘U.S. dollars’ are to the legal currency of the United States of America;
- ‘EUR’ is to the euro, the legal currency of the member states of the Economic and Monetary Union of the European Union; and
- ‘CHF’ is the legal currency of the Swiss Confederation.

Please note:

- One trillion is equal to 1,000,000,000,000 or 10,000 crores;
- One billion is equal to 1,000,000,000 or 100 crores;
- One million is equal to 1,000,000 or 0.1 crores or 10 lakhs;
- One crore is equal to 10 million or 100 lakhs; and
- One lakh is equal to 100,000.

Conversion Rates for Foreign Currency:

The conversion rate for the following foreign currency is as follows:

Sr. No.	Name of the Currency	As of March 31, 2023 (in ₹)	As of March 31, 2022 (in ₹)
1.	USD	82.22	75.81
2.	EUR	89.61	84.66
3.	CHF	89.70	81.56

(Source: www.fbil.org.in for USD and EUR and www.oanda.com for CHF)

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.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Letter of Offer that are not statements of historical fact constitute ‘forward-looking statements’. Investors can generally identify forward-looking statements by terminology such as, ‘anticipate’, ‘believe’, ‘continue’, ‘can’, ‘could’, ‘estimate’, ‘expect’, ‘expected to’, ‘intend’, ‘is likely’, ‘may’, ‘objective’, ‘plan’, ‘potential’, ‘project’, ‘shall’, ‘should’, ‘will’, ‘would’, or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company’s expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company’s business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Letter of Offer that are not historical facts. These forward-looking statements contained in this Letter of Offer (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our Company’s expectations include, among others:

- Dependence upon our ability to mine/procure sufficient limestone for our operations;
- Dependence upon the pricing and continued supply of coal, petcoke, alternative fuels and other raw materials (such as limestone, gypsum, fly ash, alumina clay and waste-derived alternative raw materials);
- Dependence on our distribution network for the sale and distribution of our products;
- Dependence on uninterrupted transport and delivery of inputs and finished goods;
- Requirement to obtain, renew or maintain statutory and regulatory permits, licenses and approvals to operate our business and our facilities and in relation to our Expansion Project
- Business being subject to a significant number of regulatory requirements, including health, safety and environmental laws and other applicable regulations;
- 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.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed in the sections “**Risk Factors**” and “**Our Business**” on pages 15 and 97, respectively. The forward-looking statements contained in this Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Letter of Offer or the respective dates indicated in this Letter of Offer, and our Company undertakes no obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company’s underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements. In accordance with SEBI and Stock Exchange requirements, our Company and the Lead Manager will ensure that the Eligible Equity Shareholders are informed of material developments until the time of the grant of listing and trading permissions for the Rights Equity Shares by the Stock Exchange.

SUMMARY OF LETTER OF OFFER

The following is a general summary of certain disclosures included in this Letter of Offer and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Letter of Offer or all details relevant to the prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Letter of Offer, including, the sections **“Risk Factors”** and **“Objects of the Issue”**, **“Our Business”**, **“Outstanding Litigation and Defaults”** on pages 15, 54, 97 and 199, respectively.

Primary Business of the Issuer

Our Company is engaged in manufacturing of cement and clinker at our Udaipur Manufacturing Plant which has an installed manufacturing capacity of 1.50 MTPA of clinker and 2.20 MTPA of cement grinding. We manufacture two types of cement: (a) ordinary portland cement (**“OPC”**) and (b) portland pozzolana cement (**“PPC”**), our premium cement.

For further details, please see **“Our Business”** on page 97.

Objects of the Issue

Our Company intends to utilize the Net Proceeds from the Issue towards funding of the following object:

(in ₹ crores)	
Particulars	Estimated amount (up to)
Part finance the expansion and development of the Udaipur Manufacturing Plant	443.69 ^{*#}

^{*}Assuming full subscription in the Issue.

[#]Includes ₹ 87.69 crore of share application money advanced by our Promoter. For further details, please see **“Objects of the Issue - Proposed Schedule of Implementation, Deployment of Net Proceeds and Means of Finance - Advance made by our Promoter towards share application money”** on page 55.

For further details, please see **“Objects of the Issue”** on page 54.

Intention and extent of participation by our Promoter/ Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their rights entitlement

Pursuant to letters each dated June 9, 2023, our Promoter and Promoter Group Shareholder, respectively have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. Subject to compliance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**“SEBI Takeover Regulations”**), they further reserve the right to subscribe to additional Equity Shares in the Issue, either in the form of subscription to the Rights Entitlement renounced in their favour and/or subscription to the additional shares as a Renouncee or otherwise, in accordance with and subject to compliance with the SEBI ICDR Regulations.

Our Promoter has further undertaken that the Promoter, by itself, or along with the Promoter Group Shareholder, will apply, for additional Equity Shares in the Issue, either in the form of subscription to the Rights Entitlement renounced in their favour and/or subscription to the additional shares as a Renouncee or otherwise, in accordance with and subject to compliance with the SEBI ICDR Regulations, to the extent of any unsubscribed portion of the Issue to ensure subscription to the extent of minimum subscription requirements in the Issue, i.e. 90% of the Issue. As a result of such additional subscription, the Promoter’s shareholding along with the Promoter Group Shareholder may exceed 75% of the post-Issue capital of the Company. Pursuant to a letter dated January 18, 2023 (**“SEBI Exemption Letter”**), SEBI has permitted our Promoter and Promoter Group to subscribe to additional Equity Shares in the Issue and exceed the maximum non-public shareholding requirement of 75% under Regulation 38 of the SEBI LODR Regulations in order to achieve the minimum subscription requirements in the Issue (90% of the Issue size) under Regulation 86 of the SEBI ICDR Regulations. However, our Company will be required to reduce such shareholding to comply with the SCRR within the time period (which is currently within one year from the date of exceeding the minimum public shareholding, i.e., Allotment in the Issue) and in the manner specified in the SEBI Exemption Letter.

Such, subscription and acquisition of additional Equity Shares by the Promoter and Promoter Group Shareholder, will not result in change of control of the management of the Company. Allotment to the Promoter and/or Promoter Group Shareholder of any unsubscribed portion, over and above the Rights Entitlement shall be done subject to the conditions specified in the SEBI Exemption Letter, which are set out below:

- “1. The Company shall reduce the shareholding of the promoters and the promoter group below 75% and increase the public shareholding to 25% within such timeframe (which is currently one year from the date of exceeding the minimum public shareholding requirements) and in such manner as prescribed by SEBI vide its circular dated February 22, 2018.*
2. The promoter(s) and the promoter Group shall not acquire any securities beyond 90% of the offer size of proposed rights issue, in any condition.
3. Pricing and other relevant conditions of the rights issue shall adhere to Regulation 10 (4) of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.”

*This circular has been superseded by SEBI circular bearing reference number SEBI/HO/CFD/PoD2/P/CIR/2023/18 dated February 3, 2023.

The Allotment of Equity Shares subscribed by the Promoter and Promoter Group Shareholder in this Issue shall be eligible for exemption from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations.

Summary of outstanding litigation and defaults

A summary of outstanding legal proceedings involving our Company as on the date of this Letter of Offer is set forth in the table below:

Type of Proceedings	Number of cases	Amount (in ₹ crore)*
Matters of moral turpitude or criminal liability against the Company	1	-
Matters of material violations of statutory regulations by the Company	-	-
Matters pertaining to economic offences where proceedings have been initiated against the Company	-	-
Outstanding civil and tax proceedings exceeding the Materiality Threshold	7	63.40
Other pending matters which, if they result in an adverse outcome, would materially and adversely affect the operations or the financial position of our Company	-	-

*To the extent quantifiable

For further details, please see “**Outstanding Litigation and Defaults**” on page 199.

Risk Factors

For details, please see “**Risk Factors**” on page 15. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue.

Contingent liabilities

For details regarding our contingent liabilities, please see “**Financial Statements – Note 47. Contingent Liabilities**” on page 166.

Related party transactions

For details regarding our related party transactions, please see “**Financial Statements – Note 56. Related Party Transactions**” on page 168.

Issue of Equity Shares for consideration other than cash

Our Company has not made any issuances of Equity Shares for consideration other than cash in the last one year immediately preceding the date of this Letter of Offer.

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 Letter of Offer, including the risks and uncertainties described below, before making an investment in the 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 Letter of Offer. However, they may not be exhaustive or are not the only risks relevant to us or the 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**”, “**Financial Statements**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**”, on pages 97, 109 and 176 respectively, as well as the other financial information included in this Letter of Offer.*

*This Letter of Offer contains certain 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 Letter of Offer. For further information, see “**Forward Looking Statements**” on page 12. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Annual Financial Statements, included in this Letter of Offer. For further information, see “**Financial Statements**” on page 109. Our financial year ends on March 31 of each year, and references to a ‘Financial Year’ are to the twelve months ended March 31 of that year.*

*Unless otherwise indicated, industry and market data used in this section has been extracted from the CRISIL Report. We commissioned and paid for the report titled “Overview of Indian Cement Industry” dated May, 2023 prepared by CRISIL Limited (“**CRISIL Report**”) pursuant to an engagement letter dated May 1, 2023, for the purposes of confirming our understanding of the industry exclusively in connection with the Issue. The CRISIL Report forms part of the material documents for inspection and is available on the website of our Company at <https://udaipurcement.com/crisil-report/>. The data included in this section includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. See “**Presentation of financial information and other information**”, “**- Internal Risk Factors - This 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 10, 36 and 71, respectively.*

INTERNAL RISK FACTORS

Industry and Business Risks

- 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 under our mining leases, it could have an adverse impact on our business, financial condition and results of operations.*

As of March 31, 2023, we operated two limestone mines for which we have entered into long-term mining lease agreements with Department of Mines and Geology, Government of Rajasthan. We crushed 1.95 MT and 1.87 MT of limestone in the from our limestone mines in the Financial Years ended March 31, 2023 and March 31, 2022 respectively. Our mining leases dated April 16, 2009 for Limestone Mine - 1 and December 10, 2022 for Limestone Mine - 2 are valid till March 31, 2030 and December 9, 2032,

respectively, upon expiry of which we will be required to renew the mining leases. There may be unilateral changes to government policies, auction rules or conditions pertaining to clearances which may result in the non-renewal on the mining leases. For further information on our mining lease agreements, see **“Business - Raw Materials”** on page 105.

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.

The Mines and Minerals (Development and Regulation) Amendment Act, 2021 (**“MMDR Amendment Act”**) declares that cases either falling under section 10A(2)(b) of the MMDR Act which relates to reconnaissance permit or prospecting licenses, or section 10A(2)(c) of the MMDR Act which relates to letters of intent, where right to obtain licence or lease has lapsed, such areas shall be put up for auction as per the provisions of the MMDR Act. Mining rights are subject to compliance with certain terms and conditions of the mining lease agreements. Laws, rules and regulations relating to mining, surface rights and the environment are administered by both the Government and relevant state authorities (as per their respective legislative competence). Any change in policies of the Government of Rajasthan or adverse rulings by adjudicating bodies, would impact the operations of our mines, including but not being limited to mining operations being declared illegal. For instance, the MMDR Amendment Act or any other amendment to the MMDR Act in future, may impact our rights for grant of mining leases in case we fail to establish that our rights stand crystallised. Further, all our mines are captive mines, which means that the Government was previously empowered to reserve these mines to be leased through an auction for a particular end-use. The MMDR Amendment Act provides that no mines shall be reserved for a particular end-use. Therefore, upon expiry of the existing tenure of our mining leases, these mines may be auctioned by the Government, without any reservation confined to particular end use for purposes other than for using limestone as a raw material in the production of clinker and will result in increased competition in the auction process.

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. A change in law may also remove the right of first refusal that is currently provided post-expiration of the existing tenure, and we may need to compete with other bidders in the open market for the mining leases. Further, we may not be able to acquire new limestone mining lease agreements, pursuant to the amendment to the MMDR Act in 2015 which requires that the grant of mining lease agreements by respective State Government be compulsorily carried out through an auction process, for which the applicant is required to meet certain eligibility requirements as prescribed under the Mineral (Auction) Rules, 2015. There can be no assurance that we will be able to successfully compete in the auction process or be able to participate at all. Further, the mining lease granted to us through the auction process may contain onerous conditions which may substantially increase our costs associated with conducting mining operations. There can be no assurance that we will be able to comply with these conditions. Further, while there have been no instances of breach of the terms of the lease agreement in the past, if we breach these obligations, we may suffer adverse consequences, such as penalties and/ or termination of our mining agreements.

In addition, 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. Mining plans are periodically reviewed by the concerned authorities every five years and mining plans may be rejected consequent to such review. Further, the Government and State Government have the power to take pre-emptory action with respect to mining rights, including imposing fines or restrictions, revoking mining rights, prohibiting mining activities in certain regions, or changing the amount of royalties payable for mining or putting conditions on transfer of mining leases or mergers/amalgamation/acquisition of entities having mining leases. State Government 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. Although the residual reserves of our mining lease agreements may be sufficient to meet the production requirements of our existing facilities, in case such rights are revoked or our mining lease agreements expire or declared lapsed or are not renewed upon expiration or are renewed through auction at a higher price, or significant

restrictions on the usage of the rights are imposed resulting in failure to extract required amounts of limestone, or applicable environmental standards are substantially increased or royalties are increased to significant levels, our ability to operate our Udaipur Manufacturing Plant which is situated in close proximity to the affected limestone mining sites could be disrupted until alternative limestone sources are located, which may not be located in close proximity our Udaipur Manufacturing Plant, which could materially and adversely affect our business, financial condition and results of operations.

2. ***We are dependent upon the pricing and continued supply of coal, petcoke, alternative fuels and other raw materials (such as limestone, gypsum, fly ash, alumina clay and waste-derived alternative raw materials), the costs and supply of which can be subject to significant variation due to factors outside our control. Any shortage in supply or increase in the price of coal, petcoke or such raw materials that we use, could have an adverse impact on our Company's business, financial condition and profitability.***

Our competitiveness, costs and profitability depend, in part, on our ability to source and maintain a stable and adequate supply of coal, petcoke, alternative fuels and raw materials (such as limestone, gypsum, fly ash, alumina clay and waste-derived alternative raw materials) at acceptable prices. We do not own any coal mines for our operations and typically source a portion of our coal and petcoke requirements from domestic markets by placing purchase orders with them. For the Financial Years ended March 31, 2023 and March 31, 2022, the cost of materials consumed (including changes in inventories, stock-in trade and work in progress) was ₹ 121.67 crore and ₹ 124.40 crore, accounting for 12.39% and 15.31% of our total expenses, respectively. For the Financial Years ended March 31, 2023 and March 31, 2022, the cost of coal and petcoke was ₹ 279.42 crore and ₹ 160.09 crore and accounted for 27.10% and 18.28%, respectively, of our power and fuel expenses. Further, for Financial Years ended March 31, 2023 and March 31, 2022, the cost of raw materials (such as limestone, gypsum, fly ash, alumina clay and waste-derived alternative raw materials) was ₹ 129.32 crore and ₹ 122.21 crore and accounted for 13.17% and 15.04%, respectively, of our total expenses for such years. 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.

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 catastrophes, spread of infectious diseases, such as the COVID-19 pandemic 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 the states of Uttar Pradesh, Haryana and Rajasthan 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 do 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 these costs onto our customers and this could negatively affect the overall profitability and financial performance of our business.

Although we have not faced any significant disruptions in the procurement of coal, petcoke, alternative fuels and raw materials in the past, any ban on import or use of raw materials may adversely affect our production volumes, as well as profitability. In addition to the above, we are also subject to fluctuations in the quantity and quality of the lignite mined by third parties. While there have not been any such instances in the past where the lignite made available was insufficient, we cannot assure you that such disruptions in supply of our raw materials or fuels.

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. Our power and fuel expenses increased significantly by ₹ 125.69 crore or 56.04% from ₹ 224.30 crore during the financial year ended March 31, 2022 to ₹ 349.99 crore during the financial year ended March 31, 2023. 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.

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 currently rely on a selected number of suppliers to provide the required quantities of coal, petcoke, alternative fuels and certain raw materials (such as limestone, gypsum, fly ash, alumina clay and waste-derived alternative raw materials). As of March 31, 2023, we had 44 suppliers which supply us with raw materials, such as gypsum, fly ash, alumina clay and waste-derived alternative raw materials. Additionally, we rely on only one supplier for our FF slag and jarosite cake needs.

We do not have long-term agreements with our suppliers. While there have been no instances in the past whereby we have faced disruptions in the supply of raw materials but we cannot assure you that the loss of one or more of our these suppliers or a reduction in the amount of raw materials we obtain from them could have an adverse effect on our business, results of operations, financial condition and cash flows. Our reliance on a select group of suppliers may also constrain our ability to negotiate our arrangements, which may have an impact on our profit margins and financial performance. Our suppliers could fail to meet their obligations, breach their existing obligations or unilaterally terminate the supply agreements, which may have an adverse impact on our business and results of operations. The deterioration of the financial condition or business prospects of these suppliers could reduce their ability to meet our requirements and accordingly result in a significant decrease in our revenues. Further, there can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of coal, petcoke, alternative fuels and raw materials. If we experience a significant or prolonged shortage of power and fuel supplies or raw materials from any of our suppliers, and we cannot procure these supplies from other sources, we will be unable to meet our production schedules and customer orders in a timely manner, which will adversely affect our sales and customer relations.

4. *Our inability to accurately forecast demand or price for our products, may have an adverse effect on our business, results of operations, cash flows and financial condition.*

Our business depends on our estimate of the demand for our products from customers. As of Financial Year ended March 31, 2023, our inventory of raw materials, work-in-progress and finished goods amounted to ₹ 22.53 crore. However, if we underestimate demand or have inadequate capacity due to which we are unable to meet the demand for our products, we may manufacture fewer quantities of products than required, which could result in the loss of business. The demand of finished products in the cement industry in the Financial Years ended March 31, 2022 and March 31, 2023 was 399 MT and 356 MT and is expected to increase by 8-10% in the Financial Year ended March 31, 2024 (*Source: CRISIL*

Report).

Further, our closing stocks for finished goods, work in progress and stock in trade increased from ₹ 10.88 crore in Financial Year ended March 31, 2022 to ₹ 18.53 crore in Financial Year ended March 31, 2023. While we try to forecast the demand and price for our products and accordingly plan our production volumes, any error in our forecast could result in a reduction in our profit margins and surplus stock, which may result in additional storage cost and such surplus stock may not be sold in a timely manner, or at all.

If we overestimate demand, we may incur costs to build capacity or may have purchased more raw materials and manufacture more products than required. A high level of inventory increases the risk of loss and storage costs to us as well as increasing the need for working capital to operate our business. Further, as our customers are not obliged to purchase our products or provide us with a binding long-term commitment, there can be no assurance that customer demand will match our production levels. Our inability to accurately forecast demand for our products and manage our inventory may have an adverse effect on our business, results of operations and financial condition.

5. *We operate in a highly competitive environment and we may not be able to maintain our competitive position in India and in our other markets which could have an adverse effect on our business, results of operations, financial condition and future prospects.*

We face competition from domestic cement companies which operate in the Indian market, as well as companies that operate as joint ventures with international cement companies (*Source: CRISIL Report*). Our customers evaluate their suppliers based on, among other things, manufacturing capabilities, quality, flexibility, and costs. Some of our competitors are larger and more diversified than us, with operations across India, may have greater financial resources than we do, may be technologically more advanced, may have access to a cheaper cost of capital and may be able to produce cement more efficiently or to invest larger amounts of capital into their businesses. As a result, to remain competitive in our markets, we must continuously strive to manufacture cement more efficiently by optimising our costs of production, transportation and distribution on an ongoing basis, and improving our operating efficiencies including through a continual improvement of our manufacturing process and techniques.

The Indian cement industry is highly fragmented and competitive, with the presence of a few large players and several medium and small players. We face competition from the top five players, including UltraTech Cement, Ambuja Cements, ACC, Dalmia Cement and Shree Cement which accounted for 46-48% of the total market share as of the Financial Year ended March 31, 2023. The cement sector has seen consolidation, with large cement makers taking over regional heavyweights, and struggling companies being taken over through competitive bidding under the Insolvency and Bankruptcy Code. The acquisition of Murli Industries and Kalyanpur Cements by Dalmia Cement and transfer of Jaypee's assets to UltraTech Cement led to the consolidation of more than 20 MTPA capacity. Detergent maker Nirma acquired 13 MTPA of Lafarge India's assets and Birla Corporation took over 5.5 MTPA capacity of Reliance Cement. Meanwhile, in May 2022, Adani Group and Holcim signed a binding agreement for the sale of the Holcim's cement business in India. The business comprises Holcim's 63.1% stake in Ambuja Cements, which owns a 50.1% stake in ACC Cement, and a 4.5% direct stake in the company. (*Source: CRISIL Report*)

In the event such instances arise in the future, we expect that we will face greater competition, which may lead to lower prices and margins and adversely affect our results of operations. Current and future competitors may also introduce new and more competitive products and supporting services, make strategic acquisitions or establish co-operative relationships among themselves or with third parties, including dealers of our products, thereby increasing their ability to address the needs of our target customers. If we cannot compete in pricing, provide competitive products or services or expand into new markets, this could have an adverse effect on our business, results of operations and financial condition.

In 2017, pursuant to investigations, the Competition Commission of India ("CCI") imposed significant penalties on certain companies operating in the cement industry, including on our Promoter, and the Cement Manufacturers' Association, for violation of the anti-cartel provisions of the Competition Act, 2002, through fixing of cement prices and controlling production and supply of cement in the market. In the event that the cement industry and players operating in this industry become subject to further regulatory actions, it may have an adverse effect on the industry as a whole and may negatively impact our reputation, business operations, prospects and financial condition.

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

The Indian cement industry is cyclical and seasonal in nature. In recent years, cement prices and profitability of cement manufacturers have fluctuated significantly in India, determined by overall supply and demand. A number of factors influence supply and demand for cement, including production overcapacity, general economic conditions, in particular activity levels in certain key sectors such as housing and construction, our competitors' actions and local, state and central government policies, which in turn affect the prices and margins that we and other Indian cement manufacturers can realise. Excess production capacity in the market has been one of the major factors impacting the Indian cement market. Such excess capacity in cement production has in the past had a direct impact on the price at which we can sell our cement and the margins that we realise.

Further, our business is subject to seasonal variations on account of lower demand for building materials, including cement, during the monsoon season. Consequently, our revenues recorded during the months of June to September could be relatively lower compared to other periods. 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. We utilise this period of subdued demand to plan the annual shutdown and maintenance of our manufacturing units in order to improve efficiency during peak periods. However, 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.

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

The cement demand in India is expected to grow at a CAGR of 5-6% from Financial Years ended March 31, 2023 to Financial Years ended March 31, 2028. The increase in demand is expected to be majorly due to the increase in demand growth of infrastructure, industrial and commercial segments. Accordingly, cement manufacturing companies, including us, are heavily reliant on demand from the cement- and concrete-consuming sectors such as infrastructure, housing and commercial real estate. (Source: CRISIL Report)

While cement and concrete consuming sectors such as infrastructure, housing and commercial real estate are expected to drive the demand for cement and concrete, there can be no assurance that these expectations will be met. Further, there can be no assurance that the Government or the State Government will continue to place emphasis on infrastructure projects. In the event of any overall economic slowdown, adverse change in budgetary allocations for infrastructure development, or a downturn in available work in the infrastructure sector, or any change in government policies or priorities, our business prospects and our financial performance may be adversely affected as a significant portion of our business is dependent on public infrastructure spending. Accordingly, a slowdown, downturn or reduction of capital investment in the cement consuming sectors and the building industry including infrastructure, housing and commercial real estate or a failure of these sectors to recover from such downturn, could have adverse impact on demand for our cement and, consequently, on our business, growth and results from operations.

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

Operational Risk

8. ***We will continue to depend on our distribution network for the sale and distribution of our products. Our inability to expand or effectively manage our distribution network may have an adverse effect on our business, results of operations and financial condition.***

We supply our cement products through our network of dealers and registered third party agents to retail

customers (which we refer to as “**Trade Customers**”) and directly market and sell cement products to institutional and bulk customers from our dumps (which we refer to as “**Non-trade Customers**”). We have an extensive distribution network, spanning 56 dumps and 453 dealers as of March 31, 2023, through which we market and sell cement products primarily in the Indian states of Rajasthan, Gujarat and Madhya Pradesh. Further, we intend to strengthen and expand our distribution network to increase our sales volumes. For further information on expansion of our distribution network, see “***Our Business – Strategies – Strengthen our brand, expand our distribution network and deepen our penetration in our existing market***” on page 102.

While we believe our relationship with our dealers and registered third party agents has been satisfactory, there can be no assurance that we will be able to maintain such relationships in the future. In addition, we cannot assure you that these dealers and registered third party agents will continue to maintain adequate sales capabilities, will 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 orders for sales to dealers are typically placed on a regular basis, the terms of which may be modified in case of any price changes, and such dealers place orders for products based on prices, availability and the quality of products offered. As a result, we rely and will continue to rely to a significant extent on the relationships we have with our dealers and registered third party agents. Further, as our authorized dealers have day-to-day contact with customers, we are exposed to the risk of our dealers and registered third party agents 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. Moreover, our arrangements with our dealers do not have built in exclusivity clauses, whereas, our competitors may have exclusive arrangements with certain dealers and third party agents 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 may result in a reduction in the sales of our products. If our dealers and registered third party agents fail to distribute our products in a timely manner, our business, results of operations and financial condition may be adversely affected.

9. *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 raw materials and delivery of cement as the finished product. Our raw materials are primarily transported to our Udaipur Manufacturing Plant by road and rail transport and cement and clinker is transported to our customers by road (through trucks) and rail transport. We have transport and logistics arrangements with third party logistics providers for transportation of cement and clinker. Our network of third party logistics providers are in the states of Rajasthan, Gujarat, Madhya Pradesh, Haryana, Punjab and Uttar Pradesh. 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, 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.

Further, cement is a perishable product as its quality deteriorates upon contact with moisture or humidity

over a period of time. Our cement is stored in silos where the risk of moisture seepage is low. Similarly, our cement is sold in bags, which may be subject to wear and tear during transport, resulting in stocks being further written off. While we have not had any such instances in the past, there is no assurance that prolonged storage or exposure to moisture during transport may not result in our stocks of cement being rendered unusable, which in turn may cause disruptions in supply of our finished products. There can be no assurance that any such disruption will not occur in the future as a result of these factors and that such disruptions will not be material. Any significant disruption in the transportation of our raw materials and finished products could have a significant impact on our business and results of operations.

10. *In the past, our Company was declared a sick industrial company by the Board for Industrial and Financial Reconstruction (“BIFR”). Although the Company’s accounts were regularised following the BIFR proceedings, there is no assurance that such proceedings or actions may not be commenced in the future.*

Our Company had been declared a sick industrial company in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (“SICA”), on November 13, 2003. The net worth of our Company was completely eroded for Financial Year ended March 31, 2002. Accordingly, our Company had filed a reference application with the Board for Industrial and Financial Reconstruction (“BIFR”) seeking registration as a sick industrial company and requesting for appropriate measures to revive it and accordingly, our Company was declared as a sick company. Our Company submitted a rehabilitation proposal dated January 6, 2010 to the BIFR, which was sanctioned by the BIFR pursuant to its order dated January 13, 2012. In 2012, our Company filed an appeal before the Appellate Authority for Industrial and Financial Reconstruction (“AAIFR”) seeking an exit from the purview of SICA. Subsequently, AAIFR in its order dated January 22, 2016 discharged our Company from the purview of SICA. While our Company has implemented the approved rehabilitation scheme and our Company has been discharged from the purview of SICA, there is no assurance regarding our future performance. Further, our comprehensive income (which includes the profit for the year after tax) for Financial Year ended March 31, 2023 was ₹ 35.10 crore, which has decreased from ₹ 48.43 crore for Financial Year ended March 31, 2022. Our future operating results are difficult to predict and may differ from period to period and our recent results of operations should not be viewed as being indicative of our future results. If such events occur in the future, it may impact our ability to serve our customers and impair our relationships with key customers and suppliers, which may adversely impact our business, results of operations and financial condition.

11. *Our business is dependent on adequate and uninterrupted availability of electrical power and water. We depend partly on our waste heat recovery and solar power plants for our power requirements and any disruptions in their operations shall adversely affect our business. Further, any shortages or any prolonged interruption or increase in the cost of power and water, could adversely affect our business, result of operations and financial conditions.*

Adequate and cost-effective supply of electrical power and water is critical to our operations. We have set up a 6 MW waste heat recovery system, which utilizes waste heat generated from the clinker manufacturing process and converts it to steam to generate power for our operations. In addition, we have set up our captive solar power plant with a current aggregate capacity of 15.45 MW (including 1 MW of floating solar power), as of March 31, 2023, which contributes towards the energy efficiency of our Udaipur Manufacturing Plant. Our power requirements for the Financial Years ended March 31, 2023, and March 31, 2022 were 12.96 crore kWh and 12.12 crore kWh, respectively. Further, for Financial Years ended March 31, 2023 and March 31, 2022 we sourced 48% and 46% of our electrical energy requirement for our Udaipur Manufacturing Plant from our waste heat recovery system and captive solar power plant which helps in reducing our energy cost. For details, see “***Our Business - Our Strengths - Strategically located integrated manufacturing facility with significant manufacturing capabilities and experience***” on page 98. While a portion of our power requirements is met by the waste heat recovery and solar power plants, we are dependent on the state electricity board for our remaining power requirements.

Although, we have not faced any instances of disruption of our waste heat recovery and solar power plants, there may be power cuts or disruptions in the operations of these plants from time to time such as damage to the solar panels, unfavourable climatic conditions for production of solar energy and breakdown of the waste heat recovery plant. An interruption in or limited supply of electricity may result in suspension of our manufacturing operations and we may need to shut down our plants until an adequate supply of electricity is restored. Interruptions of electricity supply can also result in production shutdowns, increased costs associated with restarting production and the loss of production in progress.

Our operations and facilities are dependent on a steady and stable supply of water, and irregular or interrupted supply of water, or government intervention are factors that could adversely affect our daily operations. We source water for our Udaipur Manufacturing Plant from the mining pits (which get filled with rainwater) and also have an agreement with the State Government of Rajasthan for supply of water from Udaisagar Dam. If there is an insufficient supply of water to satisfy our requirements or a significant increase in prices, we may need to limit or delay our production, which could adversely affect our business, financial condition and results of operations. While we have not faced instances of irregular supply of water in the past, we cannot assure you that we will always have access to sufficient supply of water in the future to accommodate our production requirements and planned growth. In addition to the production losses that we would incur during production shutdowns in the absence of supply of electrical power or water, we would not be able to immediately return to full production volumes following such interruptions, however brief. Any interruption of power or supply of water, even if short, could give rise to inefficiencies when we resume production. Accordingly, any disruption in power and water could adversely affect our operations and financial condition.

- 12. *Our continued operations are critical to our business and a shutdown/breakdown of operations at our Udaipur Manufacturing Plant may have a material adverse effect on our business, financial condition and results of operations. In addition, our inability to continue to obtain equipment and ancillary services from our key suppliers could affect our business and results of operations.***

Our business is dependent upon our ability to manage our Udaipur Manufacturing Plant and run it at certain utilization levels, which are subject to various operating risks. Our Udaipur Manufacturing Plant 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, spread of infectious diseases, such as the COVID-19 pandemic, 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.

In particular, due to the COVID-19 pandemic, operations at our Udaipur Manufacturing Plant, grinding units and packing terminals were temporarily suspended post the nationwide lockdown imposed by the Government of India on March 14, 2020. However, since manufacturing of cement was determined to be an essential commodity pursuant to the Ministry of Home Affairs order dated March 27, 2020, we were allowed to resume operations in a phased manner. Accordingly, our Udaipur Manufacturing Plant restarted operations in a phased manner, subject to certain adjustments in working patterns. While we have not shutdown/breakdown operations at our Udaipur Manufacturing Plant, except due to COVID-19, and we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at facilities, including due to any of the factors mentioned above. For further details, see “- *The coronavirus disease (COVID-19) has had an adverse effect on our business and operations and the extent to which it may continue to do so in the future, is uncertain and cannot be predicted.*” on page 36.

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

- 13. *We rely on our top 10 customers for a majority of the portion of our revenue from operations. A loss of any of these customers or a significant decrease in revenue from any of those customers may adversely affect our business, results of operations and financial condition.***

We sell our cement products to Trade Customers and Non-trade Customers in the states of Rajasthan, Gujarat and Madhya Pradesh through our extensive dealer network and for the Financial Year ended March 31, 2023, 50.72% of our revenue from operations is derived from our top 10 customers. While we have had repeat orders from our customers and have developed long term relationships with certain customers, we do not typically enter into long term contracts with our customers. In the absence of long-term contracts, there can be no assurance that our existing customers will continue to purchase our products. We are also

exposed to risks of lower sales volume or lower price realisation on such volumes depending on prevailing market conditions, as a result of such short-term arrangements. Our relationship with our customers is therefore dependent to a large extent on our ability to regularly meet customer requirements, including price competitiveness, efficient and timely product deliveries, price comparison with other brands and consistent product quality, amongst others. In the non-trade segment, given that we service institutional clients who are generally involved in large long-term construction projects, our revenue is vulnerable to fluctuations in the financial condition of our customers.

Sales to the trade segment are predominantly sales to individual home owners. These customers may be particularly exposed to downturns in economic conditions as well as other factors affecting the regions in which they are located. This segment is also particularly price sensitive and our ability to compete effectively is dependent on our products being priced competitively while offering unique features that meet the customers' requirements and budget. In the event we are unable to meet such requirements in the future, it may result in decrease in orders or cessation of business from the trade segment. Further, the deterioration of the financial condition or business prospects of these customers could reduce their requirement for our products and could result in a significant decline in the revenues we derive from such customers.

14. *The future results of operations of our Company could be adversely affected by strikes, work stoppages or increased wage demands by its employees. Our success also depends on our ability to attract, hire, train and retain skilled workers who are experienced in our manufacturing operations.*

The success of our operations depends on availability of labour and maintaining a good relationship with our workforce. Certain of our employees are unionised into labour unions. Although we have not experienced any major interruptions to our operations as a result of labour disputes in the recent past, there can be no assurance that we will not experience any such disruption in the future as a result of disputes or disagreements with our work force. If such a disruption were to occur, our business and our ability to continue our business operations would be adversely affected. Labour unions may seek the review of any settlement agreements in place, which may cause us to incur significant time and effort in renegotiation.

We are also subject to a number of stringent labour laws that protect the interests of workers, including legislation that imposes financial obligations on employers upon retrenchment. For instance, we may be subject to state regulations which mandate a minimum level of recruitment from the local community or area within that particular district or state. Additionally, given the migration of labour prompted by the COVID-19 pandemic, we may become subject to actions involving interstate migrant labour-related enactments. While we have not had any instances of strikes or work stoppages since we recommenced our operations post the BIFR Proceedings, any labour unrest including labour disputes, strikes and lock-outs, industrial accidents, experienced by us could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. In the event of any prolonged delay or disruption our business, results of operations could be adversely affected.

Further, our success also depends on our ability to attract, hire, train and retain skilled workers who are experienced in our manufacturing operations. As of March 31, 2023, we had 340 full-time employees across all our facilities. 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.

Regulatory Risks

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

We are required to obtain and renew various licenses and approvals under several legislations from time to time including the consent to operate and consent to establish under the Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974, grant of environmental clearances under the Environment (Protection) Act, 1986, and permissions under the Factories Act, 1948, Petroleum Act, 1934, and the Mines and Mineral (Development and Regulation) Act, 1957. These

approvals, licenses, registrations and permits are subject to several conditions which are required to be complied with throughout the period of the license and are primarily valid for a specific period. Further, in relation to our Expansion Project, we are required to obtain environmental clearances from the Ministry of Environment, Forest and Climate Change, consent to operate and establish limestone mine and cement manufacturing plant from the Rajasthan State Pollution Control Board, NOC from the Central Ground Water Authority and Airport Authority of India, approval for installation of electrical equipment from the Chief Electrical Inspectorate, Rajasthan and license under the Contract Labour (Regulation and Abolition) Act, 1970. For further details, see “**Government and Other Approvals**” on page 202.

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 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.

16. *The Company’s business is subject to a significant number of regulatory requirements, including health, safety and environmental laws and other applicable regulations to our manufacturing operations and changes in legislation governing the rules implementing them or the regulator enforcing them in any one of those jurisdictions could negatively and adversely affect its results of operations.*

We are subject to laws and government regulations, including in relation to safety, health and environmental protection. These safety, health and environmental protection laws and regulations impose controls on air and water release or discharge, noise levels, storage handling, the management, use, generation, treatment, processing, handling, storage, transport or disposal of hazardous materials, including the management of certain hazardous waste used as a fuel substitute at our cement kiln along with other aspects of our manufacturing operations. Environmental laws and regulations in India are becoming more stringent, and the scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted with any certainty. In case of any change in environmental or pollution regulations, we may be required to invest in, among other things, environmental monitoring, pollution control equipment, and emissions management and other expenditure to comply with environmental standards. Any failure on our part to comply with any existing or future regulations applicable to us may result in legal proceedings being commenced against us, third party claims or the levy of regulatory fines. Further, any violation of the environmental laws and regulations may result in fines, criminal sanctions, revocation of operating permits, or shutdown of our facilities. Mining operations (such as renewal and grant of mining leases) are also subject to the provisions of the MMDR Act, the Mines and Minerals (Development and Regulation) Amendment Act, 2015, MMDR (Amendment) Act, 2016, Mines and Mineral (Development and Regulation) Amendment Act, 2021 and the rules issued thereunder such as the Minerals (Other than Atomic and Hydro Carbons Energy Minerals) Concession Rules, 2016. For further details see “- ***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 under our mining leases, it could have an adverse impact on our business, financial condition and results of operations.***” on page 15.

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

environmental laws are difficult to predict.

17. ***There are outstanding legal proceedings involving our Company. Any adverse outcome in any of these proceedings may adversely affect our reputation, business operations, financial condition and results of operations.***

We are involved in certain litigation proceedings for which, in the event of an adverse outcome, there may be an adverse impact on our operations or financial position. A summary of material outstanding legal proceedings involving our Company as on the date of this Letter of Offer, including the aggregate approximate amount involved to the extent ascertainable, is set out below:

Type of Proceedings	Number of cases	Amount (in ₹ crore)*
Issues of moral turpitude or criminal liability on the part of the Company	1	-
Material violations of statutory regulations by the Company	-	-
Economic offences where proceedings have been initiated against the Company	-	-
Outstanding civil and tax proceedings exceeding the Materiality Threshold	7	63.40
Other pending matters which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company	-	-

*To the extent quantifiable

We are, and may in the future be, party to other litigation and legal, tax and regulatory proceedings, the outcome of which may affect our business, results of operations, financial condition and prospects. There can be no assurance that we will be successful in any of these legal proceedings. For further details on these matters and other material legal proceedings involving us, see “**Outstanding Litigation and Defaults**” on page 199.

Financial Risks

18. ***Our Promoter has provided corporate guarantees 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 as our Promoter and thereby, adversely impact our business and operations.***

Our Promoter has provided a corporate guarantee for a portion of our borrowings. See “**Annual Financial Statements – Note 56. Related Party Transactions**” on page 168. If the guarantee is revoked or if such collateral is proved insufficient, our lenders may require alternative guarantees 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 lenders, 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.

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

The cement industry is capital intensive. We require a substantial amount of capital to build our facilities, purchase equipment and develop and implement new technologies in our new and existing facilities. In Financial Years ended March 31, 2023 and March 31, 2022 our additions to property, plant and equipment were ₹ 22.32 crore and ₹ 79.96 crore, respectively, representing 2.16% and 9.13% of our revenue from operations, in such periods, respectively. If our internally generated capital resources and available credit facilities are insufficient to finance our capital expenditure and growth plans, we may, in the future, have to seek additional financing from third parties, including banks, venture capital funds, joint-venture partners and other strategic investors. Our ability to arrange financing and the costs of capital of such

financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, spread of infectious diseases, such as the COVID-19 pandemic, the continued success of our operations and other laws that are conducive to our raising capital in this manner. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. If we are unable to obtain such financing in a timely manner, at a reasonable cost and on acceptable terms, we may be forced to delay our expansion plans, downsize or abandon such plans, which may materially and adversely affect our business, financial condition and results of operations, as well as our future prospects.

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

Our operations are subject to various risks inherent in the manufacturing industry including defects, malfunctions and failures of manufacturing equipment, fire, riots, strikes, explosions, loss-in-transit for our products, accidents and natural disasters. For details, see “- *Activities in our business, including mining operations, are subject to risks, mishaps, operational hazards and can cause injury to people property in certain circumstances. Any such adverse effect may hamper our reputation, business, financial condition and results of operation.*” below. Our key insurance policies consist of an erection all risk policy, marine policy and stock at plant policy. Our insurance may not be adequate to completely cover any or all of our risks and liabilities. Further, there is no assurance that the insurance premiums payable by us will be commercially viable or justifiable. While we have made certain insurance claims in the past, we cannot assure you that, in the future, any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out adequate insurance to cover all our losses. As of March 31, 2023, our insurance cover for property, plant and equipment was ₹ 975.58 crore, while our gross block of property, plant and equipment was ₹ 876.80 crore (excluding leasehold and freehold land). Our inability to maintain adequate insurance cover in connection with our business could adversely affect our operations and profitability. To the extent that we suffer loss or damage as a result of events for which we are not insured, or for which we did not obtain or maintain insurance, or which is not covered by insurance, exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, financial performance and cash flows could be adversely affected.

21. *Any downgrade of our debt rating by an independent agency may adversely affect our ability to raise financing.*

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. In Financial Years ended March 31, 2023 and March 31, 2022 CRISIL and CARE Ratings Limited gave our long-term bank loan the rating of “CRISIL AA” and “CARE AA”, respectively, which means that we were considered to have a high degree of safety regarding timely servicing of financial obligations and carried a very low credit risk. In Financial Years ended March 31, 2023 and March 31, 2022 our short-term bank loan were rated by CRISIL at “CRISIL A1+” and by CARE Ratings Limited at “CARE A1+”, which means that we were considered to have a high degree of safety regarding timely payment of financial obligations and carried the lowest credit risk.

Any future performance issues by us 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 in the future. Any such adverse development may adversely affect our business operations, future financial performance and the price of our Equity Shares.

22. *Our Company has contingent liabilities and our financial condition and profitability could be adversely affected if any of these contingent liabilities materialize.*

As of March 31, 2023, we had the following contingent liabilities in the Annual Financial Statements:

(in ₹ crore)	
Particulars	As of March 31, 2023
VAT/GST	1.11
Income Tax	38.38
Other Matters	1.87
Total	41.36

Note: Contingent liability for non-use of jute bags for cement packing up to June 30, 1997, as per Jute Packaging Materials (Compulsory use of Packaging Commodities) Act, 1987 is not ascertained and the matter is subjudice. The Government has excluded cement industry from application of the said order from July 1, 1997.

We cannot assure you that we will not incur similar or increased levels of contingent liabilities in the future. If any of these contingent liabilities materialize or if at any time we are compelled to pay all or a material proportion of these contingent liabilities, our financial condition and results of operation may be adversely affected.

For further details, please see “**Financial Statements - Note 47. Contingent Liabilities**” on page 166.

23. *Our Company has entered and may continue to enter into a number of related party transactions with our group entities.*

We have in the past entered into related party transaction with our Promoters and other related parties including for the purchase and sale of cement and clinker, loans taken and corporate guarantees provided, rent paid etc. For further information on our related party transactions, see “**Annual Financials Statements– Note 56. Related Party Transactions**” on page 168. A majority of our related party transactions have been conducted with our Promoter for the sale of our cement products.

In the ordinary course of our business, we enter into and will continue to enter into transactions with related parties. While we believe that all such related party transactions that we have entered into are conducted on an arms’ length basis in accordance with the Companies Act and other applicable regulations pertaining to the evaluation and approval of such transactions and all related party transactions that we may enter are subject to Board or shareholder approval, as necessary under the Companies Act and the SEBI LODR Regulations, in the interest of the Company and its minority shareholders and in compliance with the LODR Regulations, we cannot assure you these arrangements in the future, or any future related party transactions that we may enter into, individually or in the aggregate, will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects. Further, any future transactions with our related parties could potentially involve conflicts of interest which may be detrimental to our Company. Additionally, there can be no assurance that any dispute that may arise between us and related parties will be resolved in our favour. There can be no assurance that our Directors and executive officers will be able to address such conflicts of interests or others in the future.

24. *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 lenders, and accordingly, our debt to equity ratio has been 3.31 and 3.20 for the Financial Years ended March 31, 2023 and March 31, 2022, respectively. 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, 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.

Risks relating to the objects of the issue

25. *Our future growth is dependent on the successful and timely expansion and modernization of our Udaipur Manufacturing Plant which is subject to the risk of unanticipated delays and cost overruns.*

We have made and intend to continue making investments to expand the capacity of our Udaipur Manufacturing Plant and establish an additional clinker production line. For further information, see “**Our Business – Our Strategies**” on page 101. We have implemented de-bottlenecking and optimization projects in June 2021 and thereby increased the installed capacity of clinker production from 1.20 MTPA to 1.50 MTPA and of cement grinding from 1.60 MTPA to 2.20 MTPA at our Udaipur Manufacturing Plant, our Expansion Project remain subject to the potential problems and uncertainties that a construction project

faces. Problems that could adversely affect our expansion plans include delays in completion, cost overruns, labour shortages, increased costs of equipment or manpower, delays in procurement of equipment and machinery, inadequate performance of the equipment and machinery installed in our facilities, defects in design or construction, operating restrictions/ lockdown consequent to outbreak of infectious diseases, such as the COVID-19 pandemic and the possibility of unanticipated future regulatory restrictions. While we have not had any unanticipated delays or cost overruns for projects in the past, we cannot assure you that the proposed capacity additions and process improvements will be completed as planned or as scheduled. Further, we are yet to place orders for a portion of the plant and machinery for our Expansion Project. For further information, see “*Objects of the Issue*” and “*- We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. 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*” on pages 54 and 29, respectively. If our actual capital expenditures significantly exceed our budgets, which may be due to various factors beyond our control, or even if our budgets were sufficient to cover these projects, we may not be able to achieve the intended economic benefits of these projects, which in turn may materially and adversely affect our financial condition, results of operations and prospects.

26. ***We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. 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 propose to utilise the Net Proceeds from the Issue towards our Expansion Project as described in detail in “*Objects of the Issue*” on page 54. While we have placed orders for a majority of our plants and machinery in relation to the Expansion Project, we are yet to place orders for a portion of the capital expenditure which we propose to fund from the Net Proceeds. For the orders that we are yet to place, we have not entered into any definitive agreements and have relied on the quotations received from third parties for estimation of the cost, including the Techno Economic Viability Report dated April, 2022, provided by Holtec Consulting Private Limited.

Our efforts to enhance our production capabilities are subject to significant risks and uncertainties, including: (i) delays and cost overruns resulting from increases in the prices and availability of raw materials and components, shortages of skilled workforce and transportation constraints; (ii) lower production efficiency and yield before achieving our expected economies of scale; (iii) our inability to obtain the required permits, licenses and approvals from relevant government authorities; and (iv) interruptions caused by natural disasters or other unforeseen events. Our funding requirements may be subject to change based on various factors such as the timing of completion of the Issue, market conditions outside the control of our Company, and any other business and commercial considerations. This may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure as may be determined by our Company and by the shareholders by way of a special resolution, subject to compliance with applicable law.

We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such quotations or that there will not be cost escalations. 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.

27. ***Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and have not been independently appraised by any bank or financial institution or other independent agency and may be subject to change based on various factors, some of which are beyond our control.***

Our funding requirements may be subject to change based on various factors such as the timing of completion of the Issue, market conditions outside the control of our Company, and any other business and commercial considerations. This may entail rescheduling and revising the planned expenditure and funding requirement and increasing or decreasing the expenditure for a particular purpose from the planned expenditure as may be determined by our Company and by the Shareholders by way of a special resolution,

subject to compliance with applicable law. Our funding requirements are based on management estimates and our current business and currently valid quotations.

While the deployment of the Net 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. We cannot assure you that we will be able to undertake such capital expenditure within the cost indicated by such quotations or that there will not be cost escalations. 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.

Other Risks

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

We sell our products under the brand 'Platinum Heavy Duty Cement'. Our brand is critical to the success of our business as, we believe, it serves in attracting customers to our products in preference to those of our competitors. We use the brand name 'Platinum Heavy Duty Cement' for our OPC and PPC products, which is our registered trademark. While we have made an application for the registration of the trademark 'Platinum Supremo Cement', under class 19, this application is currently under objection by a third-party. For details, see "**Our Business – Intellectual Property**" on page 108.

Further, various factors, some of which are beyond our control, are critical for maintaining and enhancing these brands, which may negatively affect these brands 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, adapt our systems to user requirements or emerging industry standards, and protect the intellectual property related to our brands. Our brands 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. Any allegations of product defects even when false or unfounded, could tarnish the image of our brands and may cause our customers to choose other products. Consequently, product contaminations and defects, consumer complaints or negative publicity or media reports involving us, or our products could harm our brand and reputation and may dilute the impact of our branding and marketing initiatives and adversely affect our business and prospects.

29. *Our Annual Financial Statements have not yet been placed before our shareholders in a general meeting.*

Pursuant to a resolution dated May 11, 2023, our Board approved the Annual Financial Statements as at and for the Financial Year ended March 31, 2023, as recommended by the Audit Committee of our Company. In terms of Section 129(2) of the Companies Act, 2013, at every annual general meeting of a company, the board of directors of the company shall lay before such meeting, the financial statements for the corresponding Financial Year. Our Company, in due course will hold its annual general meeting for the Financial Year ended March 31, 2023 and place our Annual Financial Statements before our shareholders. Such Annual Financial Statements, which include the Annual Financial Statements included in this Letter of Offer, shall remain subject to adoption, remarks and observations of our shareholders, if any.

30. *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.*

Our capacity utilisation may be affected by factors such as availability of raw materials, industry and market conditions as well as by the product requirements of, and procurement practice followed by our customers. In Financial year ended March 31, 2022, our Company has increased the clinker production capacity of our Udaipur Manufacturing Plant from 1.20 MTPA to 1.50 MTPA and cement grinding capacity from 1.60 MTPA to 2.20 MTPA and had incurred a total capital expenditure of approximately ₹ 60 crore. In case of oversupply in the industry or lack of demand we may not be able to utilise our expanded

capacity efficiently. For the Financial Years ended March 31, 2023 and March 31, 2022, the industry pan India average of capacity utilization was 69% and 65% and for the capacity utilisation for the western region was 68% and 68% respectively. (Source: *Crisil Report*) Our capacity utilization, however, for the Financial Years ended March 31, 2023 and March 31, 2022 (only cement) was 66.75% and 62.13%. For further information, see “***Our Business – Capacity and Capacity Utilisation***” on page 106. These figures are not indicative of future capacity utilisation rates, which is dependent on various factors, including demand for our products, availability of raw materials, customer preferences, our ability to manage our inventory and implement our growth strategy of improving operational efficiency. In the event that we are unable to achieve full capacity utilisation of our Udaipur Manufacturing Plant, this would result in operational inefficiencies which could have a material adverse effect on our business, financial condition, future prospects, and future financial performance.

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 we typically do not enter into long-term contracts with our customers and dealers, we also face the risk that our customers might not place any order or might place orders of lesser than expected size or may even cancel existing orders or make change in their policies, which may result in reduced quantities being manufactured by us resulting in under-utilization of existing capacity of our Udaipur Manufacturing Plant. Further, we make significant decisions, including determining the levels of business that we will seek and accept, production schedules, personnel requirements and other resource requirements, based on our estimates of customer orders. The requirements of our customers are not restricted to one type of product and therefore variations in demand for certain types of products also requires us to make certain changes in our manufacturing processes thereby affecting our production schedules. This may lead to over production of certain products and under production of some other products resulting in a complete mismatch of capacity and capacity utilization. Any such mismatch leading to over or under utilization of our Udaipur Manufacturing Plant could adversely affect our business, results of operations, financial condition and cash flows.

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

For our Non trade Customers to whom we extend credit periods up to 30 days, we cannot guarantee that there will not be default on their payments which might adversely affect our profits margins and cash flows. Our receivable turnover day was 281 days and 423 days in Financial Years ended March 31, 2023 and March 31, 2022, respectively, and any increase in our receivable turnover days will negatively affect our business. In our cement sales through dealers and registered third party agents, we strive to operate on advance and secured payment terms for the Trade customers. For our Trade Customers, payments are secured with dealer and registered third party agents deposits, and any outstanding amount over the dealer deposit will be assigned for recovery. However, there is no guarantee that our dealers and registered third party agents will not default on their payments. As of March 31, 2023 and March 31, 2022, our trade receivables were ₹ 4.91 crore and ₹ 4.48 crore, respectively, which was 0.48% and 0.51%, respectively, of our total revenue.

Macroeconomic conditions could also result in financial difficulties, including insolvency or bankruptcy, for our customers, and as a result could cause customers to delay payments to us, request modifications to their payment arrangements, that could increase our receivables or affect our working capital requirements. Our inability to collect receivables from our dealer, registered third party agents and customers in a timely manner or at all, could adversely affect our working capital cycle and cash flow. Any such increase in our receivable turnover days will negatively affect our business.

32. *The success and wide acceptability of our products is largely dependent upon certain quality control systems. We obtain quality control accreditations which are valid for a limited time period and 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.*

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 our quality control training program, and the implementation and application of our quality control policies and guidelines. To produce good quality cement, it is imperative that sampling and testing of various raw

materials, fuels, in-process materials and the final product is carried out regularly at the required intervals for taking prompt corrective action and we have provided for sampling stations and a chemical and physical laboratory equipped with necessary quality control equipment at our Udaipur Manufacturing Plant for this purpose. Additionally, our Company takes the initiative of undertaking on-site visits and conducting guidance camps to demonstrate the quality of our products. These quality control measures are necessary to ensure that the final product meets the quality standards specified by our customers.

Further, we also obtain and maintain quality certifications and accreditations from independent certification entities. Our Udaipur Manufacturing Plant is ISO 9001 certified for quality management system, ISO 14001 certified for environmental management systems, ISO 45001 certified for occupational hazard and safety management systems, ISO 50001 certified for energy management system for the manufacture and dispatch of (a) OPC of grades 43 and 53, (b) PPC and (c) clinker by Bureau Veritas Certification Holding SAS – UK Branch. In addition, our Company is ISO 50001: 2018 certified for the manufacture and dispatch of clinker, OPC and PPC by Bureau Veritas Certification Holding SAS – UK Branch. Such specifications and standards of quality are an important factor in the success and wide acceptability of our products. If we fail to comply with applicable quality standards or if the relevant accreditation institute or agency declines to certify our products, or if we are otherwise unable to obtain such quality accreditations in the future, within time or at all, our business prospects and financial performance will be materially and adversely affected.

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.

33. ***Our existing operations and revenues are majorly concentrated in the three states of Rajasthan, Gujarat and Madhya Pradesh in India and the inability to retain and grow our business in this region or diversify our business may have an adverse effect on our business, financial condition, results of operations, cash flows and future business prospects.***

A majority of our cement operations, including production, distribution and sales, are concentrated the three states of Rajasthan, Gujarat and Madhya Pradesh in India. The manufacture and sale of cement in India is largely regional in nature due to significant transport costs which limit our ability to sell our products in markets that are far from our Udaipur Manufacturing Plant. Further, cement is a perishable good and the quality of fresh cement may also deteriorate with time. Accordingly, we strive to sell our products to customers within close vicinity to our facility.

In addition, since our Udaipur Manufacturing Plant is located in Rajasthan and distribution and sales of our products is concentrated in the northern, western and central regions of India, our business and results of operations are dependent on the economic growth in these regions. Any materially adverse social, political or economic development, natural calamities, pandemic civil disruptions, or changes in the policies of the state or local governments in these regions could adversely affect manufacturing activities, 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 Udaipur Manufacturing Plant and mines could result in significant loss due to an inability to meet customer contracts and production schedules, which could materially affect our business reputation within the industry. Additionally, any slowdown in the economy of these regions, and particularly the demand for housing and infrastructure could negatively affect our business and results of operations. The occurrence of, or our inability to effectively respond to, any such events or effectively manage the competition in the region, could have an adverse effect on our business, results of operations, financial condition, cash flows and future business prospects.

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

We are exposed to risks associated with product liability or recall claims if the use of our products results in property damage or personal injury. The products that we produce are subject to risks such as contamination, adulteration and product tampering during their production, transportation or storage which may lead to any structure being unsafe and unable to withstand the environment in which it is placed. While we seek to conform our products to meet a variety of contractual specifications and regulatory

requirements, there can be no assurance that product liability claims or recall claims against us will not arise, whether due to defects, or other causes. We may become subject to product liability and indemnity claims, which can cause us to face consumer actions or class actions which can potentially involve criminal and civil liabilities. In absence of any limitation of liability in our contracts, our exposure to liability could be significant. While we have not in the past been subject to any product liability claims, any such claims, regardless of whether they are ultimately successful, could cause us to incur litigation costs, harm our business reputation and disrupt our operations. Further, there can be no assurance that we will be able to successfully defend such claims. If any such claims against us are ultimately successful, we could be required to pay substantial damages, which could materially and adversely affect our business, financial condition and results of operations.

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

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

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

Our Promoter, JK Lakshmi Cement Limited, is also engaged in the business of cement manufacturing/trading. We benefit from our association with our Promoter, JK Lakshmi Cement Limited through facilitation of procurement of coal and petcoke from international suppliers carried out through high seas sales. Further, our Chairperson, Vinita Singhania is also on the board of directors of 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.

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.

37. ***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 including our business heads 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 key personnel or our inability to recruit or train a sufficient number of experienced personnel or our inability to manage the attrition levels in different employee categories may have an adverse effect on our financial results and business prospects. 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.

38. ***We are dependent on our Promoter and their 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 their experience in the Indian cement industry for strategic business decisions and managing our business. Our Promoter JK Lakshmi Cement Limited, has an extensive experience in the Indian cement industry and has been instrumental in the growth of our business since inception. We are part of the 'JK Organisation', a business conglomerate, having presence in the fields of cement, tyre, paper, agriculture genetics, dairy products, education, etc (Source: CRISIL Report).

Our Promoter's experience and leadership have played a key factor in our 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 one of our Directors, is on the board of our Promoter. There may be a conflict of interest between us and our Promoter"*** above.

39. ***The introduction of substitutes for cement in the markets in which we operate and the development of new construction techniques could have an adverse effect on our business, results of operations and financial condition.***

Our business is continually changing due to technological advances and scientific discoveries. Our profitability and competitiveness are in large part dependent on our ability to respond to technological advances and emerging industry standards and practices on a cost-effective and timely basis. Changes in technology may make newer generation manufacturing equipment more competitive than ours or may require us to make additional capital expenditures to upgrade our Udaipur Manufacturing Plant and mines. Although we strive to maintain and upgrade our technologies, facilities and machinery consistent with current national and international standards, the technologies, facilities and machinery we currently use may become obsolete. We need to continue to invest in new and more advanced technologies and equipment to enable us to respond to emerging industry standards and practices in a cost-effective and timely manner that is competitive with other building material companies and other methods of manufacturing. The development and implementation of such technology entails technical and business risks. We cannot assure you that we will be able to successfully implement new technologies or adapt our processing systems to customer requirements or emerging industry standards. If we are unable to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business and financial performance could be adversely affected.

New construction techniques and modern materials may be introduced in the future. The increase in use of

substitutes for cement could cause a significant reduction in the demand and prices for our cement and concrete products and have an adverse effect on our profitability, cash flows and results of operations.

- 40. *Certain of our corporate records and form filings with the RoC have discrepancies or typographical errors. We cannot assure you that regulatory proceedings or actions will not be initiated against us in the future and we will not be subject to any penalty imposed by the competent regulatory authority in this regard.***

Certain of our Company's historical corporate records and form filings with the RoC have discrepancies or typographical errors. For instance, the Board resolution for the allotment of 4,700 5% CRPS inadvertently mentions the date as January 14, 2014 in place of January 14, 2015, which is a typographical error. The approval of the shareholders for such allotment was obtained on August 18, 2014. Additionally, in relation to the forms filed with the RoC, there are certain inadvertent typographical errors in: (i) Form SH-7 dated March 21, 2021; and (ii) Form PAS-3 dated October 28, 2022.

While there have not been any regulatory actions against us in the past pursuant to such errors, we cannot assure you that regulatory proceedings or actions will not be initiated against us in the future and we will not be subject to any penalty imposed by the competent regulatory authority in this respect.

- 41. *Any failure of our information technology systems could adversely affect our business and operations.***

We have information technology systems that support our business processes such as, amongst others, data centres, enterprise resource planning solution, customer resource planning and transport management system. These systems may be susceptible to outages due to fire, floods, power loss, telecommunications failures, natural disasters, and similar events, even with our disaster recovery system in place. Disruption or failure of our information technology systems could have a material adverse effect on our operations. A large-scale information technology malfunction could disrupt our business or lead to disclosure of sensitive company information. In addition, it is possible that a malfunction of our data system security measures could enable unauthorized persons to access sensitive business data, including information relating to our intellectual property or business strategy or those of our customers. Such malfunction or disruptions could cause economic losses for which we could be held liable.

Effective response to such disruptions will require effort and diligence on the part of our employees to avoid any adverse effect to our information technology systems. In addition, our systems and proprietary data stored electronically may be vulnerable to computer viruses, cybercrime, computer hacking and similar disruptions from unauthorized tampering. If such unauthorized use of our systems were to occur, data related to our product formulas, product development and other proprietary information could be compromised. The occurrence of any of these events could adversely affect our business, interrupt our operations, subject us to increased operating costs and expose us to litigation.

- 42. *Our borrowing arrangements may impose onerous obligations on us. Increases in interest rates of the loan facilities availed by us may materially impact our results of operations.***

We have entered into agreements for our borrowings with certain lenders. As on March 31, 2023 our total borrowing were ₹ 1,145.46 crores. These borrowings include secured fund based and non-fund based facilities. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as change in capital structure, formulation of any scheme of amalgamation or reconstruction, declaring dividends, further expansion of business, granting loans to directors, which require our Company to obtain prior approval of the lenders for any of the above activities. We cannot assure you that our lenders will provide us with these approvals in the future. Further, some of our financing arrangements include covenants to maintain our total outside liabilities and total net worth up to a certain limit and certain other liquidity ratios. We cannot assure prospective investors that such covenants will not hinder our business development and growth in the future. A default under one of these financing agreements may also result in cross-defaults under other financing agreements and result in the outstanding amounts under such financing agreements becoming due and payable immediately. Defaults under one or more of our Company's financing agreements may limit our flexibility in operating our business, which could have an adverse effect on our cash flows, business, results of operations and financial condition. 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.

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

The limestone reserve data included in this Letter of Offer are based on various estimates of our management that have been taken into account by Udaipur Min-Tech Private Limited, a mining geologist and recognised qualified person with Indian Bureau of Mines, Ministry of Mines, Government of India. Udaipur Min-Tech Private Limited have verified and certified the limestone reserve data and reserve life based on the information, representations and explanations provided by our Company, the review of the various documents related to the limestone mines provided by our Company. The limestone residual reserves as of March 31, 2023 has been computed by Udaipur Min-Tech Private Limited. For further details of our mining leases, see “***Our Business – Raw Materials***” on page 105. However, our Company’s actual production and consumption with respect to its reserves may differ from such estimate. There are numerous uncertainties inherent in estimating quantities of our limestone reserves, including many factors beyond our control. In general, estimates of limestone reserves are based upon a number of variable factors and assumptions, such as geological and geophysical characteristics of the reserves, historical production performance from the properties, the quality and quantity of technical and economic data, extensive engineering judgments, the assumed effects of regulation by government agencies and future operating costs. All such estimates involve uncertainties, and classifications of reserves are only attempts to define the degree of likelihood that the reserves will result in revenue for us. For those reasons, estimates of the economically recoverable reserves attributable to any particular group of properties and classification of such reserves based on risk of recovery, prepared by different engineers or by the same engineers at different times, may vary substantially. Therefore, actual limestone reserves may vary significantly from such estimates. To the extent actual reserves are significantly less than the estimates, the residual reserve life of our limestone mines will be reduced and our financial condition and results of operations are likely to be materially and adversely impacted. While these estimates are based on detailed studies conducted by independent experts, there can be no assurance that these estimates would not be materially different from estimates prepared in accordance with recognized international method or norms.

44. ***The coronavirus disease (COVID-19) has had an adverse effect on our business and operations and the extent to which it may continue to do so in the future, is uncertain and cannot be predicted.***

In the first half of calendar year 2020, COVID-19 spread to a majority of countries across the world, including India. The COVID-19 pandemic has had, and may continue to have, significant repercussions across local national and global economies and financial markets. The global impact of the COVID-19 pandemic has rapidly evolved and public health officials and governmental authorities had responded by taking measures, including in India where our operations are primarily based, such as prohibiting people from assembling in large numbers, instituting quarantines, restricting travel, issuing “stay at home” orders and restricting the types of businesses that may continue to operate, among many others. On March 14, 2020, India declared COVID-19 as a “notified disaster” and imposed a nationwide lockdown beginning March 25, 2020. Further, India experienced a severe second wave of COVID-19 between March 2021 and June 2021.

While the lockdown does not remain in force, in case the lockdown is reintroduced, it could result in subdued growth or give rise to a recessionary economic scenario, in India and globally, which could adversely affect our business, prospects, results of operations and financial condition. The COVID-19 pandemic has affected and may continue to affect our business, results of operations and financial condition in a number of ways. The ultimate impact will depend on a number of factors, many of which are outside our control. These factors include the duration, severity and scope of the pandemic, the impact of the pandemic on economic activity in India and globally, the eventual level of infections in India or in the regions in which we operate, and the impact of any actions taken by governmental bodies or health organisations (whether mandatory or advisory) to combat the spread of the virus. Any intensification of the COVID-19 pandemic or any future outbreak of another highly infectious or contagious disease may adversely affect our business, results of operations and financial condition.

45. ***This 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, CRISIL, to prepare an industry report titled “*Overview of Indian Cement Industry*” dated May 2023, exclusively for purposes of confirming our understanding of the industry we operate in and inclusion of such information in this Letter of Offer pursuant to an engagement letter dated May 1, 2023. Given the scope and extent of the CRISIL Report, disclosures are limited to certain excerpts and the CRISIL Report has not been reproduced in its entirety in the Letter of Offer. The CRISIL 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 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 Letter of Offer based on, or derived from, the CRISIL Report. You should consult your own advisors and undertake an independent assessment of information in this Letter of Offer based on, or derived from, the CRISIL Report before making any investment decision regarding the Issue. See “*Industry Overview*” on page 71.

- 46. *Information relating to the installed capacity of our Udaipur Manufacturing Plant, actual production and capacity utilization of our Udaipur Manufacturing Plant included in this Letter of Offer is based on various estimates and future production and capacity may vary.***

Information relating to our installed capacities, historical production and capacity utilization of our Udaipur Manufacturing Plant is based on various estimates by Rajesh C. Ailsinghani, chartered engineer (with registration no. A.M. 70938-5, as set out in certificate dated May 31, 2023. Such estimates may not continue to be true and future production and capacity utilization may vary. Calculation of the installed capacities and historical production and capacity utilization of Udaipur 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.

- 47. *Certain of the properties currently occupied by us, are held on a leasehold basis. There can be no assurances that these lease agreements will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms.***

Our Udaipur Manufacturing Plant and offices (including our Registered Office and Corporate Office) are held by us on leasehold basis, from third parties, related parties and certain Government authorities on certain terms and conditions. If we are unable to renew certain or all of these leases on commercially reasonable terms, we may suffer a disruption in our operations or be unable to continue to operate from those locations in the future (and may, to that extent, need to revise our raw material sourcing, product manufacturing and raw material and product inventory schedules and/or incur significant costs to relocate or expand our operations elsewhere in order to continue to honour our commitments to our customers). In addition, the terms of certain of our leases require us (as the lessee) to undertake lease deposit, incur certain repair and maintenance costs from time to time and to bear utility charges, and include conditions which may restrict our operational flexibility in certain respects, for instance, requiring us to obtain the lessor’s prior consent for certain actions (including making significant structural alterations to the premises) or to sublet, assign such properties. In addition, any regulatory non-compliance by the landlords or lessors or adverse development relating to the landlords’ or lessors’ title or ownership rights to such properties or equipment, including as a result of any noncompliance by them, may entail significant disruptions to our operations, especially if we are forced to vacate leased spaces or cease of the use of the related equipment following any such developments. If our sales do not increase in line with our rent and costs, including set up and interior design costs, our profitability and results of operations could be adversely affected.

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

Our management is responsible for establishing and maintaining adequate internal control over financial reporting. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting for external purposes, including with respect to record keeping and transaction authorization. In recent years, we have focused on improving the internal controls of the businesses. Because of our inherent limitations, internal control over financial reporting is not intended to provide absolute assurance that a misstatement of our financial statements would be prevented or detected. Any failure to maintain an effective system of internal control over financial reporting could limit our ability to report financial results accurately and in a timely manner, or to detect and prevent fraud, which could have a material adverse effect on our business, results of operations, cash flows and financial condition.

- 49. *We have received share application money in advance from our Promoter for subscription in the Issue. Any failure to complete Allotment to our Promoter within the statutory time limit may have adverse consequences for our Company.***

Our Company had taken a loan from our Promoter. Subsequently, through the letter dated May 31, 2023, our Promoter has confirmed that the entire loan amount along with interest of ₹ 2.29 crores accrued and due thereon till date, aggregating ₹ 87.69 crores shall be adjusted towards subscription for its entitlement in this Issue in this regard. Consequently, share application money shall not be received by our Company from our Promoter to such an extent.

If our Company fails to complete the allotment to our promoter within 60 days from receipt of the share application money, it will be required to refund the said amount within 15 days from the completion of the abovementioned 60 days. Any failure on part of our Company to refund the said amount within the prescribed timelines will result in this amount being treated as ‘deposit’ under the application provisions of the Companies Act, 2013. Additionally, our Company will be required to pay interest for the delayed period, as prescribed under applicable laws.

- 50. *Our Promoter and Promoter Group Shareholder together exert substantial voting control over our Company and will continue to do so after completion of the Issue, which may limit your ability to influence the outcome of matters submitted for approval of our shareholders.***

As on the date of this Letter of Offer, our Promoter and Promoter Group Shareholder, together hold 72.54% of the shareholding of the Company. Following the completion of the Issue, our Promoter and Promoter Group Shareholder will continue to hold substantial portion of our post- Issue shareholders’ approval, including the ability to appoint Directors to our Board and the right to approve significant actions at Board and at shareholders’ meetings, including the issue of Equity Shares and dividend payments, business plans, mergers and acquisitions, any consolidation or joint venture arrangements, any amendment to our Memorandum of Association and Articles of Association. Further, in case the public portion of the Issue is unsubscribed, the shareholding of our Promoter and Promoter Group may exceed the minimum public shareholding requirement. For further details, see “- *Our Promoter has undertaken to subscribe to the unsubscribed public portion of the Issue, as the public portion of the Issue will not be underwritten by the lead managers. Therefore, the collective shareholding of our Promoter and Promoter Group Shareholder, may exceed 75% of the total shareholding, breaching the minimum public shareholding requirement. Pursuant to the SEBI Exemption Letter we are required to comply with the minimum public shareholding requirement within one year from such breach. Any failure from us to comply with the minimum public shareholding requirement within the permitted time period, may attract regulatory actions against us*” on page 42.

We cannot assure you that our Promoter will not have conflicts of interest with other shareholders or with our Company. Any such conflict may adversely affect our ability to execute our business strategy or to operate our business.

- 51. *We might be entitled to certain incentives and subsidies pursuant to certain state government schemes and any change in these incentives and subsidies applicable to us or a delay in disbursement of benefits pursuant to such schemes may affect our financial condition, profitability and cash flow.***

Our Company had availed benefits under the Rajasthan Investment Promotion Scheme, 2010 (“**RIPS 2010**”) in the form of SGST subsidy, subject to certain thresholds. These incentives were available to us till 2018. Pursuant to a show cause notice dated July 24, 2020 issued by Rajasthan SGST Department, we

have been asked for reversal of subsidy received under RIPS 2010 of ₹ 1.98 crore from the period of July 2017 to December 2020.

There can be no assurance that we will either be eligible to receive these benefits in the future or will be able to obtain timely disbursement of such benefits. State governments may unilaterally terminate incentives or amend such schemes with retrospective effect cancelling the incentives available under such schemes. Further, state governments may also delay in the disbursement of incentives and benefits under such schemes. Also, any change in the regime of the state governments may impact the continuance of these schemes or other government lead initiatives. If such incentives expire, are terminated, or if the relevant authorities do not renew these schemes, or if there are any substantial delays in disbursements under such schemes, our financial condition and cash flow could be adversely affected.

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

We have foreign currency payables for supply of certain fuel and raw materials and are therefore, exposed to foreign exchange risk between the Indian Rupee and U.S. Dollars and other foreign currencies. Any significant fluctuation in the value of the Indian Rupee against such currencies including as noticed recently in the case of the U.S. Dollar, may adversely affect our results of operations. Any appreciation of foreign currencies against the Indian Rupee may result in reduction of our margins and consequently have an adverse effect on result of operations and cash flows.

EXTERNAL RISK FACTORS

53. *Our business is substantially affected by prevailing economic, political and other prevailing conditions in emerging markets.*

The Indian economy and securities markets are influenced by economic, political and market conditions in India and globally, including adverse geopolitical conditions such as increased tensions between India and China. We are incorporated in India, and our operations are located in India. As a result, we are highly dependent on prevailing economic conditions in India and the other emerging markets and our results of operations and cash flows are significantly affected by factors influencing the economy in these countries. Factors that may adversely affect the economy, and hence our results of operations and cash flows, may include:

- any increase in interest rates or inflation;
- any exchange rate fluctuations;
- any scarcity of credit or other financing, resulting in an adverse impact on economic conditions and scarcity of financing for our expansions;
- prevailing income conditions among consumers and corporates;
- volatility in, and actual or perceived trends in trading activity on, the relevant market's principal stock exchanges;
- changes in tax, trade, fiscal or monetary policies;
- political instability, terrorism or military conflict in the region or globally. For example, the recent hostilities between Russia and Ukraine;
- occurrence of natural or man-made disasters;
- prevailing regional or global economic conditions, including in the relevant country's principal export markets;
- any downgrading of debt rating by a domestic or international rating agency;
- instability in financial markets; and
- other significant regulatory or economic developments in or affecting India or the emerging markets.

Further, any slowdown or perceived slowdown in the Indian economy or the economy of any emerging market, or in specific sectors of such economies, could adversely impact our business, results of operations, cash flows and financial condition and the price of the Equity Shares.

54. *Changing laws, rules and regulations, including taxation laws, may adversely affect our business, results of operations, cash flows and prospects.*

Any change in Indian tax laws could have an effect on our operations. For instance, the Taxation Laws

(Amendment) Act, 2019, prescribes certain changes to the income tax rate applicable to companies in India. According to this Act, companies can henceforth voluntarily opt in favor of a concessional tax regime (subject to no other special benefits or exemptions being claimed), which would ultimately reduce the tax rate (on gross basis) for Indian companies from 30% to 22% (exclusive of applicable health and education cess and surcharge). Any such future amendments may affect our ability to claim exemptions that we have historically benefitted from, and such exemptions may no longer be available to us. Any adverse order passed by the appellate authorities or tribunals or courts would have an effect on our profitability.

The Finance Act, 2020 (“**Finance Act**”), has, amongst others things, provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime. For instance, dividend distribution tax (“**DDT**”) will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020, and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident and are likely be subject to tax deduction at source. Our Company may or may not grant the benefit of a tax treaty (where applicable) to a non-resident shareholder for the purposes of deducting tax at source from such dividend. Investors should consult their own tax advisors about the consequences of investing or trading in the Equity Shares.

In addition, we are subject to tax related inquiries and claims. We may be particularly affected by claims from tax authorities on account of income tax assessment, service tax and GST that combines taxes and levies by the central and state governments into one unified rate of interest with effect from July 1, 2017 and all subsequent changes and amendments thereto.

Further, the Government of India has announced the Union Budget for Financial Year ended March 31, 2024 and the Finance Act, 2023, which was notified on the e-Gazette on March 31, 2023. The Finance Act, 2023 proposes various amendments to taxation laws in India. As such, there is no certainty on the impact that the Finance Act, 2023 may have on our business and operations or on the industry in which we operate. In addition, unfavorable changes in or interpretations of existing, or the promulgation of new laws, rules and regulations including foreign investment laws governing our business, operations and group structure could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. We may incur increased costs relating to compliance with such new requirements, which may also require management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may affect the viability of our current business or restrict our ability to grow our business in the future.

We cannot predict whether any new tax laws or regulations impacting our services will be enacted, the likely nature and impact of the specific terms of any such laws or regulations or whether, if at all, any laws or regulations would have an adverse effect on our business.

55. ***We have in this Letter of Offer included certain non-GAAP financial and operational measures and certain other industry measures related to our operations and financial performance that may vary from any standard methodology that is applicable across the cement industry. We rely on certain assumptions and estimates to calculate such measures, therefore such measures may not be comparable with financial, operational or industry related statistical information of similar nomenclature computed and presented by other similar companies.***

Certain non-GAAP financial measures and certain other statistical information relating to our operations and financial performance including such as EDITDA, EBITDA Margin, Return on Net Worth, among others, have been included in this Letter of Offer. These are supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Ind AS, Indian GAAP, IFRS or US GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, IFRS or US GAAP and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the years/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, IFRS or US GAAP. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures

of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of manufacturing companies, many of which provide such non-GAAP financial measures and other statistical and operational information when reporting their financial results. These non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other manufacturing companies.

56. *Fluctuation of the Rupee against foreign currencies may have an adverse effect on our results of operations*

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

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

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

58. *Significant differences exist between Ind AS and other accounting principles, such as US GAAP and IFRS, which may be material to investors' assessments of our financial condition.*

The Annual Financial Statements included in this Letter of Offer have been prepared in accordance with Ind AS. We have not attempted to quantify the impact of US GAAP or IFRS on the financial data included in this Letter of Offer, nor do we provide a reconciliation of our financial statements to those of US GAAP or IFRS. US GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, as per the SEBI ICDR Regulations included in this Letter of Offer, will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Letter of Offer should be limited accordingly.

59. *Rights of shareholders under Indian laws may differ to those under the laws of other jurisdictions.*

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

60. *Investors may not be able to enforce a judgment of a foreign court against us.*

We are incorporated under the laws of India and all of our Directors and Key Management Personnel reside in India. Majority of our assets, and the assets of certain of our Directors, Key Management Personnel and Senior Management, are also located in India. Where investors wish to enforce foreign judgments in India, they may face difficulties in enforcing such judgments. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India exercises reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions. In order

to be enforceable, a judgment obtained in a jurisdiction which India recognises as a reciprocating territory must meet certain requirements of the Civil Procedure Code, 1908 (“CPC”). Further, the CPC only permits enforcement of monetary decrees not being in the nature of any amounts payable in respect of taxes or, other charges of a similar nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards. Judgments or decrees from jurisdictions not recognised as a reciprocating territory by India, cannot be enforced or executed in India. Even if a party were to obtain a judgment in such a jurisdiction, it would be required to institute a fresh suit upon the judgment and would not be able to enforce such judgment by proceedings in execution. Further, the party which has obtained such judgment must institute the new proceedings within three years of obtaining the judgment. As a result, the investor may be unable to: (i) effect service of process outside of India upon us and such other persons or entities; or (ii) enforce in courts outside of India judgments obtained in such courts against us and such other persons or entities.

It cannot be assured that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain prior approval from the RBI to repatriate any amount recovered pursuant to the execution of such foreign judgment, and any such amount may be subject to income tax in accordance with applicable laws. In addition, the regulatory regime of our various international territories may have similar restrictions on enforcement of foreign judgments.

RISKS RELATING TO THE ISSUE

61. ***Our Promoter has undertaken to subscribe to the unsubscribed public portion of the Issue, as the public portion of the Issue will not be underwritten by the lead managers. Therefore, the collective shareholding of our Promoter and Promoter Group Shareholder, may exceed 75% of the total shareholding, breaching the minimum public shareholding requirement. Pursuant to the SEBI Exemption Letter we are required to comply with the minimum public shareholding requirement within one year from such breach. Any failure from us to comply with the minimum public shareholding requirement within the permitted time period, may attract regulatory actions against us.***

Pursuant to letters each dated June 9, 2023, our Promoter and Promoter Group Shareholder, respectively have confirmed that they intend to subscribe to the unsubscribed public portion of the Issue, as the public portion of the Issue will not be underwritten by the Lead Manager. For further details see “***Summary of Letter of Offer- Intention and extent of participation by our Promoter/ Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their right entitlement***” on page 13.

The collective shareholding of our Promoter and Promoter Group Shareholder, which currently stands at 72.54%, may exceed 75% of the total shareholding, breaching the minimum public shareholding requirement. Pursuant to the SEBI Exemption Letter, SEBI has permitted our Promoter/ Promoter Group to subscribe to additional Rights Equity Shares in the Issue in order to achieve the minimum subscription requirements in the Issue (90% of the Issue size) as required under the SEBI ICDR Regulations. As a result of such additional subscription, if the shareholding of our Promoter and Promoter Group Shareholder exceeds 75% of the post-Issue capital of our Company, then our Company will be required to reduce such shareholding to below 75% within the time period (which is currently within one year from the date of Allotment) and in the manner specified by SEBI.

Any future sales of Equity Shares by the Promoter and Promoter Group Shareholder, or other major shareholders of our Company may adversely affect the trading price of the Equity Shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

62. ***The Rights Entitlement of Eligible Equity Shareholders holding Equity Shares in physical form 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 Rights Issue Circulars, the credit of Rights Entitlements and Allotment of 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 opened by our Company, for the Eligible Equity Shareholders which would comprise Rights Entitlements relating to (a) 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 (b) 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 (c) credit of the Rights Entitlements returned, reversed or failed; or (d) the ownership of the Equity Shares currently under dispute, including any court proceedings, if any. The Rights Entitlements of the Eligible Equity Shareholders holding Equity Shares in physical form 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. For details, please see the section entitled “*Terms of the Issue*” on page 213.

63. *Failure to exercise or sell the Rights Entitlements will cause the Rights Entitlements to lapse without compensation and result in a dilution of shareholding.*

Rights Entitlements that are not exercised prior to the end of the Issue Closing Date will expire and become null and void, and Eligible Equity Shareholders will not receive any consideration for them. The proportionate ownership and voting interest in our Company of Eligible Equity Shareholders who fail (or are not able) to exercise their Rights Entitlements will be diluted. Even if you elect to sell your unexercised Rights Entitlements, the consideration you receive for them may not be sufficient to fully compensate you for the dilution of your percentage ownership of the equity share capital of our Company that may be caused as a result of the Issue. Renouncees may not be able to apply in case of failure of completion of renunciation through off-market transfer in such a manner that the Rights Entitlements are credited to the DEMAT account of the Renouncees prior to the Issue Closing Date. Further in case, the Rights Entitlements do not get credited in time, in case of On Market Renunciation, such Renouncee will not be able to apply in this Issue with respect to such Rights Entitlements. For details, see “*Terms of the Issue*” on page 213.

64. *Our Company will not distribute the Letter of Offer and other Issue related materials to overseas shareholders who have not provided an address in India for service of documents.*

We will not distribute the Issue Material to the shareholders who have provided an address in India for service of documents. The Issue Material will not be distributed to addresses outside India on account of restrictions that apply to circulation of such materials in various overseas jurisdictions. In the case that Eligible Equity Shareholders have provided their valid e-mail address, this Letter of Offer will be sent only to their valid e-mail address and in the case that such Eligible Equity Shareholders have not provided their e-mail address, then this Letter of Offer will be dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

However, the Companies Act, 2013 requires companies to serve documents at any address which may be provided by the members as well as through e-mail. Presently, there is lack of clarity under the Companies Act, 2013 and the rules thereunder with respect to distribution of Issue Material in overseas jurisdictions where such distribution may be prohibited under the applicable laws of such jurisdiction. While our Company will request its shareholders to provide an address in India for the purposes of distribution of Issue Material, our Company cannot assure that the regulator would not adopt a different view with respect to compliance with the Companies Act, 2013 and may subject our Company to fines or penalties.

65. *Any future issuance of Equity Shares by our Company or sales of our Equity Shares by any of our Company’s significant shareholders may adversely affect the trading price of our Equity Shares.*

Any future issuance of Equity Shares by us could dilute your shareholding. Any such future issuance of our Equity Shares or sales of our Equity Shares by any of our significant shareholders may also adversely affect the trading price of our Equity Shares, and could impact our ability to raise capital through an offering of our securities. We cannot assure you that we will not issue further equity shares or that the shareholders will not dispose of, pledge, or otherwise encumber their equity shares. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of our Equity Shares.

66. *Our ability to pay dividends in the future will depend upon future earnings, financial condition, cash*

flows, working capital requirements and capital expenditures.

While we have not declared dividends in the last two Financial Years, the amount of future dividend payments, if any, will depend upon a number of factors, including but not limited to our profitability during the relevant year, past dividend trends, leverage profile, future capital expenditure programmes including organic and inorganic growth opportunities, our liquidity position and cash flow position and the economic conditions and regulatory environment. In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing agreements our Company may enter into to finance our fund requirements for our business activities.

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. Accordingly, realization of a gain on shareholders' investments will depend on the appreciation of the price of the Equity Shares. There can be no assurance that we will be able to pay dividends in the future.

67. *The Equity Shares may experience price and volume fluctuations.*

The market price of the Equity Shares can be volatile as a result of several factors beyond our control, including volatility in the Indian and global securities markets, our results of operations, the performance of our competitors, developments in the Indian finance and lending sector, changing perceptions in the market about investments in this sector in India, investor perceptions of our future performance, adverse media reports about us or our sector, changes in the estimates of our performance or recommendations by financial analysts, significant developments in India's economic liberalization and deregulation policies, and significant developments in India's fiscal regulations. In addition, the stock exchanges may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of the Equity Shares.

General or industry specific market conditions or stock performance or domestic or international macroeconomic and geopolitical factors unrelated to our performance also affect the price of the Equity Shares. In particular, the stock market as a whole recently experienced extreme price and volume fluctuations that have affected the market price of many companies in ways that may have been unrelated to the companies' operating performances. For these reasons, investors should not rely on recent trends to predict future share prices, results of operations or cash flow and financial condition.

68. *Foreign investors are subject to foreign investment restrictions under Indian law that limit our Company's ability to attract foreign investors, which may adversely affect 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 and issuances of shares to non-residents are freely permitted (subject to certain exceptions) if they comply with the requirements specified by the RBI. If such issuances or transfers of shares are not in compliance with such requirements or fall under any of the specified exceptions, then prior approval of the RBI will be required. We have undertaken or recorded such transactions in the past based on a *bona fide* interpretation of the law. We cannot assure you that our interpretation would be upheld by the Indian regulators. Any change in such interpretation could impact the ability of our Company to attract foreign investors.

In addition, shareholders who seek to convert the Indian Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no-objection or tax clearance certificate from the income tax authority. Additionally, the Government of India may impose foreign exchange restrictions in certain emergency situations, including situations where there are sudden fluctuations in interest rates or exchange rates, where the Government of India experiences extreme difficulty in stabilising the balance of payments, or where there are substantial disturbances in the financial and capital markets in India. These restrictions may require foreign investors to obtain the Government of India's approval before acquiring Indian securities or repatriating the interest or dividends from those securities or the proceeds from the sale of those securities. We cannot assure you that any approval required from the RBI or any other government agency can be obtained on any particular terms, or at all.

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

The Companies Act and rules made thereunder, the rules and regulations issued by SEBI and other regulatory authorities, the Memorandum of Association, and the Articles of Association govern the corporate affairs of our Company. Indian legal principles relating to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as a shareholder in India than as a shareholder of a corporation in another jurisdiction. In accordance with the provisions of the Companies Act the voting rights of an equity shareholder in a company shall be in proportion to the share of a person in the paid-up equity share capital of that company. Further, Section 106(1) of the Companies Act read with the Articles of Association specifically provides that no member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid.

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

Under the current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. A securities transaction tax ("STT") is levied both at the time of transfer and acquisition of the equity shares (unless exempted under a prescribed notification), and the STT is collected by an Indian stock exchange on which equity shares are sold. Any gains realized on the sale of equity shares held for more than 12 months are subject to long term capital gains tax in India. Such long-term capital gains exceeding ₹100,000 arising from the sale of listed equity shares on the stock exchange are subject to tax at the rate of 10% (plus applicable surcharge and cess). Unrealized capital gains earned on listed equity shares up to January 31, 2018 continue to be tax-exempted in such cases.

Further, any capital gains realized on the sale of listed equity shares held for a period of 12 months or less immediately preceding the date of transfer will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will not be chargeable to tax in India in cases where relief from such taxation in India is provided under a treaty between India and the country of which the seller is resident and the seller is entitled to avail benefits thereunder, subject to certain conditions. 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. Further, the Finance Act, 2020, has, amongst others things, notified changes and provided a number of amendments to the direct and indirect tax regime, including, without limitation, a simplified alternate direct tax regime and that dividend distribution tax will not be payable in respect of dividends declared, distributed or paid by a domestic company after March 31, 2020 and accordingly, such dividends would not be exempt in the hands of the shareholders, both resident as well as non-resident, and are subject to tax deduction at source.

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

Under the Companies Act, a company having share capital and 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 before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by the company. However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

SECTION III: INTRODUCTION

THE ISSUE

The Issue has been authorized by way of a resolution passed by our Board on May 17, 2022 pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable laws. The terms of the Issue including the Record Date and Rights Entitlement ratio, have been approved by a resolution passed by the Rights Issue Committee at its meeting held on June 8, 2023.

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*” on page 213.

Rights Equity Shares being offered by the Company	Up to 24,91,27,853 Equity Shares
Rights Entitlement for the Rights Equity Shares	4 Rights Equity Shares for every 5 fully paid-up Equity Shares held on the Record Date
Record Date	Wednesday, June 14, 2023
Face value per Rights Equity Share	₹ 4 each
Issue Price	₹ 18 per Rights Equity Share (including a premium of ₹ 14 per Rights Equity Share)
Issue Size	Up to ₹ 448.43* crores
	<i>*Assuming full subscription</i>
Equity Shares subscribed, fully paid-up and outstanding prior to the issue	31,14,09,817 Equity Shares.
	For details, please see “ <i>Capital Structure</i> ” on page 52.
Equity Shares subscribed, paid-up and outstanding after the Issue (assuming full subscription for and Allotment of the Rights Entitlement)	56,05,37,670 Equity Shares
Security codes for the Equity Shares and the Right Entitlements	ISIN for Equity Shares: INE225C01029 BSE Code: 530131 ISIN for Rights Entitlements: INE225C20011
Terms of the Issue	For further information, please see “ <i>Terms of the Issue</i> ” on page 213
Use of Issue Proceeds	For further information, please see “ <i>Objects of the Issue</i> ” on page 54
Terms of Payment	The full amount is payable on application

GENERAL INFORMATION

Our Company was originally incorporated under the provisions of the Companies Act, 1956 as “J.K. Udaipur Udyog Limited”, a public limited company, pursuant to a certificate of incorporation dated March 15, 1993 issued by the RoC. Subsequently, the name of our Company was changed from “J.K. Udaipur Udyog Limited” to “Udaipur Cement Works Limited”, pursuant to which a fresh certificate of incorporation dated May 19, 2006 was issued by the RoC.

Changes in the registered office of our Company

Except as disclosed below, there has been no change in the address of the registered office of our Company since the date of the incorporation:

Date of change	Details of change of registered office
February 14, 2006	Change of registered office from Shripati Nagar, P.O. CFA, Udaipur 313 021, Rajasthan, India to 309, Samod Tower, S.C. Road, Jaipur 302 001, Rajasthan, India
July 4, 2007	Change of registered office from 309, Samod Tower, S.C. Road, Jaipur 302 001, Rajasthan, India to B-54, Triveni Nagar, Gopalpura Bypass, Jaipur 302 018, Rajasthan, India
September 1, 2007	Change of registered office from B-54, Triveni Nagar, Gopalpura Bypass, Jaipur 302 018, Rajasthan, India to 309, Samod Tower, S.C. Road, Jaipur 302 001, Rajasthan, India
July 28, 2008	Change of registered office from 309, Samod Tower, S.C. Road, Jaipur 302 001, Rajasthan, India to E-18, Prem Nagar, Jhotwara, Jaipur 302 019, Rajasthan, India
May 5, 2010	Change of registered office from E-18, Prem Nagar, Jhotwara, Jaipur 302 019, Rajasthan, India to E-2, Transport Nagar, Jaipur 302 003, Rajasthan, India
December 24, 2014	Change of registered office from E-2, Transport Nagar, Jaipur 302 003, Rajasthan, India to Shripati Nagar, P.O. CFA, Udaipur 313 021, Rajasthan, India
August 21, 2018*	Change in address of registered office from Shripati Nagar, P.O. CFA, Udaipur 313 021, Rajasthan, India to Shripati Nagar, CFA, P.O. Dabok, Udaipur 313 022, Rajasthan, India

* This change was on account of change in the jurisdiction of the post-office.

Registered Office of our Company, CIN and Registration Number of our Company

Udaipur Cement Works Limited

Shripati Nagar, CFA, PO Dabok

Udaipur 313 022

Rajasthan, India

Tel.: +91 294 265 5076

E-mail: ucwl.investors@jkmil.com

Website: www.udaipurcement.com

CIN: L26943RJ1993PLC007267

Registration Number: 007267

Corporate Office of our Company

Udaipur Cement Works Limited

Nehru House 4, Bahadur Shah Zafar Marg

New Delhi 110 002

Delhi, India

Tel.: +91 11 6820 1861, +91 11 6820 1864

Address of the RoC

Our Company is registered with the Registrar of Companies, Rajasthan at Jaipur, situated at the following address:

Registrar of Companies, Rajasthan

Corporate Bhawan, G/6-7

Second Floor, Residency Area

Civil Lines, Jaipur 302 001

Rajasthan, India

Company Secretary and Compliance Officer

Poonam Singh is the Company Secretary and Compliance Officer of our Company. Her contact details are as follows:

Poonam Singh

Udaipur Cement Works Limited
Nehru House 4, Bahadur Shah Zafar Marg
New Delhi 110 002
Delhi, India
Tel.: +91 11 6820 1864
E-mail: ucwl.investors@jkmil.com

Lead Manager to the Issue

JM Financial Limited

7th Floor, Cnergy
Appasaheb Marathe Marg, Prabhadevi
Mumbai 400 025
Maharashtra, India
Tel.: +91 22 6630 3030
E-mail: udaipurcementworks.rights@jmfl.com
Investor Grievance E-mail: grievance.ibd@jmfl.com
Contact Person: Prachi Dhuri
Website: www.jmfl.com
SEBI Registration No.: INM000010361

Legal Advisor to the Issuer as to Indian law

Shardul Amarchand Mangaldas & Co

Amarchand Towers
216 Okhla Industrial Estate, Phase III
New Delhi 110 020
Delhi, India
Tel.: +91 11 4159 0700

Statutory Auditors of our Company

M/s. Bansilal Shah & Co., Chartered Accountants

2nd Floor, Meera Complex, 1, Sardarpura
Udaipur 313 001
Rajasthan, India
Tel.: +91 294 242 5317
E-mail: dhruvshah07@gmail.com
Contact Person: Dhruv Shah
Firm Registration Number: 000384W
Peer Review Certificate Number: 014807

Registrar to the Issue

KFin Technologies Limited

Selenium Tower-B, Plot 31 & 32
Gachibowli, Financial District
Nanakramguda, Serilingampally
Hyderabad 500 032
Telangana, India
Tel.: +91 40 6716 2222
E-mail: udaipur.rights@kfintech.com
Investor grievance E-mail: einward.ris@kfintech.com
Contact Person: M Murali Krishna
Website: www.kfintech.com
SEBI Registration No.: INR000000221

Investors may contact the Registrar to the Issue 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 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, number of Rights Equity Shares applied for, amount blocked, ASBA Account number and the Designated Branch of the SCSB 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. For details on the ASBA process, please see “*Terms of the Issue*” on page 213.

Experts

Our Company has received consent from its Statutory Auditors, M/s. Bansilal Shah & Co., Chartered Accountants through its letter dated June 9, 2023 to include its name as required under Section 26(1) of the Companies Act, 2013 in this Letter of Offer and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the Annual Financial Statements, of the Statutory Auditors, the audit reports in respect of the Annual Financial Statements and the reports issued by them, and the Statement of Possible Tax Benefits and such consent has not been withdrawn as of the date of this Letter of Offer. However, 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 consent from Rajesh C. Ailsinghani, independent chartered engineer through a letter dated May 31, 2023 to include his name as required under Section 26(1) of the Companies Act, 2013 in this Letter of Offer and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the certificates issued in his capacity as an independent chartered engineer and such consent has not been withdrawn as of the date of this Letter of Offer.

Our Company has received consent from Udaipur Min-Tech Private Limited, a mining geologist and recognised qualified person with Indian Bureau of Mines, Ministry of Mines, Government of India through its letter dated May 31, 2023 to include its name as required under Section 26(1) of the Companies Act, 2013 in this Letter of Offer and as an “expert” as defined under Section 2(38) of the Companies Act, 2013 in respect of the mining plan and geological report for the Udaipur Manufacturing Plant and such consent has not been withdrawn as of the date of this Letter of Offer.

Banker to the Issue

Axis Bank Limited

No 148, Statesman House

Barakhamba Road

New Delhi 110 001

Delhi, India

Tel.: +91 95 8280 0071

E-mail: newdelhi.branchhead@axisbank.com

Contact Person: Priya Malhotra

Website: www.axisbank.com

SEBI Registration Number: INBI00000017

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 www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time.

Issue Schedule

Last Date for credit of Rights Entitlements	Tuesday, June 20, 2023
Issue Opening Date	Wednesday, June 21, 2023
Last date for On Market Renunciation of Rights Entitlements [#]	Friday, June 30, 2023
Issue Closing Date*	Wednesday, July 5, 2023
Finalization of Basis of Allotment (on or about)	Thursday, July 13, 2023
Date of Allotment (on or about)	Thursday, July 13, 2023
Date of credit (on or about)	Friday, July 14, 2023
Date of listing (on or about)	Monday, July 17, 2023

[#] 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 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.*

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 to the Issue, they are required to provide their demat account details to our Company or the Registrar to the Issue not later than two Working Days prior to the Issue Closing Date, i.e., Monday, July 3, 2023 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 are also requested to ensure that their demat account, details of which have been provided to our Company or the Registrar, is active to facilitate the aforementioned transfer. Eligible Equity Shareholders holding Equity Shares in physical form can update the details of their demat accounts on the website of the Registrar at <https://rights.kfintech.com>. Such Eligible Equity Shareholders can make an application only after the Rights Entitlements are credited to their respective demat accounts.

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 to the Issue 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, please see the section “***Terms of the Issue – Process of making an Application in the Issue***” on page 214.

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 to the Issue at <https://rights.kfintech.com>, after keying in their respective details along with other security control measures implemented thereat. The link for the same shall also be available on the website of our Company at <https://udaipurcement.com>. For further details, please see the section “***Terms of the Issue- Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders***” on page 226.

Please note that if no Application is made by the Eligible Equity Shareholders of Rights Entitlements on or before Issue Closing Date, such Rights Entitlements shall get lapsed 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 Rights Issue for subscribing to the Rights Equity Shares offered under Issue.

Inter-se allocation of responsibilities

Since only one lead manager has been appointed for purposes of the Issue, there is no requirement of an *inter-se* allocation of responsibilities. The Lead Manager will be responsible for all the responsibilities related to co-ordination and other activities in relation to the Issue.

Credit Rating

As the Issue is of Equity Shares, there is no credit rating required for the Issue.

Debenture Trustee

As the Issue is of Equity Shares, the appointment of a debenture trustee is not required.

Monitoring Agency

Our Company has appointed CARE Ratings Limited as the Monitoring Agency for the Issue, in accordance with Regulation 82 of the SEBI ICDR Regulations, to monitor the utilisation of the Net Proceeds. The details of the Monitoring Agency are as follows:

CARE Ratings Limited

Berger Towers, 9th floor, C-001/A2
Sector 16B, Noida, 201 301
Uttar Pradesh, India
Tel.: + 91 120 445 2000

E-mail: aseem.juneja@careedge.in

Website: www.careratings.com

Contact Person: Aseem Juneja

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

This Issue is not underwritten, and our Company has not entered into any underwriting agreement.

Filing

This Letter of Offer is being filed with BSE and SEBI, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, being BSE, do an online filing with SEBI through the SEBI intermediary portal at www.siportal.sebi.gov.in in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

CAPITAL STRUCTURE

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

<i>(In ₹, except share data)</i>		
	Aggregate Value at Face Value	Aggregate Value at Issue Price
A. AUTHORISED SHARE CAPITAL		
71,00,00,000 Equity Shares of ₹ 4 each	2,84,00,00,000	-
6,600 5% Cumulative Redeemable Preference Shares of ₹ 1,00,000 each ("CRPS")	66,00,00,000	-
50,00,000 6% Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 100 each ("OCCRPS")	50,00,00,000	-
Total	4,00,00,00,000	-
B. ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARE CAPITAL BEFORE THE ISSUE		
31,14,09,817 Equity Shares	1,24,56,39,268	-
6,600 CRPS ⁽¹⁾	66,00,00,000	-
5,00,000 OCCRPS ⁽¹⁾	5,00,00,000	-
Total	1,95,56,39,268	-
D. PRESENT ISSUE IN TERMS OF THIS LETTER OF OFFER⁽²⁾		
Up to 24,91,27,853 Equity Shares at a premium of ₹ 14 per Rights Equity Shares, i.e., at a price per Equity Share of ₹ 18 per Rights Equity Share	99,65,11,412	4,48,43,01,354
E. TOTAL ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE⁽³⁾		
56,05,37,670 Equity Shares	2,24,21,50,680	-
6,600 CRPS	66,00,00,000	-
5,00,000 OCCRPS	5,00,00,000	-
SECURITIES PREMIUM ACCOUNT		
		<i>(in ₹ crores)</i>
Before the Issue as of date of Letter of Offer		38.52
After the Issue*		387.30

(1) Our Company has pursuant to Board resolutions dated January 14, 2015, March 30, 2015 and March 30, 2017, allotted 4,700 5% CRPS (Series I), 1,300 5% CRPS (Series II), and 600 5% CRPS (Series B), respectively, to our Promoter. Further, our Company has pursuant to Board resolution dated August 10, 2017, allotted 50,00,000 6% OCCRPS to our Promoter, out of which 45,00,000 OCCRPS were converted into Equity Shares pursuant to Board resolution dated May 10, 2018. There is no outstanding option or right of conversion into Equity Shares exercisable by our Promoter in relation to the CRPS and OCCRPS as at the date of this Letter of Offer.

(2) The Issue has been authorised by a resolution passed by our Board of Directors at its meeting held on May 17, 2022, pursuant to Section 62(1)(a) of the Companies Act, 2013 and other applicable laws.

(3) Assuming full subscription by the Eligible Equity Shareholders and Renouncees of the Rights Equity Shares.

*Subject to finalisation of Basis of Allotment

Notes to the Capital Structure

- No Equity Shares or convertible securities have been acquired by the Promoter or the members of the Promoter Group in the last one year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange.
- As on date of this Letter of Offer, none of the Equity Shares or convertible securities held by the Promoter or the members of the Promoter Group of our Company are locked in, pledged, or otherwise encumbered.
- Details of outstanding instruments as on the date of this Letter of Offer**

There are no outstanding options or convertible securities, including any outstanding warrants or rights to convert Equity Shares, loans or other instruments convertible into Equity Shares as on the date of this Letter of Offer.
- Subscription to the Issue by the Promoter and the Promoter Group**

Pursuant to letters each dated June 9, 2023, our Promoter and Promoter Group Shareholder, respectively, have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. Subject to compliance with the SEBI Takeover Regulations, they further reserve the right to subscribe to additional Equity Shares in the Issue, either in the form of subscription to the Rights Entitlement renounced in their favour and/or subscription to the additional shares as a Renouncee or otherwise, in accordance with and subject to compliance with the SEBI ICDR Regulations. For further details in relation to intention and extent of participation in the Issue by the Promoter and the Promoter Group with respect to their Rights Entitlements, please see “*Summary of Letter of Offer - Intention and extent of participation by our Promoter/ Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their rights entitlement*” on page 13.

The allotment of Equity Shares subscribed by the Promoter and Promoter Group Shareholder in this Issue shall be eligible for exemption from open offer requirements in terms of Regulations 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations.

5. The ex-rights price of the Rights Equity Shares as per Regulation 10(4)(b) of the SEBI Takeover Regulations is ₹ 23.63.
6. Our Company shall ensure that any transaction in the Equity Shares by the Promoter and the members of the Promoter Group during the period between the date of filing this Letter of Offer with the Stock Exchange and the date of closure of the Issue shall be reported to the Stock Exchange within 24 hours of such transaction.
7. At any given time, there shall be only one denomination of the Equity Shares of our Company.
8. All Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Letter of Offer. Further, the Rights Equity Shares allotted pursuant to the Rights Issue, shall be fully paid-up. For further details on the terms of the Issue, please see “*Terms of the Issue*” on page 213.
9. **Shareholding pattern of our Company as per the last filing with the Stock Exchange in compliance with the provisions of the SEBI LODR Regulations**
 - a. The shareholding pattern of our Company as of March 31, 2023 can be accessed on the website of BSE at <https://www.bseindia.com/stock-share-price/udaipur-cement-works-ltd/udaicement/530131/shareholding-pattern/>.
 - b. The statement showing holding of Equity Shares of persons belonging to the category “Promoter and Promoter Group” as of March 31, 2023 can be accessed on the website of BSE at <https://www.bseindia.com/stock-share-price/udaipur-cement-works-ltd/udaicement/530131/shareholding-pattern/>.
 - c. The statement showing holding of Equity Shares of persons belonging to the category “Public” including Equity Shareholders holding more than 1% of the total number of Equity Shares as of March 31, 2023 as well as details of Equity Shares which remain unclaimed for public shareholders can be accessed on the website of BSE at <https://www.bseindia.com/stock-share-price/udaipur-cement-works-ltd/udaicement/530131/shareholding-pattern/>.

OBJECTS OF THE ISSUE

Our Company intends to utilize the Net Proceeds from the Issue towards part financing the expansion and development of the Udaipur Manufacturing Plant (“**Expansion Project**”).

The main objects clause of our Memorandum of Association enables our Company to undertake (i) its existing activities; and (ii) the activities proposed to be funded from the Net Proceeds.

The details of the Net Proceeds are summarized in the table below:

		(₹ in crores)
S. No	Particulars	Amount
	Gross proceeds*	448.43
(a)	Less: Estimated Issue related expenses**	4.74
(b)	Net Proceeds	443.69 [#]

* Assuming full subscription in the Issue.

** Estimated and subject to change. See “– **Estimated Issue Related Expenses**” below.

[#] Includes ₹ 87.69 crore of share application money advanced by our Promoter. For further details, please see “– **Proposed Schedule of Implementation, Deployment of Net Proceeds and Means of Finance - Advance made by our Promoter towards share application money**” below.

Requirement of funds and utilisation of Net Proceeds

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

		(₹ in crores)
S. No	Particulars	Estimated Amount
1.	Part finance the expansion and development of the Udaipur Manufacturing Plant	443.69 [#]

* Assuming full subscription in the Issue.

[#] Includes ₹ 87.69 crore of share application money advanced by our Promoter. For further details, please see “– **Proposed Schedule of Implementation, Deployment of Net Proceeds and Means of Finance - Advance made by our Promoter towards share application money**” below.

Proposed Schedule of Implementation, Deployment of Net Proceeds and Means of Finance

The Net Proceeds are estimated to be deployed in Financial Year 2024. In the event that the Net Proceeds are not completely utilized by Fiscal Year 2024, the same would be utilized in subsequent Fiscal Years for achieving the objects of the Issue.

Other than the Techno Economic Viability Report dated April 2022, provided by Holtec Consulting Private Limited (the “**Project Report**”) on which we have relied on, in relation to the Expansion Project and particularly, in relation to the plant and machinery, miscellaneous fixed assets (including equipment for power distribution, waste heat recovery system, alternative fuel and raw material) and components of rail infrastructure proposed to be purchased pursuant to the Expansion Project, the fund requirement and deployment are based on the internal management estimates of our Company and have not been appraised by any bank, financial institution or any other external agency. These are based on current circumstances of our business and are subject to change in light of changes in external circumstances or costs, or in our financial condition, business or strategy, as discussed further below. Our Company may have to revise its estimates from time to time on account of various factors beyond its control, including such as market conditions, competitive environment, costs of raw materials, changes in government policies, demographic trends and credit availability. Consequently, the funding requirements of our Company and deployment schedules are subject to revision in the future at the discretion of the management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, in compliance with applicable law. For details, see “**Risk Factors –We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. 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.**” on page 29.

Our Company proposes to meet the entire funding requirements for the proposed objects of the Issue from the Net Proceeds, identifiable internal accruals and amount deployed from term loans availed from Axis Bank Limited, HDFC Bank Limited and Indian Bank Limited. Please see “– **Details of the activities to be financed from the Net Proceeds - Part finance the expansion and development of the Udaipur Manufacturing Plant – Details of means of finance**” below.

In case of any increase in the actual utilization of funds earmarked for the objects of the Issue, such additional funds for a particular activity will be met by way of means available to our Company, including from internal accruals and debt arrangements. If the actual utilization towards any of the objects of the Issue is lower than the proposed deployment, such balance will be used for future growth opportunities, if required in accordance with applicable laws.

Advance made by our Promoter towards share application money

Our Promoter has provided a loan aggregating to ₹ 85.40 crore to our Company to meet the expenditure towards the Expansion Project. Pursuant to a letter dated May 31, 2023 our Promoter has requested for adjustment of the loan against money payable by it for the issue and allotment of Rights Equity Shares by our Company to it. Our Company proposes to adjust the amount of ₹ 87.69 crore (including the interest amount) towards such share application money to the extent of issue and Allotment of Rights Equity Shares by our Company in the Issue. Consequently, fresh share application money shall not be received by our Company from our Promoter to this extent. Please see “**Risk Factors – We have received share application money in advance from our Promoter for subscription in the Issue. Any failure to complete allotment to our Promoter within the statutory time limit may have adverse consequences for our Company**” on page 38.

Details of the objects of the Issue

Part finance the expansion and development of the Udaipur Manufacturing Plant

Our Udaipur Manufacturing Plant has an installed capacity of 1.50 MTPA of clinker and 2.20 MTPA of cement grinding, with manufacturing capabilities which are currently being expanded to an installed capacity of cement grinding of 4.70 MTPA of cement, and an additional clinker production line of 1.50 MTPA which is proposed to be commissioned in June 2024 and be operational in September 2024, within the existing premises. In, addition related developments, are proposed to be undertaken, including (a) land and site development; (b) civil works and structures; (c) procurement of plant and machinery; (d) engineering and know-how; (e) expense on training; (f) miscellaneous fixed assets including equipment for power distribution, waste heat recovery system, alternative fuel and raw material; (g) pre-operative expenses including interest during construction; and (h) rail infrastructure.

For further details see “**Our Business – Our Strategies**” on page 101. We intend to utilise the Net Proceeds towards a portion of the cost for the Expansion Project.

Estimated cost

The total estimated cost of the Expansion Project is ₹ 1,650.06 crore, as estimated by our management in accordance with our business plan and as specified in the Project Report. The detailed break-down of estimated cost is set forth below.

(₹ in crores)			
S. No.	Item	Estimated Cost [#]	Amount proposed to be utilised from Net Proceeds
A.	Land and site development	26.52	5.00
B.	Civil works and structures	426.78	150.00
C.	Plant and machinery	723.58	145.26
D.	Miscellaneous fixed assets, including equipment for power distribution, waste heat recovery system, alternative fuel and raw material	196.98	60.00
E.	Rail infrastructure	90.61	40.00
1.	Sub total (A-E)	1,464.47	400.26
F.	Engineering and Know How	8.20	-
G.	Expenses on training	1.00	-
H.	Pre-operative expenses excluding interest during construction	19.85	-
I.	Interest during construction	105.21	43.43
J.	Contingencies	37.34	-
K.	Margin Money for working capital	13.99	-
2.	Sub total (F-K)	185.59	43.43
Total (1+2)		1,650.06	443.69^{**}

^{*}As per the Project Report.

^{**}Includes ₹ 87.69 crore of share application money advanced by our Promoter. For further details, please see “- **Proposed Schedule of Implementation, Deployment of Net Proceeds and Means of Finance - Advance made by our Promoter towards share application money**” above.

[#] All amounts are net of GST.

Location, land and site development

The proposed Expansion Project will be undertaken within the existing premises on which our Udaipur Manufacturing Plant, which is located at Shripati Nagar, CFA, Near Dabok, Udaipur 313 022, Rajasthan, India and leased to us by State Government of Rajasthan, for a period of 99 years with effect from October 26, 1968. The total cost of land and site development (grading, leveling and overall preparation of the land, construction of roads, drainage, landscaping) of the portion of land on which the proposed Expansion Project is planned is ₹ 26.52 crore, as per the Project Report. We confirm that we will not need to acquire or lease any new land for setting up the Expansion Project.

Civil works and structures

Civil works and structures include construction of the main buildings including main factory buildings, storage units (silos, hoppers, covered gantry), offices, etc. The total estimated cost for civil works and structures for the proposed Expansion Project is ₹ 426.78 crore, as per the Project Report.

Procurement of plant and machinery

While, the estimated cost in relation to procurement of plant and machinery is ₹ 723.58 crores for the Expansion Project, it is based on our current estimates and may be subject to change. The specific number and nature of such plant and machinery to be procured by our Company will depend on our business requirements.

A list of such plant and machinery that we intend to purchase, along with details of the work orders/purchase orders we have placed in this respect is set forth below.

Work orders/ purchase orders placed

Sl. No.	Description	Name of the vendor	Cost per unit (in ₹ cores unless otherwise specified)	Quantity	Amount* (₹ in crores)	Date of work order	Date of delivery/ delivery time from date of work order or purchase orders (unless specified otherwise)	Status/ Date of delivery
1.	4500 TPD Pyro Processing System - Pyro Package (includes sinowalk cooler and pfister feeder)	LNV Technology Private Limited	84.80	1	122.14 comprising 84.80	July 23, 2021	6 to 13 months	Delivered
	- Electrical and instrumentation		20.00		20.20			
	- Imported goods		USD 15,00,000 EUR 5,63,000		12.33 5.05			
2.	Stacker & Reclaimer Package	Takraf India Private Limited	32.00	1	32.00	October 8, 2021	5 to 10 months	Delivered
3.	Cement Mill VRM	Gebr. PFEIFFER (India) Private Limited	55.50	1	55.50	June 3, 2022	9 to 13 months	Partly delivered
4.	Supply of equipment for Raw Mill	Loesche India Private Limited	21.30	1	21.30	September 7, 2021	7 to 11 months	Delivered
5.	Supply of equipment for Coal Mill	Loesche India Private Limited	16.63	1	16.63	September 7, 2021	7 to 11 months	Delivered
6.	Supply of equipment for Coal Mill	Loesche GMBH	EUR 2,60,000.00	1	2.32	September 7, 2021	Within 12 months	Delivered
7.	Supply of Imported equipment for Raw Mill	Loesche GMBH	EUR 20,20,000.00	1	18.09	September 28, 2021	November 20, 2022	Delivered

Sl. No.	Description	Name of the vendor	Cost per unit (in ₹ cores unless otherwise specified)	Quantity	Amount* (₹ in crores)	Date of work order	Date of delivery/ delivery time from date of work order or purchase orders (unless specified otherwise)	Status/ Date of delivery
8.	Mechanical Fabrication & Erection Works	Hajee A.P. Bava & Co. Constructions Private Limited	-	-	65.22	August 31, 2021	Within 6 weeks	Partly delivered
9.	Packing Plant	FLSmith Private Ltd.	20.60	1	20.60	September 9, 2022	5 to 7 months for packing plant and truck loading and 7-8 months for wagon loading	Partly delivered
10.	Instrumentation	Maharaja Instrumentation Private Limited	5.25	1	5.25	December 31, 2021	Within 9 months	Partly completed
11.	Pulleys and Idlers	Modtech Material Handling Projects Private Limited	2.80	1	2.80	August 24, 2022	Within 3 months	Partly delivered
12.	Belt Conveyor Package (including two year spares)	Modtech Material Handling Projects Private Limited	2.24		comprising	February 9, 2023	Within 3 months	Not Delivered. To be delivered by June 30, 2023
	Belt Conveyor Two Year Spares		1.95	1	1.95			
			0.29	1	0.29			
13.	Clinker Wagon Bulk Loading System	Rice Lake Weighing Systems Ltd.	3.45	1	3.45	July 4, 2022	December 27, 2022	Partly delivered
14.	Bag Filters	Himenviro Environmental Technologies	0.82	1	0.82	June 17, 2022	Within 3 months	Delivered
15.	Bag Filters for Additives	REICO Industries Ltd.	0.69	1	0.69	June 17, 2022	Within 3 months	Delivered
16.	Panel and others	Hitachi Energy India Limited	0.05	1	0.05	February 16, 2022	September 25, 2022	Delivered
17.	Cable and others	Hitachi Energy	2.65	1	2.65	February 16, 2022	July 30, 2022	Delivered
18.	ARL 9900 Intellipower Series X Ray Spectrometer	Thermo Fisher Scientific India Private Limited	CHF 2,33,500	1	2.09	August 12, 2022	Within 5 months	Delivered
19.	Automation Package	Rockwell Automation India Private Limited	9.50	1	9.50	April 13, 2022	5 to 7 months	Partly delivered
20.	Alternate Solid Fuel Feeding System	ATS Conveyor India Private Limited	3.34	1	3.34	March 22, 2022	6 to 9 months	Delivered
21.	Installation of Bricks for Preheater, Kiln & Cooler	Dalmia Bharat Refractories Limited	6.17	1	6.17	August 22, 2022	4 to 12 weeks	Delivered
22.	Castables	Calderys India Refractories Ltd.	6.95	1	6.95	August 22, 2022	12 to 16 weeks	Delivered
23.	Greezly Feeder Model SV 1862 – Cap. 700 TPH	Sandvik Mining And Rock Technology India Private Limited	0.58	1	0.58	November 11, 2021	June 30, 2022	Delivered
24.	Thermal Insulation	Shree Engineers and Constructions Private Limited	1.14	-	1.14	October 17, 2022	As per the agreed upon timeline	Partly delivered

Sl. No.	Description	Name of the vendor	Cost per unit (in ₹ cores unless otherwise specified)	Quantity	Amount* (₹ in crores)	Date of work order	Date of delivery/ delivery time from date of work order or purchase orders (unless specified otherwise)	Status/ Date of delivery
25.	Thermal Insulation	Shree Engineers and Constructions Private Limited	3.41	-	3.41	October 17, 2022	4 to 5 weeks	Partly delivered
26.	AFR Screen Model-HEXACT-7000 with HDDS	Ecostar	EUR 220,000	1	1.97	October 26, 2022	June 30, 2023	Not Delivered. To be delivered by August 31, 2023
27.	Jaw Crusher Model CJ 815- Cap. 700 TPH	Sandvik SRP AB	EUR 462,328	1	4.14	November 11, 2021	June 30, 2022	Delivered
28.	AFR Double Shaft Shredder	M&J Denmark A/S	EUR 605,000	1	5.42	October 26, 2022	June 30, 2023	Not Delivered. To be delivered by September 30, 2023
Total					416.46[^]			

*This amount excludes GST. Further, some of the quotations obtained are in foreign currencies. The conversion rates as of March 31, 2023: (a) EUR 1.00 = ₹ 89.60; (b) USD 1.00 = ₹ 82.22; (Source: www.fbil.org.in) (c) CHF 1.00 = ₹ 89.70 (Source: www.oanda.com.)

[^]An aggregate amount of ₹ 145.26 crores from the Net Proceeds shall be utilised towards payment of the outstanding amount for which invoices are yet to be raised by the vendors.

In accordance with the terms of certain work orders, the prices in relation to the plant and machinery may be subject to revisions during the validity period of such work orders, pursuant to *inter alia* any update to the pricing list of the vendor, prices of the raw materials or pursuant to foreign exchange currency fluctuations or policy changes. If there is any increase in the costs of equipment, the additional costs is intended to be met from contingencies and funds remaining unspent as a result of estimated cost of other machineries/activities being less than the actual cost, if any.

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. For further details, see “**Risk Factors – We intend to utilise a portion of the Net Proceeds for funding our capital expenditure requirements. 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.**” on page 29.

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.

Miscellaneous Fixed Assets, including equipment for power distribution, waste heat recovery system, alternate fuel and raw material

Miscellaneous fixed assets, amongst others, include equipment for distribution of power, supply, construction and installation of components for increasing capacity of the Waste Heat Recovery Based Power Plant, weighbridges, payloaders, tools and tackles. The total estimated cost for Miscellaneous Fixed Assets for the proposed Expansion Project is ₹ 196.98 crore, as per the Project Report. Additionally, certain components for power distribution equipment, requires us to procure plant and machinery, the work orders in respect of which have been placed and details of which are set out below:

Sl. No.	Description	Name of the vendor	Cost per unit (in ₹ unless otherwise specified)	Quantity	Amount* (₹ in crores)	Date of work order	Date of delivery/ delivery time from date of work order (unless specified otherwise)	Status/ Date of delivery
1.	132 KV Switchyard	Hitachi Energy India Limited	3.14	-	3.14	January 27, 2022	Delivery within five months and erection and commissioning within three months after date of receipt of material at site	Delivered
2.	Transformers	CG Power and Industrial Solutions Ltd.	1.10	-	1.10	March 29, 2022	Within three and a half months	Delivered
3.	Power Transformer	CG Power and Industrial Solutions Ltd.	3.10	-	3.10	November 18, 2021	Within 17 weeks	Delivered
4.	MV VFD Panels	Siemens Ltd.	2.53	-	2.53	April 27, 2022	Within 7 months	Delivered
5.	IMCC Panels	Kruti Technology Private Limited	4.30	-	4.30	April 26, 2022	Within 14 weeks	Delivered
6.	Power Transformers-Supply of 6.6 KV HT Panel	ABB India Ltd.	4.64	1	4.64	January 27, 2022	Within 5 months	Delivered
7.	HVAC Package	Blue Star Ltd.	3.51	-	3.51	September 13, 2022	Delivery within six to eight weeks and Erection and Commissioning eight to 12 weeks	Delivered
8.	HT Capacitor Panel	Conquerent Control Systems Private Limited	1.41	-	1.41	January 31, 2023	12 to 13 weeks	Not Delivered. To be delivered by July 31, 2023
9.	PMCC & Bus Duct	Milestones Switchgears Private Limited	1.38	-	1.38	June 8, 2022	12 to 14 weeks	Delivered
10.	Control Cables (different sizes)	Universal Cables Limited	3.76	279000 Mtr.	3.76	May 2022	4 to 12 weeks	Delivered
11.	Control Cables	Universal Cables Limited	2.74	22600 Mtr.	2.74	May 2022	4 to 12 weeks	Delivered
12.	Control Cables (different sizes)	Universal Cables Limited	1.90	128000 Mtr.	1.90	May 2022	4 to 12 weeks	Delivered
13.	Control Cable 3C x 300 SQMM	KEC International Limited	1.86	14000 Mtr.	1.86	May 2022	4 to 12 weeks	Delivered
14.	Control Cables (different sizes)	KEC International Limited	1.91	61500 Mtr.	1.91	May 2022	4 to 12 weeks	Delivered
15.	Control Cables (different sizes)	KEI Industries Ltd	4.11	84000 Mtr.	4.11	May 2022	4 to 12 weeks	Delivered
16.	Signal Cables	KEI Industries Ltd	0.70	37750 Mtr.	0.70	May 2022	4 to 12 weeks	Delivered
17.	40 KVA & 20 KVA UPS with 120 min battery bank	Vertiv Energy Private Limited	0.92	-	0.92	June 2022	Within 16 weeks	Delivered
18.	Rotary Air Lock Cap. 200TPH	Rotolok Valves Private Limited	0.08	3	0.25	December 12, 2022	March 23, 2023	Delivered

Sl. No.	Description	Name of the vendor	Cost per unit (in ₹ unless otherwise specified)	Quantity	Amount* (₹ in crores)	Date of work order	Date of delivery/ delivery time from date of work order (unless specified otherwise)	Status/ Date of delivery
19.	9.50 MW Waste Heat Recovery System	LNV Technology Private Limited	105.00	1	105.00	August 06, 2021	6 to 16 months	Partly delivered
20.	Sizer for Additive Crushing Circuit	Takraf India Private Limited	1.35	1	1.35	July 29, 2022	Within seven months	Not Delivered. To be delivered by June 30, 2023
Total					149.61			

*This amount excludes GST.

Railway infrastructure

Railway infrastructure includes development of private railway siding from Khemli Railway Station to Udaipur Manufacturing Plant and the jobs inside the plant premises including railway lines, wagon loading system for cement and clinker and procurement of diesel locomotive. The total estimated cost for engineering and know-how is ₹ 90.61 crore, as per the Project Report. Additionally, certain components of the railway infrastructure, requires us to procure machinery, the work orders in respect of which have been placed and details of which are set out below:

Sl. No.	Description	Name of the vendor	Cost per unit (in ₹ unless otherwise specified)	Quantity	Amount* (₹ in crores)	Date of work order	Delivery Date	Status/ Date of Delivery
1.	Rail Sleepers	Rural Engineering Co. Private Limited	1.25	-	1.25	December 26, 2022	February 28, 2023	Delivered
2.	Rail Sleepers	Rural Engineering Co. Private Limited	3.20	-	3.20	August 24, 2022	November 30, 2022	Delivered
3.	Diesel Locomotive	Ministry of Railways	1.20	1	1.20	February 27, 2023	April 30, 2023	Delivered
Total					5.65[^]			

* This amount excludes GST.

[^] Amount corresponds to the components in the nature of plant and machinery. The remaining amount aggregating to ₹ 34.35 crore from the Net Proceeds shall be utilised for the purpose of land development, civil works, amongst others, in relation to the railway infrastructure.

Interest during construction period

We have entered into certain debt financing arrangements in form of term loans from lenders, to finance a portion of the Expansion project. The interest accrued on these loans during construction period has been estimated at the interest rate of 7.25% p.a. during the period of the Expansion Project (assuming an implementation period of 36 months, including trial run of four months for the entire project from the date of completion of electrical works) which aggregates to approximately ₹ 105.21 crores as per the Project Report

Expansion and development schedule

The expansion and development of the Udaipur Manufacturing Plant is expected to be completed, including trial run and commissioning, by September 2024. The expected schedule of key expansion and development activities for the Udaipur Manufacturing Plant, as per the Project Report, is given below:

Particulars	Expected Completion
Plant Structures (Construction)	September 2023
Steel Supply	August 2023
Fabrication of Equipment	September 2023
Equipment Delivery to Site	June 2023
Erection of Fabricated Items and Equipment	December 2023
Order Finalisation (E&I – Equipment)	August 2023
Delivery of E&I materials	February 2024

Electrical Works	April 2024
Individual Equipment Trials and Commissioning	June 2024
Plant Stabilisation and Provisional Acceptance	September 2024
Commercial Operations Date	September 2024

Amount deployed

The break-up of amount deployed towards financing the objects as on date of Letter of Offer, is as set forth below, as certified by our Statutory Auditors, M/s. Bansilal Shah & Co., Chartered Accountants, by their certificate dated June 9, 2023.

Particulars	Amount
Amount deployed from internal accruals	173.54
Amount deployed from term loans availed from Axis Bank Limited, HDFC Bank Limited and Indian Bank Limited	293.36
Amount deployed from Non-Convertible Debentures issued to IDBI Credit Risk Fund, IDBI Ultra Short Term Fund and Standard Chartered Bank	350.00
Share application money advanced by our Promoter*	85.40
Total amount deployed	902.30

* For further details, please see “- Proposed Schedule of Implementation, Deployment of Net Proceeds and Means of Finance - Advance made by our Promoter towards share application money” above.

Details of means of finance

The total funds required for the Expansion Project is approximately ₹ 1,650.06 crores. 75% of the stated means of finance, excluding Net Proceeds and existing identifiable internal accruals, have been arranged as follows:

Particulars	Amount
A. Cost of the Expansion Project	1,650.06
B. Amount deployed from internal accruals	173.54
C. Amount deployed from term loans availed from Axis Bank Limited, HDFC Bank Limited and Indian Bank	293.36
D. Amount deployed from proceeds of the Non-Convertible Debentures	350.00
E. Share application money advanced by our Promoter	87.69*
F. Amount proposed to be financed from the Net Proceeds	443.69^
G. Net Proceeds (Excluding share application money advanced by our Promoter)	356.00
H. Existing identifiable internal accruals as on the date of this Letter of Offer	Nil
I. Funding required, excluding expenditure already incurred, amount proposed to be financed from Net Proceeds (Excluding share application money advanced by our Promoter) and existing identifiable internal accruals (A – (B + C + D) – F – H)	389.47
75% of the funds required excluding the Net Proceeds and the existing identifiable internal accruals (75% of I)	292.10
Sanctioned and unutilised debt proposed to be utilised for the Expansion Project	806.64

* Includes interest amount of ₹ 2.29 crores accrued till May 31, 2023.

^ Includes ₹ 87.69 crore of share application money advanced by our Promoter. For further details, please see “- Proposed Schedule of Implementation, Deployment of Net Proceeds and Means of Finance - Advance made by our Promoter towards share application money” above.

Details of debt financing arrangements

With regards to the amount to be funded through debt in relation to the Expansion Project, we have received certain firm sanction letters and executed certain loan agreements, as set out below:

S. No.	Lender	Date of Sanction	Amount Sanctioned	Amount drawn down as on March 31, 2023	Amount drawn down as the date of this Letter of Offer	Sanctioned and unutilised debt
1.	Axis Bank	August 31, 2018	350.00	100.00	199.00	151.00
2.	HDFC Bank	January 3, 2022	350.00	25.00	25.00	325.00
3.	Indian Bank	April 13, 2022	400.00	69.36	69.36	330.64

Total	1100.00	194.36	293.36	806.64
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On October 21, 2022, the Company executed a Debenture Trust Deed with IDBI Trusteeship Services Limited (*as the debenture trustee*) for the issuance of 3,500 fully paid, secured, rated, listed, guaranteed, redeemable non-convertible debentures (“NCDs”) at a face value of ₹ 10,00,000 each for an aggregate amount of ₹ 350 crores on a private placement basis to IDBI Credit Risk Fund, IDBI Ultra Term Fund and Standard Chartered Bank on October 28, 2022. The NCDs carry a coupon at floating rate, being aggregate of benchmark (linked to 3 months MIBOR) + spread of 1.72% p.a. The initial coupon rate was 7.45% p.a. till November 30, 2022 after which it is to be reset at the end of every three months for any changes in the prevailing benchmark. The NCDs are redeemable within two years, four months and six days from the deemed date of allotment (i.e., October 28, 2022) and the final redemption date is March 16, 2025.

Power

In relation to the Expansion Project, our Company will require 23 MW power and we propose to seek the additional power requirement partially from Waste Heat Recovery System of 9.5 MW and balance by augmentation of power demand from state grid.

Water

In relation to the Expansion Project, our Company will require 950 m³ per day of water and we propose to seek the additional water requirement from existing mine pits and existing bore wells.

Approvals

We have received an approval dated January 19, 2021, from the Ministry of Environment, Forest and Climate Change for the Expansion Project (“**MoEF Approval**”). The MoEF Approvals covers additional cement manufacturing of 4.15 MTPA (OPC, PPC, portland slag cement, sulphate resisting portland cement and composite cement), clinker manufacturing of 3.00 MTPA and power generation including: (i) CTPP of 25 MW; (ii) WHRB of 18 MW; (iii) Solar Power of 7.6 MW and DG Set of 2.00 MW. Further, our Company has also obtained consent to establish dated July 28, 2021 under the Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974 for the Expansion Project from the Rajasthan State Pollution Control Board and non-objection certificate for surface water/ ground water withdrawal dated April 22, 2021 from the Central Ground Water Authority for the Expansion Project. For further details see “**Government and Other Approvals**” on page 202. Our Company shall also obtain other statutory approvals/clearances at appropriate stages, as required under applicable laws, as the proposed Expansion Project progresses.

Estimated Issue Related Expenses

The estimated Issue related expenses are as follows:

(₹ in crores)			
Particulars	Amount*	As a % of the total estimated Issue expenditure	As a % of the total Issue size
Fee of the Lead Manager and legal advisors, other professional service providers	3.73	78.70	0.83
Printing and stationary, distribution, postage etc.	0.08	1.70	0.02
Fees payable to the Registrar to the Issue	0.03	0.60	0.01
Advertising and marketing expenses	0.08	1.70	0.02
Fees payable to regulators (including Stock Exchanges/SEBI, depositories and other statutory fee as applicable)	0.55	11.60	0.12
Other expenses (including miscellaneous expenses)#	0.27	5.70	0.06
Total estimated Issue expenses*	4.74	100.00	1.05

*Excludes applicable taxes. Subject to finalisation of Basis of Allotment.

#Includes fees payable to Statutory Auditors, CRISIL Ratings for preparing the CRISIL Report, and any such expense not specifically covered.

Bridge financing facilities

Our Company has not availed any bridge loans from any banks or financial institutions as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds.

Interim use of funds

Our Company shall deposit the Net Proceeds, pending utilisation of the Net Proceeds for the purposes described above, by depositing the same with scheduled commercial banks included in second schedule of Reserve Bank of India Act, 1934.

Monitoring of Utilization of Funds

Our Company has appointed CARE Ratings Limited as the monitoring agency in relation to the Issue. Our Board and the Monitoring Agency will monitor the utilization of the Net Proceeds and the Monitoring Agency will submit a report to our Board in terms of Regulation 82(2) of the SEBI ICDR Regulations. Our Company will disclose the utilization of the Net Proceeds under a separate head in our balance sheet along with the relevant details, for all such amounts that have not been utilized. Our Company will indicate instances, if any, of unutilized Net Proceeds in the balance sheet of our Company for the relevant Financial Years subsequent to receipt of listing and trading approvals from the Stock Exchanges.

Pursuant to the SEBI LODR Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee, the uses and applications of the Net Proceeds. The report submitted by the Monitoring Agency will be placed before the Audit Committee of our 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 LODR Regulations, our Company shall furnish to the Stock Exchanges, on a quarterly basis, a statement on (i) material deviations, if any, in the actual utilization of the proceeds of the Issue from the objects of the Issue as stated above and (ii) details of category wise variations in the utilisation of the Net Proceeds from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results after review by the Audit Committee and its explanation in the directors' report in the annual report.

Our 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 Net 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 utilized 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

No part of the proceeds of the Issue will be paid by our Company to our Promoter, members of the Promoter Group, our Directors, Key Managerial Personnel or Senior Management.

There are no material existing or anticipated transactions in relation to utilisation of Net Proceeds with our Promoter, Directors or Key Managerial Personnel or Senior Management or associate companies (as defined under the Companies Act, 2013).

STATEMENT OF SPECIAL TAX BENEFITS

Date: June 9, 2023

To,

The Board of Directors
Udaipur Cement Works Limited
Shripati Nagar, CFA
P.O. Dabok, Udaipur 313 022
Rajasthan, India
(the “Company”)

Ladies and Gentlemen,

Re: Statement of possible special tax benefits (the “Statement”) available to Udaipur Cement Works Limited (the “Company”) and its shareholders, prepared in accordance with the requirement under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”), for the proposed rights issue of equity shares of ₹ 4 each (the “Equity Shares”) of the Company (the “Issue”)

We, Bansilal Shah & Co., Chartered Accountants, the statutory auditors of the Company, hereby confirm that the enclosed Annexure states the possible special tax benefits available to the Company and its shareholders under direct and indirect tax laws presently in force in India. Several of these benefits are dependent on the Company, or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which are based on the business imperatives the Company may face and accordingly the Company or its shareholders may or may not choose to fulfill.

The benefits discussed in the enclosed Annexure cover only special tax benefits and do not cover general tax benefits (under both direct and indirect tax laws) available to the Company or its shareholders. We are informed that the Annexure is only intended to provide general information to the investors and hence it is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws, each investor is advised to consult his / her / their own tax consultant with respect to the specific tax implications arising out of their participation in the Issue, particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We are neither suggesting nor advising the investor to invest money based on this statement.

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

This report is addressed to and is provided to enable the board of directors of the Company to include this report in the Letter of Offer, prepared in connection with the Issue and to be filed by the Company with the Securities and Exchange Board of India and BSE Limited and in any other material used in connection with the Issue.

Limitations

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

For and on behalf of
Bansilal Shah & Co.
Chartered Accountants
Firm Registration Number: 000384W

Peer Review Number: 014807

Dhruv Shah

Partner

Membership Number: 223609

Date: June 9, 2023

Place: Udaipur

UDIN: 23223609BGXUEF6768

ANNEXURE TO THE STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

ANNEXURE 1

STATEMENT OF SPECIAL TAX BENEFITS AVAILABLE TO UDAIPUR CEMENTS WORKS LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

I. UNDER THE INCOME-TAX ACT, 1961 (hereinafter referred to as "the Act")

1. Special tax benefits available to the Company under the Act

There are no special tax benefits available to the Company.

2. Special tax benefits available to the shareholders under the Act

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

Notes:

- a. The above Statement 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.
- b. The above statement covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.
- c. The above statement of possible tax benefits is as per the current direct tax laws relevant for the assessment year 2023-24.
- d. In respect of non-residents, the tax rates and consequent taxation will be further subject to any benefits available under the relevant DTAA, if any, between India and the country in which the non-resident has fiscal domicile.

ANNEXURE 2

STATEMENT OF INDIRECT TAX BENEFITS AVAILABLE TO UDAIPUR CEMENT WORKS LIMITED (THE "COMPANY") AND ITS SHAREHOLDERS

II. The Central Goods and Services Tax Act, 2017/ the Integrated Goods and Services Tax Act, 2017 ("**GST Act**"), the Customs Act, 1962 ("**Customs Act**") and the Customs Tariff Act, 1975 ("**Tariff Act**") (collectively referred to as "**indirect tax**")

1. Special Indirect tax benefits available to the Company under the Act

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

2. Special Indirect tax benefits available to the shareholders under the Act

There are no special indirect tax benefits applicable in the hands of shareholder's for investing in the Shares of the Company.

Notes:

- a. The above statement is based upon the provisions of the specified Indirect tax laws, and judicial interpretation thereof prevailing in the country, as on the date of this Annexure.
- b. The above statement covers only above-mentioned tax laws benefits and does not cover any income tax law benefits or benefit under any other law.

OUR MANAGEMENT

Board of Directors

The Articles of Association provide that the minimum number of Directors shall be three and the maximum number of Directors shall be fifteen, unless otherwise determined by our Company in a general meeting. As of the date of this Letter of Offer, the Board comprises seven Directors, comprising two Executive Directors and five Non-Executive Directors, including four Independent Directors.

The following table provides details regarding the Board of Directors of our Company as of the date of this Letter of Offer:

Name, designation, address, DIN, date of birth, term, period of directorship, occupation	Age (in years)	Other directorships
Name: Vinita Singhania Date of Birth: March 12, 1952 Address: 101, Friends Colony East, New Delhi 110 065, India Occupation: Businesswoman DIN: 00042983 Designation: Chairperson and Non-Executive Non-Independent Director Term: Liable to retire by rotation Period of directorship: Since June 30, 2018	71	a. Bengal & Assam Company Limited b. Dhanlakshmi Building Development Private Limited c. Hari Shankar Singhania Holdings Private Limited d. HEG Limited e. JK Lakshmi Cement Limited f. JK Paper Limited g. JKLC Employees Welfare Association Limited h. Niyojit Properties Private Limited i. Vinita Stock Holdings Private Limited
Name: Shrivats Singhania Date of Birth: May 15, 1984 Address: 47A, Ground Floor, Friends Colony East, South Delhi, New Delhi 110 065, India Occupation: Service DIN: 02359242 Designation: Executive Director and Chief Executive Officer Term: Liable to retire by rotation Period of directorship: Since June 30, 2018	39	Param Shubham Vanijya Limited
Name: Naveen Kumar Sharma Date of Birth: August 18, 1966 Address: A- 602, 6 th Floor, Swagat Rain Forest-2, Kudasani, Gandhinagar, Gujarat 382 421, India Occupation: Service DIN: 08152305 Designation: Whole-Time Director Term: Liable to retire by rotation Period of directorship: Since June 30, 2018	56	NIL
Name: Surendra Malhotra	82	a. Global Strategic Technologies Limited

Name, designation, address, DIN, date of birth, term, period of directorship, occupation	Age (in years)	Other directorships
Date of Birth: August 20, 1940 Address: 1A1, Girdhar Apartments, 28 Feroze Shah Road, New Delhi 110 001, India Occupation: Service DIN: 00271508 Designation: Independent Director Term: For a period of five years with effect from June 30, 2018* <i>*Has been reappointed for a period of three years with effect from June 30, 2023</i> Period of directorship: Since June 30, 2018		b. J.K. Credit & Finance Limited c. J.K. Fenner (India) Limited d. JK Insurance Brokers Limited (formerly J.K. Risk Managers and Insurance Brokers Limited) e. Param Shubham Vanijya Limited f. Sago Trading Limited g. Sidhivinayak Trading and Investment Limited (formerly Juggilal Kamlapat Udyog Limited)
Name: Vinit Marwaha Date of Birth: July 19, 1951 Address: 159, Pocket -1, Jasola, New Delhi 110 025, India Occupation: Service DIN: 00051403 Designation: Independent Director Term: For a period of five years with effect from May 10, 2023 Period of directorship: Since March 3, 2004	71	a. Enviro-Tech Ventures Limited b. Hansdeep Industries & Trading Company Limited c. NVM Capital Private Limited d. Pranav Investment (M.P.) Company Limited e. Rouncy Tradings Private Limited f. Saptrishi Consultancy Services Limited
Name: Onkar Nath Rai Date of Birth: June 20, 1941 Address: H – 602, Central Park- 1, Sector – 42, DLF Golf Course Road, Gurgaon, Haryana 122 009, India Occupation: Retired DIN: 00033142 Designation: Independent Director Term: For a period of five years with effect from August 17, 2019 Period of directorship: Since November 14, 1996	81	NIL
Name: Bhaswati Mukherjee Date of Birth: June 14, 1953 Address: C – 135, Sarvodaya Enclave Near IIT Gate, Malviya Nagar, New Delhi 110 017, India Occupation: Retired Diplomat, Writer, Commenter on current issues DIN: 07173244	69	a. Jindal Stainless Limited b. JK Lakshmi Cement Limited c. Petronet LNG Limited

Name, designation, address, DIN, date of birth, term, period of directorship, occupation	Age (in years)	Other directorships
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Designation: Independent Director

Term: For a period of five years effective from January 24, 2023

Period of directorship: Since January 24, 2020

Confirmations

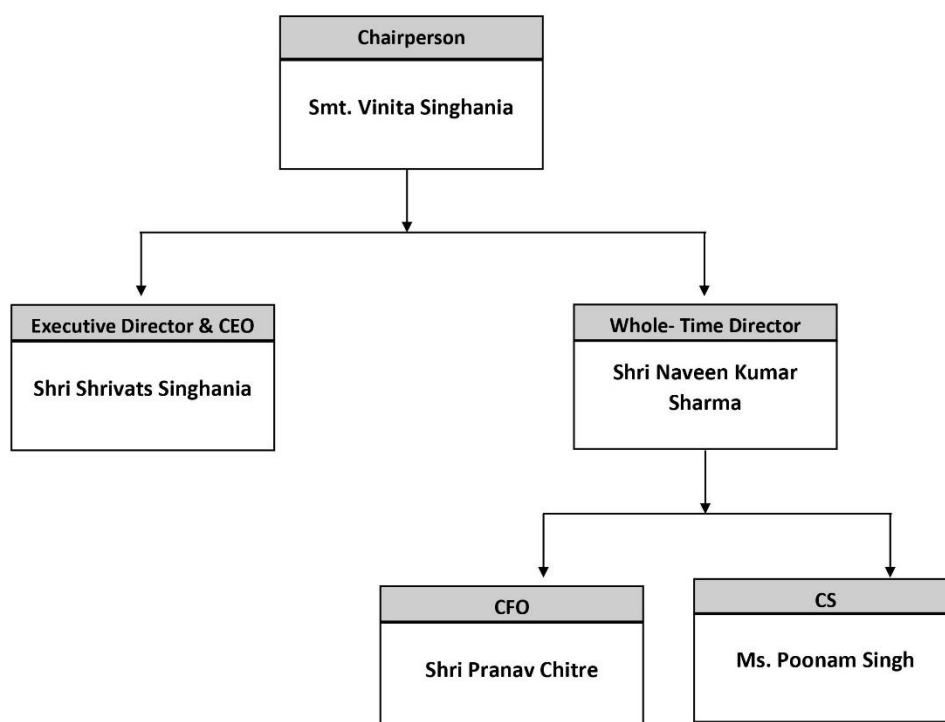
None of our Directors is or was a director of any listed company during the five years preceding the date of filing of this Letter of Offer with the Stock Exchange, whose equity shares have been or were suspended from being traded on any stock exchange, during the term of their directorship in such company.

None of our Directors is or was a director of any listed company which has been or was delisted from any stock exchange, during the term of their directorship in such company, in the last ten years immediately preceding the date of filing of this Letter of Offer with the Stock Exchange.

Details of Key Managerial Personnel and Senior Management

S. No.	Name of Key Managerial Personnel/Senior Management	Designation	Date of joining Company
Key Managerial Personnel			
1.	Shrivats Singhania	Executive Director and Chief Executive Officer	June 30, 2018
2.	Naveen Kumar Sharma	Whole-Time Director	June 30, 2018
3.	Pranav Chitre	Chief Financial Officer	February 6, 2019
4.	Poonam Singh	Company Secretary and Compliance Officer	February 1, 2020
Senior Management			
1.	Pranav Chitre	Chief Financial Officer	February 6, 2019
2.	Poonam Singh	Company Secretary and Compliance Officer	February 1, 2020

Organisational Structure



SECTION IV: ABOUT OUR COMPANY

INDUSTRY OVERVIEW

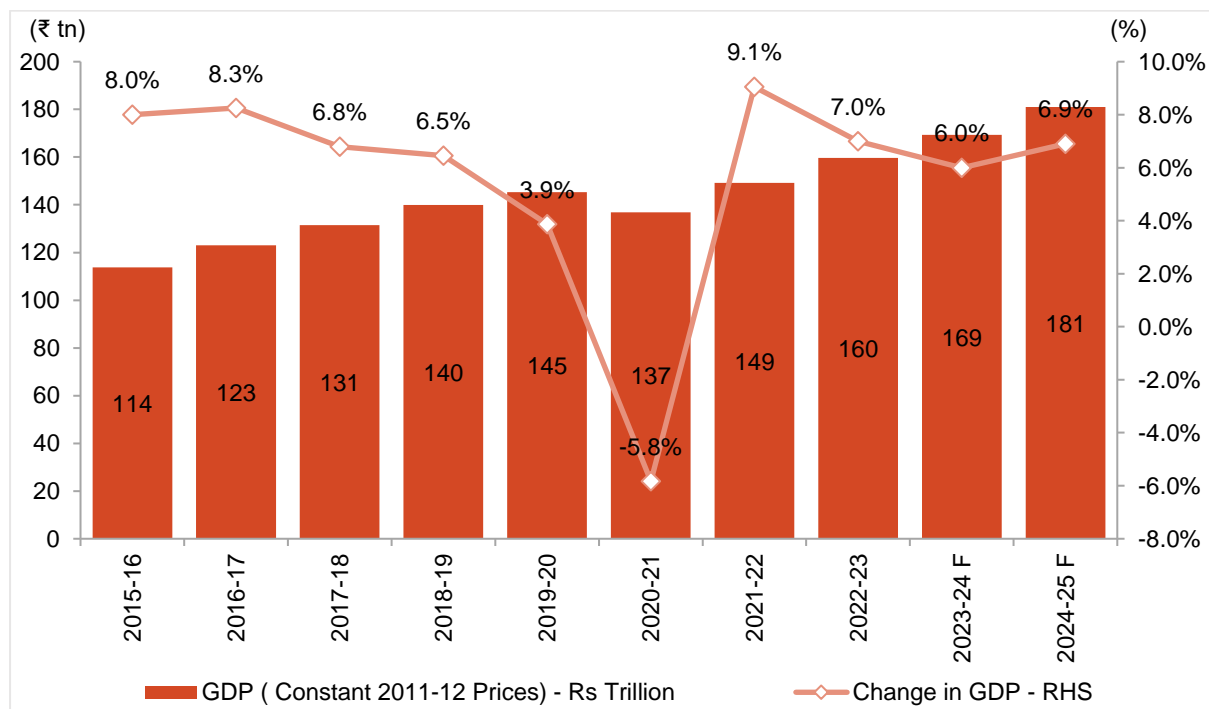
Overview of Indian macro-economy

Gross domestic product review and outlook

Before the pandemic, India was one of the fastest-growing economies in the world with a CAGR of 6.6% between Fiscal Years 2015 and 2020. GDP is estimated to have shot up from Rs. 105 trillion in fiscal 2015 to Rs. 145 trillion in Fiscal Year 2020 based on 2011-12 prices.

The outbreak of the Covid pandemic and the subsequent imposition of the lockdown March 25, 2020, onwards sent the Indian economy reeling, leading to an estimated 5.8% decline to Rs. 137 trillion in Fiscal Year 2021. While the economy was under pressure in the first half of the fiscal, due to the pandemic-induced, lockdown-led demand shocks and weak global demand, low oil and commodity prices provided some respite. The second half saw an uptick in mobility and in economic activity, as sentiment improved, coupled with people learning to live in the post-pandemic world. The opening up of vaccinations in the fourth quarter, albeit for a smaller section of the population, further boosted the sentiment, containing the contraction to 5.8% in Fiscal Year 2021. The Indian government unleashed a slew of measures during the pandemic-impacted fiscal under the Aatma Nirbhar Bharat Abhiyan to boost the economy with the Production-Linked Incentive (PLI) scheme the standout tying in with the Make in India programme.

Movement of Indian GDP across years



Source: MOSPI, CRISIL MI&A Research

GDP grew 9.1% in Fiscal Year 2022 to ~ Rs. 149 trillion on a low base, surpassing the pre-Covid-19 level of Fiscal Year 2020. Growth in Fiscal Year 2022 would have been higher but for the brutal second wave in the first quarter, which impacted consumer sentiment and hurt demand in contact-intensive services sectors. The resurgence of Covid-19 infections since March 2021 forced many states to implement localised lockdowns and restrictions to prevent the spread of the infection. In the beginning of May, the country reported the highest number of daily cases. The second round of lockdowns were less restrictive for economic activity than last year. Manufacturing, construction, agriculture, and other essential activities had been permitted to continue in most states while travel too was permitted unlike the first wave where all travel services were shut. The third wave in

the fourth quarter of Fiscal Year 2022 had minimal impact on the economy attributable to high rates of vaccination and people having learned to live with the pandemic.

GDP and Macroeconomic outlook

Macro variable	FY22	FY23P	FY24P	Rationale for outlook
Real GDP (% , y-o-y)	9.1	7.0 [^]	6.0	Slowing global growth will weaken India's exports in Fiscal Year 2024. Domestic demand could also come under pressure as the RBI's rate hikes transmit to end consumers
Consumer price index (CPI)-based inflation (% , y-o-y)	5.5	6.8	5.0	Lower commodity prices, expectation of softer food prices, cooling domestic demand, and base effect will help moderate inflation
Current account balance/ GDP (%)	-1.6	-3.0	-2.4	A moderate increase in budgeted gross market borrowing, along with expected lower inflation and the RBI's rate cuts towards the end of the Fiscal Year will help moderate yields
Rs./\$ (March end)	75.8	82.0	83.0	While a lower current account deficit will support the Rupee, challenging external financing conditions will continue to exert pressure next Fiscal Year

Source: RBI, National Statistical Office (NSO), CRISIL MI&A Research

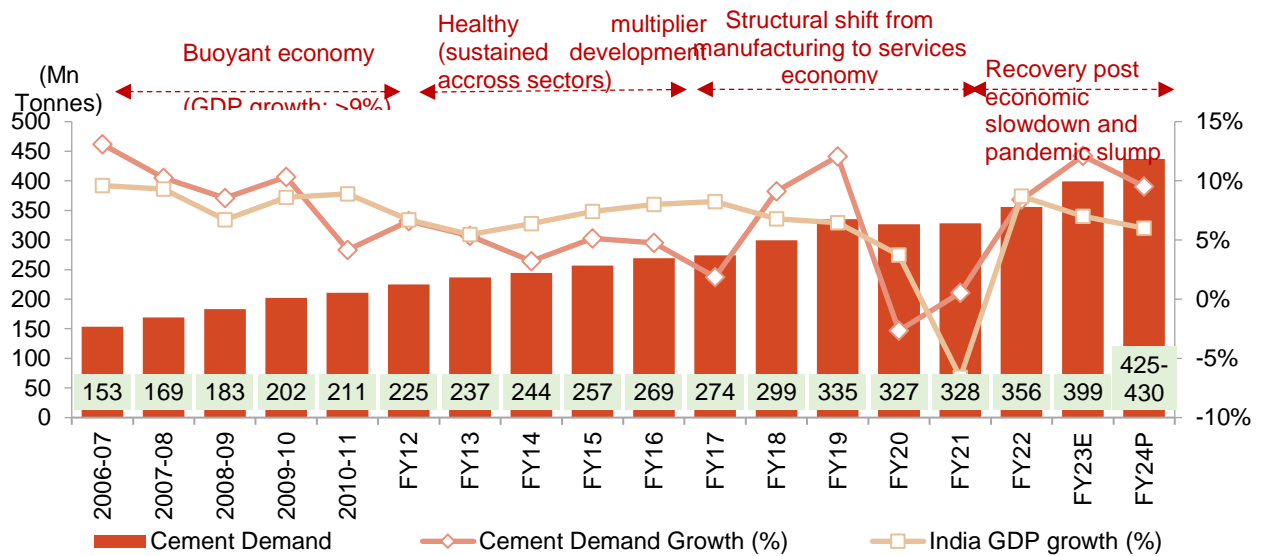
Note: P – projected; [^] Second advance estimates

CRISIL Research expects the Indian economy to record a 7% on-year growth in real GDP in Fiscal Year 2023 reaching about Rs. ~160 trillion. While the economic recovery continues to gather pace, it faces multiple risks. Global growth is projected to slow, as central banks in major economies withdraw easy monetary policies to tackle high inflation. This would imply lower demand for our exports. Together with high commodity prices, especially oil, this translates into a negative in terms of a trade shock for India. High commodity prices, along with depreciating Rupee, indicate higher imported inflation.

Over the medium term, the Indian economy is projected recording a 6-7% on year growth boosted by healthy capital expenditure by the government, domestic consumption led growth, China + 1 strategy boosting manufacturing in India coupled with the PLI scheme. Slowing global economies would drag Indian exports restricting India's GDP growth.

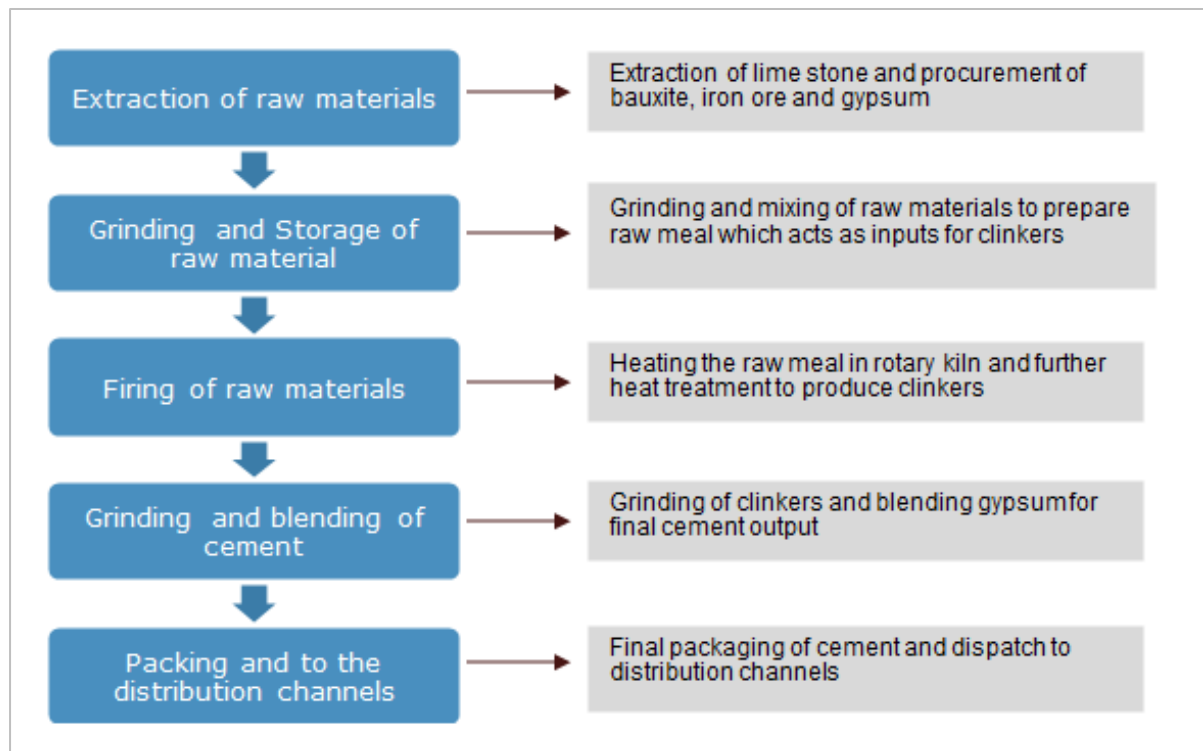
Cement demand growth multiplier

Rise in cement demand correlates with GDP growth as economic development requires heavy investments in infrastructure such as housing, roads, ports, etc. The cement demand growth to GDP growth multiplier (i.e., cement demand growth divided by GDP growth in the same year) witnessed an unprecedented drop in Fiscal Years 2020 and 2021, because of the pandemic-caused economic slowdown, but recovered rapidly in Fiscal Year 2022, with cement demand and GDP rebounding at a similar rate. Further, with higher cement demand growth of ~12% and GDP moderating to ~7% in Fiscal Year 2023, cement-demand-to-GDP ratio improved sharply to ~1.7 times. We expect the multiplier to remain >1, but to decrease marginally next Fiscal Year, as cement demand increase moderates to 8-10% on a favourable base, while GDP growth slackens to ~6% because of global economic slowdown, transmission of interest rate hikes to consumers (leading to weakening industrial activity), and as the catch-up in contact-based services fades.



Source: CRISIL MI&A Research, industry Cement production process

Stages of cement manufacturing



Source: CRISIL MI&A Research, industry

Key inputs

Limestone is a key input to produce clinker, to which additives such as bauxite, iron ore, and gypsum are added to manufacture cement. The grades of limestone and proportion of additives used determine the quality of cement produced. Similarly, the choice of fuel depends on availability, cost, and process efficiency. Players are also considering using alternatives generated from agro waste, waste oils, animal meal, rice husk, etc to address the shortage in these inputs and their rising prices.

Stage 1: Manufacturing clinker

Step1: Limestone mining, exploration, drilling and blasting

Step 2: Crushing

Step 3: Pre-homogeneous stage

Step 4: Raw mill grinding

Step 5: Blending and storage

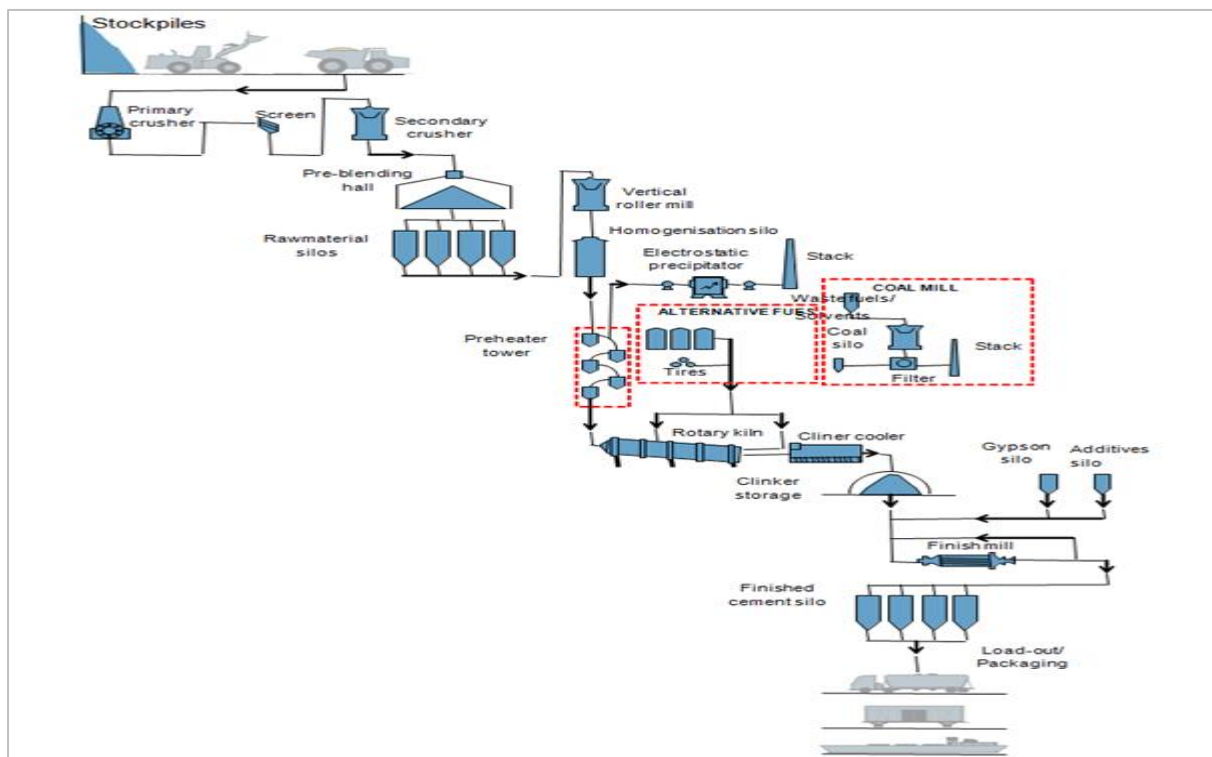
Step 6: Pre-heating stage and kiln

Stage 2: Clinker to cement

Step 1: Grinding and blending

Step 2: Blending

Cement manufacturing process



Source: CRISIL MI&A Research, industry

Heat treatment processes

There are four heat treatment processes – dry, wet, semi-wet, and semi-dry. Until the 1970s, wet process technology was predominantly used. However, since the early 1980s, use of the dry process has increased significantly.

Dry process -The dry process is commonly used globally to manufacture cement as it is more energy efficient. In the dry process, the kiln feed has moisture content of 0.5%.

Wet process - In the wet process, the kiln feed has a moisture content of 30-40% and defloculates (for reducing viscosity) to enable pumping.

Semi-wet process - In the semi-wet process, the slurry is dehydrated in a filter press to form a cake with moisture content of about 20%.

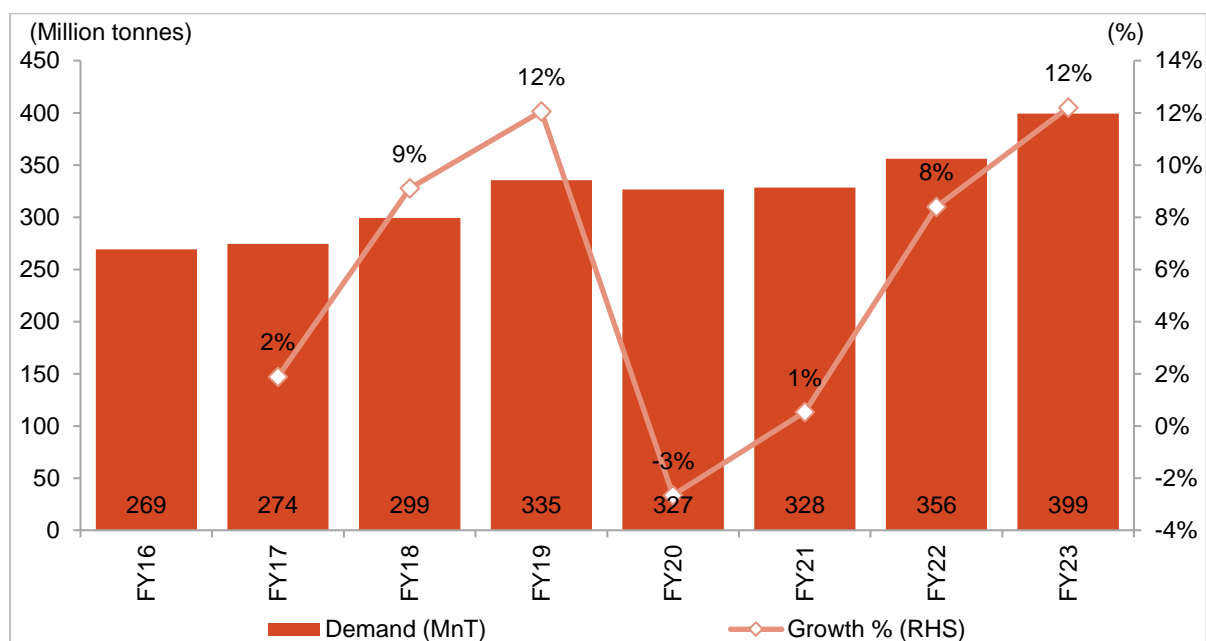
Semi-dry process - Here, the raw meal is pre-treated, as in the dry process. In an inclined rotating dish or drum, the raw meal is made into nodules of ~15 mm spheres, with moisture content of ~12%.

Use of alternative fuels

The cement industry predominantly uses coal-based power, generating 3,200-3,300 kilo joules/kg of heat. Burning fossil fuels such as pulverised coal/oil in the rotary kiln, generates high-grade heat. But, as these fuels are progressively becoming expensive and difficult to procure, there is an increasing need for alternative fuels such as agro wastes, waste oils, animal meal, and rice husk. These are being tested and used based on the manufacturing method, its cost-effectiveness, and availability.

Cement demand assessment

All India demand review



Source: CRISIL MI&A Research, industry

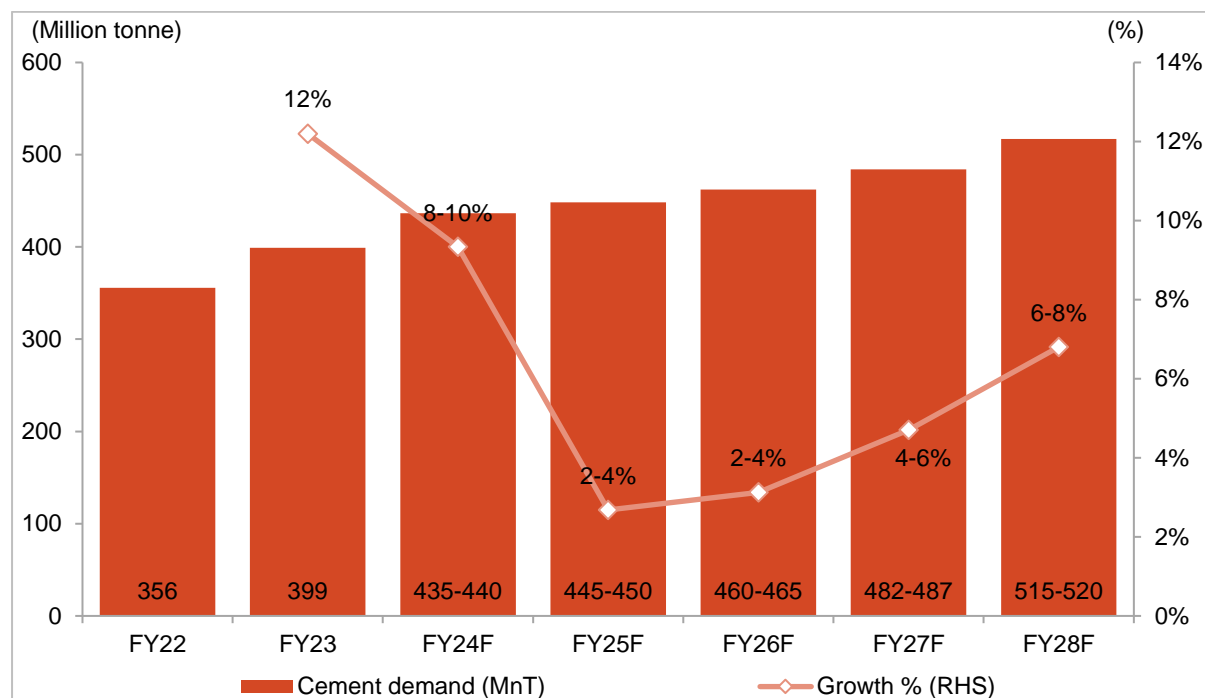
Domestic cement demand grew at a moderate 5.5-6.5% CAGR over Fiscal Years 2019-2023 led by the continued thrust on infrastructure and affordable housing. In fact, majority of this growth was seen during the Fiscal Year 2018 and 2019 due to the pre-election spend as well as healthy uptick during Fiscal Year 2023. However, demand remained weak over Fiscal Years 2020 and 2021 due to the pandemic-induced lockdowns. On a low base, pan-India cement demand recovered 8% in Fiscal Year 2022 and further shot up by ~12% in Fiscal Year 2023 supported by tailwinds from strong demand for rural housing and infrastructure.

Fiscal Year 2021-2022: The first half of Fiscal Year 2022 was struck by the second wave of the pandemic, which slowed the growth momentum; however, demand remained stable in the second quarter, despite the monsoon due to pent-up demand from the first quarter. Demand took an unexpected hit in the third quarter when unseasonal rains, labour unavailability due to the wedding season, sand availability issues in some states, and festivities led to a sharp slowdown in demand momentum, leading to on-year demand de-growth of ~4%. Demand recovered at a snail's pace in the fourth quarter on a sequential basis, with demand remaining muted on the back of high construction costs of building materials. Inflation hit commodities such as steel, aluminium and cement because of geopolitical tensions arising out of the Russia-Ukraine conflict, leading to supply constraints and higher prices of crude-derived commodities. This led to skyrocketing of prices of building materials such as steel, cement and aggregates, discouraging construction. Thus, after growing in double digits in the first half of the year, demand was limited to only 8% on an annualised basis in Fiscal Year 2022.

Fiscal Year 2022-2023: Demand witnessed healthy ~12% growth in Fiscal Year 2023. In the first quarter, demand witnessed robust growth of ~18% on-year on a low base and was driven by pickup in infra-activities as well as strong recovery in individual housing – both rural and urban. However, the second quarter witnessed some moderation sequentially on the back of seasonal weakness but grew ~9% on-year. Further, with the monsoon

receding, easing of inflationary sentiments, traction in real estate and affordable housing as well as pickup in infra project execution ahead of elections in Fiscal Year 2024 led to healthy ~10% on-year demand growth in the third quarter of fiscal 2023. The last quarter registered sharp ~12% growth driven by continued traction from infra and housing projects ahead of the Fiscal Year 2024 election, leading to an over annual growth of ~12%.

All India demand outlook



Source: CRISIL MI&A Research, industry

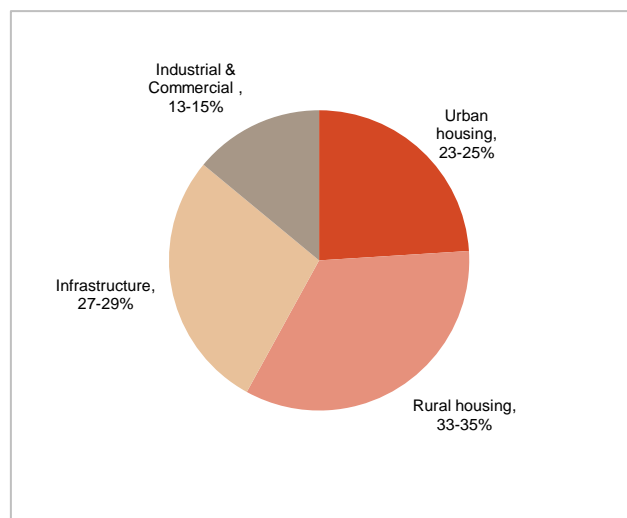
Cement demand grew by a healthy 12% in Fiscal Year 2023. High construction costs, which impacted demand in the early months, witnessed some cooling off in the second half of the fiscal. Demand was supported by tailwinds from strong demand for rural housing and infrastructure. The individual housing segment, especially rural, which was expected to bear the brunt of inflation in the early months of the Fiscal Year, fared well in the second half amid cooling construction costs, higher rural income owing to healthy yields and increase in crop prices, indirectly supporting demand growth from the rural housing segment. Infrastructure continued its strong growth momentum, led by government spending, primarily across its flagship schemes such as PM Gati Shakti and the National Infrastructure Pipeline.

In Fiscal Year 2024, CRISIL MI&A Research expects demand to grow further 7-9%, despite two consecutive years of healthy demand uptick, led by the government's thrust on infra and rural housing before the 2024 Lok Sabha elections. Infrastructure is expected to continue its strong growth momentum, led by increased government spending, primarily across its flagship schemes, and efforts to complete key infra projects ahead of the 2024 elections. On a high base of last fiscal, rural housing is expected to further witness healthy growth momentum in Fiscal Year 2024 supported by higher shortage of houses and the government's push to attain the targets of the central scheme (PMAY) before elections. Although agri profitability is expected to remain a key monitorable amid the heat wave condition and expected El Nino in this Fiscal Year. The industrial and commercial segments are expected to further recover in Fiscal Year 2024, led by capex by large and mid-size players in lieu of better demand prospects, PLI implementation, infra status given to data centres and energy storage systems, pickup in creation of multi-modal logistics facilities, and healthy growth in the commercial space with the return to office. Hence, demand is expected to grow 7-9% on-year in Fiscal Year 2024 after witnessing ~12% growth in fiscal 2023.

CRISIL MI&A Research expects cement demand to register 5-6% CAGR over the next five years, marginally lower than the 5.5-6.5% CAGR during the past five years, driven by a raft of infrastructure investments and healthy revival in housing demand.

Demand segmentation by end user industry

Sectoral mix (FY23)



Source: CRISIL MI&A Research, industry

Housing

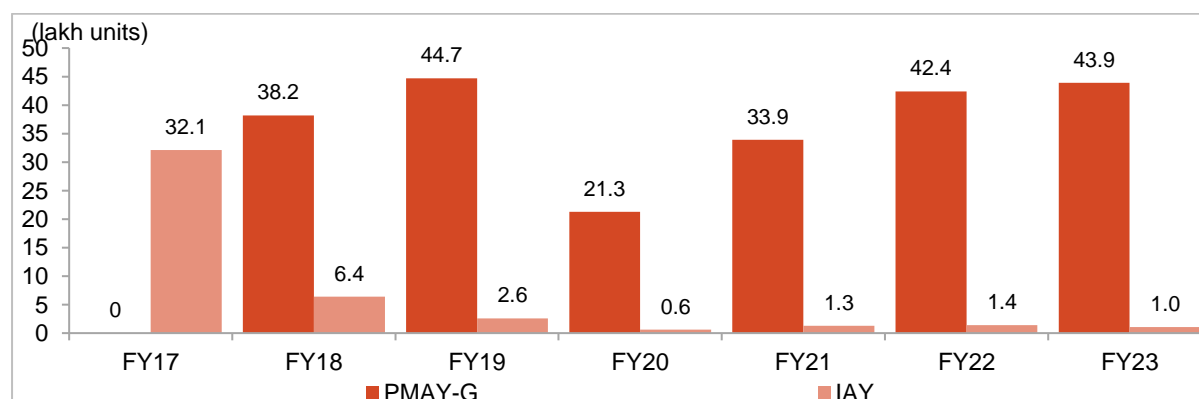
Housing demand to be driven by affordable housing and rural housing in the medium term

Share of the housing sector has dropped over the past five years with the sector, especially real estate, caught in a quagmire of slow economic growth, weak demand, buyer unaffordability, and high inventory. However, overall share was maintained at 55-60% on the back of the central government's push towards the Housing for All scheme. While housing will remain the key volume contributor, infrastructure would expand its share with rising investments by the central government in roads, railways and irrigation.

Rural housing demand

To achieve the Housing for All by 2022 mission, the government launched a restructured rural housing scheme, PMAY-G in November 2016, with the target of constructing 29.5 million houses with basic amenities by 2022. As of March 2023, ~25.8 million units were sanctioned, of which construction of ~21.9 million houses had been completed (~85% completion against sanctioned units), and ~3.9 million units were under construction under the PMAY-G scheme. Around 4.3 million units were constructed in Fiscal Year 2023 and 4.2 million units in Fiscal Year 2022 after constructing around 3.4 million units in Fiscal Year 2021 and only ~2.1 million units in Fiscal Year 2020. In Fiscal Year 2022, construction picked up on a high base since higher sanctioning over Fiscal Years 2020 and 2021 led to strong execution and construction momentum improved further in Fiscal Year 2023 as the scheme surpassed the set timeline.

Trend in PMAY-G construction



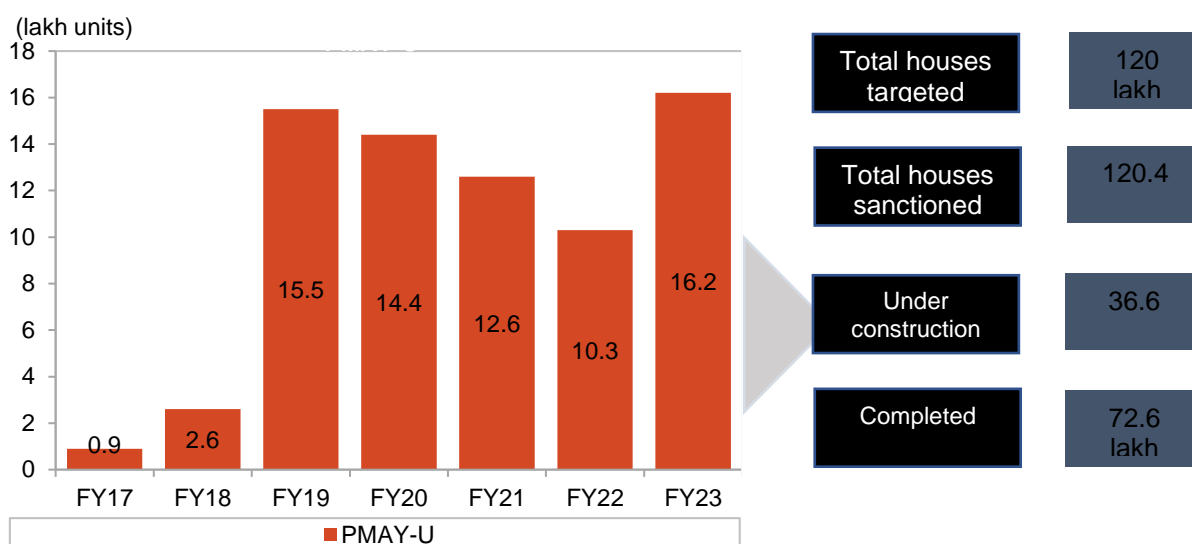
Source: CRISIL MI&A Research, MoRD

Urban housing demand

With home buyers making use of reduction in stamp duty in metro cities aided by bumper offers, residential sales numbers indicate a stunning post-pandemic recovery. The work-from-home culture and social distancing norms have boosted affordable and mid-segment home buying. Real estate construction surged in Fiscal Year 2022 and remained strong in last Fiscal Year as RERA deadline approaches. In the longer run, falling inventory levels amid gradual pick-up in demand will aid the segment's growth. In fact, inventory in the top 10 cities in India declined ~35% over Fiscals Years 2019-22 and is expected to decline further going ahead.

PMAY-U is an affordable housing scheme under implementation from 2015. It seeks to achieve the objective of Housing for All by 2022. While ~1.51 and ~1.44 million units were constructed in Fiscal Years 2019 and 2020, respectively, ~1.26 million were constructed in Fiscal Year 2021, despite the pandemic, as construction pace was healthy in the second half. In Fiscal Year 2022, construction momentum slowed down further to ~1.03 million units owing to weak execution in the second quarter. In Fiscal Year 2023, construction pace recovered with fast-paced and steady execution of ~1.62 million units during the fiscal after seeing lower construction activities in Fiscal Year 2022. While most of the targeted houses have been sanctioned (~12.04 million houses sanctioned as of March 2023), over ~7.3 million houses have already been completed (~61%) and another 3.7 million are under various stages of construction. Significant pickup in houses approved, recovery in the urban affordable housing segment, and steady release of instalments indicate that cement demand from the segment will likely maintain the momentum over the near term.

Trend in PMAY-U construction



Source: CRISIL MI&A Research, Ministry of Housing and Urban Affairs, Government of India
 Note: Data as of March 2023; sanctioned units includes under-construction and completed units.

Infrastructure

Within infrastructure, roads have been the largest contributor to cement demand, followed by railways, irrigation and urban infra. There is a sharp rise in the new budget for capex towards infra. The highest traction is expected from roads, with the total outlay for the Ministry of Road Transport and Highways and the National Highways Authority of India (NHAI) having increased by 25% and 15%, respectively, on-year. Total outlay for the Ministry of Railways has also increased by 15% for Fiscal Year 2024BE against Fiscal Year 2023RE. While there is no relief in terms of duty changes, the surge in capital outlays is likely to lead to healthy demand in the coming fiscal. Outlay on major segments

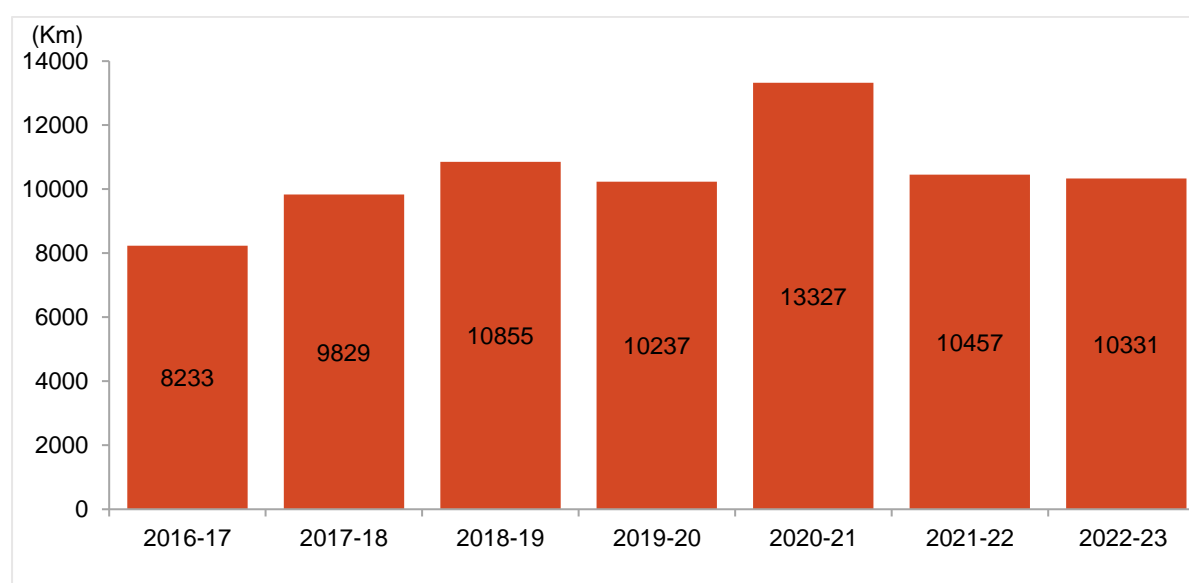
	Budgeted outlay FY24 (Rs bn)	Revised estimates FY23 (Rs bn)	Change
Ministry of Road Transport and Highways	2586	2071	25%
Ministry of Railways	2928	2550	15%
PMGSY	190	190	0%

Source: CRISIL MI&A Research, Union Budget 2023-24

Roads - NHAI: Besides creating employment opportunities, capital spending for roads and highways results in a multiplier effect on several other sectors. CRISIL MI&A Research expects the increased allocation of ~25% over Fiscal Year 2023RE towards roads and highways will spur investments and lead to healthy cement demand from the segment.

Bharatmala Pariyojana, an umbrella project of the central government launched in 2015, aims to improve efficiency in the roads sector. It is expected to supersede the National Highways Development Project (NHDP) and envisages the construction of 83,677 km of highways under the following categories: national corridor (north-south, east-west, and golden quadrilateral), economic corridor, inter-corridor roads, and feeder roads. Bharatmala, along with the schemes currently undertaken, requires a total outlay of Rs. 6.9 trillion. Phase I, comprising 24,800 km of roads and about 10,000 km of residual NHDP, has been approved at a cost of Rs. 5.35 lakh crore. As of March 2023, about 24,837 km had been awarded, and about 11,789 km was completed (~35% completion of target). Remaining projects are targeted for award by 2024-2025.

Trend in national highways construction (km)



Source: Ministry of Road Transport and Highways, CRISIL MI&A Research

Roads - PMGSY: The PMGSY seeks to provide all-weather road connectivity to all eligible unconnected habitations, existing in the core network in rural areas of the country. PMGSY-I was launched in 2000, and 97% of the target was achieved. Under PMGSY-II, 75% of the target was achieved. The target for PMGSY-III is 40% lower than the length of roads constructed over the past five Fiscal Years. Execution under PMGSY improved in Fiscal 2022 as ~41,971 km was constructed against a revised target of ~50,000 km (~84% completion rate). The original target of ~61,700 km was revised downward to ~50,000 km. In Fiscal Year 2023, target of 47,171 km was set under the scheme, of which, ~28,621 km had been constructed as of March 2023 (~61% completion rate).

Dedicated Freight Corridor (DFC): The DFC project is estimated to cost Rs. 1,24,005 crore for the eastern (1,337 km) and western (1,506 km) sectors. As per the project details, Western DFC covers a distance of 1,504 km, linking Jawaharlal Nehru Port Trust near Navi Mumbai, Maharashtra to Dadri, Uttar Pradesh, passing through Vadodara, Ahmedabad, Palanpur, Madar, Phulera and Rewari. Eastern DFC covers 1,337 km, connecting Ludhiana, Punjab to Dankuni near Kolkata, West Bengal, passing through Haryana, Bihar, Uttar Pradesh and Jharkhand. Both routes account for more than 20% of pan-India primary freight in billion tonne kilometre (BTKM) terms.

As of April 2023, 2,089 km out of 2,843 km was commissioned (~73% physical progress and 88% financial progress achieved under both EDFC and WDFC). About 1.87 km land for the EDFC and WDFC is left to be acquired. EDFC and WDFC completion targets have been deferred to 2023 and 2024, respectively.

Western Expressway (financial progress – 86%)

Section	Length (Km)	Status/ DoC
Madar-Palanpur	353	Commissioned
Makarpura-Sachin	135	Jun-23

Palanpur-Makarpura	290	Dec-23
Rewari-Dadri	127	Commissioned
Rewari-Madar	306	Commissioned
Sachin-Vaitarana	186	Jun-23
Vaitarana-JNPT	109	Mar-24
Eastern Expressway (financial progress – 90%)		
Section	Length (Km)	Status / DoC
Bhaupur-DDU	402	Mar-23
Bhaupur-Khurja	351	Commissioned
DDU-Sonnagar	137	Commissioned
Khurja-Dadri	46	Commissioned
Khurja-Pilkhani	222	Jun-23
Pilkhani-Sahnewal	179	Jun-23

Source: CRISIL MI&A Research, The Dedicated Freight Corridor Corporation of India Ltd; Status as of April 2023

Urban infrastructure: Urban infrastructure includes construction-intensive mass rapid transit system, bus rapid transit system, water supply and sanitation (WSS) projects, smart cities, and related infrastructure development. Investment in India's urban infrastructure is driven by government schemes such as AMRUT, Swachh Bharat Mission, Clean Ganga and Jal Jeevan Mission. WSS projects, metro construction in major Indian cities, and commencement of work on 105 smart cities have boosted urban infrastructure investment in the past five years. Investments in urban infrastructure are expected to rise in Fiscal Year 2024, led by investments in WSS under schemes such as Swachh Bharat Mission, Jal Jeevan Mission and AMRUT, and deferred investments in metro projects, a bulk of which are under implementation and have achieved financial closure.

Sagarmala: As part of the Sagarmala programme, more than 800 projects have been identified for implementation. The estimated cost is around Rs. 5.5 lakh crore. This programme includes logistics projects from various categories such as modernisation of existing ports and terminals, new ports, terminals, roll-on-roll-off (RoRo) and tourism jetties, enhancement of port connectivity, inland waterways, lighthouse tourism, industrialisation around ports, skill development, and technology centres.

Status of investments under Sagarmala (March 2023)

Project pillar/ theme	Total		Completed		Under implementation		
	No. of Projects	Project cost (Rs crore)	No. of Projects	Project cost (Rs crore)	No. of Projects	Project cost (Rs crore)	(Rs crore)
Port modernisation & new port development	241	249,660	89	31,214	152	218,446	
Port connectivity enhancement	209	142,226	69	32,005	140	110,220	
Port-led industrialisation	33	119,846	9	45,865	24	73,981	
Coastal community development	82	11,358	21	1,559	61	9,798	
Coastal Shipping and IWT	237	16,994	33	1,705	204	15,289	
Total	802	540,083	221	112,349	581	427,734	

Source: Ministry of Shipping, CRISIL MI&A Research

Industrial and commercial segments

Cement demand from the industrial and commercial segments is expected to have grown by 12-14% on-year in Fiscal Year 2023 and further 6-8% in Fiscal Year 2024, after growing 20-22% in Fiscal Year 22 on a low base of Fiscal Year 2021. In Fiscal Year 2021, major industrial sectors were already operating below optimum utilisation levels, and Covid-19 led to a further fall in utilisations across industries owing to the lockdown and subdued buyer sentiment. The depressed utilisations and stretched financials of players led to deferral of planned capex for Fiscal Years 2021 and 2022 as companies looked to conserve cash in uncertain times. However, the capex announced after the imposition of lockdown was revised upwards due to faster-than-expected recovery in the economy in the second half of Fiscal Year 2021 and higher utilisation levels for large players. Hence, players announced fresh rounds of capex, which will be implemented in upcoming fiscals. Also, timely implementation of the PLI scheme will boost industrial construction this fiscal.

Hence, cement demand from the segment is projected to grow 6-8% in Fiscal Year 2024 led by: 1) greenfield/brownfield capacity expansions by large cement, steel and auto components manufacturers; 2) healthy utilisation levels of large players, leading to more capex; and 3) timely implementation of the PLI scheme.

Segment-wise demand growth outlook

The infrastructure segment's share in cement demand has been on the rise over the past decade because of a surge in the central government's capex, which nearly doubled from 11-13% in Fiscal Year 2013 to 27-29% in Fiscal Year 2022-23. Over the period, the share of housing, industrial and commercial in cement demand shrank. We expect the infrastructure segment's share to rise further to 33-35% in Fiscal Year 2028, because of the consistent increase in central and state capex on roads, railways, metros, airports, and irrigation.

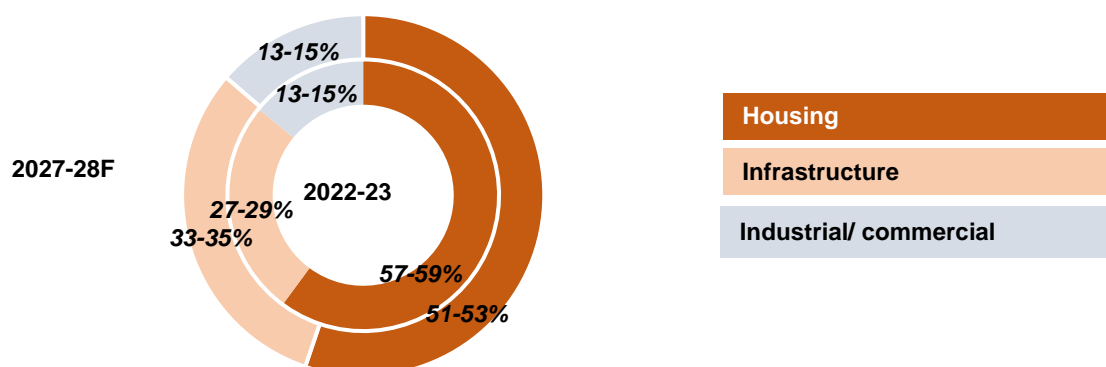
Segment-wise demand growth outlook

Segment	FY18-23*	FY24F	FY24-28F *
Housing	4.5-5%	7-9%	2.5-3.5%
Infrastructure	9.5-10.5%	12.5-14.5%	9-11%
Industrial and commercial	3.5-4%	6-8%	5-6%
Overall	5.5-6.5%	8-10%	5-6%

Source: CRISIL MI&A Research

Note: *CAGR

Segment-wise share in total demand



Source: CRISIL MI&A Research

In the longer run, cement demand will be led by the infrastructure and housing segments, which have been the key drivers in the past as well. The housing segment will continue its moderate growth trajectory with rural housing outpacing the urban segment on the back of lower development base and continued rise in concretization.

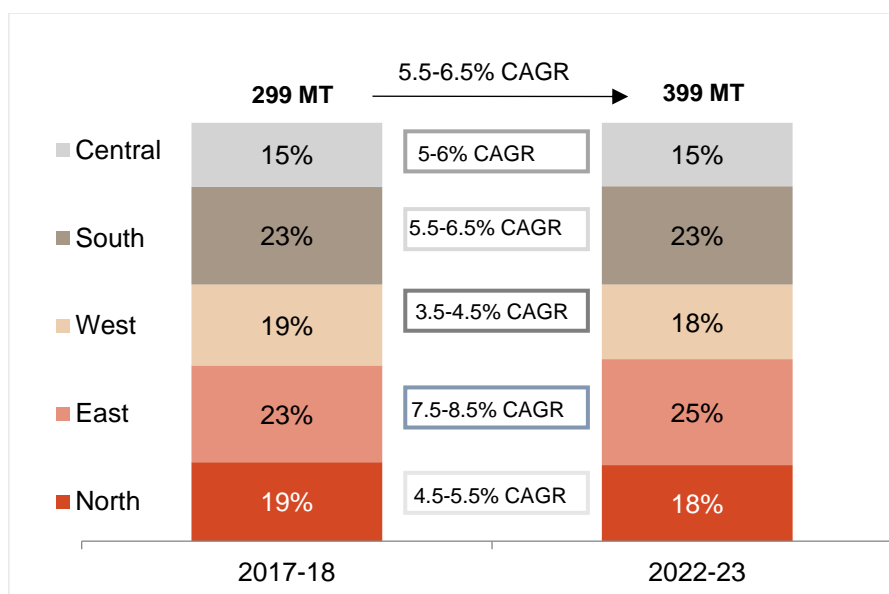
On the other hand, the share of industrial and commercial segments is expected to remain steady at 13-15%. While government initiatives such as PLI scheme and Atmanirbhar Bharat are expected to boost industrial segment demand, the commercial space is expected to lag due to the rise in commercial real estate inventory and gaining popularity of work-from-home culture.

Regional demand overview and outlook

Overview of regional demand

Over Fiscal Years 2018-23, the eastern region (Odisha, Bihar and West Bengal), followed by the southern region (Karnataka, Tamil Nadu and Andhra Pradesh/Telangana) saw strong demand growth, led by a surge in infrastructure construction and rural housing. Moreover, the eastern region witnessed the highest growth since it was less affected by Covid-19-led demand disruptions as it has more rural areas than urban. Overall, cement demand logged a healthy CAGR of 5.5-6.5% over the five-year period, mainly dragged down by the economic slowdown in Fiscal Year 2020 and pandemic-caused disruptions in Fiscal Year 2021.

Regional cement demand trend

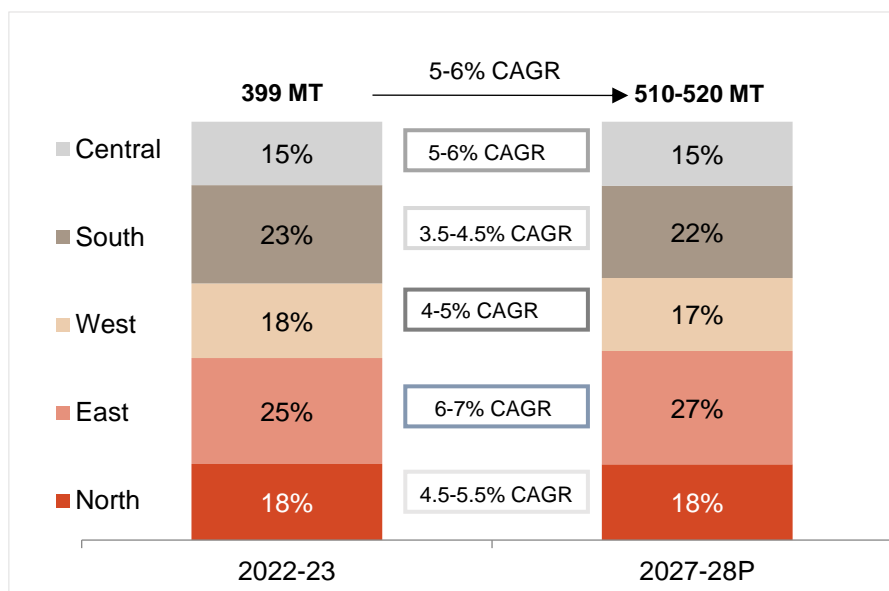


Source: CRISIL MI&A Research

CRISIL Research expects cement demand to increase at a moderate 5-6% CAGR between Fiscal Years 2023 and 2028. The eastern and central regions are expected to exhibit robust growth on back of higher housing shortage and a lower base in terms of per-capita cement consumption, followed by north. This interplay of demand dynamics would push up the eastern region's share in overall cement consumption to ~27% in Fiscal Year 2028 from ~25% in Fiscal Year 2023.

The western and southern regions are expected to witness moderate growth over Fiscal Years 2023-28. Demand in the southern region is supported by real estate and urban housing projects, and road and irrigation infra project. The western region has high-budget infra projects under execution, such as the Mumbai-Ahmedabad bullet train, the trans-harbour link, and metro projects in Mumbai. However, these regions already have the highest per-capita cement consumption, which will limit their demand growth potential.

Shift in region-wise demand over the next five years



Source: CRISIL MI&A Research

North: Demand to increase at a steady pace over the next five years

Outlook (Fiscal Year 2024-28): CRISIL MI&A Research estimates a healthy growth rate of 8-9% this Fiscal Year on a moderate base. Various infrastructure projects such as roads, metros, DFC, etc, will drive growth in the region, but real estate will remain a key monitorable over the medium term. Over Fiscal Years 2023-28, CRISIL MI&A Research expects cement demand in the region to log 4.5-5.5% CAGR. Key infrastructure and metro projects, and smart city-related development will drive cement demand in the region. Real estate development in the key existing and emerging pockets will gradually support demand as well. However, demand for housing in the region is expected to remain moderate because of low levels of housing shortage and higher levels of pucca/concrete houses.

Region	Housing	Infrastructure	Commercial/Industrial	FY18-23	FY23	FY24P	FY23-28P
North	↑	↑	↑	4.5-5.5%	8-9%	8-9%	4.5-5.5%

Source: CRISIL MI&A Research, industry

West: Pickup in infrastructure and real estate projects to support healthy growth

Outlook: Demand is estimated to grow further at a healthy 8.5-9.5% in Fiscal Year 2024 after having rebounded sharply in the past two Fiscal Years. The urban housing and real estate sectors are expected to see a moderate pickup. The infrastructure segment (roads, motorways, and metros) will continue to support growth. CRISIL MI&A Research expects cement demand in the region to log a 4-5% CAGR over the forecast period, marginally higher than growth seen in the previous five years. Infrastructure development, including urban infrastructure projects for metros, expressways, and national highways, as well as state roads in Gujarat, the Mumbai-Ahmedabad bullet train, the trans-harbour link, and coastal roads, will, along with a gradual pickup in demand for real estate and urban affordable housing, support demand in the region.

Region	Housing	Infrastructure	Commercial/Industrial	FY18-23	FY23	FY24P	FY23-28P
West	↑	↑	↑	3.5-4.5%	9-10%	8.5-9.5%	4-5%

Source: CRISIL MI&A Research, industry

East: Social infrastructure and housing development to boost demand

Outlook: CRISIL MI&A Research expects demand to grow further at a healthy 11-12% in Fiscal Year 2024 on an already high base of Fiscal Year 2023. Rural housing (IHB and PMAY-G) and infrastructure (roads and railways) development will propel cement demand over Fiscal Years 2024-2028. Demand in this region is expected to log a 6-7% CAGR during the period. With the lowest per capita cement consumption in the country and a 30-35 million housing shortage identified in the region, CRISIL MI&A Research expects demand for cement to remain healthy in the long term. Further, an uptick in infrastructure investments is also expected via key projects, such as metro development in Kolkata, Patna and Ranchi; the DFC; several road and rail connectivity projects in the north-east; smart-city-related development in Odisha (Bhubaneswar), West Bengal (Newtown Kolkata), Jharkhand (Ranchi), Bihar (Bhagalpur), and Chhattisgarh (Raipur); and several other road and highway projects. Industrial demand is also expected to be healthy on the back of investments by the government and private players in the railways, power, cement, and steel sectors.




Region	Housing	Infrastructure	Commercial/Industrial	FY18-23	FY23	FY24P	FY23-28P
East	↑	↑	↑	7.5-8.5%	15.5-16.5%	11-12%	6-7%

Source: CRISIL MI&A Research, industry

Central: Housing and infrastructure development to drive healthy growth

Outlook: CRISIL MI&A Research expects demand in the central region to grow 9.5-10.5% in Fiscal Year 2024 owing to infrastructure construction, a pickup in urban housing development in Uttar Pradesh and healthy rural housing demand in Madhya Pradesh. Over Fiscal Years 2024-2028, cement demand in the region is expected to log a 5-6% CAGR, almost on a par with growth seen in the previous five years. Key infrastructure projects in the region, such as metro projects in Bhopal, Meerut, Agra and Indore; smart-city-related development in Madhya Pradesh (Bhopal, Indore, and Jabalpur) and Uttar Pradesh (Lucknow); road and highway projects; irrigation projects and the waterway project across Varanasi-Haldi will back cement demand. Further, housing demand in the new emerging pockets of Meerut (after metro linkage to the NCR) and Aligarh, and development in the key centres of Indore, Bhopal, and Noida will continue to boost demand.




Region	Housing	Infrastructure	Commercial/Industrial	FY18-23	FY23	FY24P	FY23-28P
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Central				5-6%	12-13%	9.5-10.5%	5-6%
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Source: CRISIL MI&A Research, industry

South: Demand to grow, majorly led by infrastructure projects

Outlook: CRISIL MI&A Research expects cement demand to increase 7.5-8.5% on-year in Fiscal Year 2024, led by continued traction from infrastructure project executions, primarily for roads, expressways, and metros, among others. Over Fiscal Years 2024-2028, demand in the region is expected to log a 3.5-4.5% CAGR. States with poor growth in the past, such as Tamil Nadu and Karnataka, are expected to witness an upward bias on the back of growth in the state infrastructure segment. The Bengaluru-Chennai, Bengaluru-Mysore, and Chennai-Salem expressways, along with the Namma Metro construction in Bengaluru, Kochi metro, and irrigation projects, among others, will drive incremental cement demand during the five years. Corporates implementing a return to office/ hybrid model of working will also indirectly boost cement demand from the real estate sector.

Region	Housing	Infrastructure	Commercial/Industrial	FY18-23	FY23	FY24P	FY23-28P
South				5.5-6.5%	12.5-13.5%	7.5-8.5%	3.5-4.5%

Source: CRISIL MI&A Research, industry

Demand segmentation by product type:

- The major types of cement products are:
- Ordinary Portland cement (OPC)
- Portland Pozzolana cement (PPC)
- Portland slag cement (PSC)
- Composite

OPC: One of the most used cement types globally, OPC is a hydraulic cement that becomes water-resistant once curing is done with water. Mostly used as construction material for building houses, bridges, pavements, and so on, it is also used for making of concrete and mortars.

PPC: PPC is a special blended cement and is manufactured by intergrinding clinker with high-quality processed fly ash along with gypsum. PPC is a type of portland cement characterised by the presence of pozzolana particles such as fly ash and volcanic ash, which are added to OPC in the ratio of 15% to 35%, as specified by the Bureau of Indian Standards (BIS). Due to the presence of pozzolana particles, it becomes a cement which, despite using lesser OPC, has greater durability and strength. Since it uses a lesser concentration of cement, it is cheaper and more environment friendly than OPC. PPC is used in the construction of marine structures, masonry mortars, hydraulic structures, dykes, sewage pipes, and dams, among others.

PSC: It is a blended cement created using 35-70% slag, 25-65% clinker, and 3-5% gypsum, as specified by the BIS. Slag is, essentially, a non-metallic product comprising more than 90% glass with silicates and aluminosilicates of lime. Due to its low heat of hydration, it is considered as the best cement to be used for mass construction.

Composite: Composite cement is a mixture of high-quality clinker, fly ash, granulated slag, and gypsum. The typical range of these components is 35-65% clinker, 15-35% fly ash, 20-30% granulated slag, and 3-5% gypsum. For composite cement, the BIS allows slag and fly ash to comprise 40-65% of the cement mass.

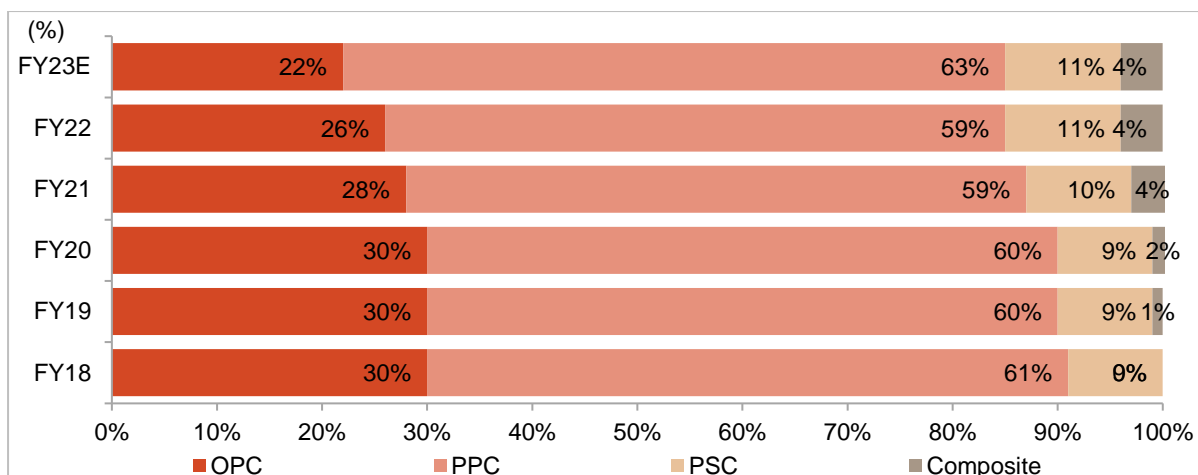
Cement-to-clinker ratios for cement types

Cement type	Minimum clinker requirement	Cement-to-clinker ratio
OPC	95%	1.05
PPC	60%	1.67
PSC	25%	4.00
Composite	35%	2.86

Source: CRISIL MI&A Research

Note: Proportion of clinker is for the best case scenario. For example, OPC cement must contain at least 95% clinker as per BIS norms

Proportion of blended cement by product:



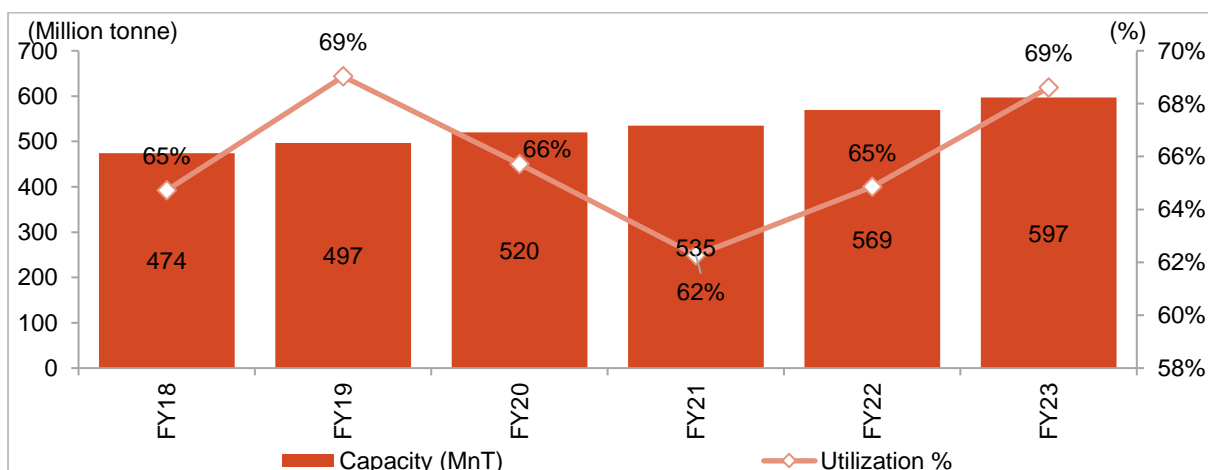
Source: Industry, CRISIL MI&A Research

The share of blended cement in the Indian cement industry has been rising, with PPC accounting for the highest share, of 62-64% as of the Financial Year ended March 31, 2023. By blending fly ash or slag with OPC, cement producers can lower power, fuel, and raw material costs, thereby improving their operating margins. The western and northern regions of India have a higher share of PPC than the eastern and central regions. Using blended cements reduces embodied greenhouse gas emissions. The usage of blended cement instead of traditional concrete makes sense environmentally, economically, and functionally, making it a viable and cost-effective option for individual home builders.

Permission to use PPC in works of state public works departments (earlier only OPC was permitted) have been driving the increase in the blending ratio.

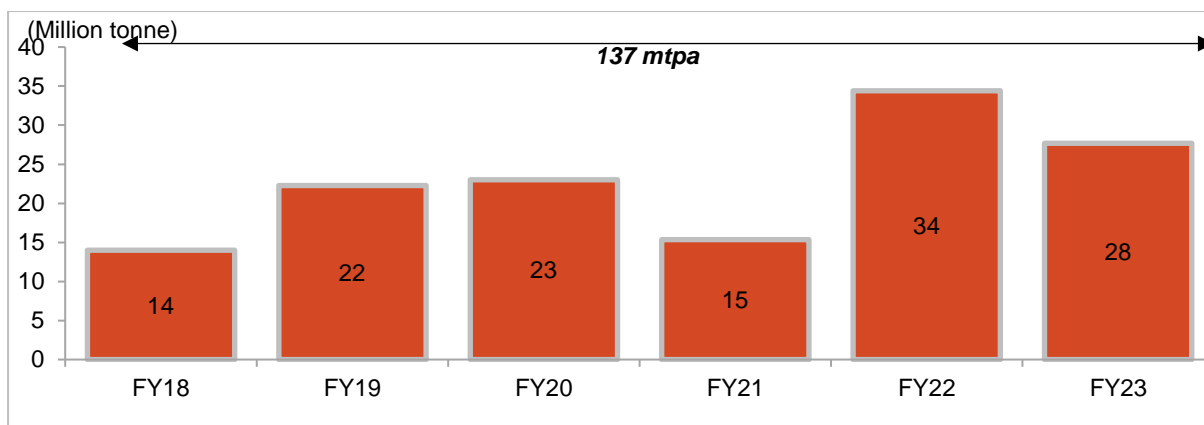
Cement supply assessment

Historical capacity and capacity utilization



Source: CRISIL MI&A Research

Total capacity additions



Source: CRISIL MI&A Research

Player-wise capacity growth

The large and mid-sized players have used both organic and inorganic route to grow. While UltraTech Cement has seen the maximum capacity additions in absolute terms, other large players such as Dalmia Bharat and Shree Cement have aggressively added capacity as well. Among the mid-sized players, JK Cement, JK Lakshmi and Ramco Cements have seen healthy capacity growth, led by organic growth with their expansion to newer regions. Player-wise installed capacity

MTPA	FY18	FY19	FY20	FY21	FY22	FY23
Ultratech Cement	103.9	107.4	110.6	110.6	113.8	126.2
Shree Cement	34.9	37.9	40.4	43.4	46.4	46.4
Dalmia Bharat	25.0	26.5	27.3	30.7	35.9	41.1
ACC Limited	33.4	33.4	33.4	34.5	36.1	36.1
Ambuja	29.7	29.7	29.7	29.7	31.5	31.5
Nuvoco Vistas	18.3	19.6	22.1	22.1	23.6	23.6
The Ramco Cement	16.5	16.7	18.8	19.4	19.4	20.9
JK Cement	10.5	10.5	14.0	14.7	14.7	20.7
Birla Corporation	15.4	15.4	15.4	15.4	19.3	19.3
Chettinad Cement	12.0	12.0	15.1	15.1	17.1	17.1
JSW Cement	11.3	12.7	13.9	13.9	16.5	16.5
India Cements	15.6	15.6	15.6	15.6	15.6	15.6
JK Lakshmi	12.5	12.5	13.3	13.3	13.9	13.9
Wonder Cement	6.8	8.8	11.0	13.5	13.5	13.5
Kesoram Industries	7.3	7.3	7.3	7.3	10.8	10.8
Penna Cement	7.0	10.0	10.0	10.0	10.0	10.0
My Home Industries	10.0	10.0	10.0	10.0	10.0	10.0
Orient Cement	8.0	8.0	8.0	8.0	8.5	8.5
Sagar Cement	4.3	5.8	5.8	5.8	8.3	8.3
Star cement	4.4	4.4	4.4	6.4	6.4	6.4
Heidelberg Cement	5.2	5.2	6.3	6.3	6.3	6.3
Sanghi Industries	4.1	4.1	4.1	6.1	6.1	6.1
Prism Cement	7.0	7.0	7.0	7.0	5.6	5.6
Mangalam Cement	4.0	4.0	4.0	4.0	4.4	4.4
NCL Industries	2.0	2.7	2.7	2.7	2.7	2.7
Deccan Cement	2.3	2.3	2.3	2.3	2.3	2.3
KJS Cement	2.3	2.3	2.3	2.3	2.3	2.3
Saurashtra Cement	1.4	1.4	1.4	1.4	1.4	1.4

Source: Source: CRISIL MI&A Research, company annual reports

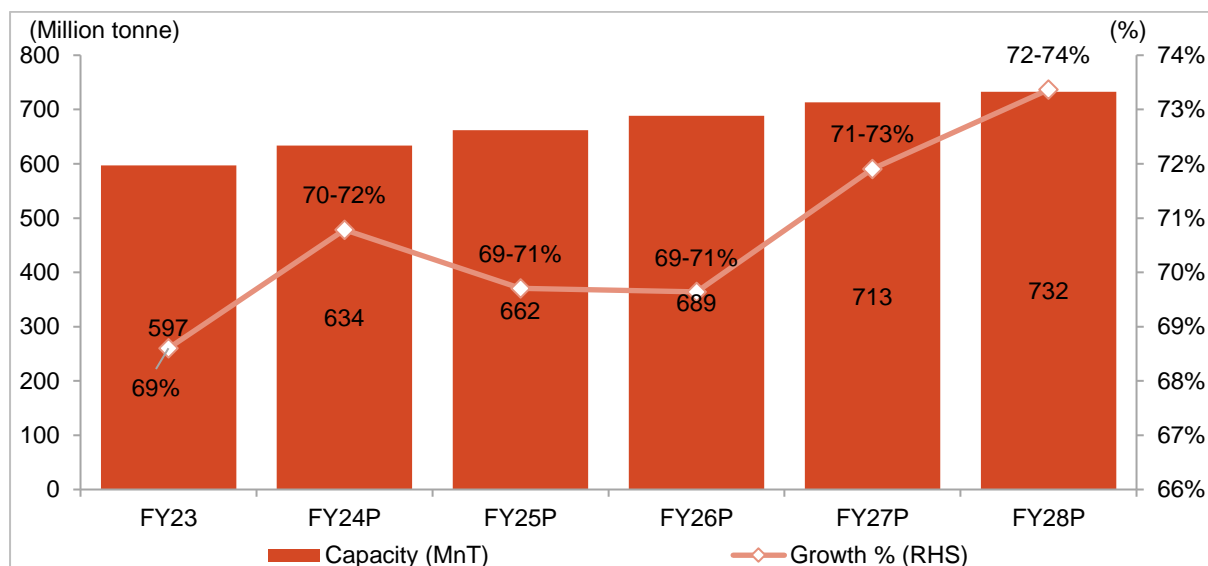
Note: Only India operations have been considered for UltraTech and Shree Cement; only grey cement sales have been included for JK Cement and UltraTech Cement. Kesoram Industries reclassified capacity in 2022. Company-wise installed base is mentioned, includes capacity additions through expansion, de-bottlenecking and capacity reclassification.

Capacity additions that were announced on the back of strong demand growth in Fiscal Years 2018 and 2019 came online in the second half of Fiscal Years 2021 and 2022, mounting pressure on the already low utilisation levels. Around 34 MTPA capacity was added in Fiscal Year 2022, taking the total capacity base to 569 MTPA. With sharp recovery in demand, operating rates rose from lows of 62% to 65% during the year.

After witnessing healthy additions in Fiscal Year 2022, capacity addition execution moderated in Fiscal Year 2023 to ~28 MTPA (inclusive of grinding and integrated units). Higher input costs, led by rising power, fuel and freight prices, which rose further in the first half of Fiscal Year 2022, affected the industry's profitability, thereby slowing down capex plans of players. However, strong demand growth led by infra and housing propelled healthy additions during the year as well as healthy operating rates at ~69%.

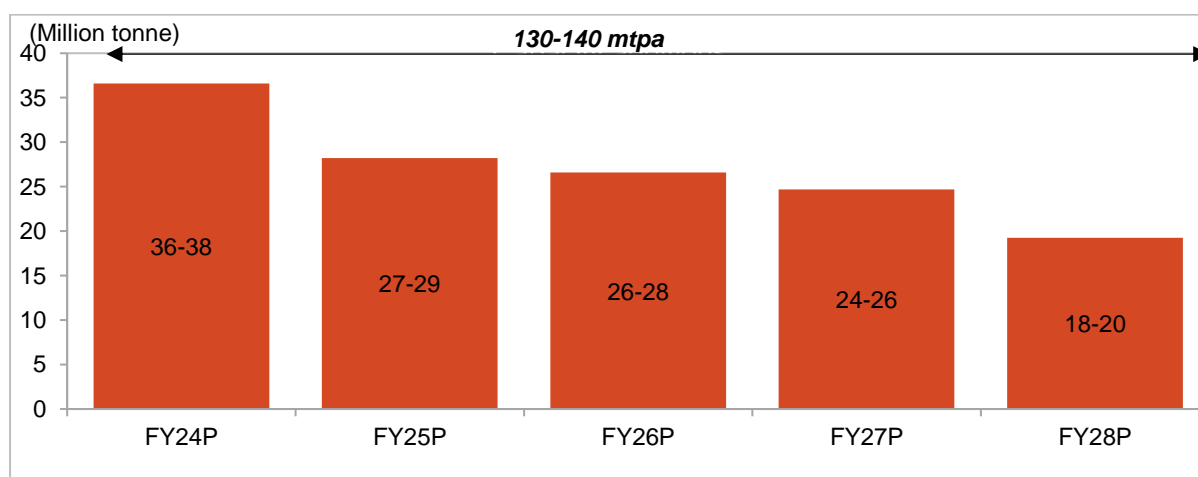
Installed capacity and growth outlook for next five years

Installed capacity and Utilization rates outlook



Source: CRISIL MI&A Research, company annual reports

Capacity additions estimated over the next five years



Above capacities include only concrete capacity addition plans over FY24-28 including announcements

Source: CRISIL MI&A Research, company reports

CRISIL Research estimates that the cement industry would add 130-140 MTPA of grinding capacities over Fiscal Years 2024 to 2028. Improving demand expectations in the medium term and efforts to gain higher market share has triggered a wave of new-capacity announcements, especially by large players. With rising demand, operating ratings are expected to improve going forward and remain in the range of 70-74% in the coming five Fiscal Year.

As of Fiscal Year 2023, overall installed capacity stood at ~597 MTPA. Assuming 130-140 MT of capacity additions, the total installed capacity is estimated to be 725-735 MTPA by Fiscal Year 2028. CRISIL MI&A Research expects most capacities (~90%) over the next five years to be added by large and mid-size players, as they have better financial capability to sustain in challenging times. We believe large companies will be able to

fund capex through internal accruals. Their comfortable gearing levels give them the financial flexibility to raise debt, if required, for the investments.

Key capacity additions

Co. Name	State	Region	Cement (MT/PA)	Capacity	Year
Shree Cement	Jharkhand	East	0.50		2023-24
ACC	Uttar Pradesh	Central	2.20		2023-24
ACC	Madhya Pradesh	Central	1.00		2023-24
Ultratech Cement	Rajasthan	North	0.80		2023-24
Ultratech Cement	West Bengal	East	1.30		2023-24
JSW Cements	Tamil Nadu	South	0.80		2023-24
KJS Cement	MP	Central	1.30		2023-24
NCL Industries	Telangana	South	0.40		2023-24
Ultratech Cement	Bihar	East	2.20		2023-24
Dalmia Cement	West Bengal	East	0.60		2023-24
Dalmia Cement	Karnataka	South	0.90		2023-24
JSW Cements	Maharashtra	West	2.10		2023-24
Shree Cement	West Bengal	East	3.00		2023-24
Shree Cement	Rajasthan	North	3.50		2023-24
Ambuja Cement	Punjab	North	1.50		2023-24
Chettinad Cement	Karnataka	South	2.50		2023-24
JSW Cements	Odisha	East	1.00		2023-24
Birla Corp	Uttar Pradesh	Central	1.00		2023-24
Nuvoco Vistas	Haryana	North	1.20		2023-24
Star Cement	Assam	East	2.00		2023-24
Tamil Nadu Cement	Tamil Nadu	South	0.28		2023-24
Heidelberg	Madhya Pradesh	Central	0.45		2023-24
NCL Industries	Andhra Pradesh	South	0.66		2024-25
Ramco Cements	Odisha	East	0.90		2023-24
Wonder Cement	Uttar Pradesh	Central	2.50		2023-24
Dalmia Cement	Tamil Nadu	South	2.00		2024-25
JSW Cements	West Bengal	East	1.20		2024-25
Dalmia Cement	Tamil Nadu	South	1.00		2024-25
Dalmia Cement	Andhra Pradesh	South	1.00		2024-25
Ultratech Cement	Jharkhand	East	2.50		2024-25
Ultratech Cement	Uttar Pradesh	Central	1.80		2024-25
JSW Cements	Karnataka	South	2.00		2024-25
JSW Cements	Andhra Pradesh	South	1.20		2024-25
JSW Cements	Odisha	East	1.80		2024-25
JK Cement Ltd.	Uttar Pradesh	Central	2.00		2024-25
JK Cement Ltd.	Madhya Pradesh	Central	1.50		2024-25
Udaipur cement	Rajasthan	North	2.50		2024-25
Wonder Cement	Gujarat	West	2.50		2024-25
Shree digvijay Cement	Gujarat	West	1.80		2024-25
Ultratech Cement	Uttarakhand	North	1.00		2024-25
Ultratech Cement	Tamil Nadu	South	1.20		2024-25
Penna Cement	Rajasthan	North	1.50		2024-25
Ambuja Cement	Punjab	North	2.00		2024-25
Ambuja Cement	West Bengal	East	2.00		2024-25
Ambuja Cement	West Bengal	East	2.00		2024-25
Chettinad Cement	Odisha	East	2.00		2025-26 to 2027-28
Shree Cement	Andhra Pradesh	South	3.00		2025-26 to 2027-28
Adani Cementation	Gujarat	West	2.00		2025-26 to 2027-28
Deccan Cements	Telangana	South	1.20		2025-26 to 2027-28
Deccan Cements	Telangana	South	0.80		2025-26 to 2027-28
JSW Cements	Uttar Pradesh	Central	2.50		2025-26 to 2027-28
Ultratech Cement	Andhra Pradesh	South	1.80		2025-26 to 2027-28
Penna Cement	Punjab	North	1.00		2025-26 to 2027-28
Ultratech Cement	Punjab	North	2.60		2025-26 to 2027-28
Ultratech Cement	Tamil Nadu	South	2.70		2025-26 to 2027-28
KJS Cement	Uttar Pradesh	Central	2.00		2025-26 to 2027-28
Penna Cement	Andhra Pradesh	South	2.00		2025-26 to 2027-28

Co. Name	State	Region	Cement (MT/PA)	Capacity	Year
Ambuja Cement	Punjab	North	4.00		2025-26 to 2027-28
Ambuja Cement	West Bengal	East	4.00		2025-26 to 2027-28
Ambuja Cement	Uttar Pradesh	Central	2.00		2025-26 to 2027-28
Ambuja Cement	Punjab	North	1.00		2025-26 to 2027-28
Star Cement	Assam	East	2.00		2025-26 to 2027-28
Ambuja Cement	Gujarat	West	3.75		2025-26 to 2027-28
Ambuja Cement	Uttar Pradesh	Central	3.30		2025-26 to 2027-28
Ambuja Cement	West Bengal	East	2.00		2025-26 to 2027-28
Shree Cement	Punjab	North	5.00		2025-26 to 2027-28
JSW Cements	Madhya Pradesh	Central	2.50		2025-26 to 2027-28
Birla Corp	Bihar	East	1.20		2025-26 to 2027-28
Penna Cement	Rajasthan	North	2.00		2025-26 to 2027-28
Ultratech Cement	Rajasthan	North	1.80		2025-26 to 2027-28
Ultratech Cement	Chattisgarh	East	2.70		2025-26 to 2027-28
My Home	Odisha	East	3.00		2025-26 to 2027-28
Ultratech Cement	Madhya Pradesh	Central	4.50		2025-26 to 2027-28
Prism	Uttar Pradesh	Central	2.00		2025-26 to 2027-28
Orient Cement	Telangana	South	1.50		2025-26 to 2027-28
Dalmia Cement	Uttar Pradesh	Central	5.00		2025-26 to 2027-28
Ramco Cements	Karnataka	South	1.00		2025-26 to 2027-28
Orient Cement	Karnataka	South	2.00		2025-26 to 2027-28
Orient Cement	Rajasthan	North	2.00		2025-26 to 2027-28
Heidelberg	Gujarat	West	3.00		2025-26 to 2027-28
My Home	Telangana	South	1.75		2025-26 to 2027-28

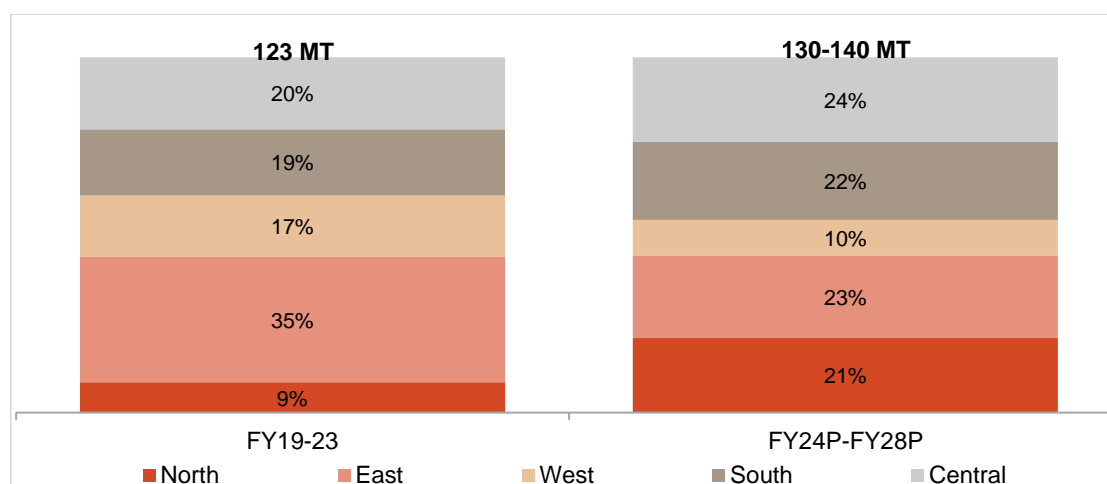
Note: Year of commissioning is as per CRISIL MI&A Research estimates; Capacity is in MTPA

Source: CRISIL MI&A Research, company reports and announcements

Regional supply dynamics

Over Fiscal Years 2019-23, the north, east and central collectively comprised ~64% of overall capacity additions with the east accounting for the largest share over the years, as players set up plants in the fast-growing eastern region. Over Fiscal Years 2024-28, east and central regions are expected to drive capacity additions followed by south, north and west. Improving demand outlook over the medium term and push to gain market share have triggered a wave of capacity addition announcements by cement manufactures, especially large players.

Regional break-up of capacity additions

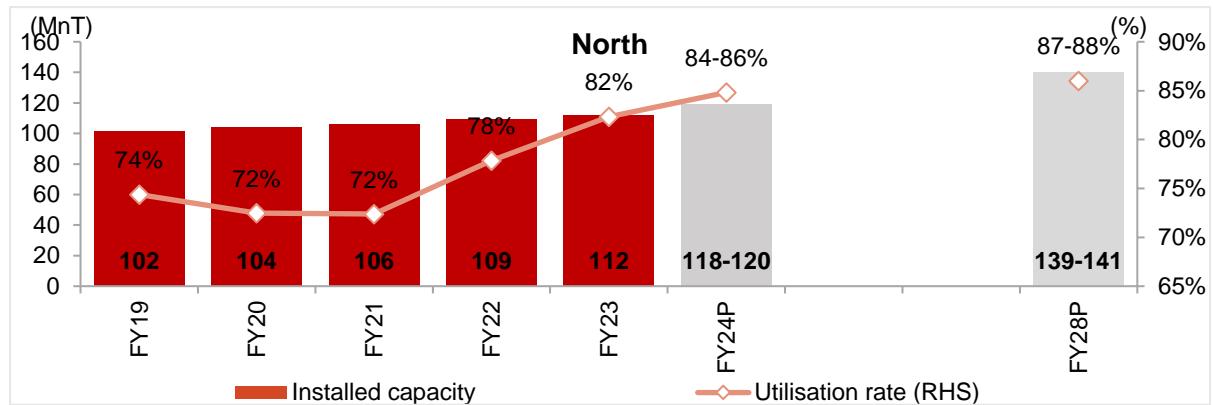


Source: CRISIL MI&A Research, industry

Capacity, growth and utilisation in the north

In Fiscal Year 2021, utilisation was stable despite the pandemic-caused lockdowns as demand recovered in the second half of the fiscal. However, utilisation improved in Fiscal Year 2022, with few capacity additions and robust demand revival on the back of government spending and pick-up in construction, leading to ~78% utilisation levels in the region. In Fiscal Year 2023, utilisation levels picked pace and reached ~82% amid lower

capacity addition. Utilisation levels are expected to further reach to 87-88% in Fiscal Year 2028 amidst lower capacity additions and healthy demand growth.

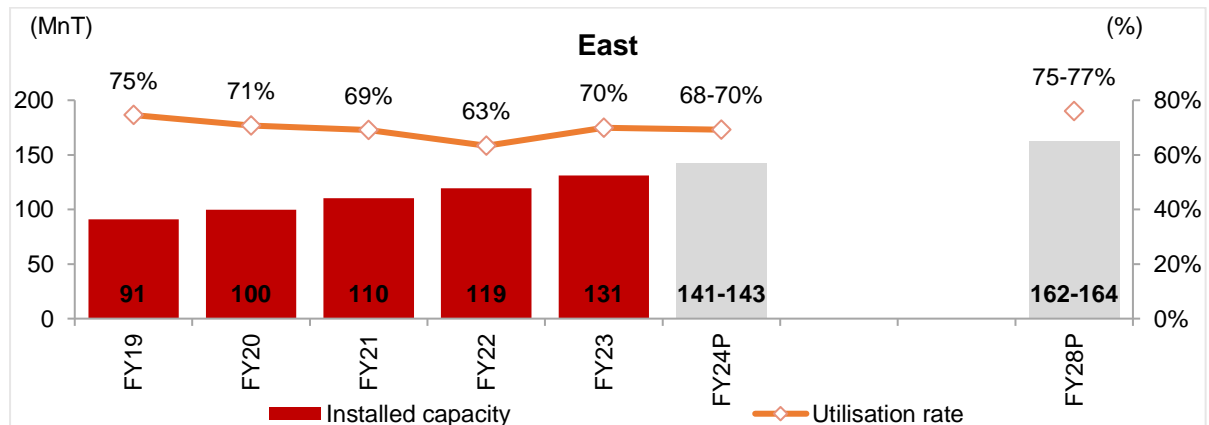


Source: CRISIL MI&A Research, industry

Note: Capacity utilisation is calculated on effective capacity – based on the date of commissioning of the plant; capacity utilisation is calculated as production in the region by effective capacity and does not take into consideration inter-regional movement

Capacity, growth and utilisation in the east

The eastern region was able to better tackle the pandemic owing to a large share of rural areas and lower congested urban settlements, and, hence, the decline in utilisation levels was lower at ~69% in Fiscal Year 2021. However, utilisation levels, dropped to ~63% in Fiscal Year 2022 amid higher capacity additions and weak demand due to sand issues and untimely rainfall. However, in Fiscal Year 2023, utilization rebounded to 70% on back of robust demand growth supported by traction in rural housing and infra push; In Fiscal Year 2028, utilisation levels are expected to trend 75-77%, with surge in capacity additions and inbounds from the south.

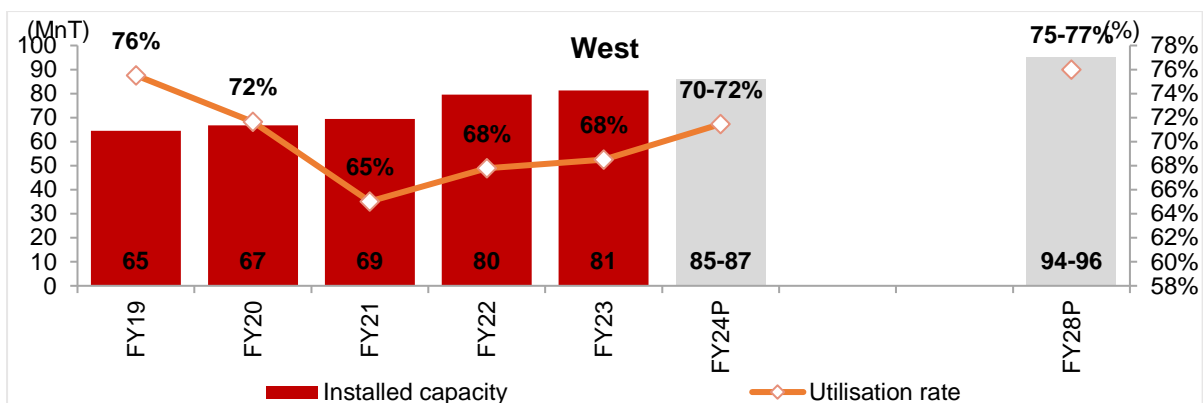


Source: CRISIL MI&A Research, industry

Note: Capacity utilisation is calculated on effective capacity – based on the date of commissioning of the plant; capacity utilisation is calculated as production in the region by effective capacity and does not take into consideration inter-regional movement

Capacity, growth and utilisation in the west

The western region was the most impacted region in Fiscal Year 2021, due to stringent lockdown conditions leading to production shutdown, which lowered utilisation to ~65% from a high of ~72% in Fiscal Year 2020. However, in Fiscal Year 2022, ~10 MT capacity was installed in the west, which limited the rise in utilisation levels despite healthy demand, leading to ~68% utilisation rate. Utilisation levels were maintained at similar ~68% rate. Operating rates are projected to rise in Fiscal Year 2024 with moderate capacity additions and lower inbound cement movement from the south (Karnataka) and north, leading to lower cement supply amidst a healthy demand outlook. Also, going forward, these levels are expected to reach 75-77% on account of the slower pace of capacity additions over the next five years and healthy growth in demand.

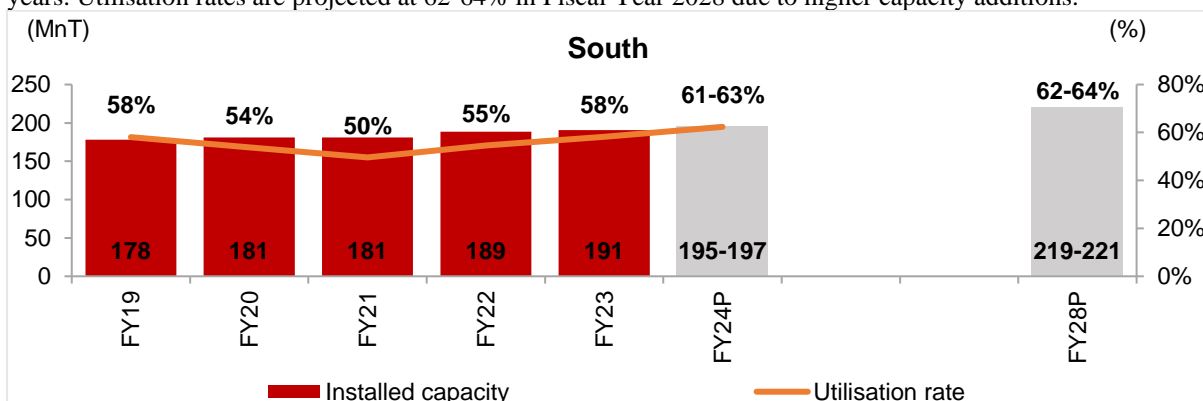


Source: CRISIL MI&A Research, industry

Note: Capacity utilisation is calculated on effective capacity – based on the date of commissioning of the plant; capacity utilisation is calculated as production in the region by effective capacity and does not take into consideration inter-regional movement

Capacity, growth and utilisation in the south

In Fiscal Year 2021, utilisation was low at 50% amid extended local lockdowns because of the severity of the pandemic. In Fiscal Year 2022, utilisation inched up to pre-pandemic levels of Fiscal Year 2020 at ~55%, led by smart recovery in demand and modest capacity additions. Improved demand from infrastructure and housing sectors and moderate capacity additions propelled utilisation to ~58% in Fiscal Year 2023 and expected to improve to 61-63% in Fiscal Year 2024. The southern region is expected to continue to witness low-capacity utilisation as against other regions going forward owing to a wide gap between capacity and production over the years. Utilisation rates are projected at 62-64% in Fiscal Year 2028 due to higher capacity additions.

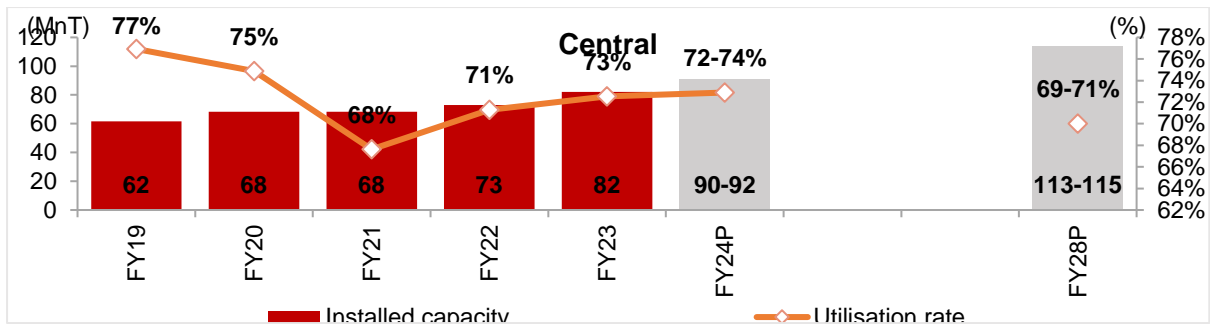


Source: CRISIL MI&A Research, industry

Note: Capacity utilisation is calculated on effective capacity – based on the date of commissioning of the plant; capacity utilisation is calculated as production in the region by effective capacity and does not take into consideration inter-regional movement

Capacity, growth and utilisation in the central

Capacity utilisation in the central region stood at ~68% in Fiscal Year 2021 due to production shutdowns in the first quarter. However, the region saw a sharp recovery in operating rates in Fiscal Year 2022, as demand rebounded, leading to ~71% utilisation level in the region. The central region witnessed marginal rise in utilisation levels to 73% in Fiscal Year 2023 and expected to hover at 72-74% in Fiscal Year 2024 on back of increasing demand, however, higher capacity additions in the region to limit pickup in utilisation levels. In Fiscal Year 2028 operating rates are expected to remain subdued at 67-69% as incremental supply will outpace incremental demand in the region on the back of higher capacity additions.



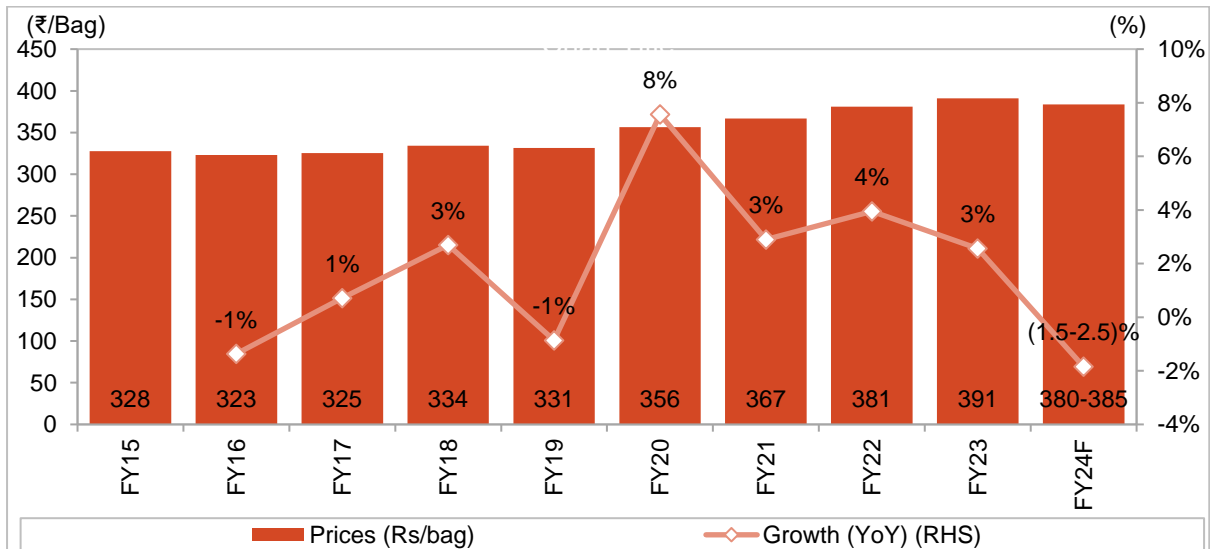
Source: CRISIL MI&A Research, industry

Note: Capacity utilisation is calculated on effective capacity – based on the date of commissioning of the plant; capacity utilisation is calculated as production in the region by effective capacity and does not take into consideration inter-regional movement

Price, Cost and Profitability overview

Pricing overview and outlook

Overview of cement prices



Source: CRISIL MI&A Research

Note: Cement prices are average pan-India retail (dealer prices for <25 bags) prices (Rs 50 kg per bag) for CAT A brands, and are inclusive of dealer margins and GST

Cement prices rose by ~3% in Fiscal Year 2023 to protect margins from continued input cost inflation. Power and fuel costs (accounting for 29-31% of industry costs), which were already elevated, further rose because of rally in crude oil prices and supply constraints caused by the Russia-Ukraine war in late-fourth quarter of Fiscal Year 2022. Petcoke prices followed crude oil prices and sharply rose in March 2022 followed by rise in coal prices. The effect of high commodity costs (which comes with a lag), impacted industry profitability in the first quarter of Fiscal Year 2023. Hence, to protect margins, prices rose by 4-5% in Q1FY23. Going forward, prices witnessed marginal rise of ~2% in Q2FY23 on-year basis while dipped by ~4% sequentially. Further, prices rose by ~3% sequentially in Q3 post seasonally weak construction period led by price hikes in early period of the quarter. In the last quarter prices rose only marginally on-year by ~1% limited by high competitive intensity amidst healthy demand growth period and easing cost pressures as industry focus shifted to capture demand in busy construction season.

Going forward in fiscal 2024, CRISIL MI&A Research expects cement prices to decline by 1.5-2.5% Rs. 380-385 per 50 kg bag, on an already high base of fiscal 2023 in line with declining inflationary sentiments and easing input costs. Also, the entry of new players into already competitive markets, inorganic expansion by large players, and continued capacity addition in low utilisation level regions will be deterrents to price competitiveness and put pressure on prices.

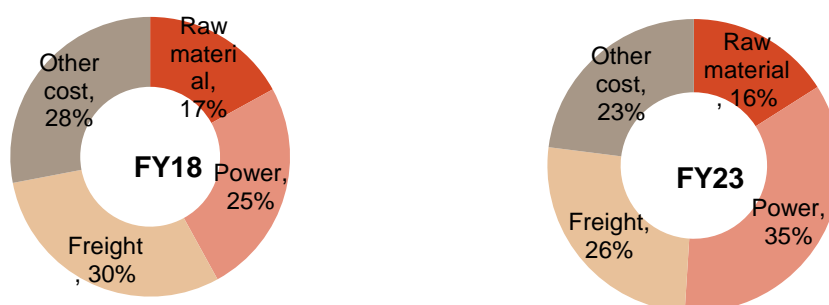
Key cost break-up

The cement industry is power-intensive, with the power requirement of cement plants varying in accordance with the heat treatment process used. Most of the raw material cost (which accounts for a large component of cement production cost), is incurred in procuring limestone. As cement is a low-value, high-volume commodity, transporting it also involves significant costs.

The major costs associated with cement production are on account of:

- Power and fuel
- Raw materials
- Selling expenses
- Other expenses

Change in share of cost components (FY18 to FY23)



Source: CRISIL MI&A Research

Note: Sample set used to calculate cost of sales comprises 21 companies accounting for >80% of the industry sales

Cost and Profitability

Cement industry has seen two consecutive years of margin contraction with margins declining by 400-450 bps and 450-550 bps in Fiscal Year 2022 and Fiscal Year 2023 respectively. Margins are estimated to have nosedived to 15-16% in Fiscal Year 2023 after seeing highs of ~25% in Fiscal Year 2021. The fall in margins is majorly on back of elevated power & fuel costs which is estimated to have increased by 36-37% and 33-34% in Fiscal Year 2022 and Fiscal Year 2023 respectively.

Player's profitability was impacted in Fiscal Year 2023 with the rally in crude oil and coal prices during the first half of the fiscal due to geopolitical tensions between Russia and Ukraine. The Brent crude oil price, which was hovering at \$70-80 on average in Fiscal Year 2022, crossed the \$120-per-barrel mark in June 2022, taking prices to average \$96 for Fiscal Year 2023. They bottomed below the \$100-mark in August 2022, post which they have been declining, hovering at \$80-82 per barrel, and provided some moderation from all-time highs during the later half of Fiscal Year 2023.

International coal prices had reached new heights, with Australian coal (GCV 6300 kcal/kg) prices soaring to \$430 per tonne in September 2022. However, prices started witnessing corrections from October 2022 onwards from all-time highs due to tepid demand from Europe (on account of relatively warm winters during December) and China (festive season). On the contrary, Indonesian non-coking coal prices which crossed \$320 per tonne in July-Aug'2022 saw trend reversal and declined to average \$148 per tonne in Q4FY23 as end users in China and India relied on domestically produced coal. At an overall level, international coal prices (the average of Australia, South Africa and Indonesia non-coking coal) cooled down with ~16% and ~33% qoq decline in Q3FY23 and Q4FY23 respectively. Thus, overall power and fuel costs are estimated to have increased by 33-34% in Fiscal Year 2023 on an already high base of 36-37% rise in Fiscal Year 2022.

Also, raw material cost jumped 6-7% in Fiscal Year 2023 since fly-ash and slag prices continued to climb northward on account of demand acceleration and inflation. Freight costs inched up in Fiscal Year 2023 by 2-3% on back of elevated diesel prices. However, higher volumes through the railways and new capacity additions in east led to lower lead distances, resulting in limited price rise despite elevated diesel costs. Hence, overall cost of sales rose by 12.5-13.5% on-year, led by higher power, fuel and freight costs, which is estimated to erode margins by 450-550 bps to 15-16% in Fiscal Year 2023. Pick-up in realisations and healthy uptick in volume cushioned against any further margin downfall in Fiscal Year 2023.

Annual Profitability trend

	FY21	FY22	FY23E	FY24P
Net realisations	▲ 2-3%	▲ 5.5-6.5%	▲ 5-7%	■ (1-2)%
	Rs 252/bag	Rs 267/bag	Rs 280-285/bag	Rs 277-282/bag
Power & fuel costs	▼ (5.5)-(6.5)%	▲ 36-37%	▲ 33-34%	▼ (11)-(13)%
Raw material	▲ 8.5-9.5%	▲ 3-4%	▲ 6-7%	▼ (4)-(6)%
Freight expenses	■ 1-3%	▲ 6-8%	■ 2-3%	■ (1)-(3)%
Cost of sales	▼ (1.5)-(2.5)%	▲ 11-13%	▲ 12.5-13.5%	▼ (6-8)%
Operating margin	▲ 350 bps	▼ 430 bps	▼ ~ (500) bps	▲ 450-550 bps
	25.1%	20.7%	15-16%	19.5-21.5%

Source: CRISIL MI&A Research, industry

In Fiscal Year 2024, margins are expected to expand by 450-550 basis points (bps) to 19.5-21.5%. Crude oil prices are expected to witness 12-15% dip in Fiscal Year 2024 with price corrections in place. Pet coke, being a derivative of crude, is expected to moderate in line with crude prices. Raw material costs are also expected to moderate on a high base (4-6% on-year decline), led by declining inflationary sentiments and better availability. Further, freight costs to marginally dip by 1-3% as diesel prices to decline moderately but, the decline in diesel prices will be much lower than expected 12-15% drop in crude oil prices during the fiscal. Other costs to moderate in line with reducing packaging costs (led by declining crude oil prices) as well as taming inflation.

Overall, the cost of sales is expected to reduce by 6-8%, largely on account of lower power & fuel costs and raw material costs, which will lead to 450-550 bps margin expansion in Fiscal Year 2024 to 19.5-21.5%. With easing input costs, margins are expected to bounce back after being hit for the previous two consecutive Fiscal Years. Despite marginally lower realisations in Fiscal Year 2024, the cement industry is expected to witness profitability revival amidst declining input costs.

Peer comparison/ Competition Benchmarking

To give overall competitive landscape in cement industry in India:

The Indian cement industry is highly fragmented and competitive, with the presence of a few large players and several medium and small players. We face competition from the top five players, including UltraTech Cement, Ambuja Cements, ACC, Dalmia Cement and Shree Cement which accounted for 46-48% of the total market share as of the Financial Year ended March 31, 2023.

The cement sector has seen consolidation, with large cement makers taking over regional heavyweights, and struggling companies being taken over through competitive bidding under the Insolvency and Bankruptcy Code. The acquisition of Murli Industries and Kalyanpur Cements by Dalmia Cement and transfer of Jaypee's assets to UltraTech Cement led to the consolidation of more than 20 MTPA capacity. Detergent maker Nirma acquired 13 MTPA of Lafarge India's assets and Birla Corporation took over 5.5 MTPA capacity of Reliance Cement. Meanwhile, in May 2022, Adani Group and Holcim signed a binding agreement for the sale of the Holcim's cement business in India. The business comprises Holcim's 63.1% stake in Ambuja Cements, which owns a 50.1% stake in ACC Cement, and a 4.5% direct stake in the company.

Udaipur Cement Works Limited (UCWL)

UCWL is a subsidiary of JK Lakshmi Cement Limited. It is part of the JK Organisation (JKO) business conglomerate, having presence in in the fields of Cement, Tyre, Paper, Agri Genetics, Dairy Products, Education, etc. The Company has an integrated cement manufacturing unit with an installed cement production capacity of 2.2 million tons per annum (MTPA). The Company has sales presence in India across northern, western, and central regions. In Fiscal Year 2023, revenue surged by ~18% on an already high base but profitability dipped further with operating margin at 13% and net profit margin at 3%.

JK Lakshmi Cement

JK Lakshmi Cement Ltd was established in 1982, with an integrated plant in Rajasthan's Sirohi district with 0.5 million MT total capacity. JK Lakshmi cement specializes in manufacturing Cement, Gypsum Plaster and Ready-Mix Concrete (RMC). The company has a strong presence in the country's northern and western regions. At a

consolidated level JK Lakshmi has seven plants located across the states of Rajasthan (2), Gujarat (2), Haryana, Odisha and Chhattisgarh with combined capacity of 14 MTPA. JK Lakshmi posted revenue of Rs. 43,422 million for 9MFY23 with operating margin of 11.9% and net margin of 5.4%.

JK Cement Limited

JK Cement, an affiliate of the JK Group, has grey cement capacity of 18.7 MTPA and white cement capacity of 1.2 MTPA. Its grey cement manufacturing units are based in Mangrol and Gotan in Rajasthan and Muddapur in Karnataka and a grinding unit at Haryana. The company also has 102.5 MW of thermal power plants (CPP), 23.2 MW of waste heat recovery units, and 1.2 million tonnes of wall putty capacity. Company commissioned 4 MTPA of capacity in the central region in Q3FY23 taking total capacity of the company to 18.7 MTPA as of December 2022. Company clocked in revenue of Rs. 69,301 million during 9MFY23 with operating margins at ~14% during the period.

Mangalam Cement

Mangalam Cement Ltd (MCL), incorporated in 1978, manufactures cement and clinker. MCL sells its cement under the brand, Birla Uttam Cement, through both trade and non-trade channels. The company has an aggregate capacity of ~4.4 MTPA. The company's plants are located at Kota (Rajasthan) and Aligarh (Uttar Pradesh). The key markets include Uttar Pradesh, Rajasthan, and Madhya Pradesh. The company had set up two captive thermal power plants of 17.5 MW each. Apart from this, the company owns 13 wind-mills at Jaisalmer, Rajasthan, with a capacity of 13.65 MW generation per day. During 9MFY23, company generated revenue of Rs. 13,422 million at an operating margin level of 7.7%.

Nuvoco Vistas Limited

Nuvoco Vistas Corp. Ltd, a Nirma Group company, is the fifth largest cement manufacturer in India. The company is also the manufacturer and retailer of other building materials. The company started operations in India in 1999 via acquisitions, and since then have emerged as one of the major players in India. The company is one of the premium cement manufacturers in India along with the likes of Ultratech Cement, ACC Cement and Ambuja Cement etc. Nuvoco Vistas became the leading player in the East following the acquisition of Nu Vista Limited (formerly Emami Cement Limited) at an enterprise value of INR 5,500 crore in June 2020. Company's current total capacity stands at 23.6 MTPA. Company's profitability dwindled during 9MFY23 with net loss soaring to Rs. 1,852 million and revenue at Rs. 76,577 million.

Gujarat Sidhee Cements Ltd

Gujarat Sidhee Cement Ltd (GSCL) was set up as a joint venture between Gujarat Industrial Investment Corporation and the Mehta group. The Mehta group has a majority stake in Saurashtra Cement Ltd as well. In addition to cement, the group is also present in sectors such as sugar, packaging, electrical cables and agro chemicals. The company markets cement under the brand name Sidhee and currently has capacity of 1.4 MTPA.

Sagar Cements Ltd

Sagar Cements Ltd was incorporated in 1985 in Andhra Pradesh. The company manufactures various varieties of cement, such as ordinary Portland cement, Portland pozzalona cement and sulphate resistant cement, which are sold under the brand name, Sagar. The company's plants, totaling 8.25 MTPA of capacity, with 3 MT manufacturing facility at Mattampally, Suryapet Dist., Telangana, 1.5 MT grinding facility at Bayyavaram, Visakhapatnam, Andhra Pradesh, 1.25 MT manufacturing facility at Gudipadu, Anantapur Dist., Andhra Pradesh, 1 MTPA manufacturing facility at Jeerabad, MP and 1.5 MTPA at Jajpur, Odisha.

Sanghi Industries Ltd

Sanghi Industries Ltd is the flagship company of the Ravi Sanghi Group. The company produces 53 grade OPC and PPC. Sanghi Industries Ltd. is a mid-size player having a cement capacity of 6.1 MTPA in Kutch, Gujarat. Sanghi industries sells OPC (OPC53 & OPC43), PPC and PSC in Indian Markets of Gujarat, Rajasthan, Maharashtra and Kerala and International Markets of Middle East, Africa and the Indian Sub-continent. It also sells RMC in Ahmedabad and Rajkot markets. SIL also has a private jetty for exporting clinker to nearby countries such as Sri Lanka and Middle East and African countries. Company's profitability was impacted during 9MFY23 with net loss at Rs. 2211 million at an operating income of Rs. 7,027 million.

Saurashtra Cement Ltd

The Indian Arm of the Mehta Group comprises of Saurashtra Cement Limited (SCL), marketing cement under the brand name HATHI & SIDHEE. The company manufactures PPC, OPC (OPC 53 grade), PSC types of cement and clinker to suit customer's requirements located in Gujarat, Maharashtra, Rajasthan, Madhya Pradesh and the West Coast of India. Company's total capacity stands at 1.4 MTPA as on date.

OUR BUSINESS

*Some of the information in the following discussion, including information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section “**Forward-Looking Statements**” on page 12 for a discussion of the risks and uncertainties in relation to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read “**Risk Factors**” and “**Management’s Discussion and Analysis of Financial Condition and Results of Operations**” on pages 15 and 176, respectively, for a discussion of certain factors that may affect our business, financial condition or results of operations. Further, the information has also been derived from a report titled “**Overview of Indian Cement Industry**” dated May 2023 prepared by CRISIL Limited (“**CRISIL Report**”). The CRISIL Report has been prepared and issued by CRISIL, commissioned and paid for by our Company, for the purposes of confirming our understanding of the Indian cement industry in connection with the Issue, for an agreed fees.*

*Our financial year ends on March 31 of each year, and references to a particular Financial Year are to the twelve months ended March 31 of that year. Unless otherwise indicated or the context requires otherwise, the financial information included herein is based on our Annual Financial Statements included in this Letter of Offer. For information, see “**Financial Statements**” on page 109.*

OVERVIEW

Our Company is engaged in manufacturing of cement and clinker with our integrated cement manufacturing facility situated at Udaipur, Rajasthan (“**Udaipur Manufacturing Plant**”) which has an installed manufacturing capacity of 1.50 million tonne per annum (“**MTPA**”) of clinker and 2.20 MTPA of cement grinding. During the Financial Years ended March 31, 2023 and March 31, 2022, our Company manufactured an aggregate quantity of 1.469 MTPA and 1.305 MTPA of cement respectively.

Our Udaipur Manufacturing Plant is strategically located in close proximity to the Captive Limestone Mines from which we procure limestone, which we require for our operations. Limestone is mined from our Limestone Mine – 1 and Limestone Mine – 2, for which we have two long term mining leases, situated within 12 kilometres of our Udaipur Manufacturing Plant and these mines allow us to extract sufficient quantities of limestone for our current clinker production requirements. We meet our energy requirements from the state power grid network, waste heat recovery system based power generation units and captive solar power plants. In our bid to utilize sustainable green energy and reduce power costs, we sourced 48.00% of our electrical energy requirement for our Udaipur Manufacturing Plant from our waste heat recovery system and captive solar power plant. We source water for our Udaipur Manufacturing Plant from the mining pits (which get filled with rainwater) and also have an agreement with the State Government of Rajasthan for supply of water from Udaisagar Dam.

We manufacture two types of cement – (a) OPC, which is marketed and sold under the brand ‘Platinum Heavy Duty Cement’, and (b) PPC, our premium cement, which is also marketed and sold under the brand ‘Platinum Heavy Duty Cement’. In addition to supplying cement through our network of dealers to retail customers (which we refer to as “**Trade Customers**”), we also directly market and sell cement to institutional and bulk customers from our dumps (which we refer to as “**Non-trade Customers**”). We had an extensive distribution network, spanning 56 dumps and 453 dealers as of March 31, 2023, through which we market and sell cement primarily in the Indian states of Rajasthan, Gujarat and Madhya Pradesh. We also manufacture and sell clinker to our Promoter, JK Lakshmi Cement Limited.

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. Our Udaipur Manufacturing Plant is ISO 9001 certified for quality management system, ISO 14001 certified for environmental management systems, ISO 45001 certified for occupational hazard and safety management systems, ISO 50001 certified for energy management system for the manufacture and dispatch of (a) OPC of grades 43 and 53, (b) PPC and (c) clinker by Bureau Veritas Certification Holding SAS – UK Branch. In addition, our Company is ISO 50001: 2018 certified for the manufacture and dispatch of clinker, OPC and PPC by Bureau Veritas Certification Holding SAS – UK Branch.

Our Promoter is JK Lakshmi Cement Limited, and we are part of the ‘JK Organisation’, a business conglomerate, having presence in the fields of cement, tyre, paper, agriculture genetics, dairy products, education, etc. (*Source: CRISIL Report*) We benefit from our association with our Promoter, JK Lakshmi Cement Limited through

facilitation of procurement of coal and petcoke from international suppliers carried out through high seas sales. In addition, our Company is led by an experienced management team, which has significant experience in the cement manufacturing sector. Vinita Singhania who is the Chairperson of our Company has over three decades of experience of business management in the cement industry. She has been conferred with Ladies FICCI FLO awards of excellence 2022 for excellence in Entrepreneurship and Best Family Business award led by Women by Money Control Pro (Network 18).

In Financial Years ended March 31, 2023 and March 31, 2022, CRISIL and CARE Ratings Limited gave our long-term bank loan the rating of “CRISIL AA” and “CARE AA”, respectively, which means that we were considered to have a high degree of safety regarding timely servicing of financial obligations and carried a very low credit risk. In Financial Years ended March 31, 2023 and March 31, 2022, our short-term bank loan were rated by CRISIL at “CRISIL A1+” and by CARE Ratings Limited at CARE A1+, which means that we were considered to have a high degree of safety regarding timely payment of financial obligations and carried the lowest credit risk. Additionally, our revenue from operations was ₹ 1,030.97 crores and ₹ 875.98 crores and our profit after tax was ₹ 35.10 crores and ₹ 48.43 crores for the Financial Years ended March 31, 2023 and March 31, 2022, respectively. The following table sets out our key financial metrics and ratios for the periods indicated:

Particulars	Audited Financial Statements as of/for	
	Financial Year ended March 31, 2023	Financial Year ended March 31, 2022
Total Income (₹ crores)	1,032.26	881.10
EBITDA (₹ crores) ⁽¹⁾	133.75	148.70
PAT (₹ crores) ⁽²⁾	35.86	48.66
EBITDA Margin (%) ⁽³⁾	13.00	17.00
PAT Margin (%) ⁽⁴⁾	3.40	5.53
Return on Net Worth (%) ⁽⁵⁾	10.96	17.89

⁽¹⁾ EBITDA is profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense for the periods presented in the table above.

⁽²⁾ PAT refers to our profit after tax from our Audited Financial Statements for the periods presented in the table above.

⁽³⁾ EBITDA Margin is the percentage of EBITDA divided by revenue of operations.

⁽⁴⁾ PAT Margin is calculated as profit for the year after tax as a percentage of revenue of operations presented in the table above.

⁽⁵⁾ Return on Net Worth is calculated as total comprehensive income for the year/ average net worth. Average net worth is the average of opening and closing net worth. Net worth here refers to the aggregate of equity and other equity as shown on the face of Annual Financial Statements.

History

Our Company was originally incorporated under the provisions of the Companies Act, 1956 as ‘J.K. Udaipur Udyog Limited’ and subsequently, the name of our Company was changed to “Udaipur Cement Works Limited” on May 19, 2006.

Our Company has also received various awards, including awards for our brand “Platinum Heavy Duty Cement”.

Year	Awards/ Accreditation
2022	Best Employer Brand Award in 17 th Employer Branding Awards
2022	State Safety Award from the Government of Rajasthan for participation in Rajasthan Factory Safety Award Scheme, 2022
2022	Certificate of Appreciation in Safety Awards – 2021 (Manufacturing Sector, Group D) from National Safety Council of India
2022	Asia’s Most Promising Cement Brand – Platinum Heavy Duty Cement from the Economic Times
2022	Special Jury Trophy for Outstanding Contribution in Skill Development (Large Scale Industries) from the Employers’ Association of Rajasthan
2022	Platinum Award at the 13 th Exceed Occupational Health and Safety Awards from Sustainable Development Foundation (A unit of Ek Kaam Desh Ke Naam)
2021	Best Employer Brand Awards 2021 from Star Group

OUR STRENGTHS

Strategically located integrated manufacturing facility with significant manufacturing capabilities and experience

Our Udaipur Manufacturing Plant has an installed capacity of 1.50 MTPA of clinker and 2.20 MTPA of cement

grinding, with manufacturing capabilities which are currently being expanded to an installed capacity of cement grinding of 4.70 MTPA of cement, and an additional clinker production line of 1.50 MTPA which is proposed to be completed in September 2024. Our Company has ingrained “Sustainable Development” as one of the key ethos, of its daily business activity, led by the Integrated Sustainable Development Policy for improving the environmental aspects and adoption of resource efficient technology. We meet our energy requirements from the state power grid network, waste heat recovery system based power generation units and captive solar power plant. In our bid to utilize sustainable green energy, we have set up a 6 MW waste heat recovery system which utilizes waste heat generated from the clinker manufacturing process and converts it to steam to generate power for our operations. In addition, we have set up our captive solar power plant with a current aggregate capacity of 15.45 MW (including 1 MW of floating solar power), as of Financial Year ended March 31, 2023, which contributes towards the energy efficiency of our Udaipur Manufacturing Plant. We source 48% of our electrical energy requirement for our Udaipur Manufacturing Plant from our waste heat recovery system and solar power plant. Our Udaipur Manufacturing Plant 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 Udaipur Manufacturing Plant is strategically located in close proximity to our Captive Limestone Mines, and is equipped with modern equipment including x-ray analyser, stacker (pre-blending), reclaimer, pyro-processing unit, vertical roller cement mill, and is supported by auxiliary infrastructure, including an over-land belt conveyor (“OLBC”) for transport of limestone from our Captive Limestone Mines, and a dedicated railway siding for loading and unloading of petcoke, clinker and cement, which we are in the process of upgrading. Our connectivity to raw materials and to our customers allows us to manufacture and sell cement to customers in a cost-efficient manner. During the Financial Years ended March 31, 2023 and March 31, 2022, the capacity utilization for clinker at our Udaipur Manufacturing Plant were 97.21% and 92.07%, while for our cement grinding unit were 66.75% and 62.13%, respectively.

Our Udaipur Manufacturing Plant is ISO 9001 certified for quality management systems, ISO 14001 certified for environmental management systems, ISO 45001 certified for occupational hazard and safety management systems, ISO 50001 certified for energy management system for the manufacture and dispatch of (a) OPC of grades 43 and 53, (b) PPC and (c) clinker, by Bureau Veritas Certification Holding SAS – UK Branch. In addition, our Company is ISO 50001: 2018 certified for the manufacture and dispatch of clinker, OPC and PPC by Bureau Veritas Certification Holding SAS – UK Branch.

We rely on our significant manufacturing capabilities and experience at manufacturing of 20 years, coupled with our auxiliary infrastructure and access to key inputs to establish our presence in North, Central and Western India, and to develop our relationships with key customers and dealers.

Captive and identified sources of key inputs and raw materials

During the Financial Years ended March 31, 2023 and March 31, 2022, our cost of raw materials consumed was ₹ 129.32 crores and ₹ 122.21 crores, respectively, which represented 13.00% and 14.00%, respectively, of our revenue from operations for such Financial Years. Further, during the Financial Years ended March 31, 2023 and March 31, 2022, our power and fuel expenses were ₹ 349.99 crores and ₹ 224.30 crores, respectively. Given these expenses constitute a significant part of our total expenses, efficient sourcing of raw materials and key inputs, including, amongst others, limestone, gypsum and fly ash, as well as water, power and fuel directly impacts our profitability and results of operations.

Our Company has two mining leases for our Captive Limestone Mines, situated within 12 kilometres of our Udaipur Manufacturing Plant, providing it with a stable and timely supply of limestone in a cost-efficient manner. The following table sets out details in relation to our Company’s captive mining lease and residual reserves, as of March 31, 2023:

S. No.	Location	Valid up to	Residual Reserves as of March 31, 2023*
1.	Manderiya – I, Daroli, Mandesar ka Gurha, Bicchiwara areas in Vallabhnagar sub-district, Udaipur, Rajasthan,	March 31, 2030	125.41 MT

	India			
2.	Manderiya – II, Jaspura, Bicchiawara areas in Vallabh Nagar sub-district, Udaipur, Rajasthan, India		December 9, 2032	108.23 MT

* As certified by Udaipur-Min Tech Private Limited, pursuant to the certificate dated May 31, 2023

The residual reserves of our mining leases with respect to the mines currently operated are sufficient for our current production capacity for at least 55 years, as certified by Udaipur Min-Tech Private Limited, pursuant to the certificate dated May 31, 2023.

Towards our objective of focusing on eliminating waste and increasing access to renewable energy, we have set up a 6 MW waste heat recovery system, which utilizes waste heat generated from the clinker manufacturing process and converts it to steam to generate power for our operations. For the manufacturing of clinker, alternative fuels derived from other industrial wastes are used to supplement fossil fuels like coal, petcoke etc. In the production of PPC, other industrial waste materials such as fly ash is used. During the Financial Years ended March 31, 2023 and March 31, 2022, of our requirement of raw materials for the production of cement, 25.00% and 27.00%, respectively, were derived from waste. In addition, we have set up our captive solar power plant with a current aggregate capacity of 15.45 MW (including 1 MW of floating solar power), as of the Financial Year ended March 31, 2023, which contributes towards the energy efficiency of our Udaipur Manufacturing Plant and reduces power costs. During Financial Year ended March 31, 2023, we sourced 48.00% of our total energy requirement (in unit terms) for our Udaipur Manufacturing Plant from our waste heat recovery system and captive solar power plants.

Further, we source a portion of our coal and petcoke requirements from domestic markets. During the Financial Years ended March 31, 2023 and March 31, 2022, we imported 103,690 MT and 122,863 MT of coal/ petcoke, which accounted for 56.00% and 73.00%, respectively, of our total energy requirement during such Financial Years. In addition, we procure fly ash from Rajasthan and Gujarat, which is located near our Udaipur Manufacturing Plant. Further, we source water for our Udaipur Manufacturing Plant from the mining pits (which gets filled with rainwater) and also have an agreement with the State Government of Rajasthan for supply of water from Udaisagar Dam.

We have invested in captive resources and renewable energy infrastructure with the objective of increasing our cost efficiency by maintaining greater control over the availability and costs of our raw materials and key inputs, while also reducing our waste management costs and furthering our ESG goals.

Extensive distribution network with strategic concentration in North, Central and Western India

We had an extensive distribution network, spanning 56 dumps and 453 dealers as of the Financial Year March 31, 2023, through which we market and sell cement primarily in the Indian states of Rajasthan, Gujarat and Madhya Pradesh. During the Financial Years ended March 31, 2023 and March 31, 2022, we incurred commission on sales of ₹ 3.51 crores and ₹ 4.71 crores, respectively, which represented 0.36% and 0.58%, respectively of our total expenses. Our dumps are strategically located across North, Central and Western India, and serve as strategic locations for prompt supply to our dealers, and also operate as direct sales points to our Non-trade Customers.

We have leveraged our extensive distribution network to establish our presence within the States of Rajasthan, Gujarat and Madhya Pradesh, which markets we have focused on due to, among other reasons, proximity to our Udaipur Manufacturing Plant which enables us to service our primary markets and leads to effective cost of transportation of cement.

Established brand presence and ability to capitalize on Indian cement industry growth

We have 20 years of experience in the cement manufacturing industry. 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.

Our Company's brand philosophy is based on sustainable brand pull and ushering brand value that works for a better tomorrow. Our Company focuses on product quality, customer satisfaction and innovation. Our brand, 'Platinum Heavy Duty Cement' with its combination of high reactive fly ash, that resists damage caused due to

sulphate and chloride is well recognised in the markets that we serve. We also make continued efforts to enhance our brand awareness. In this regard, we have devised a loyalty plan such as the ‘Vijeta Loyalty Scheme’ for our contractors. These programs have been curated keeping in mind the interest of our associates through introducing innovating schemes that motivates them for achieving targets, growth with assurance of rewards. Additionally, our Company takes the initiative of undertaking on-site visits and conducting guidance camps to demonstrate the quality of our products. We also organise dealer and retailer meets and annual conferences to interact with our dealers. Additionally, we have also received an award in relation to our brand, including the Asia’s Most Promising Cement Brand – Platinum Heavy Duty Cement.

The cement demand in India is expected to grow at a moderate CAGR of 5% to 6% between Financial Years 2023 and 2028 primarily on account of a number of infrastructure investments and a healthy revival in housing demand. Key Government of India’s initiatives, such as, ‘AatmaNirbhar Bharat’, Product Linked Incentive Scheme, Smart Cities Mission, Bharatmala Pariyojna, ‘Sagar Mala’, PMAY-G, PMAY-U, dedicated freight corridors and metro projects are expected to drive the growth of the domestic cement industry in India. (Source: CRISIL Report) This presents a major opportunity for growth in the cement industry in India and accordingly, we are well positioned to benefit from such initiatives.

Led by JK Lakshmi Cement Limited, our Promoter, with a track record in the cement industry and supported by a professional management team

Our Promoter is JK Lakshmi Cement Limited which is a part of the “JK Organisation”, a business conglomerate, having presence in the fields of cement, tyre, paper, agriculture genetics, dairy products, education, etc. (Source: CRISIL Report). We benefit from our association with our Promoter, JK Lakshmi Cement Limited, through facilitation of procurement of coal and petcoke from international suppliers carried out through high seas sales.

Our Promoter has played a key role in developing our business and we have benefitted from their industry expertise, vision and leadership. In addition, our Company is led by an experienced management team, which has significant experience in the cement manufacturing sector. Vinita Singhania who is the Chairperson of our Company has over three decades of experience of business management in the cement industry. She has been conferred with the Ladies FICCI FLO awards of excellence 2022 for excellence in Entrepreneurship and Best Family Business award led by Women by Money Control Pro (Network 18).

Further, by leveraging the experience of our Promoter and management team, we have developed a track record of execution experience, involving trained and skilled manpower and efficient deployment of equipment. Our track record of executing orders in a timely manner has allowed us to grow our business and further help in executing our proposed expansion plans.

Established track record of operational and financial performance

The following table provides certain key performance indicators of our business in the Financial Years ended March 31, 2023:

S.No.	Key Performance Indicators	Financial Year ended March 31, 2023
1.	EBITDA margin ⁽¹⁾ (%)	13.00
2.	Power and fuel cost per tonne ⁽²⁾ (in ₹)	1,758
3.	EBITDA per tonne ⁽³⁾ (in ₹)	685
4.	Return on Net Worth ⁽⁴⁾ (%)	10.96

⁽¹⁾ EBITDA margin represents earning before interest, depreciation and tax/sales of our products.

⁽²⁾ Power and fuel cost per tonne represents power and fuel cost basis the per tonne of cement produced.

⁽³⁾ EBITDA per tonne represents earning before interest, depreciation and tax/quantity sold of our products.

⁽⁴⁾ Return on Net Worth represents the total comprehensive income for the year / average net worth. Average net worth is average of opening and closing net worth. Net Worth here refers to the aggregate of equity and other equity as shown on the face of Annual Financial Statements.

STRATEGIES

Capitalize on industry tailwinds through ongoing expansion and augmentation of manufacturing capacity and leveraging distribution network

According to the CRISIL Report, demand for cement in North India is set to grow at a steady pace of 4.5-5.5%, in West India at a healthy pace of 4-5% and in Central India at 5-6% from Fiscals 2023 to 2028 on account of

various infrastructure projects such as roads, housing development, metros and designated freight corridors and we are well positioned to benefit from the increase in cement consumption.

After successful implementation of de-bottlenecking and optimization projects in June 2021, we increased the installed capacity of clinker from 1.20 MTPA to 1.50 MTPA and of cement grinding from 1.60 MTPA to 2.20 MTPA at our Udaipur Manufacturing Plant. We also propose to expand our installed capacity of cement grinding to 4.70 MTPA of cement, and set up an additional clinker production line of 1.50 MTPA which is proposed to be completed in September 2024. This addition in capacity is intended to, among other things, enhance our ability to service the growing demand for cement in the Indian industry. Further, we intend to strengthen and leverage our established and relationships within our distribution network to access greater demand and opportunities, keeping in trend with the Indian cement industry. Our Company recorded revenue from operations of ₹ 1,030.97 crores in Financial Year ended March 31, 2023, which increased by of 18.00% over revenue from operations of ₹ 875.98 crores achieved in the Financial Year ended March 31, 2022.

Improve operational efficiency and cost optimization

We have implemented and will continue to implement measures to reduce our operating costs, which directly impacts our profitability such as, improving utilization rate of our existing facilities and establishing waste heat recovery systems that would further enhance our cost competitiveness and increase profitability. We intend to continue to focus on improving utilization of our existing capacities. Higher capacity utilization would lead to lower fixed cost per tonne resulting in an increase in profitability. To that end, we have adopted several initiatives designed to improve our cost efficiency. One of the key components of our cost of production is energy. We are focused on the reduction of electricity and heat consumption to reduce our production costs and to lessen the environmental impact of our operations through the use of our waste heat recovery systems at our Udaipur Manufacturing Plant. As of March 31, 2023, our waste heat recovery capacity is 6 MW, and 32% of the total power demand of our Udaipur Manufacturing Plant is serviced by the waste heat recovery systems. In order to increase our revenue from operations, we primarily sell cement in the Indian states of Rajasthan, Gujarat and Madhya Pradesh, which are in close proximity to the Udaipur Manufacturing Plant which reduce our freight expenses. Upon the expansion of our Udaipur Manufacturing Plant, we will employ economies of scale to optimize our costs. We will continue to evaluate our manufacturing and distribution costs and develop new cost-reduction strategies.

Our Udaipur Manufacturing Plant currently has an installed capacity of 2.20 MTPA of cement grinding, which we intend to expand to 4.70 MTPA in the future. Our capacity utilization for cement was 66.75% and 62.13% in the Financial Years ended March 31, 2023 and March 31, 2022, respectively, and our capacity utilization for clinker was 97.21% and 92.07%, respectively, in the same periods. Further, by increasing our market share in Rajasthan, Gujarat and Madhya Pradesh, we expect to achieve certain synergy benefits such as reduction in our raw material costs through bulk purchases and leverage our relationships with our suppliers and economies of scale to increase our bargaining power with suppliers. We continuously endeavour to improve our cost competitiveness by adopting innovative and cost saving measures.

Strengthen our brand, expand our distribution network and deepen our penetration in our existing markets

We seek to improve the penetration of our products in markets in North, Central and Western India, where we are currently present and have strategically focused on. We seek to add additional dealers to our sales and distribution network, and to further strengthen our relationships with the existing dealers to deepen and expand our distribution network to increase our sales volume. We intend to build relationships with these dealers, support their development and work with them closely, which will further improve the stability of our sales and distribution network. We intend to achieve these objectives through continual engagement within our distribution network, including through dealer agent meets to boost engagement, impart training and receive feedback.

In addition, we have adopted a multi-pronged strategy to communicate with our customers to build our brand and reputation. Our Company takes the initiative of undertaking on-site visits and conducting guidance camps to demonstrate the qualities of our products. We also organise dealer and retailer meet and annual conferences to interact with our dealers. We have also received an award in relation to our brand, including the Asia's Most Promising Cement Brand – Platinum Heavy Duty Cement by the Economic Times. We intend to grow our brands and improve our reputation among cement manufacturers as a producer of high-quality cement in our target markets by consistently providing high quality products and through investing in brand-building activities such as print advertisements and celebrity endorsements.

Increasing the product mix by focussing on PPC

PPC is a special blended cement and is manufactured by inter grinding clinker with high-quality processed fly ash along with gypsum. PPC is a type of Portland cement characterised by the presence of pozzolana particles such as fly ash and volcanic ash, which are added to OPC in the ratio of 15% to 35%, as specified by the Bureau of Indian Standards (BIS). Due to the presence of pozzolana particles, it becomes a cement which, despite using lesser OPC, has greater durability and strength. Since it uses a lesser concentration of cement, it is cheaper and more environment friendly than OPC. PPC is used in the construction of marine structures, masonry mortars, hydraulic structures, dykes, sewage pipes, and dams, among others. (Source: CRISIL Report)

The share of blended cement in the Indian cement industry has been rising, with PPC accounting for the highest share, of 62-64% as of the Financial Year ended March 31, 2023. By blending fly ash or slag with OPC, cement producers can lower power, fuel, and raw material costs, thereby improving their operating margins. The western and northern regions of India have a higher share of PPC than the eastern and central regions. Using blended cements reduces embodied greenhouse gas emissions. The usage of blended cement instead of traditional concrete makes sense environmentally, economically, and functionally, making it a viable and cost-effective option for individual home builders. (Source: CRISIL Report)

The blending ratio has risen due to higher acceptance and applications of blended cement, such as PPC. Permission to use PPC in works of state public works departments (earlier only OPC was permitted) have been driving the increase in the blending ratio. (Source: CRISIL Report). In addition, blended cement requires relatively lower quantity of limestone, leading to an increase in the availability of limestone.

Our Products

Our principal product is cement which is primarily used in the construction of infrastructure projects such as highways, bridges, railways and roads as well as in residential and commercial buildings. We manufacture two types of cements– (a) OPC, and (b) PPC in our Udaipur Manufacturing Plant.

OPC

OPC is a hydraulic cement that becomes water-resistant once curing is done with water. OPC may further be classified as 43 Grade OPC and 53 Grade OPC.

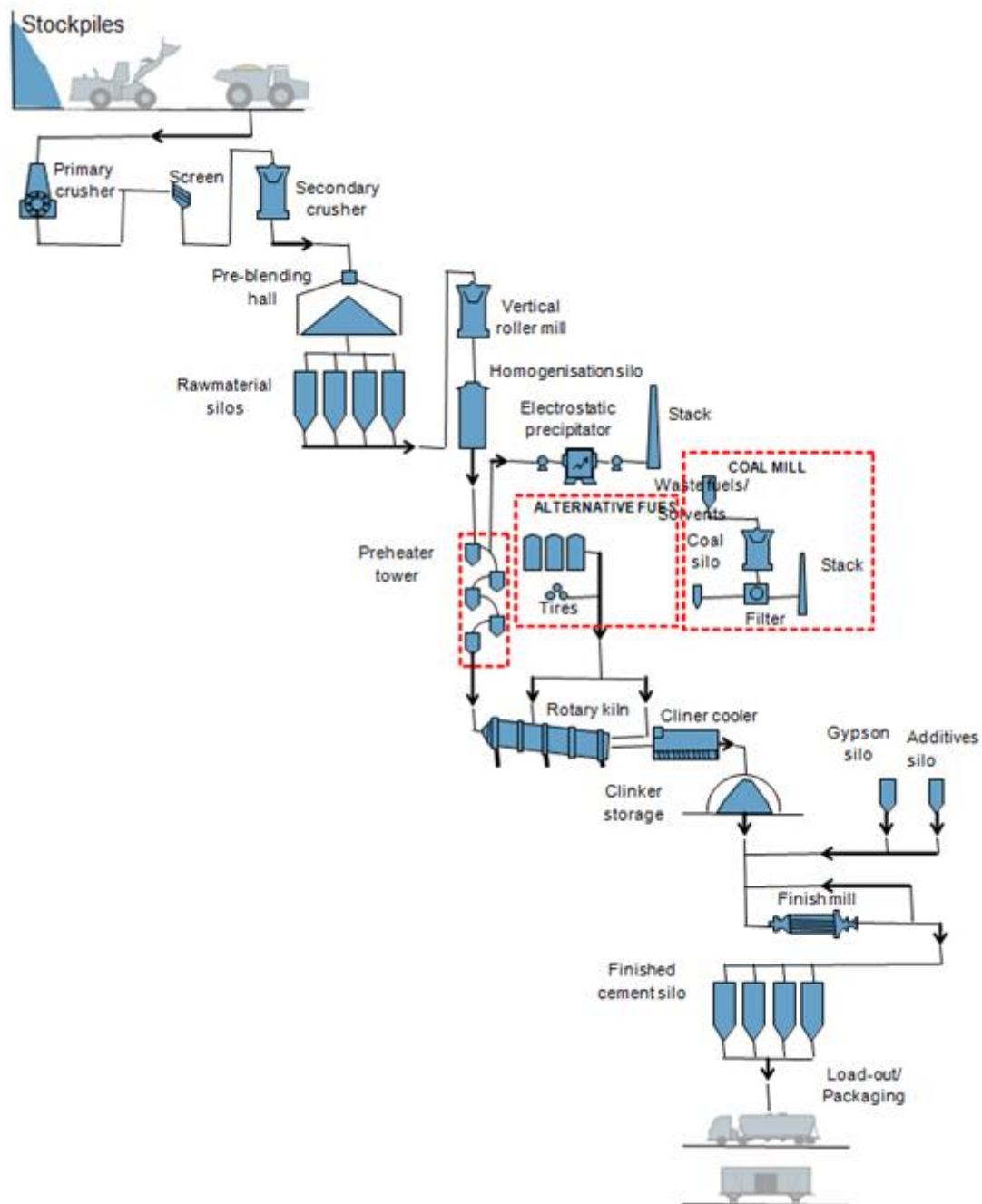
OPC is marketed and sold under the brand ‘Platinum Heavy Duty Cement’.

PPC

PPC is a special blended cement manufactured by blending fly ash or slag with OPC. PPC is also marketed and sold under the brand, ‘Platinum Heavy Duty Cement’.

Manufacturing Process

The various steps involved in cement manufacturing process are as follows:



Key materials: For the manufacturing of clinker, limestone is the key material. Cement is produced by mixing fly ash, slag and gypsum with clinker during grinding.

Manufacturing clinker

Mining: During mining, exploration is undertaken to assess the quality of limestone and compare it with benchmarks before additives are mixed in. The benchmarked limestone is then drilled and blasted (by placing explosives) into small pieces. After blasting, the limestone is extracted and transported for crushing.

Crushing: The limestone received from mines is crushed to make particles suitable for blending and storage. Typically, crushing is performed in two stages: primary crusher and secondary crusher. Further, wobblers are used to eliminate already-small limestone particles, which do not require crushing. The crushed limestone is transported to the stock yard at the retaining wall.

Pre-homogeneous stage: Crushed limestone is transported to the piles through belt conveyors and is stacked using stackers. The stacked limestone is reclaimed using reclaimers, as a result of which the limestone gets pre-blended.

The reclaimer, through a belt conveyor system, discharges the limestone into a hopper. The additives, such as, red ochre, raw china clay, alumina clay, are transported to their corresponding hoppers through a feed hopper and belt conveyor system from the stockyard. After that, all materials are transported to the grinding mill in a uniform proportion, so as to reduce the chemical variations in the raw mix.

Raw mill grinding: The raw meal, comprising limestone, iron ore, alumina and other additives, is finely ground in order for it to react completely before it is burnt in the kiln. Separators or classifiers are used to separate the fine product and return the coarser particles to the grinder. Fineness of the raw meal is maintained by regulating the speed of the separator, which is mounted above the grinding table on the top of the vertical mill.

Blending and storage: The raw meal is stored in a vertical continuous blending cum storage silo where it is pneumatically blended to ensure a uniform chemical composition. The thoroughly homogenized mixture is then fed to the pre-heater.

Pre-heating stage and kiln: After being blended, the raw meal is heated in a pre-heater and a pre-calcinator before it enters the kiln. Gas, oil, or pulverized coal is used to ignite the flame at the lower or front-end of the kiln. The formation of clinker involves multiple processes, beginning with the evaporation of water, thermal decomposition of clay minerals (at 300-650 degree celsius), calcite formation (at 850-900 degree celsius). The material after precalcination in the pre-calcinator enters the kiln where burning or sintering takes place at 1250-1400 degree celsius in the burning zone of the rotary kiln. Clinker is formed as a result of burning. The clinker then passes into a cooler, before being ground further.

Clinker to cement

Grinding and blending: The clinker discharged from cooler is stored in clinker silo. From the clinker silo, a weighted clinker mix with gypsum is taken to the cement mill by the belt conveyor for grinding. Fly ash is added at the mill inlet, as well as at the outlet, based on requirements. The clinker is then ground into a fine and homogenous powder in either a ball mill, a vertical mill, or a roller press. Fly ash is added for manufacture of PPC cement. The desired fineness of the cement is achieved by varying separator speeds. The cement is then stored in silos, before being dispatched either in bulk chutes or in bags by packer machines.

Packaging

We primarily package our cement products in polypropylene bags. These packaging bags are sourced from different suppliers in Rajasthan, India.

Raw Materials

The primary raw materials used in our cement production are limestone, gypsum and fly ash, waste-derived alternative raw materials and alumina clay. Raw materials are primarily transported to the Udaipur Manufacturing Plant by means of road and rail transport. Coal/ Petcoke is currently being purchased from certain domestic markets.

Limestone

Limestone is the principal raw material used in the production of clinker, which, in turn is the base for all cement products. In the Financial Year ended March 31, 2023, we utilised 1.95 MTPA of crushed limestone for manufacturing of cement. Our Company currently operates two limestone mines, Limestone Mine – 1 and Limestone Mine – 2, both of which are located in close proximity to our Udaipur Manufacturing Plant, having a lead distance of within 12 kilometres. We have entered into long-term mining lease agreements with Department of Mines and Geology, Government of Rajasthan in order to mine the limestone deposits. As of March 31, 2023, our Company's Captive Limestone Mines had aggregate residual reserves of 233.64 MT of limestone. The following table provides details in relation to our Company's Captive Limestone Mines and residual reserves for our existing Udaipur Manufacturing Plant, as of March 31, 2023:

S. No.	Location	Valid up to	Residual Reserves as of March 31, 2023*
1.	Manderiya – I, Daroli, Mandesar ka Gurha, Bicchiwara areas in Vallabhnagar sub-district, Udaipur, Rajasthan, India	March 31, 2030	125.41 MT

2.	Manderiya – II, Jaspura, Bicchiawara areas in Vallabh Nagar sub-district, Udaipur, Rajasthan, India	December 9, 2032	108.23 MT
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**As certified by Udaipur Min-Tech Private Limited, pursuant to the certificate dated May 31, 2023.*

All of the limestone produced from our Captive Limestone Mines is used for our operations. We do not make any external sales of limestone. The residual reserves of our mining leases with respect to the mines currently operated are sufficient for our current production capacity for at least 55 years, as certified by Udaipur Min-Tech Private Limited, pursuant to the certificate dated May 31, 2023.

Gypsum

We also use gypsum in the manufacturing of cement. Gypsum acts as a retarding agent to control the setting time for cement and is ground with clinker and other blending agents to produce cement. In the Financial Year ended March 31, 2023, we required 97,648 tonnes of gypsum for our cement products. We obtain our gypsum requirement from Rajasthan and Gujarat.

Fly ash

Fly ash, a pozzolanic material, is a key requirement for the production of PPC and is a by-product of the coal burning process at thermal power plants. We procure fly ash for our Udaipur Manufacturing Plant from thermal power plants at Gujarat. The availability of fly ash at reasonable cost helps cement manufacturers in achieving higher margins.

We are also procuring fe-rich fayalite slag from Dariba, Rajasthan and alumina clay, which augments any deficit in alumina in Limestone, from Chittorgarh district, Rajasthan.

Power Supply

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 clinker production process, while electricity is used across all the processes. Power and fuel account for a significant amount of our total expenses. In the Financial Year ended March 31, 2023, power and fuel expenses, accounted for 73.00%, of the cost of material consumed.

Coal, Petcoke and alternative fuel

Coal and petcoke are primarily used as fuel in the kiln to make clinker from ground limestone. For manufacturing of clinker, alternative fuels derived from other industrial wastes are used to replace coal and petcoke. We currently source a portion of our coal and petcoke requirement from domestic markets. In the Financial Year ended March 31, 2023, our Company utilised 75,487 tonnes of coal, 84,500 tonnes of petcoke and 15,195 tonnes of alternative fuel, in manufacturing operations and power generation.

Electricity

Our operations require a steady supply of electricity. Our Udaipur Manufacturing Plant has power transmission lines that are connected to the state power grid network. Also, we have a 6 MW waste heat recovery system, which utilizes waste heat generated from the clinker manufacturing process and converts it to steam to generate power for our operations. In addition, we have set up our captive solar power plants with a current aggregate capacity of 15.45 MW (including 1 MW of floating solar power), as of March 31, 2023, which contributes towards energy efficiency towards our Udaipur Manufacturing Plant. We source 48% of our electrical energy requirement for our Udaipur Manufacturing Plant from our waste heat recovery system and captive solar power plant which helps in reducing our energy cost.

Water Supply

Water is required in our operations for equipment cooling, drinking, sanitation, horticulture, etc. We source water for our Udaipur Manufacturing Plant from the mining pits (which get filled with rainwater) and also have an agreement with the State Government of Rajasthan for supply of water from Udaisagar Dam.

Capacity and Capacity Utilisation

We regularly monitor the performance of our manufacturing facility through a number of performance indicators

commonly used in the cement industry. The following table provides information relating to the aggregate estimated capacity utilization rates of our manufacturing facility. The capacity utilization for our manufacturing facility has been calculated on the basis of the actual aggregate production of the relevant product during the relevant period, divided by the average aggregate installed production capacity.

S.No.	Type of Product	Production Capacity as of March 31, 2022 (MTPA)	Capacity Utilization (%)	Production Capacity as of March 31, 2023 (MTPA)	Capacity Utilization (%)
1.	Cement	1.305	62.13	1.469	66.75
2.	Clinker	1.367	92.07	1.444	97.21

Distribution, Sales and Marketing

We had extensive sales, marketing and distribution network in Rajasthan, Gujarat and Madhya Pradesh. As at March 31, 2023, we had 453 dealers, located across various states in India (North, Central and West India). Our cement products are sold to the Trade Customers and the Non-trade Customers.

Logistics

We have transport and logistics arrangements with third party logistics providers for transportation of cement and clinker. We outsource the delivery of cement and clinker to third-party logistics companies and our network of third-party logistics providers are situated in Rajasthan, Gujarat, Madhya Pradesh, Haryana, Punjab and Uttar Pradesh.

Environmental, Social and Corporate Governance

Environmental

Our Company has facilitated development of sustainable practices and technology for manufacturing cement and is committed to designing products that do not cause negative environmental impact. We use waste derived material from other industries such as fly ash. In case of fuel, we also use alternative fuel to supplement fossil fuels in our manufacturing process and emphasize on sustainable sourcing in our procurement practices. In the Financial Year ended March 31, 2023, 48% of our power requirements was met from renewable and green power sources, including utilization of waste heat to generate clean electricity. Our Company has also formulated an energy and carbon policy, and climate change impact management policy to monitor our carbon and greenhouse gases emission.

Social

Our Company engages with disadvantaged, vulnerable and marginalized stakeholders in society, and undertakes targeted corporate social responsibility initiatives in the vicinity of our operational site to attain social inclusiveness and empower local communities. This includes sponsoring scholarships and infrastructure-building in government schools, organisation of health camps and health-related awareness programmes (particularly relating to reproductive health), and community development programmes, particularly provision of regular and clean water facilities.

Corporate Governance

Corporate governance is an integral part of values, ethics and best business practices followed by us. The Board periodically reviews compliance reports of all laws applicable to our Company and the steps taken by us to rectify instances of non-compliances, if any. The Board has also ensured that plans are in place for orderly succession for appointments to the Board and to Senior Management. The Company uses a web-based legal compliance tool “Compliance Manager” as part of its efforts for ensuring effective corporate governance.

Quality control measures

To produce good quality cement, it is imperative that sampling and testing of various raw materials, fuels, in-process materials and the final product is carried out regularly at the required intervals for taking prompt corrective action. We have provided for sampling stations and a chemical and physical laboratory with necessary quality control equipment at our Udaipur Manufacturing Plant for this purpose. Our Udaipur Manufacturing Plant is ISO

9001 certified for quality management system, ISO 14001 certified for environmental management systems, ISO 45001 certified for occupational hazard and safety management systems, ISO 50001 certified for energy management system for the manufacture and dispatch of (a) OPC of grades 43 and 53, (b) PPC and (c) clinker by Bureau Veritas Certification Holding SAS – UK Branch. In addition, our Company is ISO 50001: 2018 certified for the manufacture and dispatch of clinker, OPC and PPC by Bureau Veritas Certification Holding SAS – UK Branch

Employees

As of March 31, 2023, we had 340 full-time employees. In addition, we contract with third party manpower and services firms for the supply of contract labour for, amongst others, transportation of our raw materials and construction at our manufacturing facilities, including construction of proposed expansion of Udaipur Manufacturing Plant. As of March 31, 2023, we had employed 738 contract labourers.

Our human resource policies are aimed at retaining talent, promoting pro-active work culture, enabling a congenial work environment and providing opportunities to employees to generate creative ideas. We regularly conduct training and skill upgradation programmes for our employees.

Competition

The Indian cement industry is highly fragmented and competitive, with the presence of a few large players and several medium and small players. We face competition from the top five players, including UltraTech Cement, Ambuja Cements, ACC, Dalmia Cement and Shree Cement which accounted for 46-48% of the total market share as of the Financial Year ended March 31, 2023. (Source: CRISIL Report)

The cement sector has seen consolidation, with large cement makers taking over regional heavyweights, and struggling companies being taken over through competitive bidding under the Insolvency and Bankruptcy Code. The acquisition of Murli Industries and Kalyanpur Cements by Dalmia Cement and transfer of Jaypee's assets to UltraTech Cement led to the consolidation of more than 20 MTPA capacity. Detergent maker Nirma acquired 13 MTPA of Lafarge India's assets and Birla Corporation took over 5.5 MTPA capacity of Reliance Cement. Meanwhile, in May 2022, Adani Group and Holcim signed a binding agreement for the sale of the Holcim's cement business in India. The business comprises Holcim's 63.1% stake in Ambuja Cements, which owns a 50.1% stake in ACC Cement, and a 4.5% direct stake in the company. (Source: CRISIL Report)

Corporate Social Responsibility ("CSR")

Our major focus areas of CSR intervention are education, healthcare, livelihood intervention and rural development. Our initiatives for the Financial Year ended March 31, 2023 included projects such as 'UCWL Vidya' – contributing to scholarship support, career counselling and infrastructure support to schools; 'UCWL Aarogya' – delivering affordable healthcare services; 'UCWL Aajivika' – our livestock development and skill development program including training in information technology for youth; 'UCWL Gramin Vikas' aimed at improving rural infrastructure; and 'UCWL Swajal Swachhta' – initiative for water conservation and management.

Intellectual Property

As of the date of this Letter of Offer, we have obtained four registered trademarks under Class 19, which deals with amongst others, cement and building materials, under the Trademarks Act, 1999, for the word and label "Platinum Heavy Duty Cement."

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

S. No.	Particulars	Page Number
1.	Audited financial statements of our Company as at and for the Financial Year ended March 31, 2023 (along with comparative financial statements of our Company as at and for the Financial Year ended March 31, 2022) and the audit report dated May 11, 2023.	110

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF UDAIPUR CEMENT WORKS LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Udaipur Cement Works Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended, and notes to financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	<p>Recognition of Revenue, measurement, presentation and disclosure as per Ind AS-115 "Revenue from Contracts with Customers".</p> <p>(Refer Sub-note No.III. (13) of Note 1 of Accounting Policy).</p>	<p>Our response to the risk-</p> <p>We performed the following audit procedures over this risk area:</p> <ul style="list-style-type: none"> ·We performed walkthroughs to understand the key processes and identify key controls related IndAS 115 "Revenue from Contracts with Customers" · On a sample basis we performed testing to verify physical deliveries of product in the year to ascertain transfer of control. ·We performed revenue cut-off testing, by reference to bill dates of sales recorded either side of the financial year end had legally completed; and ·Selected a sample of sales contracts and read, analyzed and identified the distinct performance obligations in these contracts. <p>Based on our audit procedures we have concluded that revenue is appropriately recognized, and that there was no evidence of management bias.</p>

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's Report and Corporate Governance Report but does not include the standalone financial statements and our auditor's report thereon. The Director's Report and Corporate Governance Report is expected to be made available to us after the date of auditor's report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Director's Report and Corporate Governance Report if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charge with governance.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material, if individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a

material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences

of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, 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 provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

For BANSILAL SHAH & CO.

Chartered Accountants

Firm's Registration No: 000384W

DHRUV SHAH

Partner

Membership No.: 223609

Place: Udaipur

Date: May 11, 2023

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Udaipur Cement Works Limited of even date)

(i). In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of-use assets.

(B) The Company has maintained proper records showing full particulars of Intangible assets.

(b) According to the information and explanations given to us and the records of the company examined by us, the property, plant and equipment have been physically verified by the management in a periodical manner, which in our opinion is reasonable, having regard to the size of the Company and the nature of its business. No material discrepancies were noticed on such physical verification.

(c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds / registered sale deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings are held in the name of the Company as at the balance sheet date.

(d) The company has not revalued its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 and rules made thereunder.

(ii). In respect of its inventories:

(a) The management has physically verified the inventories. In our opinion, the frequency of verification is reasonable and the coverage and procedure of such verification by the management is appropriate and no discrepancies of 10% or more in the aggregate for each class of inventory were noticed and the discrepancies have been properly dealt with in the books of account.

(b) The Company has been sanctioned working capital limits in excess of Rs.5 Crore from banks on the basis of security of current assets. Further, the quarterly returns or statements filed by the Company with such banks are in agreement with the books of account of the Company.

(iii). According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of clause 3(iii) (b) to (d) of the order are not applicable to the company and hence not commented upon.

(iv). In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v). The Company has not accepted deposits or amounts which are deemed to be deposits during the year and does not have any unclaimed deposits as at March 31, 2023 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

(vi). We have broadly reviewed the accounts and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 read with Companies (Cost Records and Audit) Amendment Rules, 2014 specified by the Central Government under Section 148 of the Act, and are of the opinion that prima facie, the prescribed Cost records have been made and maintained. We have, however, not made a detailed examination of the records with a view to determine whether they are accurate or complete.

(vii). According to the information and explanations given to us, in respect of statutory dues:

(a) In our opinion, the Company has generally been regular in depositing undisputed statutory dues, including Goods and Services tax, Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.

There were no undisputed amounts payable in respect of Goods and Service tax, Provident Fund,

Employees' State Insurance, Income Tax, Sales Tax, Service Tax, duty of Custom, duty of Excise, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.

(b) According to the information and explanation given to us, there are no statutory dues referred to in sub-clause (a) above that have not been deposited with appropriate authority on account of any dispute except for the following:

NAME OF THE STATUTE	NATURE OF THE DUES	GROSS AMOUNT	PERIOD TO WHICH THE AMOUNT RELATES	FORUM WHERE DISPUTE IS PENDING
Land Tax	Land Tax Act	55,179,898	2006-07 To 2012-13	HIGH COURT, JODHPUR
	Land Tax Act	15,23,89,698	2019-20 To 2022-23	HIGH COURT, JODHPUR

(viii). According to the information and explanations given to us, no transactions were surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 which have not been recorded in the books of accounts.

(ix). Reporting on repayment and usage borrowing:

(a). Based on the information and explanations given to us, we are of the opinion that the Company has not defaulted in repayment of dues or payment of interest thereon to the financial institutions, banks, governments or debenture holders during the year.

(b) The company has not been declared willful defaulter by any bank or financial institution or government or any other lender.

(c) In our opinion and according to the information and explanations given to us, money raised by way of term loans were applied for the purpose for which the loans were obtained.

(d) In our opinion and according to the information and explanations given to us, and on an overall examination of the financial statements of the Company, funds raised by the Company on short term basis have not been utilised for long term purposes.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures

(f) According to the is information and explanations given to us, the Company has not raised any loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x). (a).The company has not raised any money by way of initial public offer, further public offer (including debt instruments) during the year. Hence, reporting under clause (x)(a) of the Order is not applicable to the Company. .

(b). According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or (fully, partially or optionally) convertible debentures during the year. Accordingly, reporting under clause (x)(b) of the Order is not applicable to the Company.

(xi). To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year. The company has not filed Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(xii). The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable to the Company.

(xiii). In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

(xiv). (a) In our opinion the company has an adequate internal audit system commensurate with the size and nature of its business.

(b) We have considered, the internal audit reports for the year under Audit, issued to the company during the year and till date, in determining the nature, timing and extent of our audit procedures.

(xv). In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi). The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of clause 3(xvi) of the order are not applicable to the company and hence not commented upon.

(xvii). The company has not incurred cash losses during the financial year and in the immediately preceding financial year.

(xviii). There has been no resignation of statutory auditor of the company. Accordingly, reporting under clause 3(xviii) of the Order is not applicable to the Company.

(xix). On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, and our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that company is not capable of meeting 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. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx)The company has no unspent amount of CSR required to be transferred to a special designated bank account (related to any ongoing project) and to a fund as specified in Schedule VII to the Companies Act, 2013 within the prescribed time limit. Accordingly, reporting under clause 3(xx) of the Order is not applicable to the Company.

For BANSILAL SHAH & CO.
Chartered Accountants
Firm's Registration No: 000384W

DHRUV SHAH

Partner

Place: Udaipur

Membership No.: 223609

Date: May 11, 2023

ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report to the Members of Udaipur Cement Works Limited of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **UDAIPUR CEMENT WORKSLIMITED** (“the Company”) as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (“ICAI”). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For BANSILAL SHAH & CO.

Chartered Accountants

Firm's Registration No: 000384W

DHRUV SHAH

Partner

Place: Udaipur

Membership No.: 223609

Date: May 11, 2023

UDAIPUR CEMENT WORKS LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2023

₹ In Crore (10 Million)

	Note No.	As at 31st March 2023	As at 31st March 2022
ASSETS			
(1) NON-CURRENT ASSETS			
(a) Property, Plant and Equipment	2	701.46	716.37
(b) Capital Work-in-Progress	3	816.39	130.40
(c) Investment Property	4	9.15	9.15
(d) Financial Assets			
(i) Others	5	9.95	6.43
(e) Deferred Tax Assets (Net)	6	26.91	41.27
(f) Other Non-Current Assets	7	31.83	90.42
		1,595.69	994.04
(2) CURRENT ASSETS			
(a) Inventories	8	141.19	89.79
(b) Financial Assets			
(i) Investments	9	-	87.19
(ii) Trade Receivables	10	4.91	4.48
(iii) Cash and Cash Equivalents	11	3.96	6.87
(iv) Bank Balances other than (iii)	12	0.23	227.21
(v) Others	13	1.86	2.04
(c) Other Current Assets	14	46.25	15.56
(d) Current Tax Assets (Net)		1.25	1.44
		199.65	434.58
TOTAL ASSETS		1,795.34	1,428.62
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	15	124.56	124.56
(b) Other Equity		221.25	170.00
		345.81	294.56
LIABILITIES			
(1) NON-CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	16	1,015.68	534.82
(ii) Other Financial Liabilities	17	27.34	25.63
(b) Provisions	18	3.76	2.46
(c) Other Non-Current Liabilities	19	0.87	0.62
		1,047.65	563.53
(2) CURRENT LIABILITIES			
(a) Financial Liabilities			
(i) Borrowings	20	129.78	406.33
(ii) Trade Payables	21		
Micro and Small Enterprises		2.72	1.97
Others		71.34	65.68
(iii) Other Financial Liabilities	22	113.97	59.86
(b) Other Current Liabilities	23	83.25	36.16
(c) Provisions	24	0.82	0.53
		401.88	570.53
TOTAL EQUITY AND LIABILITIES		1,795.34	1,428.62

Significant Accounting Policies
The accompanying notes form an integral
part of these financial statement.

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For and on Behalf of the Board

VINITA SINGHANIA
Chairperson

SHRIVATS SINGHANIA
Director & CEO

As per our report of even date

For BANSILAL SHAH & COMPANY
Chartered Accountants
Firm Registration No.: 000384W

PRANAV CHITRE
Chief Financial Officer

DHRUV SHAH
Partner
Membership No.: 223609
Place : Udaipur
Date : 11th May 2023

POONAM SINGH
Company Secretary

ONKAR NATH RAI

SURENDRA MALHOTRA

VINIT MARWAHA

BHASWATI MUKHERJEE

NAVEEN KUMAR SHARMA

Directors

UDAIPUR CEMENT WORKS LIMITED
STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31ST MARCH 2023

₹ In Crore (10 Million)

	Note No.	For the Year ended March 31, 2023	For the Year ended March 31, 2022
I. Revenue from Operations	25	1,030.97	875.98
II. Other Income	26	1.29	5.12
III. Total Income (I + II)		1,032.26	881.10
IV. Expenses :-			
a) Cost of Materials Consumed	27	129.32	122.21
b) Purchase of Stock-in-Trade	28	250.44	203.22
c) Change in Inventories of finished goods, work-in-progress and traded goods	29	(7.65)	2.19
d) Employee Benefits Expense	30	38.52	36.33
e) Power and Fuel	31	349.99	224.30
f) Transport, Clearing & Forwarding Charges	32	49.60	56.59
g) Finance Costs	33	47.56	50.26
h) Depreciation and Amortization Expense	34	37.00	35.15
i) Other Expenses	35	87.00	82.44
Total Expenses (IV)		981.78	812.69
V. Profit before Exceptional Items and Tax (III - IV)		50.48	68.41
VI. Exceptional Items - Gain / (Loss)		-	(3.60)
VII. Profit before tax (V + VI)		50.48	64.81
VIII. Tax Expense			
(1) Current tax		-	-
(2) Deferred tax		14.62	16.15
IX. Profit for the year (VII - VIII)		35.86	48.66
X. Other Comprehensive Income / (Loss)			
Items that will not be reclassified to profit or loss in subsequent periods			
(1) Re-measurement gain / (losses) on defined benefit plans		(1.02)	(0.31)
(2) Income tax effect		0.26	0.08
Total Other Comprehensive Income / (Loss) (X)		(0.76)	(0.23)
XI. TOTAL COMPREHENSIVE INCOME FOR THE YEAR (IX + X)		35.10	48.43
XII. Earnings per Equity Share (Face Value of ₹ 4 each)	36		
Basic Earnings per Equity Share (₹) :		1.15	1.56
Diluted Earnings per Equity Share (₹) :		1.15	1.56

Significant Accounting Policies
The accompanying notes form an integral part of these financial statement.

1 For and on Behalf of the Board

2-61

VINITA SINGHANIA
Chairperson

SHRIVATS SINGHANIA
Director & CEO

ONKAR NATH RAI

SURENDRA MALHOTRA

VINIT MARWAHA

BHASWATI MUKHERJEE

NAVEEN KUMAR SHARMA

Directors

As per our report of even date

For BANSILAL SHAH & COMPANY

Chartered Accountants
Firm Registration No.: 000384W

PRANAV CHITRE
Chief Financial Officer

DHRUV SHAH

Partner
Membership No.: 223609
Place : Udaipur
Date : 11th May 2023

POONAM SINGH
Company Secretary

UDAIPUR CEMENT WORKS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2023

A. EQUITY SHARE CAPITAL

As at 31st March, 2023

₹ In Crore (10 Million)

Particulars	As at 1st April 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting Year	Changes in equity share capital during the current year	As at 31st March 2023
Equity Shares 31,14,09,817 (with equal rights) (Previous Year 31,14,09,817) of ₹ 4 each fully paid up	124.56	-	124.56	-	124.56
	124.56	-	124.56	-	124.56

As at 31st March, 2022

₹ In Crore (10 Million)

Particulars	As at 1st April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the previous reporting year	Changes in equity share capital during the previous year	As at 31st March 2022
Equity Shares 31,14,09,817 (with equal rights) (Previous Year 31,14,09,817) of ₹ 4 each fully paid up	124.56	-	124.56	-	124.56
	124.56	-	124.56	-	124.56

B. OTHER EQUITY

Particulars	Reserves and Surplus					Total
	Equity Component of Financial Guarantee	Equity Component of compound Financial Instruments	Security Premium	Retained Earnings	Items of Other Comprehensive Income, that will not be reclassified to Statement of Profit & Loss	
					Re-measurement of Net Defined Benefit Plans	
Balance as at 1st April 2021	31.70	26.30	38.52	27.18	(1.49)	122.21
Profit for the Year	-	-	-	48.66	-	48.66
Changes in Corporate Guarantee given by Holding Co. for Inter Corporate Loan & Term Loan	2.99	-	-	-	-	2.99
Changes in Equity component of Preference Shares	-	(3.63)	-	-	-	(3.63)
Other Comprehensive Income / (Loss)	-	-	-	-	(0.23)	(0.23)
Balance as at 31st March 2022	34.69	22.67	38.52	75.84	(1.72)	170.00
Profit for the Year	-	-	-	35.86	-	35.86
Changes in Corporate Guarantee given by Holding Co. for Inter Corporate Loan & Term Loan	20.58	-	-	-	-	20.58
Changes in Equity component of Preference Shares	-	(4.43)	-	-	-	(4.43)
Other Comprehensive Income / (Loss)	-	-	-	-	(0.76)	(0.76)
Balance As at 31st March 2023	55.27	18.24	38.52	111.70	(2.48)	221.25

As per our report of even date

For BANSILAL SHAH & COMPANY

Chartered Accountants

Firm Registration No.: 000384W

DHRUV SHAH

Partner

Membership No.: 223609

PRANAV CHITRE

Chief Financial Officer

POONAM SINGH

Company Secretary

Place : Udaipur

Date : 11th May 2023

For and on Behalf of the Board

VINITA SINGHANIA

Chairperson

SHRIVATS SINGHANIA

Director & CEO

ONKAR NATH RAI

SURENDRA MALHOTRA

VINIT MARWAHA

BHASWATI MUKHERJEE

NAVEEN KUMAR SHARMA

Directors

Note-1

Company Overview, Basis of Preparation & Significant Accounting Policies.

I. Corporate & General Information

Udaipur Cement Works Limited (“the Company”) is domiciled and incorporated in India and its Shares are publicly traded on the Bombay Stock Exchange Ltd. (BSE). The Registered Office of the Company is situated at Shripati Nagar, P.O.: CFA, Dist.: Udaipur – 313 022 (Rajasthan)

The Company is a manufacturer and supplier of Cement and Cementitious products with manufacturing facilities in the State of Rajasthan. The Company’s Technical Service Cell provides construction solutions to its customers & carries out regular & innovative contact programmes with Individual House Builders, Masons and other Business Associates to keep in tune with their needs and requirements

These Financial Statements were approved and adopted by the Board of Directors of the Company in their meeting held on 11th May 2023.

II. Basis of Preparation of Financial Statements

(i) Statement of Compliance

The Financial Statements have been prepared in accordance with Indian Accounting Standards (IND AS) as prescribed under Section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015 as amended time to time and relevant provisions of the Companies Act, 2013 and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III). The Financial Statements comply with IND AS notified by Ministry of Company Affairs (“MCA”). The Company has consistently applied the accounting policies used in the preparation for all periods presented.

(ii) Basis of Preparation

The significant accounting policies used in preparing the Financial Statements are set out in Note no. III of the Notes to the Financial Statements. Company’s Financial Statements are presented in Indian Rupees (₹), which is also its functional currency.

(iii) Basis of Measurement

The Financial Statements have been prepared on accrual basis and under the historical cost convention except for the items that have been measured at fair value as required by relevant IND AS.

(iv) Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Fair Value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A Fair Value measurement of a non-financial asset takes in to account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For the purpose of Fair Value disclosures, the Company has determined classes of Assets and Liabilities on the basis of the nature, characteristics and risks of the Asset or Liability and the level of the Fair Value hierarchy in which they fall.

(v) Current & Non-Current Classifications

All Assets and Liabilities have been classified as Current or Non-Current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of product & activities of the Company and their realisation in cash and cash equivalent, the Company has determined its operating cycle as twelve months for the purpose of current and non-Current classification of Assets and Liabilities. Deferred Tax Assets and Liabilities are classified as Non-Current Assets and Liabilities.

(vi) Significant Accounting Judgements, Estimates and Assumptions

The preparation of these Financial Statements requires management judgements, estimates and assumptions that affect the application of Accounting Policies, the Accounting disclosures made and the reports amounts of Assets, Liabilities, Income and Expenses. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to Accounting estimates are recognised in the period in which the estimates are revised and any future periods effected pursuant to such revision.

III. Significant Accounting Policies

(1) Property, Plant and Equipment

The Company adopted optional exception under IND AS 101 to measure Property, Plant and Equipment at fair value as at 1st April 2015. Consequently, the fair value was assumed to be deemed cost of Property, Plant and Equipment on the date of transition. Subsequently, the Property, Plant and Equipment are carried at cost net of tax/duty credit availed, less accumulated depreciation and accumulated losses, if any. Cost includes expenses directly attributable to bringing the Asset to their location and conditions necessary for it to be capable of operating in the manner intended by the management.

Subsequent costs are included in the asset's carrying amount or recognized as separate asset, as appropriate, only when it is probable that is future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by the management, the cost of erection/construction is transferred to the appropriate category of property, plant and equipment cost (net of income and including pre-operative cost / expenses) associated with the commissioning of an asset are capitalized until the period of commissioning has been completed and the asset is ready of its intended use.

Property, Plant and Equipment are eliminated from Financial Statement, either on disposal or when retired from active use. Losses arising in the case of retirement of Property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in Statement of Profit and Loss in the year of occurrence.

Depreciation methods, estimated useful lives and residual value.

Deprecation is calculated using the Straight Line Method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives as specified in Schedule II to Companies Act, 2013, except for captive power plant, Furniture & Fixtures, Office Equipment, Vehicles and Locomotives which is provided on Written Down Value Method (WDV) as per the said schedule.

The assets residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit or Loss within other gains / (losses).

Depreciation on impaired assets is provided on the basis of their residual useful life.

(2) Investment Properties

Property that is held for long-term rentals yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. The Company adopted optional exception under IND AS 101 to measure Investment Property at fair value as at 1st April, 2015.. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using the Straight Line Method (SLM) over their estimated useful lives. The useful live has been determined based on technical evaluation performed by the management's expert.

The Residual Life, useful lives and depreciation method of investment properties are reviewed, and adjusted on Prospective basis as appropriate, at each financial year end. The effects of any revision are included in the Statement of Profit and Loss when the changes arise.

(3) Intangible Assets

Intangibles Assets are recognized if the future economic benefits attributable to the Assets are expected to flow to the Company and the cost of the asset can be measured reliably.

Internally generated intangibles, excluding capitalized developments costs, are not capitalized and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred.

The useful lives of Intangibles Assets are assessed as either finite or indefinite. The amortization period and the amortization method for an Intangible Asset with a finite useful life are reviewed atleast at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible Asset with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the Intangible Asset may be impaired.

Intangible Assets are amortized as follows:

- Computer Software : Over a period of five years

Intangibles Assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite life is made on prospective basis.

Gain or losses arising from derecognition of an Intangible Asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(4) Research and Development Cost

Revenue Expenditure on Research and Development is charged to Statement of Profit and Loss and Capital Expenditure is added to Property, plant and equipment.

However, Development expenditure on new product is capitalized as intangible asset.

(5) Inventories

Inventories are carried in the balance sheet as follows :

- | | | | |
|----|--|---|---|
| a) | Raw Materials, Packing Materials, construction Materials, Stores & spares. | : | At cost, on weighted average basis. |
| b) | Work-in Progress – Manufacturing | : | At Lower of Cost of Material, plus appropriate Production Overheads and Net Realizable Value. |
| c) | Finished goods – Manufacturing | : | At Lower of Cost of Material, plus appropriate Production Overheads and Net Realizable Value. |
| d) | Finished goods – Trading | : | At Lower of Cost, on Weighted Average Basis and Net Realizable Value. |

The cost of inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition. Slow and non-moving material, obsolete, defective inventories are duly provided for and valued at net realizable value. Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

Net Realisable Value is the estimated Selling Price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(6) Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with Banks / Financial Institutions, other short-term, highly liquid investments which are subject to an insignificant risk of changes in value.

(7) Impairment of Assets

The carrying amounts of Property, Plant & Equipment, Intangible Assets and Investment Properties are reviewed at each Balance Sheet date to assess impairment, if any, based on internal / external factors. An impairment loss is recognised, as an expense in the Statement of Profit & Loss, wherever the carrying amount of the Asset or Cash Generating Unit (CGU) exceeds its recoverable amount. The impairment loss recognised in prior accounting period is reversed, if there has been an improvement in recoverable amount in subsequent years. Recoverable amount is determined :-

- In the case of an Individual Asset, at the higher of the Fair Value less cost to sell and the value in use; and
- In the case of cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of cash generating unit's fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, and appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

(8) Foreign Currency Translations & Transitions

(i) Functional and Presentation Currency

The Company's financial statements are presented in INR, which is also the Company's Functional and Presentation Currency.

(ii) Transaction and Balance

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary Assets and liabilities related to foreign currency transactions are stated at exchange rate prevailing at the end of the year and exchange difference in respect thereof is recognised to Statement of Profit & Loss.

(9) Financial Instruments.

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1. Financial Assets

1.1 Definition

Financial Assets include Cash and Cash Equivalents, Trade and Other Receivables, Investments in Securities and other eligible Current and Non-Current Assets.

At initial recognition, all financial assets are measured at fair value. The classification is reviewed at the end of each reporting period.

(i) Financial Assets at Amortised Cost

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortized cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortization is included as interest income in the statement of profit or loss. The losses arising from impairment are recognized in the Statement of Profit or Loss.

(ii) Financial Assets at Fair value through Other Comprehensive Income

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognized in Other Comprehensive Income (OCI). Interest income calculated using the effective interest rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognized in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognized in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

(iii) Financial Assets at Fair value through Profit or Loss (FVTPL)

At the date of initial recognition, Financial assets are held for trading, or which are measured neither at Amortized Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognized in the Statement of Profit and Loss.

1.2 Trade Receivables

A Receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade Receivables are initially recognized at their Transaction Value as reduced by provision for impairment, if any. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

1.3 Investment in Equity Shares

Investment in Equity Securities are initially measured at cost. Any subsequent fair value gain or loss is recognized through Statement of Profit and Loss if such investments in Equity Securities are held for trading purposes. The fair value gains or losses of all other Equity Securities are recognized in Other Comprehensive Income.

1.4 Derecognition of Financial Assets

A Financial Asset is primarily derecognized when:

- The right to receive cash flows from asset has expired, or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement and either:
 - a) The Company has transferred substantially all the risks and rewards of the asset, or
 - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2. Financial Liabilities

2.1 Definition

Financial Liabilities include Long-term and Short-term Loans and Borrowings, Trade and Other payables and Other eligible Current and Non-Current Liabilities.

(a) Initial Recognition and Measurement

All Financial Liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's Financial Liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(b) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

i) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date at fair value with all the changes recognized in the Statement of Profit and Loss.

ii) Financial Liabilities measured at Amortized Cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method ('EIR') except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in fair values attributable to the risks that are hedged in effective hedging relationship.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit and Loss.

2.2 Loans and Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

2.3 Financial Guarantee Contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount initially recognized less cumulative amortization.

2.4 Trade and Other Payables

A payable is classified as trade payable if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.5 De-recognition of Financial Liability

A Financial Liability is derecognized when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

3. Offsetting of Financial Instruments

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4. Derivative Financial Instruments

The Company uses derivative financial instruments, such as forward contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

5. Compound Financial Instruments.

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity component. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and the equity components, if material, in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry

(10) Grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

When loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. That grant is recognised in the Statement of Profit and Loss under 'other operating income or finance cost'. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet by recording the grant as deferred income which is released to the Statement of Profit and Loss on a systematic basis over the useful life of the asset.

Grants related to income are recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues'.

(11) Equity Share Capital

Ordinary Shares are classified as Equity. Incremental costs net of taxes directly attributable to the issue of new equity shares are reduced from Retained Earnings, net of taxes.

(12) Provisions, Contingent liabilities, Contingent Assets and Commitments

i) General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent Liability

Contingent Liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible:
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of Purchase Order (net of Advances) issued to parties for Completion of Assets.

Provisions, Contingent Liabilities, Contingent Assets and commitments are reviewed at each Balance Sheet date.

ii) Other Litigation Claims

Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

iii) Onerous Contracts

A provision for onerous contracts is measured at the present value of the lower of expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the Assets with the contract.

iv) Contingent Asset

A Contingent Asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent Assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefit is probable.

(13) Revenue Recognition

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 & services rendered is net of variable consideration on account of various discounts & schemes offered by the Company as part of the contract.

i) Sale of Goods

Revenue is recognized upon transfer of control of promised goods or services to customers at transaction price (net of taxes and duties), arrived at by determining the fair value of the consideration received or receivable after adjusting returns, allowances, trade discounts, volume discounts etc. in exchange of goods or services.

Taxes collected on behalf of the government are excluded from revenue. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably

ii) Non-Cash Incentives

The Company provides Non-Cash Incentives at Fair Value to customers. These benefits are passed on to customers on satisfaction of various conditions of various sales schemes. Consideration received is allocated between the products sold and non-cash incentives to be issued to customers. Fair value of non-cash incentive is determined by applying principle of Ind AS 113 i.e. market rate. A contract liability for the non-cash incentive is recognized at the time of sale.

iii) Power Distribution

Revenue from Power Distribution business is accounted on the basis of billings to the customers and includes unbilled revenues accrued up to the end of accounting year. Customers are billed as per the tariff rates issued by Electricity Regulatory Commission.

iv) Dividend Income

The Company recognizes a Liability to pay dividend to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders, except in case of interim dividend which is authorized by the Board of Directors.

v) Lease Incentives

Lease Agreements where the risk and rewards incidental to the ownership of an asset substantially vest with the lessor are recognized as operating leases. Leases rentals are recognized on straight –line basis as per the terms of the agreements in the statement of profit and loss.

vi) Interest Income

For all Financial Instruments measured at amortized cost, interest income is recorded using Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the Financial Instrument or a shorter period, where appropriate, to the net carrying amount of the Financial Asset. Interest income is included in other income in Statement of Profit and Loss.

vii) Renewable Energy Certificate

Renewable Energy Certificate (REC) benefits are recognized in Statement of Profit & Loss on Sale of REC. Income from Sale of RECs is recognized on the delivery to the Customers' Account.

viii) Export Benefit

Export incentives, Duty Drawbacks and other benefits are recognized in the Statement of Profit and Loss on Accrual Basis.

(14) Employees Benefits

i) Defined Contribution Plans

Contributions to the employees' regional Provident Fund, Superannuation Fund, Employees Pension Scheme and Employees' State Insurance are recognized as defined contribution plan and charged as expenses during the period in which the employees perform the services.

ii) Defined Benefit Plans

Retirement benefits in the form of Gratuity and Leave Encashment are considered as defined benefit plan and determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains or Losses through re-measurement of the net obligation of a defined benefit liability or asset is recognized in Other Comprehensive Income. Such re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

The Company makes contribution towards provident fund which is administered by Employees' Provident Fund Organisation, Government of India .

iii) Short-term Employee Benefits

Short Term Benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

iv) Long-Term Employee Benefit

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date. Annual Leaves can either be availed or encashed subject to restriction on the maximum accumulation of Leaves.

v) Termination Benefits

Termination Benefits are recognized as an expense in the period in which they are incurred.

The Company shall recognize a liability and expense for termination benefits at the earlier of the following dates:

- (a) When the entity can no longer withdraw the offer of those benefits; and
- (b) When the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

(15) Borrowing Costs

- (1) Borrowing Costs that are specifically attributable to the acquisition, construction, or production of a Qualifying Asset are capitalized as a part of the cost of such Asset till such time the asset is ready for its intended use or sale. A Qualifying Asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.

The Borrowing Cost consists of Interest & Other Incidental costs that the Company incurs in connection with the borrowing of such Funds.

- (2) For general borrowing used for the purpose of obtaining a Qualifying Asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period.
- (3) All other borrowing costs are recognized as expense in the period in which they are incurred.

(16) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-Of-Use Assets

The Company recognises Right-Of-Use Assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use Assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of Right-of-use Assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use Assets are depreciated on a straight-line basis from the commencement date over the shorter of the lease term and the estimated useful lives of the Assets.

If ownership of the Leased Asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the Asset.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises Lease Liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its existing borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if

there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities and Right-of-use assets have been presented as a separate line in the balance sheet. Lease payments have been classified as cash used in financing activities.

iii) Short-Term Leases and Leases of Low Value Assets

The Company has elected not to recognise Right-of-Use Assets and Lease Liabilities for short term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease.

Company as a Lessor

Lease income from Operating Leases where the Company is a Lessor is recognized in income on straight-line basis over the lease term unless the recipients are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective Leased Assets are included in the Balance Sheet based on their nature.

(17) Taxes on Income

a) Current Tax

- i) Tax on Income for the Current Period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.
- ii) Current Income Tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred Tax

Deferred Tax is provided using the Balance Sheet Approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the Deferred Tax Asset to be utilized. Unrecognized Deferred Tax Assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the Deferred Tax Asset to be recovered.

Deferred Tax Assets and Liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred Tax relating to items recognized outside the Statement of Profit and Loss is recognized outside the Statement of Profit and Loss.

Deferred Tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income or directly in Equity.

The break-up of the major components of the Deferred Tax Assets and Liabilities as at Balance Sheet date has been arrived at after setting off Deferred Tax Assets and Liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

(18) Exceptional Items

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

(19) Earnings Per Share (EPS)

i) Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing

- The Profit or Loss attributable to Equity Shareholders of the Company by the Weighted Average number of Equity Shares outstanding during the Financial Year, adjusted for bonus elements in Equity Shares issued during the Year.

ii) Diluted Earnings Per Share

Diluted Earnings Per Share adjusts the figures used in the determination of basic earnings per share to take into account

- The after Income Tax Effect of interest and other financing costs associated with dilutive potential Equity Shares, and the Weighted Average number of additional Equity Shares that would have been outstanding assuming the conversion of all dilutive potential Equity Shares.

(20) Segment Accounting

The Company is engaged primarily into manufacturing of Cement. The Company has only one business segment as identified by management namely Cementitious Materials.

Segments have been identified taking into account nature of product and differential risk and returns of the segment. The business segments are reviewed by the Chairperson (Chief Operating Decision Maker).

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on each segments profit or loss and is measured consistently with profit or loss in the financial statements.

(21) Cash Dividend

The Company recognises a Liability to pay dividend to Equity Holders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when its approved by the shareholders. A corresponding amount is recognized directly in Other Equity. Interim Dividends are recognised as a Liability on the date of declaration by the Company's Board of Directors.

(22) Recent Pronouncements

Recent pronouncements 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. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements : The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes : The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors : The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

NOTE 2
PROPERTY PLANT AND EQUIPMENT

Particulars	Freehold Land	Leasehold Land	Buildings	Plant & Equipments	Furniture & Fixture	Office Equipments	Vehicles	Railway Siding	Total
₹ In Crore (10 Million)									
GROSS BLOCK :									
As at 1st April 2021									
Additions / Adjustments	10.41	103.32	27.64	743.83	1.04	0.83	2.39	4.27	893.73
Disposals / Adjustments	0.22	-	0.22	75.55	0.05	0.13	1.05	2.74	79.96
	-	-	-	-	-	-	(0.67)	-	(0.67)
As at 31st March 2022	10.63	103.32	27.86	819.38	1.09	0.96	2.77	7.01	973.02
Additions / Adjustments	4.01	-	3.06	13.73	0.07	0.58	0.87	-	22.32
Disposals / Adjustments	-	-	-	-	-	(0.01)	(0.57)	-	(0.58)
As at 31st March 2023	14.64	103.32	30.92	833.11	1.16	1.53	3.07	7.01	994.76

ACCUMULATED DEPRECIATION :

As at 1st April 2021									
Charged for the year	-	12.32	16.82	188.92	0.89	0.71	1.23	0.81	221.70
On Disposal	-	1.94	1.69	30.71	0.04	0.06	0.43	0.27	35.14
	-	-	-	-	-	-	(0.19)	-	(0.19)
As at 31st March 2022	-	14.26	18.51	219.63	0.93	0.77	1.47	1.08	256.65
Charged for the year	-	1.94	1.15	32.80	0.04	0.11	0.52	0.44	37.00
On Disposal	-	-	-	-	-	(0.01)	(0.34)	-	(0.35)
As at 31st March 2023	-	16.20	19.66	252.43	0.97	0.87	1.65	1.52	293.30

NET CARRYING AMOUNT :

As at 31st March 2022	10.63	89.06	9.35	599.75	0.16	0.19	1.30	5.93	716.37
As at 31st March 2023	14.64	87.12	11.26	580.68	0.19	0.66	1.42	5.49	701.46

NOTE 3
CAPITAL WORK IN PROGRESS (CWIP)

Movement of Capital Work in Progress	₹ In Crore (10 Million)			
	As at 31st March 2023		As at 31st March 2022	
Opening		130.40		46.25
Additions during the year		707.30		162.88
Capitalised during the year		(21.31)		(78.73)
Closing		816.39		130.40

Capital Work in Progress Ageing Schedule

CWIP	₹ In Crore (10 Million)			
	Amount in CWIP as at 31st March 2023		Amount in CWIP as at 31st March 2022	
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Projects In Progress	689.86	126.27	0.26	-
Projects Temporarily Suspended	-	-	-	-
Total	689.86	126.27	0.26	-

NOTE 4
INVESTMENT PROPERTY

₹ In Crore (10 Million)

Particulars	Freehold Land	Total
GROSS BLOCK :		
As at 1st April 2021	9.15	9.15
Additions / Adjustments	-	-
Disposals / Adjustments	-	-
As at 31st March 2022	9.15	9.15
Additions / Adjustments	-	-
Disposals / Adjustments	-	-
As at 31st March 2023	9.15	9.15
ACCUMULATED DEPRECIATION :		
As at 1st April 2021	-	-
Charged for the year	-	-
On Disposal	-	-
As at 31st March 2022	-	-
Charged for the year	-	-
On Disposal	-	-
As at 31st March 2023	-	-
NET CARRYING AMOUNT :		
As at 31st March 2022	9.15	9.15
As at 31st March 2023	9.15	9.15

	31st March 2023	31st March 2022
FINANCIAL ASSETS		
NOTE 5		
OTHER NON-CURRENT FINANCIAL ASSETS		
Unsecured, Considered Good		
Security Deposits	9.94	6.42
Bank Deposits with original maturity of more than 12 months*	0.01	0.01
	9.95	6.43
*Under lien		
NOTE 6		
DEFERRED TAX ASSETS (NET)		
Deferred Tax Assets		
Unabsorbed Depreciation and Brought Forward Business Losses	98.77	107.47
Expenses / Provisions allowable	4.76	3.87
Less : Deferred Tax Liability		
Related to Property, Plant and Equipments	76.62	70.07
	26.91	41.27
NOTE 7		
OTHER NON-CURRENT ASSETS		
Unsecured, Considered Good		
Capital Advances	31.83	90.42
	31.83	90.42
NOTE 8		
INVENTORIES (at lower of cost or net realisable value)		
Raw Materials {Including in transit - ₹ 45,126 (Previous Year - ₹ 0.02 Crs.)}	4.43	3.92
Work-in-Progress	15.39	8.94
Finished Goods	2.71	1.50
Stock-in-Trade {Including in transit - ₹ 0.18 Crs. (Previous Year - Nil)}	0.43	0.44
Stores & Spares {Including in transit of ₹ 22.86 Crs. (Previous Year - ₹ 8.27 Crs.)}	115.57	72.64
Packing Materials	2.66	2.35
	141.19	89.79

	31st March 2023	31st March 2022
FINANCIAL ASSETS		
NOTE 9		
CURRENT INVESTMENT		
Investment at Fair Value through Profit & Loss		
Investments in quoted mutual funds	-	87.19
	-	87.19
Aggregate Book Value of quoted investments	-	87.19
Aggregate Market Value of quoted investments	-	87.19
Aggregate Book Value of unquoted Investments	-	-
NOTE 10		
TRADE RECEIVABLES @		
Considered good - Secured	-	0.24
Considered good - Unsecured	4.91	4.24
Which have significant increase in Credit risk	-	-
Credit Impaired	-	-
	4.91	4.48
@ Contract Assets as per IND AS 115		
No Trade or Other Receivable are due from Directors or other Officers of the Company either severally or jointly with any other person. Trade receivables are non-interest bearing and are generally on terms of 0-90 days		
NOTE 11		
CASH AND CASH EQUIVALENTS		
On Current Accounts	3.95	6.86
Cash on hand	0.01	0.01
	3.96	6.87
NOTE 12		
OTHER BANK BALANCES		
Deposits with original maturity for more than 3 months but less than 12 months*	0.23	227.21
	0.23	227.21
*Includes ₹ 0.01 Crs. (Previous Year - ₹ 0.01 Crs.) against lien		
NOTE 13		
OTHER CURRENT FINANCIAL ASSETS		
Unsecured, considered good unless otherwise stated		
Other Receivables	1.86	2.04
	1.86	2.04
NOTE 14		
OTHER CURRENT ASSETS		
Unsecured, considered good unless otherwise stated		
Prepaid expenses	1.50	1.50
Balance with Govt. Authorities	36.25	2.46
Other Advances	8.50	11.60
	46.25	15.56

	31st March 2023	31st March 2022
NOTE 15		
EQUITY SHARE CAPITAL		
Authorized :		
Equity Shares - 71,00,00,000 (Previous year - 71,00,00,000) of ₹ 4 each	284.00	284.00
Preference Shares - 6,600 (Previous year - 6,600) of ₹ 1,00,000 each	66.00	66.00
- 50,00,000 (Previous year - 50,00,000) of ₹ 100 each	50.00	50.00
	400.00	400.00
Issued, Subscribed and Paid up :		
Equity Shares (with equal rights)		
31,14,09,817 (Previous year - 31,14,09,817) of ₹ 4 each fully paid up	124.56	124.56
5% Cumulative Redeemable Preference Shares (CRPS)		
4,700 (Previous year - 4,700) of ₹ 1,00,000 each fully paid up (Series-I)	47.00	47.00
1,300 (Previous year - 1,300) of ₹ 1,00,000 each fully paid up (Series-II)	13.00	13.00
600 (Previous year - 600) of ₹ 1,00,000 each fully paid up (Series-B)	6.00	6.00
6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS)		
5,00,000 (Previous year - 5,00,000) of ₹ 100 each fully paid up	5.00	5.00
	195.56	195.56
Less: Reclassification of Preference Shares		
5% Cumulative Redeemable Preference Shares (CRPS)		
4,700 (Previous year - 4,700) of ₹ 1,00,000 each fully paid up (Series-I)	(47.00)	(47.00)
1,300 (Previous year - 1,300) of ₹ 1,00,000 each fully paid up (Series-II)	(13.00)	(13.00)
600 (Previous year - 600) of ₹ 1,00,000 each fully paid up (Series-B)	(6.00)	(6.00)
6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS)		
5,00,000 (Previous year - 5,00,000) of ₹ 100 each fully paid up	(5.00)	(5.00)
	124.56	124.56

a. Reconciliation of the number of Shares Outstanding:

Particulars	Opening Balance	Changes in share capital during the year	Shares Outstanding at the end of the year
Equity Shares	311,409,817	-	311,409,817
5% CRPS (Series-I)	4,700	-	4,700
5% CRPS (Series-II)	1,300	-	1,300
5% CRPS (Series-B)	600	-	600
6% OCCRP	500,000	-	500,000

b. List of Shareholders holding more than 5% shares:

Name of Shareholder	As at 31st March, 2023		As at 31st March, 2022	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Equity Shares				
JK Lakshmi Cement Ltd. (Holding Company)	225,892,781	72.54%	225,892,781	72.54%
5% Cumulative Redeemable Preference Shares				
JK Lakshmi Cement Ltd. (Holding Company)	6,600	100%	6,600	100%
6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS)				
JK Lakshmi Cement Ltd. (Holding Company)	500,000	100%	500,000	100%

c. Terms / right attached to Equity Shareholders:

- The Company has only one class of Equity Shares having a par value of ₹ 4 per share. Each holder of Equity Shares is entitled to one vote per share.
- 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.

d. 5% Cumulative Redeemable Preference Shares (CRPS) (Series I & II) carries a Put Option. In the event of the Company being unable to pay dividend for a consecutive period of 3 years after it is out of the purview of BIFR and unable to pay the Capital back, CRPS (Series I & II) holders have the right to get them converted into Equity Shares subject to statutory approvals.

5% CRPS (Series I & II) also carries a Call Option. In case there being any Liquidity Event of the Company, if it fails to redeem the CRPS at par within 3 months, CRPS (Series I & II) holders shall have the right to get them converted into Equity Shares subject to statutory approvals.

If the Put / Call option is not exercised, 5% CRPS (Series I & II) are redeemable in 3 annual installments of 30%, 30% & 40% of face value at the end of 18th, 19th & 20th year from the date of allotment.

e. 5% CRPS (Series B) carries a Put Option. In the event of the Company being unable to pay dividend for a consecutive period of 3 years commencing from the Financial Year Apr-Mar'18 and unable to pay the Capital back, CRPS (Series B) holders shall have the right to get them converted into Equity Shares subject to statutory approvals.

5% CRPS (Series B) also carries a Call Option. In case there being any Liquidity Event in the Company, if it fails to redeem the CRPS (Series B) at par within 3 months, CRPS (Series B) holders shall have the right to get them converted into Equity Shares subject to statutory approvals.

If the Put / Call Option is not exercised, 5% CRPS (Series B) are redeemable in 3 annual installments of 30%, 30% & 40% of face value at the end of 18th, 19th & 20th year from the date of allotment.

f. 5 Lakh, 6% OCCRPS of Face Value of ₹ 100 per share aggregating to ₹ 5 Crs. are Redeemable Preference Shares to be redeemed in three equal installments at the end of 18th Year, 19th Year & 20th Year from the date of allotment of 10th August 2017.

g. Nature of Reserves :-

Security Premium :- Represents the amount received in excess of Par value of Securities.

h. During the last five years, the Company has not issued any Bonus shares nor are there any shares bought back and issued for consideration other than cash.

i. Shareholding of Promoters for each class of Shares :

Shares held by promoters at the end of the year				% Change during the Year
S.N.	Promoter Name	No. of Shares	% of Total Shares	
	JK Lakshmi Cement Ltd.(Holding Company)			
1	Equity Shares	225,892,781	72.54%	-
2	5% CRPS (Series-I)	4,700	100%	-
3	5% CRPS (Series-II)	1,300	100%	-
4	5% CRPS (Series-B)	600	100%	-
5	6% OCCRPS	500,000	100%	-

	31st March 2023		31st March 2022	
NOTE 16	Non Current	Current *	Non Current	Current *
NON-CURRENT BORROWINGS				
SECURED LOANS				
Bonds / Debentures :-				
- Redeemable Non-Convertible Debentures	350.00	-	-	350.00
Term Loans :-				
- From Banks	627.77	62.57	495.97	52.75
	977.77	62.57	495.97	402.75
UNSECURED LOANS				
- From Related Party	-	-	-	10.00
Add: Liability Component of Compound Financial Instruments				
5% Cumulative Redeemable Preference Shares (CRPS)				
- 4,700 Shares of ₹ 1,00,000 each fully paid up (Series-I)	53.48	-	47.86	-
- 1,300 Shares of ₹ 1,00,000 each fully paid up (Series-II)	14.44	-	12.92	-
- 600 Shares of ₹ 1,00,000 each fully paid up (Series-B)	5.63	-	5.04	-
6% Optionally Convertible Cumulative Redeemable Preference Shares (OCCRPS)	6.69	-	6.39	-
Less: Amortization of Processing Charges on Loan and Corporate Guarantee for Loan				
- Processing Charges on Loan	(5.25)	-	(5.09)	-
- Corporate Guarantee for Loan	(37.08)	(18.19)	(28.27)	(6.42)
	37.91	(18.19)	38.85	3.58
Less: Current Maturities of Long-Term Debt shown under Note No. 20	-	44.38	-	406.33
	1,015.68	-	534.82	-

* Due & repayable within one year

1 8.96% Guaranteed Rated Secured Listed Redeemable Privately Placed Non Convertible Debentures of ₹ 350 Crore are redeemable on 16th March 2025

The NCDs are secured by a Pari Passu First Charge on all the Movable & Immovable Fixed Assets of the Company's Cement Unit in the State of Rajasthan and Pari Passu Second Charge on the Current Assets of the Company.

The said NCDs are also secured by a Corporate Guarantee of the Holding Company.

2 Term Loans aggregating to ₹ 652.13 Crore from Banks are secured by a (i) Pari Passu First Charge on all the Movable & Immovable Fixed Assets of the Company's Cement Unit in the State of Rajasthan & (ii) Pari Passu Second Charge on Current Assets of the Company.

The said Term Loans are also secured by a Corporate Guarantee of the Holding Company.

- Term Loan of ₹ 67.17 Crore shall be repayable in 26 unequal Quarterly Instalments
- Term Loan of ₹ 68.00 Crore shall be repayable in 22 unequal Quarterly Instalments
- Term Loan of ₹ 78.50 Crore shall be repayable in 24 unequal Quarterly Instalments
- Term Loan of ₹ 211.60 Crore shall be repayable in 28 unequal Quarterly Instalments
- Term Loan of ₹ 32.50 Crore shall be repayable in 24 equal Quarterly Instalments
- Term Loans of ₹ 194.36 Crore shall be repayable in 44 unequal Quarterly Instalments commencing from 31st December 2025.

5 Term Loans of ₹ 38.21 Crore from Banks under Emergency Credit Line Guarantee Scheme (ECLGS) are secured by a (i) Pari Passu Second Charge on all the Movable & Immovable Fixed Assets of the Company's Cement Unit in the State of Rajasthan & (ii) Pari Passu Second Charge on Current Assets of the Company.

	31st March 2023	31st March 2022
NOTE 17		
OTHER NON-CURRENT FINANCIAL LIABILITIES		
Trade and other Deposits	27.34	25.63
	27.34	25.63
NOTE 18		
NON-CURRENT PROVISIONS		
Provision for Employees' Benefits	3.76	2.46
	3.76	2.46
NOTE 19		
OTHER NON-CURRENT LIABILITIES		
Liability for Employees Subsidized Car Scheme	0.87	0.62
	0.87	0.62
NOTE 20		
SHORT-TERM BORROWINGS		
Secured Loan		
Working Capital Borrowings from Banks	-	-
Current Maturities of Long-Term Debt (Refer Note No. 16)	44.38	406.33
Loan from Related Party	85.40	-
	129.78	406.33
Working capital facilities are secured by way of First Pari Passu Charge on the entire Current Assets of the Company and Second Pari Passu Charge on the Movable & Immovable Fixed Assets of the Company's Cement Unit in the State of Rajasthan, both Present and future. The Working Capital facilities are also secured by Corporate Guarantee of Holding Company		
NOTE 21		
TRADE PAYABLES		
Micro and Small Enterprise	2.72	1.97
Others	71.34	65.68
	74.06	67.65
NOTE 22		
OTHER CURRENT FINANCIAL LIABILITIES		
Interest accrued but not due on borrowings	12.31	2.67
Capital Creditors	56.01	7.03
Other Liabilities	43.79	50.12
Marked to Market Loss	1.86	0.04
	113.97	59.86
NOTE 23		
OTHER CURRENT LIABILITIES		
Advance from Customers @	11.85	9.00
Government and other dues	26.92	27.16
Other Advances	44.48	-
	83.25	36.16
@ Contract Liabilities as per IND AS 115		
NOTE 24		
CURRENT PROVISIONS		
Provision for Employees' Benefits	0.82	0.53
	0.82	0.53

	For the Year ended March 31, 2023	For the Year ended March 31, 2022
NOTE 25		
REVENUE FROM OPERATIONS @		
Sale of Products		
Cement	900.15	749.02
Others	130.82	126.96
	1,030.97	875.98
@ Revenue from contracts with customers disaggregated based on nature of product as per IND AS 115.		
NOTE 26		
OTHER INCOME		
Interest Income	0.46	0.80
Profit on sale of Current Investments *	0.51	3.87
Other Non-Operating Income	0.32	0.45
	1.29	5.12
* Inclusive of fair value gain / (loss) of ₹ (0.17) Crs.) (Previous Year (loss) - ₹ (0.39) Crs.)		
NOTE 27		
COST OF MATERIALS CONSUMED		
Raw Materials consumed	129.32	122.21
	129.32	122.21
NOTE 28		
PURCHASE OF STOCK-IN-TRADE		
Purchase of Traded Goods	250.44	203.22
	250.44	203.22
NOTE 29		
CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Opening Stocks		
Work in Progress	8.94	9.20
Finished Goods	1.50	3.23
Stock-in-Trade	0.44	0.64
	10.88	13.07
Closing Stocks		
Work in Progress	15.39	8.94
Finished Goods	2.71	1.50
Stock-in-Trade	0.43	0.44
	18.53	10.88
	(7.65)	2.19
NOTE 30		
EMPLOYEE BENEFIT EXPENSES		
Salaries and Wages	31.00	30.02
Contribution to Provident and Other Funds	2.69	2.34
Staff Welfare Expenses	4.83	3.97
	38.52	36.33

₹ In Crore (10 Million)

	For the Year ended March 31, 2023	For the Year ended March 31, 2022
NOTE 31		
POWER AND FUEL		
Power and Fuel	349.99	224.30
	349.99	224.30
NOTE 32		
TRANSPORT, CLEARING & FORWARDING CHARGES		
Transport, Clearing & Forwarding charges	49.60	56.59
	49.60	56.59
NOTE 33		
FINANCE COST		
Interest Expenses	47.46	49.89
Other Borrowing Costs	0.10	0.37
	47.56	50.26
NOTE 34		
DEPRECIATION AND AMORTISATION EXPENSES		
Depreciation on Property, Plant & Equipment	37.00	35.14
Amortization on Intangible Assets	-	0.01
	37.00	35.15
NOTE 35		
OTHER EXPENSES		
Consumption of Stores and Spares	15.66	14.32
Consumption of Packing Material	27.14	26.34
Rent (Net of realization ₹ 0.02 Crs., Previous Year ₹ 0.10 Crs.)	1.74	1.86
Repairs to Buildings	0.58	0.64
Repairs to Machinery	17.05	12.21
Insurance	1.22	1.00
Rates and Taxes	3.88	3.89
Commission on Sales	3.51	4.71
Director's Fee & Commission	0.14	0.15
Advertisement & Sales Promotion	7.57	10.20
Travelling, Consultancy & Misc. Expenses, etc.	8.51	7.12
	87.00	82.44
NOTE 36		
EARNING PER EQUITY SHARE		
Profit after Tax	35.86	48.66
Weighted average number of Equity Shares outstanding	311,409,817	311,409,817
Basic Earnings per Equity Share (₹): (Face Value of ₹ 4 each)	1.15	1.56
Diluted Earnings per Equity Share (₹): (Face Value of ₹ 4 each)	1.15	1.56

UDAIPUR CEMENT WORKS LIMITED

Notes accompanying the Financial Statements.

37. Financial Risk Management Objectives and Policies.

The Company realizes that risks are inherent & integral part of any business. The primary focus is to foresee the unpredictability of financial market & seek to minimize potential adverse effect on its financial performance. The Company's activities are exposed to a variety of financial risks from its operations. The key financial risks include market risk (including foreign currency risk, interest rate risk and commodity risk etc.), credit risk and liquidity risk.

37.1 Market Risk: Market risk is the risk of loss of future earnings, fair values or future cash flows that may results from change in the price of a financial instrument. The value of a financial instrument change may change as result of change in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments and deposits, foreign currency receivables, payables and loans and borrowings. Market risk comprises mainly three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity risk.

The Company has an elaborate risk management system to inform Board Members about risk management and minimization procedures.

a) Foreign Currency Risk: Foreign Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company makes certain imports in foreign currency & therefore is exposed to Foreign Exchange Risk.

The Company evaluates exchange rate exposure arising from foreign currency transactions and the Company follows established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Foreign Currency Sensitivity.

The following table demonstrates the sensitivity to a reasonable possible change of US \$ with all other variable held constant. The impact on the Company's Profit / (Loss) before tax due to changes in Foreign Exchange Rate :

₹ In Crore (10 Million)

Particulars	As at 31st March 2023	As at 31st March 2022
Appreciation in USD	+ Rs. 0.25	+ Rs. 0.25
Effect on profit / (loss) before tax	0.09	0.04
Depreciation in USD	- Rs. 0.25	- Rs. 0.25
Effect on profit / (loss) before tax	(0.09)	(0.04)

b) Interest Rate Risk: Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Any changes in the interest rates environment may impact future rates of borrowing. The Company mitigates this risk by maintaining a proper blend of Fixed & Floating Rate Borrowings. The following Table shows the Company's Borrowings:

₹ In Crore (10 Million)

S. No.	Particulars	As at 31st March 2023	As at 31st March 2022
1	Loans in Rupees		
	- Fixed Rate	165.64	425.79
	- Floating Rate	979.82	515.36
	Total	1145.46	941.15
2	Loans in USD		
	- Fixed Rate	-	-
	- Floating Rate	-	-
	Total	-	-
3	Grand Total (1+2)	1145.46	941.15

The Company regularly scans the Market & Interest Rate Scenario to find appropriate Financial Instruments & negotiates with the Lenders in order to reduce the effective Cost of Funding.

Interest Rate Sensitivity:

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on financial assets affected. With all other variables held constant, the Company's profit / (loss) before tax is affected through the impact on finance cost with respect to our borrowing, as follows :

₹ In Crore (10 Million)

Particulars	As at 31st March 2023	As at 31st March 2022
Increase in Interest in Basis Points	+ 25	+ 25
Effect on profit / (loss) before tax	(2.45)	(1.37)
Decrease in Interest in Basis Points	- 25	- 25
Effect on profit / (loss) before tax	2.45	1.37

The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

- c) **Commodity Price Risk and Sensitivity:** The Company is exposed to the movement in price of key raw materials in domestic and international markets. The Company manages fluctuations in raw material price through hedging in the form of advance procurement when the prices are perceived to be low and also enters into advance buying contracts as strategic sourcing initiative in order to keep raw material and prices under check cost of material hedged to the extent possible.

37.2 Credit Risk:

Credit Risk arises from the possibility that counter party may not be able to settle their obligations as agreed. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade Receivable: - Customer Credit Risk is managed based on Company's established policy, procedures and controls. The Company periodically assesses the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and aging of accounts receivables. Individual risk limits are set accordingly.

The credit risk from the organized and bigger buyers is reduced by securing Bank Guarantees/Letter of Credits/part advance payments/postdated cheques. The Outstanding of different parties are reviewed periodically at different level of organization. The outstanding from the trade segment is secured by two tier security – security deposit from the dealer himself, and our business associates

who manage the dealers are also responsible for the outstanding from any of the dealers in their respective region. Impairment analysis is performed based on historical data at each reporting period on an individual basis.

The Aging of Trade Receivables is as below:-

₹ In Crore (10 Million)

Particulars	Outstanding for following periods from due date of Payment						Total
	Neither Due not Impaired	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
<u>As at March 31, 2023</u>							
(i) Undisputed Trade Receivables - considered good							
- Secured	0.80	-	-	-	-	-	0.80
- Unsecured	2.72	1.37	0.01	-	₹22,256	-	4.11
S. Total (i)	3.52	1.37	0.01	-	₹22,256	-	4.91
(ii) Undisputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
Total	3.52	1.37	0.01	-	₹22,256	-	4.91
<u>As at March 31, 2022</u>							
(i) Undisputed Trade Receivables - considered good							
- Secured	0.19	0.05	-	-	-	-	0.24
- Unsecured	4.06	0.18	₹48,106	₹22,256	-	-	4.24
S. Total (i)	4.25	0.23	₹48,106	₹22,256	-	-	4.48
(ii) Undisputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
(iii) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
(iv) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
Total	4.25	0.23	₹48,106	₹22,256	-	-	4.48

+ Financial Instruments and Deposits with Banks:

The Company considers factors such as track record, size of institution, market reputation and service standards to select the bank with which balances and deposits are maintained. Generally, balances are maintained with the institutions with which the Company has also availed borrowings. The Company does not maintain significant cash and deposit balances other than those required for its day to day operation.

37.3 Liquidity Risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due.

The Company relies on a mix of borrowings, and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. The Company monitors rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowings facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

Maturity Profile of Financial Liabilities:

The following Table provides undiscounted cash flows towards financial liabilities into relevant maturity based on the remaining period at the balance sheet to the contractual maturity date.

₹ In Crore (10 Million)

S. No.	Particulars	Carrying Amount	Due within 1 Year	Due between 1-5 Years	Due after 5 Years	Total
1	<u>As on 31st March, 2023</u>					
	- Borrowings	1145.46	147.97	760.12	237.37	1145.46
	- Trade Payables	74.06	72.87	1.19	-	74.06
	- Other Liabilities	141.31	113.97	27.34	-	141.31
	Total	1360.83	334.81	788.65	237.37	1360.83
2	<u>As on 31st March, 2022</u>					
	- Borrowings	941.15	406.33	292.68	242.14	941.15
	- Trade Payables	67.65	64.43	3.22	-	67.65
	- Other Liabilities	85.49	59.86	25.63	-	85.49
	Total	1094.29	530.62	321.53	242.14	1094.29

The Aging of Trade Payables is as below:-

₹ In Crore (10 Million)

Particulars	Outstanding for following periods from due date of Payment						Total
	Unbilled due	Not Due	Upto 1 Year	1-2 years	2-3 years	More than 3 years	
<u>As on 31st March, 2023</u>							
(i) MSME	-	1.77	0.95	-	-	-	2.72
(ii) Others	19.82	27.20	23.13	0.16	0.29	0.74	71.34
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-
Total	19.82	28.97	24.08	0.16	0.29	0.74	74.06
<u>As on 31st March, 2022</u>							
(i) MSME	-	1.66	0.31	-	-	-	1.97
(ii) Others	20.61	31.18	10.67	1.82	0.50	0.90	65.68
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues – Others	-	-	-	-	-	-	-
Total	20.61	32.84	10.98	1.82	0.50	0.90	67.65

38. Capital Risk Management:

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. The Company's primary objective when managing capital is to ensure that it maintains an efficient capital structure and healthy capital ratios and safeguard the Company's ability to continue as a going concern in order to support its business and provide maximum returns for shareholders. The Company also proposes to maintain an optimal structure to reduce the cost of capital.

For the purpose of the Company's capital management, capital includes issued capital, preference shares and all other equity reserves. Net debt includes, interest bearing loans and borrowings, trade and other payables less cash and short term deposits.

₹ In Crore (10 Million)

Particulars	As at 31st March 2023	As at 31st March 2022
Borrowings	1145.46	941.15
Less: Cash and Cash equivalents (Including Current Investments & other bank balances)	(4.20)	(321.28)
Net debt	1141.26	619.87
Equity Share Capital	124.56	124.56
Other Equity	221.25	170.00
Total Capital	345.81	294.56
Capital and net debt	1487.07	914.43
Gearing ratio	77%	68%

The Company monitors capital using a gearing ratio, which is Net Debt divided by Total Capital plus Net Debt. Net Debt is calculated as total borrowings including short term and current maturities of long term debt. No changes were made in the objectives, policies or processes for mandating capital during the year ended March 31, 2023 and March 31, 2022.

39. Fair Value of Financial Assets and Liabilities:

Set out below, is a comparison by class of the carrying amounts and fair value of the financial instruments of the companies: -

₹ In Crore (10 Million)

Particulars	31st March 2023		31st March 2022	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
A. Financial Assets				
(i) At Fair Value through Profit and Loss :-				
- Investments in Mutual Funds	-	-	87.19	87.19
(ii) At Amortized Cost :-				
a) Bank FDs.	0.24	0.24	227.22	227.22
b) Cash & Bank Balances	3.96	3.96	6.87	6.87
c) Trade Receivables	4.91	4.91	4.48	4.48
d) Others	11.80	11.80	8.46	8.46
Total	20.91	20.91	334.22	334.22

B. Financial Liabilities				
(i) At Amortized Cost				
- Borrowings	1145.46	1145.46	941.15	941.15
- Trade Payables	74.06	74.06	67.65	67.65
- Other Financial Liabilities	141.31	141.31	85.49	85.49
Total	1360.83	1360.83	1094.29	1094.29

Fair Valuation Techniques:

The Company maintains policies and procedures to value Financial Assets & Financial Liabilities using the best and most relevant data available. The Fair Values of the Financial Assets and Liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:-

1. Fair Value of cash and deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.
2. Other non-current receivables are evaluated by the Company, based on parameters such as interest rates, individual creditworthiness of the counterparty etc. Based on this evaluation, allowances are considered to account for the expected losses of these receivables. As at end of each reporting year, the carrying amounts of such receivables, net of allowances (if any), are not materially different from their calculated fair values.
3. Fair value of Investments in quoted mutual funds and equity shares are based on quoted market price at the reporting date. The fair value of unquoted Investments in preference shares are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The fair value of unquoted Investments in equity shares are estimated on net assets basis.
4. Fair value of borrowings from banks and other non-current financial liabilities, are estimated by discounting future cash flows using rates currently available for debt on similar terms and remaining maturities.
5. The fair values of derivatives are calculated using the RBI reference rate as on the reporting date as well as other variable parameters.

Fair Value Hierarchy:

The following table provides the fair value measurement hierarchy of Company's assets and liabilities, grouped into Level 1 to Level 3 as described below:

- Level 1** : Quoted prices in active markets.
- Level 2** : Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly
- Level 3** : Inputs that are not based on observable market data.

The following table provides the Fair Value measurement hierarchy of Company's assets and liabilities, grouped into Level 1 as described below:

(A) Financial Assets

₹ In Crore (10 Million)

Particulars	Level 1	Level 2	Level 3
As at March 31, 2023			
Financial Assets at FVTPL			
- Mutual Funds	-	-	-
Financial Assets at Amortized Cost			
- Bank FDs	-	0.24	-
- Cash & Bank Balances	-	3.96	-
- Trade Receivables	-	-	4.91
- Others	-	-	11.80
Total Financial Assets	-	4.20	16.71
As at March 31, 2022			
Financial Assets at FVTPL			
- Mutual Funds	87.19	-	-
Financial Assets at Amortized Cost			
- Bank FDs	-	227.22	-
- Cash & Bank Balances	-	6.87	-
- Trade Receivables	-	-	4.48
- Others	-	-	8.46
Total Financial Assets	87.19	234.09	12.94

(B) Financial Liabilities

₹ In Crore (10 Million)

Particulars	Level 1	Level 2	Level 3
As at March 31, 2023			
Financial Liabilities at Amortized Cost			
- Borrowings	-	1145.46	-
- Trade Payables	-	-	74.06
- Other Financial Liabilities	-	-	141.31
Total Financial Liabilities	-	1145.46	215.37
As at March 31, 2022			
Financial Liabilities at Amortized Cost			
- Borrowings	-	941.15	-
- Trade Payables	-	-	67.65
- Other Financial Liabilities	-	-	85.49
Total Financial Liabilities	-	941.15	153.14

There have been no transfers between Level 1 and Level 2 during the year ended March 31, 2023

40. Segment Information:

The Company is engaged primarily into manufacturing of Cement. The Company has only one business segment as identified by management namely Cementitious Materials. Segments have been identified taking into account nature of product and differential risk and returns of the segment. The business segments are reviewed by the Directors of the Company.

41. Income Tax Expense:**i. Amount recognized in the Statement of Profit & Loss :-**

₹ In Crore (10 Million)

Particulars	2022-23	2021-22
Current Tax		
Deferred Tax (Gain) / Loss (Relating to origination and reversal of temporary difference)	14.62	16.15
Adjustments in respect of current income tax of previous year	-	-

ii. Deferred Tax recognized in Other Comprehensive Income (OCI) :-

₹ In Crore (10 Million)

Particulars	2022-23	2021-22
Deferred Tax (Gain)/Loss on defined benefit	(0.26)	(0.08)

iii. Reconciliation of effective tax rate :-

₹ In Crore (10 Million)

Particulars	2022-23	2021-22
Accounting Profit / (Loss) before taxes	49.46	64.50
At applicable Statutory Income Tax Rate	25.17%	25.17%
Computed tax Expense / (Income)	12.45	16.23
Increase/(reduction) in taxes on account of:		
- Income not taxable / exempt from tax (on account of C/F Unabsorbed Depreciation & Business Losses)	(12.45)	(16.23)
- Deferred Tax related to Property, plant & equipment & others	14.62	16.15
Income Tax Expenses / (Income) reported to Profit & Loss	14.62	16.15

iv. Reconciliation of Deferred Tax Assets / (Liabilities) (Net) :-

₹ In Crore (10 Million)

Particulars	2022-23	2021-22
Opening Balance	41.27	57.34
Deferred Tax recognized in Statement of Profit & Loss	(14.62)	(16.15)
Other Comprehensive Income	0.26	0.08
Closing Balance	26.91	41.27

v. Deferred Tax:

Deferred Tax relates to the followings:

₹ In Crore (10 Million)

Particulars	As at 31st March 2023	As at 31st March 2022
<u>Deferred Tax Assets related to</u>		
Brought Forward losses/depreciation setoff	(8.70)	(11.87)
Disallowance/Allowance (Net) under Income Tax	0.89	1.08
Total Deferred Tax Assets	(7.81)	(10.79)
<u>Deferred Tax Liabilities related to</u>		
Property, Plant & Equipment	(6.55)	(5.28)
Total Deferred Tax Liabilities	(6.55)	(5.28)
Net Total Movement in Statement of Profit & Loss	(14.36)	(16.07)
Movement in Profit & Loss	(14.62)	(16.15)
Movement in OCI	0.26	0.08

42. Dividends :

The Company has neither proposed nor declared any dividend for the financial year 2022-23 and 2021-22.

43. Retirement Benefit Obligations

A. Expense recognized for Defined Contribution Plan

₹ In Crore (10 Million)

Particulars	2022-23	2021-22
Company's contribution to Provident Fund	1.88	1.70
Company's contribution to ESI	0.02	0.01
Company's contribution to Superannuation	0.07	0.09
Total	1.97	1.80

Below tables sets forth the changes in the projected benefit obligation and plan assets and amounts recognized in the standalone Balance Sheet As at March 31, 2023 and March 31, 2022, being the respective measurement dates:

i) Change in Present Value of Defined Benefit Obligation during the year

₹ In Crore (10 Million)

Particulars	Gratuity (Funded)	Leave encashment (Unfunded)
Present Value of Obligation - April 1, 2021	4.70	2.45
Current service cost	0.53	0.49
Interest cost	0.31	0.16
Benefits paid	(0.88)	(0.68)
Remeasurements - Actuarial loss/ (gain)	0.24	0.43
Present Value of Obligation - March 31, 2022	4.90	2.85
Current service cost	0.71	0.66
Interest cost	0.32	0.19
Benefits paid	(0.86)	(0.74)
Remeasurements - Actuarial loss/ (gain)	0.92	0.53
Present Value of Obligation - March 31, 2023	5.99	3.48

ii) Change in Fair Value of Plan Assets – Gratuity

₹ In Crore (10 Million)

Particulars	2022-23	2021-22
Fair Value of Plan Assets at beginning of year	4.76	4.54
Acquisitions / Transfer in/ Transfer out	-	-
Expected return on Plan Assets	0.31	0.29
Employer Contributions	0.79	0.88
Benefits paid	(0.86)	(0.88)
Actuarial gain / (loss)	(0.11)	(0.07)
Fair Value of Plan Assets at end of year	4.89	4.76
Present Value of Obligation	5.99	4.90
Net Funded status of Plan	1.10	0.14
Actual Return on Plan Assets	0.20	0.22

iii) Expenses recognized in Statement of Profit and Loss

₹ In Crore (10 Million)

Particulars	Gratuity (Funded)	Leave encashment (Unfunded)
Current service cost	0.53	0.49
Interest cost	0.31	0.16
Expected return on Plan Assets	(0.29)	-
Remeasurements - actuarial loss/ (gain)	-	0.43
For the year ended March 31, 2022	0.55	1.08
Actual return on Plan Assets	0.22	-
Current service cost	0.71	0.66
Interest cost	0.32	0.19
Expected return on Plan Assets	(0.31)	-
Remeasurements - actuarial loss/ (gain)	-	0.53
For the year ended March 31, 2023	0.72	1.37
Actual Return on Plan Assets	0.20	-

iv) Recognized in Other Comprehensive Income

₹ In Crore (10 Million)

Particulars	Gratuity (Funded)
For the year ended March 31, 2022	
Remeasurements - actuarial loss/ (gain)	0.31
For the year ended March 31, 2023	
Remeasurements - actuarial loss/ (gain)	1.02

a) The principal actuarial assumptions used for estimating the Company's defined benefit obligations are set out below:

Particulars	As at year ended March 31, 2023	As at year ended March 31, 2022
Attrition rate	-	-
Discount Rate	7.00%	6.50%
Expected Rate of increase in salary	7.00%	5.50%
Expected Rate of Return on Plan Assets	6.50%	6.50%
Mortality Rate	100% of IALM (2012-14)	100% of IALM (2012-14)
Expected Average remaining working lives of employees (years)	20.13	18.82

The assumption of future salary increase takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in employment market.

b) Sensitivity analysis:

₹ In Crore (10 Million)

Particulars	Change in Assumption	Effect on Gratuity obligation	Change in Assumptions	Effect on Leave Encashment obligation
For the year ended March 31, 2022				
Discount rate	+0.50%	(0.20)	+0.50%	(0.16)
	-0.50%	0.22	-0.50%	0.17
Salary Growth Rate	+0.50%	0.20	+0.50%	0.17
	-0.50%	(0.19)	-0.50%	(0.16)
For the year ended March 31, 2023				
Discount rate	+0.50%	(0.29)	+0.50%	(0.21)
	-0.50%	0.30	-0.50%	0.23
Salary Growth Rate	+0.50%	0.30	+0.50%	0.23
	-0.50%	(0.29)	-0.50%	(0.21)

Sensitivities due to mortality & withdrawals are not material & hence impact of change not calculated

c) History of experience adjustments is as follows:

₹ In Crore (10 Million)

Particulars	Gratuity (Funded)
For the year ended March 31, 2022	
Plan Liabilities - (loss)/gain	0.24
Plan Assets - (loss)/gain	(0.07)
For the year ended March 31, 2023	
Plan Liabilities - (loss)/gain	0.36
Plan Assets - (loss)/gain	(0.11)

Estimate of expected benefit payments

₹ In Crore (10 Million)

Particulars	Gratuity (Funded)
01 Apr 2023 to 31 Mar 2024	0.50
01 Apr 2024 to 31 Mar 2025	0.84
01 Apr 2025 to 31 Mar 2026	0.30
01 Apr 2026 to 31 Mar 2027	0.20
01 Apr 2027 to 31 Mar 2028	0.17
01 Apr 2028 to 31 Mar 2029	0.16
01 Apr 2029 Onwards	3.82

d) Statement of Employee Benefit Provision

₹ In Crore (10 Million)

Particulars	2022-23	2021-22
Gratuity	5.99	4.90
Leave encashment	3.48	2.85
Total	9.47	7.75

e) Current and Non-Current Provision for Gratuity and Leave Encashment

The following table sets out the funded status of the plan and the amounts recognized in the Company's balance sheet.

₹ In Crore (10 Million)

Particulars	Gratuity (Funded)	Leave encashment (Unfunded)
For the year ended March 31, 2022		
Current provision	0.89	0.39
Non-current provision	4.01	2.46
Total Provision	4.90	2.85
For the year ended March 31, 2023		
Current provision	0.50	0.32
Non-current provision	5.49	3.16
Total Provision	5.99	3.48

f) Employee Benefit Expenses

₹ In Crore (10 Million)

Particulars	2022-23	2021-22
Salaries and Wages	31.00	30.02
Costs-Defined Benefit Plan	0.72	0.54
Costs-defined contribution plan	1.97	1.80
Welfare expenses	4.83	3.97
Total	38.52	36.33

OCI presentation of defined benefit plan

- Gratuity is in the nature of defined benefit plan, Re-measurement gains/(losses) on defined benefit plans is shown under OCI as Items that will not be reclassified to profit or loss and also the income tax effect on the same.

Presentation in Statement of Profit & Loss and Balance Sheet

- Expense for service cost, net interest on net defined benefit liability (asset) is charged to Statement of Profit & Loss. IND AS 19 do not require segregation of provision in current and non-current, however net defined liability (Assets) is shown as current and non-current provision in balance sheet as per IND AS 1.
- Actuarial liability for short term benefits (leave encashment cost) is shown as current and non-current provision in balance sheet.
- When there is surplus in defined benefit plan, Company is required to measure the net defined benefit asset at the lower of; the surplus in the defined benefit plan and the assets ceiling,

determined using the discount rate specified, i.e. market yield at the end of the reporting period on government bonds, this is applicable for domestic companies, foreign Company can use corporate bonds rate.

- The Company assesses these assumptions with its projected long-term plans of growth and prevalent industry standards. The mortality rates used are as published by one of the leading life insurance companies in India.

44. Expenses charged to Cost of Material includes:

₹ In Crore (10 Million)

Particulars	2022-23	2021-22
Salaries and Wages	1.88	1.57
Contribution to Provident and Other Funds	0.14	0.13
Staff Welfare Expenses	0.28	0.24
Consumption of Stores and Spares	17.44	12.06
Power & Fuel	2.02	1.83
Material Handling	17.50	16.30
Royalty	20.62	19.83
Miscellaneous Expenses	1.17	1.67
Total	61.05	53.63

45. Capital work in progress includes Machinery in stock, construction / erection materials, and also includes the following pre -operation expenses pending allocation

₹ In Crore (10 Million)

Particulars	2022-23	2021-22
Power & Fuel	0.74	0.41
Salaries & Wages	5.80	1.97
Staff Welfare Expenses	0.03	0.02
Insurance	0.69	0.27
Travelling, Consultancy & Miscellaneous Expenses	0.81	0.97
Finance Cost	31.21	1.28
	39.28	4.92
Add: Expenditure up to previous period	4.06	1.79
Less: Transferred to Fixed Assets	-	2.65
	43.34	4.06

46. Estimated amount of contract remaining to be executed on capital account and not provided for (net of advances):

₹ In Crore (10 Million)

Particulars	As at March 31, 2023	As at March 31, 2022
Property, Plant & Equipment	334.73	420.75

47. Contingent Liabilities

- i. Contingent liabilities in respect of claims not accepted by the Company (including matters in appeals) and not provided for are as follows:

₹ In Crore (10 Million)

S. No.	Particulars	As at March 31, 2023	As at March 31, 2022
1.	VAT / GST	1.11	0.42
2.	Income Tax	38.38	-
3.	Other matters	1.87	4.88
		41.36	5.30

- ii. Contingent liability for non-use of jute bags for Cement packing up to 30th June, 1997, as per Jute Packaging Materials (Compulsory use of Packaging Commodities) Act, 1987 is not ascertained and the matter is subjudice. The Government has excluded Cement Industry from application of the said Order from 1st July, 1997.

48. The liabilities pertaining to the statutory levies and pending legal cases prior to 01.12.1993 (date of takeover of the cement undertaking from Bajaj Hindustan Limited) will be borne by Bajaj Hindustan Limited.

49. Consumption of stores & spares is net of scrap sales ₹ 4.54 Crs. (Previous year - ₹ 3.01 Crs.)

50. a) Disclosure in respect of Corporate Social Responsibility Expenditure:

₹ In Crore (10 Million)

Particulars	2022-23	2021-22
Amount required to be spent by the company during the year	0.96	0.17
Amount of expenditure incurred	0.96	0.17
Shortfall at the end of year	Nil	Nil
Total of previous years shortfall	Nil	Nil

51. Derivative Financial Instruments

The Company uses foreign currency denominated borrowings and foreign exchange forward contracts (including option contracts - seagull structure) to manage some of its transaction exposures. The foreign exchange forward contracts and foreign exchange option contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from one to thirty six months.

Foreign currency risk

The Company has entered into foreign exchange forward contracts and foreign exchange option contracts with the intention to reduce the foreign exchange risk on repayment of buyer's credit and foreign currency loan, these contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

Forward & Option Contract outstanding for the purpose of hedging at the Balance Sheet Date.

	Particulars	31st March'23		31st March'22	
		F Cy	Amount (Rs Crore)	F Cy	Amount (Rs Crore)
	Forward				
1	USD	3.4 Mn	28.88	0.61 Mn	4.64
2	Euro	-	-	0.92 Mn	7.91
	Option				
1	USD	-	-	-	-

52. Based on information available with the Company in respect of MSME ('The Micro Small & Medium Enterprises Development Act 2006'). The details are as under:

- Principal and Interest amount due and remaining unpaid as at 31st March 2023 – ₹ 2.72 Crs.
(Previous year - ₹ 1.97 Crs.).
- Interest paid in terms of section 16 of the MSME Act during the year - Nil (Previous year - Nil).
- The amount of Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified – Nil
(Previous year - Nil).
- Payment made beyond the appointed day during the year - Nil (Previous year - Nil).
- Interest Accrued and unpaid as at 31st March 2023 - Nil (Previous year - Nil).

53. The Company's ongoing Cement Expansion Project is to be partly funded from a Proposed Rights Issue of the Company upto an amount of ₹450 Crores. JK Lakshmi Cement Ltd (JKLC), the Holding Company has confirmed that it shall subscribe to its Entitlement in the Proposed Rights Issue of the Company. Pending the launch of the Rights Issue, the Company has availed an Unsecured Loan of ₹85.40 Crores from JKLC.

54. Some of the Balances of debtors and creditors are in process of confirmation.

55. Amount paid to Auditors:

₹ In Crore (10 Million)

Particulars	2022-23	2021-22
a) Statutory Auditors:-		
(i) Audit Fee	0.03	0.03
(ii) Tax Audit Fee	0.01	0.01
(iii) Other Services	0.01	0.01
	0.05	0.05
b) Cost Auditors:-		
(i) Cost Audit Fee	0.01	0.01
	0.01	0.01

56. Related Party transactions

In accordance with the requirements of IND AS 24, on related party disclosures, name of the related party, related party relationship, transactions and outstanding balances including commitments where control exist and with whom transactions have taken place during reported periods, are:

a) Related Party Name and Relationship

S. No.	Name of Related Party	Country of Incorporation	% Equity Interest	
			As at March 31, 2023	As at March 31, 2022
a)	Holding Company	India	72.54%	72.54%
	JK Lakshmi Cement Ltd. (JKLC)			
b)	Fellow Subsidiary	India	NIL	NIL
	Hansdeep Industries & Trading Company Limited (HITCL)			
c)	Ram Kanta Properties Private Ltd. (RKPPL)	India	NIL	NIL

b) Key Management Personnel (KMP)

Smt. Vinita Singhania	– Chairperson (Non Executive Director)
Shri Shrivats Singhania	– Director & CEO
Shri O.N. Rai	– Independent and Non Executive Director
Shri Surendra Malhotra	– Independent and Non Executive Director
Shri Vinit Marwaha	– Independent and Non Executive Director
Amb. Bhaswati Mukherjee	– Independent and Non Executive Director
Shri Naveen Kumar Sharma	– Whole Time Director
Shri Pranav Chitre	– Chief Financial Officer
Ms. Poonam Singh	– Company Secretary & Compliance Officer

c) Holding Company

d) Key Management Personnel (KMP)

Shri Bharat Hari Singhania	– Chairman
Smt. Vinita Singhania	– Vice Chairman & Managing Director
Shri S.K. Wali (Ceased to be Whole-time director w.e.f. 1st August'22)	– Whole Time Director
Dr. S. Chouksey (Ceased to be Whole-time director w.e.f. 1st August'22)	– Whole Time Director
Shri Arun Kumar Shukla (w.e.f. 31 st August'22)	– President & Director
Shri B.V. Bhargava (Ceased to be director w.e.f. 31st August'22)	– Independent and Non Executive Director
Ms. Bhaswati Mukherjee	– Independent and Non Executive Director
Shri N.G. Khaitan	– Independent and Non Executive Director
Dr. K.N. Memani (Ceased to be director w.e.f. 26th April'22)	– Independent and Non Executive Director
Dr. Raghupati Singhania	– Non Independent and Non Executive Director

Shri Ravi Jhunjunwala	– Independent and Non Executive Director
Shri Sadhu Ram Bansal (w.e.f. 1st July'22)	– Independent and Non Executive Director
Shri Sudhir A Bidkar	– Chief Financial Officer
Shri Brijesh K Daga (Ceased w.e.f. 1st September'22)	– Sr. VP & Company Secretary
Shri Amit Chaurasia (w.e.f. 1st September'22)	– GM & Company Secretary

e) Trusts under Common Control

JK Udaipur Udyog Limited Employees' Group Gratuity Fund Trust

JK Udaipur Udyog Limited Officers' Superannuation Fund Trust

The following transactions were carried out with related parties in the ordinary course of business:

(I)

₹ In Crore (10 Million)

Sl. No.	Nature of Transactions	2022-23				2021-22			
		JKLC	HITCL	RKPPL	Trusts	JKLC	HITCL	RKPPL	Trusts
(i)	Purchase of Cement /Clinker/ Others	261.93	-	-	-	204.66	-	-	-
(ii)	Sales of Cement /Clinker/Others	571.88	-	-	-	431.90	-	-	-
(iii)	Sharing of Expenses/Expenses paid	3.65	-	-	-	2.92	-	-	-
(iv)	Finance Charges on Inter Corporate Loan	2.05	-	-	-	-	0.30	-	-
(v)	Corporate guarantee taken for Term loan	750.00	-	-	-	350.00	-	-	-
(vi)	Loan Taken	85.40	-	-	-	-	-	-	-
(vii)	Repayment of Loan	10.00	-	-	-	-	10.00	-	-
(viii)	Payment to Trusts	-	-	-	0.90	-	-	-	0.96
(ix)	Rent & Others	-	-	0.42	-	-	-	0.42	-
(x)	Outstanding as at year end:-								
(xi)	- Receivable / (Payable)								
	HITCL	-	-	-	-	-	-	-	-
	JKLC	(129.88)	-	-	-	(6.24)	-	-	-
	RKPPL	-	-	0.11	-	-	-	0.11	-
	Trusts	-	-	-	(1.14)	-	-	-	(0.21)
	Corporate Guarantee Outstanding	(1052.13)	-	-	-	(906.27)	-	-	-

(II)

Remuneration paid to KMPs:

₹ In Crore (10 Million)

Sl. No.	Particulars	2022-23	2021-22
(i)	Short Term Employee Benefit	5.04	4.21
(ii)	Post Employee Benefit*	-	-
(iii)	Other Payments	0.34	0.15

(iv)	Receivable / (Payable)	(0.01)	(0.01)
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*As the Liability for Gratuity and Leave Encashment are provided on actuarial basis for the Company as a whole. The amount pertaining to KMPs are not included above.

The transactions with related party have been made on terms equivalent to those that prevail in arm's length transactions.

57. Impairment Review :

Assets are tested for impairment whenever there are any internal or external indicators of impairment. Impairment test is performed at the level of each Cash Generating Unit ('CGU') or groups of CGUs within the Company at which the assets are monitored for internal management purposes, within an operating segment. The impairment assessment is based on higher of value in use and value from sale calculations. During the year, the testing did not result in any impairment in the carrying amount of other assets. The measurement of the cash generating units' value in use is determined based on financial plans that have been used by management for internal purposes. The planning horizon reflects the assumptions for short to- mid-term market conditions

Key assumptions used in value-in-use calculations are:-

- (i) Operating margins (Earnings before interest and taxes), (ii) Discount Rate, (iii) Growth Rates and (iv) Capital Expenditure

58. Events Occurring after the Balance Sheet Date

No adjusting or significant non-adjusting events have occurred between the reporting date and date of authorization of these financial statements.

59. 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 have not traded or invested in Crypto Currency or Virtual Currency during the financial year.
- (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 advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.
- (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:

- 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
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries
- (vi) The Company have no such transactions which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in Tax assessments under Income Tax Act, 1961.
- (vii) The Quarterly Return of current assets filed by the Company with Banks having no material variances with Books of Account, though the Company has not utilised limit during the year.
- (viii) Struck off Companies

In Crore (10 Million)

S.N.	Name of Struck off Companies	Nature of transactions with Struck off Companies	Balance Outstanding	Relationship with Struck off Company, if any, to be disclosed
A)	<u>Vendors</u>			
1	IGUS (India) Pvt. Ltd.	Payables	Nil	Trade Payable
2	Print Express Private Ltd.	Payables	Nil	Trade Payable
B)	<u>Customers</u>			
1	Maharaja International Ltd.	Receivables	Nil	Trade Receivable

60. Ratio Analysis and its elements

S.N.	Particulars	As at March 31, 2023	As at March 31, 2022	% Change	Note
1	Current Ratio	0.50	0.76	-27%	1
2	Debt-Equity Ratio	3.31	3.20	5%	
3	Debt Service Coverage Ratio	1.35	1.75	-19%	
4	Return on Equity Ratio	10.96%	17.89%	-27%	2
5	Inventory Turnover Ratio	8.93	12.47	-29%	3
6	Trade Receivables Turnover Ratio	281	423	-60%	4
7	Trade Payables Turnover Ratio	12.02	11.16	4%	
8	Net Capital Turnover Ratio	2.98	3.24	-7%	
9	Net Profit Ratio	3.40%	5.53%	-29%	5
10	Return on Capital Employed	9.15%	11.32%	-12%	
11	Return on Investment	2.38%	1.36%	104%	6

Reason for Variance

1. Decrease in Current Assets
2. Input cost and Fuel cost inflation impact
3. Higher Inventory to manage inflation
4. Effective Working Capital management
5. Input cost and Fuel cost inflation impact
6. Better Corporate performance

Elements of Ratio

Ratios	Numerator	Denominator
Current Ratio	Current Assets	Current Liabilities
Debt Equity Ratio	Debt (Borrowing)	Total Equity
Debt Service Coverage Ratio	Earnings before Interest, depreciation and taxes (Profit Before Tax + Finance Cost + Depreciation)	Interest + Principal Repayment
Return on Equity Ratio	Profit for the period / year	Average Total Equity
Inventory Turnover Ratio	Net Revenue from Operations	Average Inventory
Trade Receivable Turnover Ratio	Gross Revenue from Operations	Average Trade Receivable
Trade Payable Turnover Ratio	Purchases of Goods & Services	Average Trade Payable
Net Capital Turnover Ratio	Net Revenue from Operations	Average Working Capital
Net Profit Ratio	Profit for the period / year	Revenue from Operations
Return on Capital Employed (Before Tax)	Profit before Tax + Finance Cost - Other Income	Average Capital Employed, Capital Employed = Equity + Debt (Borrowings) - Current Investments - Non Current Investments - CWIP and Capital Advances + Deferred Tax Liability
Return on Investment	Interest Income on fixed deposits + Profit on sale of Investments + Profit on fair valuation of Investments carried at FVTPL	Current Investments + Non Current Investments + Other bank balances

61. Previous year's figures have been regrouped / re-classified wherever necessary and figures less than ₹ 50,000 have been shown as actual in bracket.

Significant Accounting Policies

1

For and on Behalf of the Board

Notes on financial statements

2-61

VINITA SINGHANIA

Chairperson

SHRIVATS SINGHANIA

Director & CEO

As per our report of even date

For BANSILAL SHAH & CO.

Chartered Accountants

ONKAR NATH RAI

Firm Registration No.: 000384W

PRANAV CHITRE

SURENDRA MALHOTRA

Chief Financial Officer

DHRUV SHAH

VINIT MARWAHA

Partner

Membership No.: 223609

BHASWATI MUKHERJEE

Place : Udaipur

POONAM SINGH

Date: 11th May 2023

Company Secretary

NAVEEN KUMAR SHARMA

Udaipur Cement Works Ltd.

Cash Flow Statement for Year ended 31st March 2023

		₹ In Crore (10 Million)	
Particulars	2022-23	2021-22	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Net Profit / (Loss) before Tax and Exceptional Items	50.48	68.41	
Adjustments for:			
Depreciation and Amortisation (net)	37.00	35.15	
Interest Income	(0.46)	(0.80)	
Profit on sale of Assets (net)	(0.05)	(0.03)	
Profit on sale of Current Investment (net)	(0.68)	(4.26)	
(Gain) / Loss on fair value of Current Investments	0.17	0.39	
Finance Costs	47.56	50.26	
Foreign Exchange Difference (net)	(0.62)	(0.05)	
Exceptional Items	-	(3.60)	
Operating Profit before Working Capital changes	133.40	145.47	
Adjustments for :			
Trade & Other Receivables	(34.73)	4.02	
Inventories	(51.40)	(39.08)	
Trade & Other Payables	52.14	32.52	
Net Cash from Operating Activities	99.41	142.93	
B. CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment	(589.32)	(254.05)	
Sale of Property, Plant & Equipment	0.28	0.03	
Interest received	0.92	0.70	
(Purchase) / Sale of Investments (net)	87.70	9.42	
Net Cash from / (used in) Investing Activities	(500.42)	(243.90)	
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from issue of Listed/Unlisted Non Convertible Debentures	350.00	350.00	
Redemption of Unlisted Non Convertible Debentures	(350.00)	-	
Proceeds from Long-Term Borrowings	264.15	64.22	
Repayment of Long-Term Borrowings	(132.53)	(47.65)	
Loan from Related Party	85.40	-	
Interest Paid	(45.90)	(44.22)	
Net Cash from / (used in) Financing Activities	171.12	322.35	
D. Increase / (Decrease) in Cash & Cash Equivalents	(229.89)	221.38	
E. Cash & Cash Equivalents as at the beginning of the year	234.09	12.71	
F. Cash & Cash Equivalents as at the close of the year	4.20	234.09	
Notes :			
1 Cash and Cash Equivalents include :			
- Cash, Cheques in hand and remittance in transit	0.01	0.01	
- Balance with Scheduled Banks	4.19	234.08	
	4.20	234.09	

2 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows.

3 Previous year's figures have been re-arranged and re-casted wherever necessary.

For and on Behalf of the Board

VINITA SINGHANIA

Chairperson

SHRIVATS SINGHANIA

Director & CEO

ONKAR NATH RAI

SURENDRA MALHOTRA

VINIT MARWAHA

BHASWATI MUKHERJEE

NAVEEN KUMAR SHARMA

Directors

As per our report of even date

For BANSILAL SHAH & CO.

Chartered Accountants

Firm Registration No.: 000384W

DHRUV SHAH

Partner

Membership No.: 223609

Place : Udaipur

Date : 11th May 2023

PRANAV CHITRE

Chief Financial Officer

POONAM SINGH

Company Secretary

ACCOUNTING RATIOS

The following tables present certain accounting and other ratios computed on the basis of amounts derived from the Annual Financial Statements included in the section “*Financial Statements*” on page 109:

Particulars	Annual Financial Statements	
	As at and for the year ended March 31, 2023	As at and for the year ended March 31, 2022
Basic EPS (₹)	1.15	1.56
Diluted EPS (₹)	1.15	1.56
Return on Net Worth (%)	10.96	17.89
Net Asset Value per Equity Share (₹)	11.10	9.46
EBITDA (₹ in crores)	133.75	148.70

The formulae used in the computation of the above ratios are as follows:

Basic EPS	Profit after tax after exceptional items/ Weighted average number of Equity Shares as outstanding at the end of the year
Diluted EPS	Profit after tax after exceptional items/ Weighted average number of Equity Shares as outstanding at the end of the year
Return on Net Worth (%)	Total comprehensive income for the year/ Average Net Worth. Average Net Worth is average of opening and closing Net Worth. Net Worth here refers to the aggregate of equity and other equity as shown on the face of the Annual Financial Statements
Net Asset Value per Equity Share	Net Worth/ Number of Equity Shares outstanding as at the year end
EBITDA	EBITDA is profit before exceptional items and tax minus other income plus finance costs, depreciation and amortisation expense

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations in conjunction with our financial statements for the Financial Year ended March 31, 2023 with previous year comparatives, including the related notes, schedules and annexures. Our financial statements for the Financial Year ended March 31, 2023 has been prepared under Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act 2013 to the extent applicable and in accordance with applicable rules and regulations. Ind AS differs in certain material respects from other accounting standards such as Indian GAAP, IFRS and U.S. GAAP.

*Our financial year ends on March 31 of each year. Accordingly, all references to a particular financial year are for the 12 months ended March 31 of that year. Unless otherwise indicated or the context requires, the financial information for the year ended March 31, 2023 with previous year comparatives included herein is based on the Annual Financial Statements, included in this Letter of Offer. For further information, please see the section entitled "**Financial Statements**" on page 109.*

*This discussion contains forward-looking statements that involve risks and uncertainties and reflects our current view with respect to future events and financial performance. Actual results may differ from those anticipated in these forward-looking statements as a result of factors such as those set forth under the sections entitled "**Forward-looking Statements**" and "**Risk Factors**" on pages 12 and 15, respectively. Further, the information has also been derived from a report titled "Overview of Indian Cement Industry" dated May 2023 prepared by CRISIL ("**CRISIL Report**"). The CRISIL Report has been prepared and issued by CRISIL, commissioned and paid for by our Company, for the purposes of confirming our understanding of the Indian cement industry in connection with the Issue, for an agreed fees.*

Overview

Our Company is engaged in manufacturing of cement and clinker at our Udaipur Manufacturing Plant which has an installed manufacturing capacity of 1.50 MTPA of clinker and 2.20 MTPA of cement grinding. We manufacture two types of cement: (a) OPC and (b) PPC, our premium cement.

Significant factors affecting our results of operations

Our results of operations and financial condition are affected by a number of important factors, including:

Demand for cement products

Domestic cement demand grew at a moderate 5.5-6.5% CAGR from Financial Year 2019 to Financial Year 2023 led by the continued thrust on infrastructure and affordable housing. On a low base, pan-India cement demand recovered 8% in Financial Year 2022 and further shot up by ~12% in Financial year 2023 supported by tailwinds from strong demand for rural housing and infrastructure. The Indian government unleashed a slew of measures during the pandemic-impacted fiscal under the Aatma Nirbhar Bharat Abhiyan to boost the economy with the Production-Linked Incentive (PLI) scheme the standout tying in with the Make in India programme. (Source: CRISIL Report) Our ability to benefit from these proposed initiatives will be critical to our results of operations and financial condition.

We rely on the demand for cement and are directly affected by the cyclical nature of the construction industry, especially in the areas of residential construction, commercial property construction and infrastructure project development. Our cement sales volume and prices are influenced by growth in segments such as housing, infrastructure, commercial and industrial segments. The demand and supply of cement and construction are also affected by factors such as availability of limestone, gypsum, fly ash and waste-derived alternative raw materials, general economic environment, state and central Government spending on various sectors including construction, infrastructure and housing, perception of prospective demand and the cost of capital. In addition, fiscal, tax and other policies of national and state governments have the effect of stimulating or discouraging construction activity. Accordingly, our results of operations are cyclical, with periods of growth typically followed by downturns.

Availability and cost of raw materials and energy costs

Our business and operating margins are significantly dependent on the availability and price of raw materials, such as limestone, gypsum, fly ash and waste-derived alternative raw materials, used in our manufacturing process. Raw materials represent a significant portion of our expenses. In the Financial Years ended March 31, 2023 and March 31, 2022, the cost of materials consumed was ₹ 129.32 crore and ₹ 122.21 crore, respectively, which accounted for 12.54% and 13.95%, respectively, of our revenue from operations and 13.17% and 15.04%, respectively, of our total expenses. Adverse price fluctuations in raw materials could therefore have a negative impact on our results of operations.

Our operating margins are significantly dependent on the energy costs as well. Currently we meet our energy requirements from state power grid network, waste heat recovery system based power generation units and solar power plants. For the Financial Year ended March 31, 2023, we sourced 48% of our electrical energy requirement for our Udaipur Manufacturing Plant from our waste heat recovery system and solar power plant. However, 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. Our power and fuel expenses increased significantly by ₹ 125.69 crore or 56.04% from ₹ 224.30 crore during the Financial Year ended March 31, 2022 to ₹ 349.99 crore during the Financial Year ended March 31, 2023. Given that our power and fuel expenses constitute a significant part of our total expense, if the energy costs continue to increase or continue at the current level, it may have an adverse impact on our results of operations.

Our competitiveness, costs and profitability depend, in part, on our ability to source and maintain a stable and sufficient supply of raw material, fuel and power at acceptable prices. We currently rely on certain domestic suppliers to provide certain raw materials, including gypsum, fly ash and slag, as well as electricity and support services. While we have obtained long term leases for limestone mines with a right to renewal, our leases are subject to various terms and conditions which provides for the relevant authorities with the right to impose fines or restrictions, revoke mining leases or change the amount of royalties payable for mining the mines. Further, in case any of the leases are revoked or not renewed upon expiration, or significant restrictions on the usage of the leases are imposed or applicable environmental standards are substantially increased or royalties are increased to significant levels, our ability to operate our manufacturing plants adjacent to the affected limestone mining sites could be disrupted until alternative limestone sources are located, which could materially and adversely affect our business, financial condition and results of operations.

The supply of raw materials and energy sources could be disrupted for reasons beyond our control, including extreme weather conditions, fire, natural catastrophe, geo-political disputes or raw material supply disruptions, including by way of changes in governmental policy and judicial intervention. For instance, on October 24, 2017, the Supreme Court of India banned the use of petcoke in the states of Rajasthan, Uttar Pradesh and Haryana with effect from November 1, 2017. While the restriction was subsequently relaxed for use of petcoke in the cement industry, the Supreme Court pursuant to its order dated July 26, 2018 has imposed limited import of petcoke and has clarified that 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. 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 Pet-coke 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 pet-coke. Such consent and registration shall contain the quantity of the petcoke that an entity is allowed to import and use on a monthly and on an annual basis.

Competition

The Indian cement industry is highly fragmented and competitive with the presence of a few large players and several medium and small players (*Source: CRISIL Report*). However, the top five — UltraTech Cement, Ambuja Cements, ACC, Dalmia Cement, and Shree Cement — accounted for 46-48% of the total market share as of Financial year ended March 31, 2023 (*Source: CRISIL Report*). For further information on our competition, see “***Our Business – Competition***” on page 108.

We operate and sell our products in highly competitive markets. Competition occurs principally on the basis of price, quality and brand name. Some of our competitors may have greater financial and marketing resources, larger manufacturing capacities, more cost efficient production processes or stronger relationships with distributors, agents or retail chains in key markets for our products. Some of our competitors may also benefit

from government-sponsored programs that subsidize their manufacturing costs or provide them with marketing or other advantages. In order to remain competitive, we are required to focus on reducing manufacturing, transportation and distribution costs and improve our operating efficiencies.

Competition from existing and new cement manufacturers could drive prices for our products lower. Our market position will also depend on effective marketing initiatives and our ability to anticipate and respond to various competitive factors affecting the industry, including new products, pricing strategy of competitors, changes in consumer preferences and general economic, political and social conditions in the markets in which we do business. Increasing competition could also result in price and supply volatility.

Consolidation in the Indian cement industry and an increase in the number of larger competitors may also adversely affect our results of operations. As cement manufacturers consolidate and become larger, and as they gain greater access to debt and equity financing, we expect that we will face greater competition, which may lead to lower margins and adversely affect our results of operations.

Capacity utilization and capacity expansion

Our operating margins and profitability depends on capacity utilization as higher capacity utilization results in increased manufacturing volumes, and enables us to achieve greater economies of scale. Manufacturing levels are affected by the number of lost days due to scheduled and unscheduled facility shutdowns. As part of our expansion plan, we seek to expand our installed capacity of cement grinding to 4.70 MTPA of cement, to set up an additional clinker production line of 1.50 MTPA which is proposed to be completed in September 2024. This addition in capacity is intended to, among other things, enhance our ability to service the growing demand for cement products in the Indian industry. Our expansion plans however remain subject to various uncertainties, including increased costs of equipment, any unforeseen delays in implementing such expansion plans, any defects in design and improper installation. These factors could lead to a delay in the implementation of our capacity expansion plans and planned commercial production schedules for such expended capacities. While we have incurred significant capital expenditures in connection with the implementation of our Expansion Project, any future capacity expansion plans will require substantial additional capital expenditures.

Our actual production levels and utilization rates may differ significantly from the estimated manufacturing capacities of our facilities. Our capacity utilization rates are also affected by our product mix, as we may produce a particular type of product that may not result in optimal use of our manufacturing capacities. Our capacity utilization for cement was 66.75% and 62.13% in the Financial Years ended March 31, 2023 and March 31, 2022, respectively, and our capacity utilization for clinker was 97.21% and 92.07% for the Financial Years ended March 31, 2023 and March 31, 2022, respectively.

Following the expansion of our Udaipur Manufacturing Plant, 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. Attaining and maintaining such levels of utilization requires considerable planning and expenditure. If we are unable to achieve and maintain optimum levels of capacity utilization at our Udaipur Manufacturing Plant in the future, our financial condition and results of operations may be adversely affected.

Maintaining a healthy balance sheet and funding of working capital requirements

Our Company had been declared a sick industrial company in terms of Section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985 (“SICA”), on November 13, 2003. The net worth of our Company was completely eroded for Financial Year ended March 31, 2002. Accordingly, our Company had filed a reference application with the Board for Industrial and Financial Reconstruction (“BIFR”) seeking registration as a sick industrial company and requesting for appropriate measures to revive it and accordingly, our Company was declared as a sick company. Our Company submitted a rehabilitation proposal dated January 6, 2010 to the BIFR, which was sanctioned by the BIFR pursuant to its order dated January 13, 2012. In 2012, our Company filed an appeal before the Appellate Authority for Industrial and Financial Reconstruction (“AAIFR”) seeking an exit from the purview of SICA. Subsequently, AAIFR in its order dated January 22, 2016 discharged our Company from the purview of SICA. While our Company has implemented the approved rehabilitation scheme, there is no assurance regarding our future performance. Further, our comprehensive income (which includes the profit for the year after tax) for Financial Year ended March 31, 2023 was ₹ 35.10 crore, which has decreased from ₹ 48.43 crore for Financial Year ended March 31, 2022. Our future operating results are difficult to predict and may differ from period to period and our recent results of operations should not be viewed as being indicative of our future results. If such events occur in the future, it may impact our ability to serve our customers and impair our

relationships with key customers and suppliers, which may adversely impact our business, results of operations and financial condition. Also see ***“Risk Factors - In the past, our Company was declared a sick industrial company by the Board for Industrial and Financial Reconstruction (“BIFR”). Although, the Company’s accounts were regularised following the BIFR proceedings, there is no assurance that such proceedings or actions may not be commenced in the future.”*** on page 22.

We also require significant amounts of capital to market and distribute our products. As of March 31, 2023, we have outstanding borrowings of ₹ 1,145.46 crore. For further details, see ***“- Indebtedness”*** on page 196. Any fluctuations in interest rates may directly impact the interest costs of such borrowings and, in particular, any increase in interest rates could adversely affect our results of operations. Further, a significant portion of our expected cash flow may be used in repayment of interest on our indebtedness, thereby reducing the funds available to us for use in our general business operations.

Seasonality and weather conditions

Our business operations are dependent on the weather conditions, resulting in the demand for cement to be seasonal in nature. Weather conditions, particularly the monsoon season, characterized by heavy rains, landslides, floods, may affect the level of activity in the construction industry resulting in reduced demand for cement, concrete and building materials. As a result, we typically experience a reduction in our sales volume between June to September, which is usually the monsoon season in India. We expect our results of operations will continue to be affected by seasonality in the future. Our results of operations for any quarter in a given year may not, therefore, be comparable with other quarters in that year. Also see ***“Risk Factors - The Indian cement industry is cyclical and is affected by a number of factors beyond our control which could affect our business and results of operations adversely. Further, our results of operations are subject to seasonal changes in demand for cement products which can be affected adversely on account of fluctuations in revenues.”*** on page 20.

Significant Accounting Policies

(1) Property, Plant and Equipment

The Company adopted optional exception under IND AS 101 to measure Property, Plant and Equipment at fair value as at 1st April 2015. Consequently, the fair value was assumed to be deemed cost of Property, Plant and Equipment on the date of transition. Subsequently, the Property, Plant and Equipment are carried at cost net of tax/duty credit availed, less accumulated depreciation and accumulated losses, if any. Cost includes expenses directly attributable to bringing the Asset to their location and conditions necessary for it to be capable of operating in the manner intended by the management.

Subsequent costs are included in the asset’s carrying amount or recognized as separate asset, as appropriate, only when it is probable that is future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Assets in the course of construction are capitalized in capital work in progress account. At the point when an asset is capable of operating in the manner intended by the management, the cost of erection/ construction is transferred to the appropriate category of property, plant and equipment cost (net of income and including pre-operative cost / expenses) associated with the commissioning of an asset are capitalized until the period of commissioning has been completed and the asset is ready of its intended use.

Property, Plant and Equipment are eliminated from Financial Statement, either on disposal or when retired from active use. Losses arising in the case of retirement of Property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in Statement of Profit and Loss in the year of occurrence.

Depreciation methods, estimated useful lives and residual value.

Depreciation is calculated using the Straight Line Method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives as specified in Schedule II to Companies Act, 2013, except for

captive power plant, Furniture & Fixtures, Office Equipment, Vehicles and Locomotives which is provided on Written Down Value Method (WDV) as per the said schedule.

The assets residual values, useful lives and methods of depreciation are reviewed at each Financial Year end and adjusted prospectively, if appropriate.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit or Loss within other gains / (losses).

Depreciation on impaired assets is provided on the basis of their residual useful life.

(2) Investment Properties

Property that is held for long-term rentals yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. The Company adopted optional exception under IND AS 101 to measure Investment Property at fair value as at 1st April 2015. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using the Straight Line Method (SLM) over their estimated useful lives. The useful life has been determined based on technical evaluation performed by the management's expert.

The Residual Life, useful lives and depreciation method of investment properties are reviewed, and adjusted on prospective basis as appropriate, at each Financial Year end. The effects of any revision are included in the Statement of Profit and Loss when the changes arise.

(3) Intangible Assets

Intangibles Assets are recognized if the future economic benefits attributable to the Assets are expected to flow to the Company and the cost of the asset can be measured reliably.

Internally generated intangibles, excluding capitalized developments costs, are not capitalized and the related expenditure is reflected in Statement of Profit and Loss in the period in which the expenditure is incurred.

The useful lives of Intangibles Assets are assessed as either finite or indefinite. The amortization period and the amortization method for an Intangible Asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible Asset with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the Intangible Asset may be impaired.

Intangible Assets are amortized as follows:

- Computer Software: Over a period of five years

Intangibles Assets with indefinite useful lives, if any are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite useful life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite life is made on prospective basis.

Gain or losses arising from derecognition of an Intangible Asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

(4) Research and Development Cost

Revenue Expenditure on Research and Development is charged to Statement of Profit and Loss and Capital Expenditure is added to Property, plant and equipment.

However, Development expenditure on new product is capitalized as intangible asset.

(5) Inventories

Inventories are carried in the balance sheet as follows :

a)	Raw Materials, Packing Materials, construction Materials, Stores & spares.	:	At cost, on weighted average basis.
b)	Work-in Progress – Manufacturing	:	At Lower of Cost of Material, plus appropriate Production Overheads and Net Realizable Value.
c)	Finished goods – Manufacturing	:	At Lower of Cost of Material, plus appropriate Production Overheads and Net Realizable Value.
d)	Finished goods – Trading	:	At Lower of Cost, on Weighted Average Basis and Net Realizable Value.

The cost of inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition. Slow and non-moving material, obsolete, defective inventories are duly provided for and valued at net realizable value. Goods and materials in transit are valued at actual cost incurred upto the date of balance sheet. Materials and supplies held for use in the production of inventories are not written down if the finished products in which they will be used are expected to be sold at or above cost.

Net Realisable Value is the estimated Selling Price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(6) Cash and Cash Equivalents

Cash and Cash Equivalents includes cash on hand, deposits held at call with Banks / Financial Institutions, other short-term, highly liquid investments which are subject to an insignificant risk of changes in value.

(7) Impairment of Assets

The carrying amounts of Property, Plant & Equipment, Intangible Assets and Investment Properties are reviewed at each Balance Sheet date to assess impairment, if any, based on internal / external factors. An impairment loss is recognised, as an expense in the Statement of Profit & Loss, wherever the carrying amount of the Asset or Cash Generating Unit (CGU) exceeds its recoverable amount. The impairment loss recognised in prior accounting period is reversed, if there has been an improvement in recoverable amount in subsequent years. Recoverable amount is determined:

- In the case of an Individual Asset, at the higher of the Fair Value less cost to sell and the value in use; and
- In the case of cash generating unit (a group of assets that generates identified, independent cash flows) at the higher of cash generating unit's fair value less cost to sell and the value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, and appropriate valuation model is used.

These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

(8) Foreign Currency Translations & Transitions

(i) Functional and Presentation Currency

The Company's financial statements are presented in INR, which is also the Company's Functional and Presentation Currency.

(ii) Transaction and Balance

Foreign currency transactions are recorded at exchange rates prevailing on the date of transaction. Monetary Assets and liabilities related to foreign currency transactions are stated at exchange rate prevailing at the end of the year and exchange difference in respect thereof is recognised to Statement of Profit & Loss.

(9) Financial Instruments

A Financial Instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

1. Financial Assets

1.1 Definition

Financial Assets include Cash and Cash Equivalents, Trade and Other Receivables, Investments in Securities and other eligible Current and Non-Current Assets.

At initial recognition, all financial assets are measured at fair value. The classification is reviewed at the end of each reporting period.

(i) Financial Assets at Amortised Cost

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates. These financial assets are intended to be held until maturity. Therefore, they are subsequently measured at amortized cost by applying the Effective Interest Rate (EIR) method to the gross carrying amount of the financial asset. The EIR amortization is included as interest income in the statement of profit or loss. The losses arising from impairment are recognized in the Statement of Profit or Loss.

(ii) Financial Assets at Fair value through Other Comprehensive Income

At the date of initial recognition, are held to collect contractual cash flows of principal and interest on principal amount outstanding on specified dates, as well as held for selling. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognized in Other Comprehensive Income (OCI). Interest income calculated using the effective interest rate (EIR) method, impairment gain or loss and foreign exchange gain or loss are recognized in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognized in Other Comprehensive Income is reclassified from the OCI to Statement of Profit and Loss.

(iii) Financial Assets at Fair value through Profit or Loss (FVTPL)

At the date of initial recognition, Financial assets are held for trading, or which are measured neither at Amortized Cost nor at Fair Value through OCI. Therefore, they are subsequently measured at each reporting date at fair value, with all fair value movements recognized in the Statement of Profit and Loss.

1.2 Trade Receivables

A Receivable is classified as a 'trade receivable' if it is in respect to the amount due from customers on account of goods sold or services rendered in the ordinary course of business. Trade Receivables are initially recognized at their Transaction Value as reduced by provision for impairment, if any. For some trade receivables the Company may obtain security in the form of guarantee, security deposit or letter of credit which can be called upon if the counterparty is in default under the terms of the agreement.

1.3 Investment in Equity Shares

Investment in Equity Securities are initially measured at cost. Any subsequent fair value gain or loss is recognized through Statement of Profit and Loss if such investments in Equity Securities are held for trading purposes. The fair value gains or losses of all other Equity Securities are recognized in Other Comprehensive Income.

1.4 Derecognition of Financial Assets

A Financial Asset is primarily derecognized when:

- The right to receive cash flows from asset has expired, or
- The Company has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a “pass-through” arrangement and either:
 - a) The Company has transferred substantially all the risks and rewards of the asset, or
 - b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2. Financial Liabilities

2.1 Definition

Financial Liabilities include Long-term and Short-term Loans and Borrowings, Trade and Other payables and Other eligible Current and Non-Current Liabilities.

(a) Initial Recognition and Measurement

All Financial Liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company’s Financial Liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(b) Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

i) Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial measurement recognition at fair value through profit or loss. Financial liabilities at fair value through profit or loss are at each reporting date at fair value with all the changes recognized in the Statement of Profit and Loss.

ii) Financial Liabilities measured at Amortized Cost

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method (“EIR”) except for those designated in an effective hedging relationship. The carrying value of borrowings that are designated as hedged items in fair value hedges that would otherwise be carried at amortized cost are adjusted to record changes in fair values attributable to the risks that are hedged in effective hedging relationship.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fee or costs that are an integral part of the EIR. The EIR amortization is included in finance costs in the Statement of Profit and Loss.

2.2 Loans and Borrowings

After initial recognition, interest-bearing borrowings are subsequently measured at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in Statement of Profit and Loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

2.3 Financial Guarantee Contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount initially recognized less cumulative amortization.

2.4 Trade and Other Payables

A payable is classified as trade payable if it is in respect of the amount due on account of goods purchased or services received in the normal course of business. These amounts represent liabilities for goods and services provided to the Company prior to the end of Financial Year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

2.5 De-recognition of Financial Liability

A Financial Liability is derecognized when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

3. Offsetting of Financial Instruments

Financial Assets and Financial Liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

4. Derivative Financial Instruments

The Company uses derivative financial instruments, such as forward contracts and interest rate swaps to hedge its foreign currency risks and interest rate risks. Derivative financial instruments are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at the end of each period. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, on the nature of the item being hedged. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss.

5. Compound Financial Instruments.

The liability component of a compound financial instrument is recognised initially at fair value of a similar liability that does not have an equity component. The equity component is recognised initially as the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Any directly attributable transaction costs are allocated to the liability and the equity components, if material, in proportion to their initial carrying amounts.

Subsequent to the initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest rate method. The equity component of a compound financial instrument is not re-measured subsequent to initial recognition except on conversion or expiry.

(10) Grants

Grants from the Government are recognised when there is reasonable assurance that all underlying conditions will be complied with and that the grant will be received.

When loans or similar assistance are provided by Government or related institutions, with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. That grant is recognised in the Statement of Profit and Loss under 'other operating income or finance cost'. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

Government grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet by recording the grant as deferred income which is released to the Statement of Profit and Loss on a systematic basis over the useful life of the asset.

Grants related to income are recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate and are presented as 'other operating revenues'.

(11) Equity Share Capital

Ordinary Shares are classified as Equity. Incremental costs net of taxes directly attributable to the issue of new equity shares are reduced from Retained Earnings, net of taxes.

(12) Provisions, Contingent liabilities, Contingent Assets and Commitments

i) General

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent Liability

Contingent Liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.
- A present obligation arising from past events, when no reliable estimate is possible:
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Commitments include the amount of Purchase Order (net of Advances) issued to parties for Completion of Assets.

Provisions, Contingent Liabilities, Contingent Assets and commitments are reviewed at each Balance Sheet date.

		(in ₹ crore)
Particulars	As of March 31, 2023	
VAT/GST		1.11
Income Tax		38.38
Other Matters		1.87
Total		41.36

Contingent liabilities for non-use of jute bags for Cement packing up to 30th June, 1997, as per Jute Packaging Materials (Compulsory use of Packaging Commodities) Act, 1987 is not ascertained and the matter is subjudice. The Government has excluded Cement Industry from application of the said order from 1st July, 1997.

ii) Other Litigation Claims

Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

iii) Onerous Contracts

A provision for onerous contracts is measured at the present value of the lower of expected costs of terminating the contract and the expected cost of continuing with the contract. Before a provision is established, the Company recognizes impairment on the Assets with the contract.

iv) Contingent Asset

A Contingent Asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. Contingent Assets are disclosed in the Financial Statements by way of notes to accounts when an inflow of economic benefit is probable.

(13) Revenue Recognition

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 & services rendered is net of variable consideration on account of various discounts & schemes offered by the Company as part of the contract.

i) Sale of Goods

Revenue is recognized upon transfer of control of promised goods or services to customers at transaction price (net of taxes and duties), arrived at by determining the fair value of the consideration received or receivable after adjusting returns, allowances, trade discounts, volume discounts etc. in exchange of goods or services.

Taxes collected on behalf of the government are excluded from revenue. Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably.

ii) Non-Cash Incentives

The Company provides Non-Cash Incentives at Fair Value to customers. These benefits are passed on to customers on satisfaction of various conditions of various sales schemes. Consideration received is allocated between the products sold and non-cash incentives to be issued to customers. Fair value of non-cash incentive is determined by applying principle of Ind AS 113 i.e., market rate. A contract liability for the non-cash incentive is recognized at the time of sale.

iii) Power Distribution

Revenue from Power Distribution business is accounted on the basis of billings to the customers and includes unbilled revenues accrued up to the end of accounting year. Customers are billed as per the tariff rates issued by Electricity Regulatory Commission.

iv) Dividend Income

The Company recognizes a Liability to pay dividend to equity holders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders, except in case of interim dividend which is authorized by the Board of Directors.

v) Lease Incentives

Lease Agreements where the risk and rewards incidental to the ownership of an asset substantially vest with the lessor are recognized as operating leases. Leases rentals are recognized on straight –line basis as per the terms of the agreements in the statement of profit and loss.

vi) Interest Income

For all Financial Instruments measured at amortized cost, interest income is recorded using Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the Financial Instrument or a shorter period, where appropriate, to the net carrying amount of the Financial Asset. Interest income is included in other income in Statement of Profit and Loss.

vii) Renewable Energy Certificate

Renewable Energy Certificate (REC) benefits are recognized in Statement of Profit & Loss on Sale of REC. Income from Sale of RECs is recognized on the delivery to the Customers' Account.

viii) Export Benefit

Export incentives, Duty Drawbacks and other benefits are recognized in the Statement of Profit and Loss on Accrual Basis.

(14) Employees Benefits

i) Defined Contribution Plans

Contributions to the employees' regional Provident Fund, Superannuation Fund, Employees Pension Scheme and Employees' State Insurance are recognized as defined contribution plan and charged as expenses during the period in which the employees perform the services.

ii) Defined Benefit Plans

Retirement benefits in the form of Gratuity and Leave Encashment are considered as defined benefit plan and determined on actuarial valuation using the Projected Unit Credit Method at the balance sheet date. Actuarial Gains or Losses through re-measurement of the net obligation of a defined benefit liability or asset is recognized in Other Comprehensive Income. Such re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

The Company makes contribution towards provident fund which is administered by Employees' Provident Fund Organisation, Government of India .

iii) Short-term Employee Benefits

Short Term Benefits are charged off at the undiscounted amount in the year in which the related service is rendered.

iv) Long-Term Employee Benefit

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date. Annual Leaves can either be availed or encashed subject to restriction on the maximum accumulation of Leaves.

v) Termination Benefits

Termination Benefits are recognized as an expense in the period in which they are incurred.

The Company shall recognize a liability and expense for termination benefits at the earlier of the following dates:

- (a) When the entity can no longer withdraw the offer of those benefits; and
- (b) When the entity recognizes costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

(15) Borrowing Costs

- (1) Borrowing Costs that are specifically attributable to the acquisition, construction, or production of a Qualifying Asset are capitalized as a part of the cost of such Asset till such time the asset is ready for its intended use or sale. A Qualifying Asset is an asset that necessarily requires a substantial period of time (generally over twelve months) to get ready for its intended use or sale.

The Borrowing Cost consists of Interest & Other Incidental costs that the Company incurs in connection with the borrowing of such Funds.

- (2) For general borrowing used for the purpose of obtaining a Qualifying Asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing cost incurred during that period.
- (3) All other borrowing costs are recognized as expense in the period in which they are incurred.

(16) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a Lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-Of-Use Assets

The Company recognises Right-Of-Use Assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use Assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of Right-of-use Assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use Assets are depreciated on a straight-line basis from the commencement date over the shorter of the lease term and the estimated useful lives of the Assets.

If ownership of the Leased Asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the Asset.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises Lease Liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its existing borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities and Right-of-use assets have been presented as a separate line in the balance sheet. Lease payments have been classified as cash used in financing activities.

iii) Short-Term Leases and Leases of Low Value Assets

The Company has elected not to recognise Right-of-Use Assets and Lease Liabilities for short term leases of all assets that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease.

Company as a Lessor

Lease income from Operating Leases where the Company is a Lessor is recognized in income on straight-line basis over the lease term unless the recipients are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective Leased Assets are included in the Balance Sheet based on their nature.

(17) Taxes on Income

a) Current Tax

- i) Tax on Income for the Current Period is determined on the basis of estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals.
- ii) Current Income Tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss .Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred Tax

Deferred Tax is provided using the Balance Sheet Approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

The carrying amount of Deferred Tax Assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the Deferred Tax Asset to be utilized. Unrecognized Deferred Tax Assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the Deferred Tax Asset to be recovered.

Deferred Tax Assets and Liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred Tax relating to items recognized outside the Statement of Profit and Loss is recognized outside the Statement of Profit and Loss.

Deferred Tax items are recognized in correlation to the underlying transaction either in Other Comprehensive Income or directly in Equity.

The break-up of the major components of the Deferred Tax Assets and Liabilities as at Balance Sheet date has been arrived at after setting off Deferred Tax Assets and Liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

(18) Exceptional Items

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

(19) Earnings Per Share (EPS)

i) Basic Earnings Per Share

Basic Earnings Per Share is calculated by dividing

- The Profit or Loss attributable to Equity Shareholders of the Company by the Weighted Average number of Equity Shares outstanding during the Financial Year, adjusted for bonus elements in Equity Shares issued during the Year.

ii) Diluted Earnings Per Share

Diluted Earnings Per Share adjusts the figures used in the determination of basic earnings per share to take into account

- The after Income Tax Effect of interest and other financing costs associated with dilutive potential Equity Shares, and the Weighted Average number of additional Equity Shares that would have been outstanding assuming the conversion of all dilutive potential Equity Shares.

(20) Segment Accounting

The Company is engaged primarily into manufacturing of Cement. The Company has only one business segment as identified by management namely Cementitious Materials.

Segments have been identified taking into account nature of product and differential risk and returns of the segment. The business segments are reviewed by the Chairperson (Chief Operating Decision Maker).

The Chief Operational Decision Maker monitors the operating results of its business Segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on each segments profit or loss and is measured consistently with profit or loss in the financial statements.

(21) Cash Dividend

The Company recognises a Liability to pay dividend to Equity Holders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorized when its approved by the shareholders. A corresponding amount is recognized directly in Other Equity. Interim Dividends are recognised as a Liability on the date of declaration by the Company's Board of Directors.

(22) Recent Pronouncements

Recent pronouncements 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. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements : The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes : The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors : The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

Results of Operations

The following descriptions set forth information with respect to key components of our statement of profit and loss:

Principal components of income and expenses

Income: Income includes (i) revenue from operations; and (ii) other income.

Revenue from operations: Our revenue from operations consists of sale of products which primarily consist of the following:

- Sale of cement – revenue from sale of OPC and PPC to our Trade Customers and Non-trade Customers;
- Sale of others – revenue from sale of clinkers.

Other income: This includes interest income from bank deposits, interest on income tax refunds, profits from sale of current investments and other non-operating income.

Expenses: Expenses include cost of raw materials consumed; purchase of stock-in-trade; changes in inventories of finished goods; work-in-progress and traded goods; employee benefits expenses; power and fuel; transport, clearing and forwarding charges; finance costs; depreciation and amortization expense; and other expenses.

Cost of materials consumed: This comprises expenses towards purchase of raw materials utilised for our operations. The primary raw materials used in our cement production are limestone, gypsum and fly ash and waste-derived alternative raw materials. Raw materials are primarily transported to the Udaipur Manufacturing Plant by means of road and rail transport. Coal/ Petcoke is currently being imported via Kandla sea port and brought to plant site by road.

Purchase of stock-in-trade: This comprises expenses towards purchase of traded goods i.e., expenses towards purchase of cement manufactured by our promoter, JK Lakshmi Cement Limited. We purchase cement manufactured by our Promoter, JK Lakshmi Cement Limited depending on demand for our products. However, such cements purchased from JK Lakshmi Cement Limited carry our brand.

Changes in inventories of finished goods, work-in-progress and traded goods: Changes in inventories of finished goods, work-in-progress and traded goods consists of costs attributable to an increase or decrease in inventory levels, work-in-progress as well as traded goods during the relevant Financial Year.

Employee benefits expense: This primarily comprises of expenses incurred towards salaries and wages, contributions to the provident fund and other funds and staff welfare expenses.

Power and fuel: This comprises expenses incurred towards energy costs i.e., power and fuel in relation to our operations.

Transport, clearing and forwarding charges: This comprises expenses incurred towards transport of our products as well as clearing and forwarding charges.

Finance costs: Finance costs primarily comprise of interest expense on loans from banks and financial institutions, and other borrowing costs.

Depreciation and amortization expense: Depreciation and amortization expenses comprises depreciation on tangible assets, amortization of intangible assets and right-to-use assets. Deprecation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives as specified in Schedule II to Companies Act, 2013, except for captive power plant, Furniture & Fixtures, Office Equipment, Vehicles and Locomotives which is provided on Written Down Value Method (WDV) as per the said schedule. The assets residual values, useful lives and methods of depreciation are reviewed at each Financial Year end and adjusted prospectively, if appropriate. Depreciation on impaired assets is provided on the basis of their residual useful life.

Other expenses: Other expenses primarily comprise expenses for packing materials, stores and spares, repairs of plant and machineries, advertisement and sales promotions and travelling, consultancy and miscellaneous expenses.

Income and Expenses

The following table sets forth select financial data from our financial statements for the Financial Year ended March 31, 2023 compared with the Financial Year ended March 31, 2022:

(in ₹ crores)

	Financial Year ended	
	March 31, 2023	March 31, 2022
Revenue		
(A) Revenue from Operations	1,030.97	875.98
Sale of cement	900.15	749.02
Sale of others	130.82	126.96
(B) Other Income	1.29	5.12
Total Income (A + B)	1,032.26	881.10
Expenses		
Cost of materials consumed	129.32	122.21
Purchase of stock-in-trade	250.44	203.22
Changes in inventories of finished goods, work-in-progress and traded goods	(7.65)	2.19
Employee benefits expense	38.52	36.33
Power and fuel	349.99	224.30
Transport, clearing and forwarding charges	49.60	56.59
Finance costs	47.56	50.26
Depreciation and amortization expense	37.00	35.15
Other expenses	87.00	82.44
Total expenses	981.78	812.69
Profit before exceptional items and tax	50.48	68.41
Exceptional items – gain / (loss)	-	(3.60)
Profit before tax	50.48	64.81
Tax expense		
Current tax	-	-
Deferred tax	14.62	16.15
Profit for the year	35.86	48.66
Total comprehensive income	35.10	48.43

Financial Year ended March 31, 2023 compared to Financial Year ended March 31, 2022

Revenue

Total Income

Our total income increased by ₹ 151.16 crore or 17.16% from ₹ 881.10 crore for the Financial Year ended March 31, 2022 to ₹ 1,032.26 crore for the Financial Year ended March 31, 2023 primarily due to an increase in our revenue from operations during the year.

Revenue from operations

Our revenue from operations increased by ₹ 154.99 crore or 17.69% from ₹ 875.98 crore for the Financial Year ended March 31, 2022 to ₹ 1,030.97 crore for the Financial Year ended March 31, 2023 due to an increase in sale of products. Sale of products constituted sale of cement and sale of others, primarily sale of clinkers, by our Company. Our revenue from sale of cement increased ₹ 151.13 crore or 20.18% from ₹ 749.02 crore for the Financial Year ended March 31, 2022 to ₹ 900.15 crore for the Financial Year ended March 31, 2023. This was primarily driven by higher sales of cement pursuant to a turnaround in infrastructure related activities as well as strong recovery in both rural and urban individual housing as well as higher production at our Udaipur Manufacturing Plant due to the full year impact of the de-bottlenecking and optimization projects undertaken in June 2021. Our revenue from sale of others which is primarily sale of clinkers also increased marginally by ₹ 3.86 crore or 3.04% from ₹ 126.96 crore for the Financial Year ended March 31, 2022 to ₹ 130.82 crore for the Financial Year ended March 31, 2023.

Other Income

Our other income decreased significantly by ₹ 3.83 crore or 74.80% from ₹ 5.12 crore during the Financial Year ended March 31, 2022 to ₹ 1.29 crore during the Financial Year ended March 31, 2023, primarily due to decrease in profit on sale of current investment from ₹ 3.87 crore during the Financial Year ended March 31, 2022 to ₹ 0.51 crore during the Financial Year ended March 31, 2023.

Expenses

Total expenses

Our total expenses increased by ₹ 169.09 crore or 20.81% from ₹ 812.69 crore during the Financial Year ended March 31, 2022 to ₹ 981.8 crore during the Financial Year ended March 31, 2023. This was primarily due to an increase in power and fuel costs, increase in purchase of stock-in-trade, increase in cost of materials consumed and increase in employee benefits expense.

Cost of materials consumed

Cost of materials consumed increased by ₹ 7.11 crore or 5.82% from ₹ 122.21 crore during the Financial Year ended March 31, 2022 to ₹ 129.32 crore during the Financial Year ended March 31, 2023 due to an increase in production of cement and clinkers which was driven by a turnaround in the construction industry as well as higher production at our Udaipur Manufacturing Plant due to the full year impact of the de-bottlenecking and optimization projects undertaken in June 2021. This increase was also driven by an increase in the prices of some of our primary raw materials used in the cement production which are limestone, gypsum and fly ash and waste-derived alternative raw materials.

Purchase of stock-in-trade

Purchase of stock-in-trade increased by ₹ 47.22 crore or 23.24% from ₹ 203.22 crore during the Financial Year ended March 31, 2022 to ₹ 250.44 crore during the Financial Year ended March 31, 2023. This was primarily due to an increase in the prices of variable costs of production including the cost of fuel and power which resulted in an increase in the cost of cement purchased from our Promoter, JK Lakshmi Cement Limited.

Changes in inventories of finished goods, work-in-progress and traded goods

Changes in inventories of finished goods, work-in-progress and traded goods decreased by ₹ 9.84 crore or 449.32% from ₹ 2.19 crore during the Financial Year ended March 31, 2022 to ₹ (7.65) crore during the Financial Year ended March 31, 2023. We increased inventory levels of finished goods as well as work-in-progress goods by ₹ 1.21 crore and ₹ 6.45 crore during the Financial Year ended March 31, 2023. However, our changes in inventories of traded goods decreased by ₹ 0.01 crore during the Financial Year ended March 31, 2023. Our built up inventory increased primarily due to higher production level driven by an increase in the scale of our operations.

Employee benefits expense

Our employee benefits expense increased by ₹ 2.19 crore or 6.03% from ₹ 36.33 crore during the Financial Year ended March 31, 2022 to ₹ 38.52 crore during the Financial Year ended March 31, 2023 due to an annual increase in salaries, wages and staff welfare expenses in the ordinary course of business.

Power and fuel

Our power and fuel expenses increased significantly by ₹ 125.69 crore or 56.04% from ₹ 224.30 crore during the Financial Year ended March 31, 2022 to ₹ 349.99 crore during the Financial Year ended March 31, 2023 due to a global increase in the energy costs in the Financial Year ended March 31, 2023 driven by soaring natural gas and other energy prices post the commencement of the Russia-Ukraine conflict in February 2022.

Transport, clearing and forwarding charges

Our transport, clearing and forwarding charges decreased by ₹ 6.99 crore or 12.35% from ₹ 56.59 crore during the Financial Year ended March 31, 2022 to ₹ 49.60 crore during the Financial Year ended March 31, 2023 primarily because our Company supplied and distributed cement in areas closer to our Udaipur Manufacturing Facility.

Finance costs

Our finance costs, including interest expense on loans from banks and financial institutions, and other borrowing costs, decreased by ₹ 2.70 crore or 5.37% from ₹ 50.26 crore during the Financial Year ended March 31, 2022 to ₹ 47.56 crore during the Financial Year ended March 31, 2023 due to a decrease in our current borrowing in the Financial Year ended March 31, 2023 and also due to repayment of borrowings amounting to ₹ 53.00 crore in Financial Year 2023.

Depreciation and amortization expense

Our expenses on depreciation and amortization expense increased marginally by ₹ 1.85 crore or 5.26% from ₹ 35.15 crore during the Financial Year ended March 31, 2022 to ₹ 37.00 crore during the Financial Year ended March 31, 2023.

Other expenses

Other expenses increased by ₹ 4.56 crore or 5.53% from ₹ 82.44 crore during the Financial Year ended March 31, 2022 to ₹ 87.00 crore during the Financial Year ended March 31, 2023. Such increase was primarily due to increases in consumption of stores and spares, consumption of packaging materials, repairs of plants and machineries and travelling, consultancy and miscellaneous expenses which were all driven by increased productivity and operations during the Financial Year ended March 31, 2023.

Tax expense

Our tax expense reduced from ₹ 16.15 crore during the Financial Year ended March 31, 2022 to ₹ 14.62 crore during the Financial Year ended March 31, 2023 due to a reduction in deferred tax of ₹ 1.53 crore given that our profit for the year for Financial Year ended March 31, 2023 was lesser than our profit for the year for Financial Year ended March 31, 2022 which was primarily due to a rise in the variable cost of production including an increase in the cost of fuel and power .

Profit for the year

For the reasons discussed above, our profit for the Financial Year ended March 31, 2023 was ₹ 35.86 crore as compared to a profit during the Financial Year ended March 31, 2022, being ₹ 48.66 crore.

Total comprehensive income

Total comprehensive income during the Financial Year ended March 31, 2023 was ₹ 35.10 crore. This included the profit for the year after tax of ₹ 35.86 crore and income tax credit of ₹ 0.26 crore which was offset by re-measurement losses for deferred benefit plans of ₹ 1.02 crore.

Statement of Cash Flows

The following table sets forth selected items from the cash flow statements during the Financial Years ended March 31, 2023 and March 31, 2022:

Particulars	Financial Year ended	
	March 31, 2023	March 31, 2022
Net cash generated from operating activities	99.41	142.93
Net cash generated used in investing activities	(500.42)	(243.90)
Net cash generated from financing activities	171.12	322.35
Net increase or (decrease) in cash and cash equivalents	(229.89)	221.38
Cash and cash equivalents as at the beginning of the year	234.09	12.71

(in ₹ crores)

Particulars	Financial Year ended	
	March 31, 2023	March 31, 2022
Cash and cash equivalents as at the close of the year	4.20	234.09

Operating activities

Financial Year ended March 31, 2023

Our net cash from operating activities was ₹ 99.41 crore in Financial Year ended March 31, 2023. Our operating profit before working capital changes was ₹ 133.40 crore in Financial Year ended March 31, 2023, which was primarily adjusted for an increase in trade and other receivables of ₹ 34.73 crore, increase in inventories of ₹ 51.40 crore and set off by an increase in trade and other payables of ₹ 52.14 crore.

Financial Year ended March 31, 2022

Our net cash from operating activities was ₹ 142.93 crore in Financial Year ended March 31, 2022. Our operating profit before working capital changes was ₹ 145.47 crore in Financial Year ended March 31, 2022, which was primarily adjusted by an increase in inventories of ₹ 39.08 crores and an increase in trade and other payables of ₹ 32.52 crore and a decrease in trade and other receivables of ₹ 4.02 crores.

Investing activities

Financial Year ended March 31, 2023

Our net cash used in investing activities was ₹ (500.42) crore in Financial Year ended March 31, 2023. This was primarily on account of purchase of property, plant & equipment for ₹ 589.32 crore which was set-off by sale of investments of ₹ 87.70 crores, interest received of ₹ 0.92 crore and sale of property, plant and equipment ₹ 0.28 crores.

Financial Year ended March 31, 2022

Our net cash used in investing activities was ₹ (243.90) crore in Financial Year ended March 31, 2022. This was primarily on account of purchase of property, plant & equipment of ₹ 254.05 crores and set off by sale of investments of ₹ 9.42 crore, interest received of ₹ 0.70 crore and sale of property, plant & equipment of ₹ 0.03 crores.

Financing activities

Financial Year ended March 31, 2023

Our net cash generated from financing activities was ₹ 171.12 crore in Financial Year ended March 31, 2023. This was primarily on account of proceeds from long term borrowings of ₹ 264.15 crore and loan from related party of ₹ 85.40 crore and set off by repayment of long-term borrowings of ₹ 132.53 crore and an interest paid of ₹ 45.90 crore.

Financial Year ended March 31, 2022

Our net cash generated from financing activities was ₹ 322.35 crore in Financial Year ended March 31, 2022. This was primarily on account of proceeds from redeemable non-convertible debentures of ₹ 350.00 crore and proceeds from long term borrowings of ₹ 64.22 crore as set off by repayment of long term borrowing of ₹ 47.65 crores and interest paid of ₹ 44.22 crores.

Indebtedness

As at March 31, 2023, we have outstanding borrowings of ₹ 1,145.46 crore, the details of which are given below:

(in ₹ crores)		
Particulars	Outstanding amount as at March 31, 2023	Outstanding amount as at March 31, 2022
Non-current liabilities – Financial liabilities – Borrowings	1,015.68	534.82
Current liabilities – Financial liabilities – Borrowings	129.78	406.33
Total	1,145.46	941.15

Our total borrowings as at March 31, 2023 increased from March 31, 2022 as we required liquidity to meet our financial obligations and commitments for our ongoing Expansion Project. Liquidity positions were assessed based on estimated business volumes and its impact on cashflows. The Company met all its interest and principal repayment obligations in a timely manner during the periods. For the Financial years ended March 31, 2023 and March 31, 2022, Company's credit rating for long-term bank loan the was CRISIL AA & CARE AA, respectively, and short-term bank loan was CRISIL A1+ and CARE A1+, respectively.

Contingent Liabilities

As of March 31, 2023, we had the following contingent liabilities in the Annual Financial Statements:

(in ₹ crore)	
Particulars	As of March 31, 2023
VAT/GST	1.11
Income Tax	38.38
Other Matters	1.87
Total	41.36

Note: Contingent liability for non-use of jute bags for cement packing up to June 30, 1997, as per Jute Packaging Materials (Compulsory use of Packaging Commodities) Act, 1987 is not ascertained and the matter is subjudice. The Government has excluded cement industry from application of the said order from July 1, 1997.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risks during the normal course of business.

Market Risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from change in the price of a financial instrument. The value of a financial instrument change may change as result of change in the interest rates, foreign currency exchange rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments and deposits, foreign currency receivables, payables and loans and borrowings. Market risk comprises mainly three types of risk: interest rate risk, currency risk and other price risk such as equity price risk and commodity risk. Our Company has an elaborate risk management system to inform Board of Directors about risk management and minimization procedures.

Foreign Currency Risk

Foreign Currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our Company makes certain imports in foreign currency and therefore is exposed to foreign exchange risk. Our Company evaluates exchange rate exposure arising from foreign currency transactions and we follow established risk management policies, including the use of derivatives like foreign exchange forward contracts to hedge exposure to foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Any changes in the interest rates environment may impact future rates of borrowing. Our Company mitigates this risk by maintaining a proper blend of fixed and floating rate borrowings.

Credit Risk

Credit risk arises from the possibility that counter party may not be able to settle their obligations as agreed. We are exposed to credit risk from its operating activities (primarily trade receivables).

Trade receivables

Customer credit risk is managed based on Company's procedures and controls. We periodically assess the financial reliability of customers, taking into account the financial conditions, current economic trends, and analysis of historical bad debts and aging of accounts receivables. Individual risk limits are set accordingly. The credit risk from the organized and bigger buyers is reduced by securing Bank guarantees/ letter of credits/ part advance payments/ post-dated cheques. The outstanding of different parties are reviewed periodically at different level of organization. The outstanding from the trade segment is secured by two tier security deposit from the dealer himself, and our business associates who manage the dealers are also responsible for the outstanding from any of the dealers in their respective region. Impairment analysis is performed based on historical data at each reporting period on an individual basis.

Financial Instruments and Deposits with Banks

We consider factors such as track record, size of institution, market reputation and service standards to select the bank with which balances and deposits are maintained. Generally, balances are maintained with the institutions with which our Company has also availed borrowings. We do not maintain significant cash and deposit balances other than those required for its day to day operation.

Liquidity Risks

Liquidity risk is the risk that our Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due. Our Company relies on a mix of borrowings, and excess operating cash flows to meet its needs for funds. The current committed lines of credit are sufficient to meet its short to medium term expansion needs. We monitor rolling forecasts of our liquidity requirements to ensure we have sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowings facilities at all times so that we do not breach borrowing limits or covenants (where applicable) on any of our borrowing facilities.

Off-Balance Sheet Commitments and Arrangements

We do not have any off-balance sheet arrangements, derivative instruments, swap transactions or relationships with affiliates or other unconsolidated entities or financial partnerships that would have been established for the purpose of facilitating off-balance sheet arrangements.

Material Developments

Other than as disclosed in the section entitled "**Material Developments**" on page 204, no circumstances have arisen since the date of the last financial statements as disclosed in this Letter of Offer which materially or adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND DEFAULTS

Our Company is involved in various legal proceedings from time to time. There is no outstanding legal proceeding which has been considered material in accordance with our Company's "Policy on Disclosure of Material Events" framed in accordance with Regulation 30 of the SEBI LODR Regulations and adopted by the Board pursuant to its resolution dated November 30, 2015 ("Policy of Materiality").

*Notwithstanding the criteria adopted by our Company under the Policy of Materiality, solely for the purposes of this Issue, our Company has disclosed in this section all outstanding civil and tax proceedings involving our Company where the amount involved in such proceedings exceeds 0.1% of the total revenue or 1% of the profit after tax whichever is lower, of our Company, for the Financial Year ending March 31, 2023 ("**Materiality Threshold**"). Accordingly, the Materiality Threshold considered for disclosure in this section is ₹ 35.86 lakhs, which is 1% of the profit after tax for the Financial Year ending March 31, 2023.*

Further, other than as disclosed in this section, there are no pending: (i) matters involving issues of moral turpitude or criminal proceedings initiated against our Company; (ii) matters involving material violations of statutory regulations by our Company; (iii) matters relating to economic offenses, where proceedings have been initiated against our Company; or (iv) matters involving our Company which, if they result in an adverse outcome would materially and adversely affect the operations or the financial position of our Company.

Litigations involving our Company

Proceeding involving issues of moral turpitude or criminal proceedings initiated against the Company

1. The Rajasthan State Pollution Control Board, Udaipur through the Regional Officer filed a complaint dated May 17, 2017 in the Court of the Additional Chief Judicial Magistrate, Mavli District, Udaipur ("**ACJM**") under the Environment (Protection) Act, 1986 ("**Complaint**") against our Company alleging that we had increased the mining capacity/production at Limestone Mine-1 from 1994 to 1997, without taking prior approval of the Ministry of Environment, Forest and Climate Change of India ("**MoEFCC**"), as required under the environmental impact assessment notification dated January 27, 1994 read with amendment notification dated September 14, 2006. Subsequently, we filed an application dated May 23, 2018 contesting the Complaint on the ground, amongst others, that the definition of 'expansion' as including increase in production was introduced for the first time by way of MoEFCC notification dated October 28, 2004 and the amendment notification dated September 14, 2006, and cannot be applied retrospectively to our Company, and praying for discharge of proceedings.

Proceedings involving an amount exceeding the Materiality Threshold

Civil Litigation Proceedings

1. Our Company received a notice dated November 23, 2021 ("**Notice**") from the Additional Chief Engineer, Ajmer Vidyut Vitran Nigam Limited ("**AVVNL**") in relation to an agreement entered into by our Company with a third party for supply/sale of electric energy from solar power plant situated at our Udaipur Manufacturing Plant. The Notice alleges that cross subsidy surcharge of ₹ 2,54,88,100.00 as determined by the Rajasthan Electricity Regulatory Commission ("**RERC**") shall be applicable on third party sale of solar power to our Company from November 2020 to October 2021. Subsequently, we filed a writ petition against the Notice before the Rajasthan High Court at Jodhpur ("**High Court**"), pursuant to which the High Court *vide* its order dated December 20, 2021 issued notice against the RERC, amongst others, and granted an interim stay order on the recovery of the cross subsidy surcharge levied through the Notice in favour of our Company.

Direct Taxes

1. Our Company was issued an assessment order dated December 28, 2019 ("**Assessment Order**") by the Assistant Commissioner of Income Tax, C2, Udaipur ("**ACT**") in relation to our return of income filed for assessment year 2017-18. The Assessment Order disallowed our claims in such return of income on account of, amongst others, (i) payment of brand royalty expense to our Promoter; (ii) depreciation on subsidy received under the Rajasthan Investment Promotion Scheme, 2010; (iii) double deduction of depreciation on the plant and machinery and investment allowance for new plant and machinery under the Income Tax Act;

(iv) treating payment of managerial remuneration to an erstwhile director of our Company, as capital work in progress, and held that the aforesaid items constitute taxable income of our Company and levied interest and accordingly, initiated penalty proceedings against us for under reporting of income, under reporting as a consequence of misreporting of income, and furnishing inaccurate particulars of income. Subsequently, we have filed an appeal dated January 21, 2020 before the Commissioner of Income Tax (Appeals), Udaipur-1 (“**CIT (A)**”) against the Assessment Order. The financial impact of the Assessment Order is estimated to be ₹ 26,01,34,555.00.

Additionally, pursuant to the Assessment Order, our Company was separately issued notices dated December 28, 2019, May 4, 2021, and May 15, 2021 by the ACT requiring us to show cause as to why orders imposing penalty should not be passed. We have by letters dated January 21, 2020, May 6, 2021, and May 17, 2021 requested the income tax authorities to keep the penalty proceedings in abeyance till disposal of the appeal by the CIT(A). Subsequently, we have not received any communication in relation to the penalty proceedings.

2. Our Company was issued an assessment order dated March 15, 2016 by the jurisdictional assessing officer in relation to our return of income filed for assessment year 2013-14. Subsequently, the ACT reopened assessment proceedings and passed an order dated March 30, 2022 (“**Assessment Order**”), pursuant to which it disallowed the deduction made in such return of income on account of, amongst others, deferred interest being written off while calculating the income chargeable under the head profit and gains, as this was not approved by the Central Board of Direct Taxes (“**CBDT**”), and levied interest and accordingly, initiated penalty proceedings against us for concealment and furnishing of inaccurate particular of income.. Subsequently, we have filed an appeal dated April 27, 2022 before the CIT (A) against the Assessment Order. The financial impact of the Assessment Order is estimated to be ₹ 3,51,14,936.00.

Additionally, pursuant to the Assessment Order, our Company was separately issued notice dated March 30, 2022 by the ACT requiring us to show cause as to why order imposing penalty should not be passed. We have by letter dated April 29, 2022 requested the income tax authorities to keep the penalty proceedings in abeyance till disposal of the appeal by the CIT(A). Subsequently, we have not received any communication in relation to the penalty proceedings.

3. Our Company has received a notice for hearing dated January 30, 2023 (“**Notice**”) from the Principal Commissioner of Income Tax, Udaipur (“**PCIT**”) for revision of assessment order dated April 19, 2021 passed by the jurisdictional assessing officer in relation to our return of income filed for assessment year 2018-19 (“**Assessment Order**”). The Notice provides computation/assessment of our business loss and claims, amongst others, that we have violated the Income Tax Act on account of non-deduction of TDS on interest payments to amongst others, Hansdeep Industries & Trading Company Limited, resulting in over computation/assessment of loss in our return of income. We have filed a reply dated February 27, 2023 to the Notice stating that there is no over-computation of business loss in our return of income and praying that the revision proceedings be set aside, since there is no infirmity in the Assessment Order. The financial impact of the Notice is estimated to be ₹ 8,11,75,203.00.
4. Our Company received an assessment order dated April 12, 2013 and demand notice dated October 22, 2018, (together, the “**Demand Notices**”) from the Assessing Officer and Sub-Registrar, Vallabhnagar, assessing aggregate land tax payable by our Company for the years 2006-2013 under the Rajasthan Finance Act, 2006 as ₹ 9,53,65,032.00, and, pursuant to letter dated June 6, 2014 from the Finance Department of the State Government of Rajasthan, requiring us to deposit outstanding land tax amount till cut-off date March 31, 2010 in five annual installments of ₹ 1,09,15,180.80. Our Company filed a writ petition before the High Court of Rajasthan at Jodhpur (“**High Court**”) against the Demand Notices, which was dismissed by the High Court pursuant to order dated November 16, 2018 (“**Single Judge Order**”). The writ appeal filed by our Company against the Single Judge Order was dismissed by the High Court pursuant to order dated December 5, 2018 (“**Writ Appeal Order**”). Subsequently, our Company filed a special leave petition dated March 25, 2019 in the Supreme Court of India against the Single Judge Order and the Writ Appeal Order.
5. Our Company received demand notices dated August 13, 2020, July 2, 2021 and July 12, 2022 (“**Demand Notices**”), assessing land tax payable by our Company with effect from April 1, 2020 each claiming an amount of ₹ 5,52,20,200.00 in addition to interest, from the Office of the Tax Assessment Officer, Vallabhnagar, (“**Land Tax Officer**”). Our Company has filed writ petition before the High Court challenging the constitutionality of the relevant provisions of the Rajasthan Finance Act, 2020 and the rules/notifications issued thereunder pursuant to which the demand notice dated August 13, 2020 was issued and has further applied for a stay on the demand notice.

Indirect Taxes

1. Our Company was issued a demand order dated March 16, 2023 (“**Demand Order**”) by the Assistant Commissioner, Central Goods & Services Tax Commissionerate Udaipur, in relation to payment of goods and services tax (“**GST**”) under the Central Goods and Services Tax Act, 2017 (“**CGST Act**”) and the Rajasthan Goods and Services Tax Act, 2017 (“**SGST Act**”). The Demand Order alleges, amongst others, that our Company has made delayed payment of GST amounting to ₹ 1,09,80,980.00 due on services provided by the District Mineral Foundation Trust (“**DMFT**”) and National Mineral Exploration Trust (“**NMET**”) for excavation of natural resources under the MMDR Act, and has not paid interest amounting to ₹ 16,86,654.00 due on such delayed payment under the CGST Act and SGST Act during the period from July 2017 to March 2019. Accordingly, pursuant to the Demand Order, our Company has been directed to pay an equivalent penalty amount of GST amounting to ₹ 1,09,80,980.00 and interest amounting to ₹ 16,86,554.00.

GOVERNMENT AND OTHER APPROVALS

In order to operate our business, we require various approvals and/or licenses under various laws, rules and regulations. Our Company is required to obtain the necessary consents, licenses, permissions and approvals from the Central and State Governments and other government agencies/regulatory authorities/certification bodies for our present business and to undertake the Issue. Some of these may expire in the ordinary course of business and applications for renewal of these approvals are submitted in accordance with applicable procedures and requirements.

*Further, our Company is in the process of expansion and development of our Udaipur Manufacturing Plant as set out in the section “**Objects of the Issue**” on page 54. The approvals for setting-up such Expansion Project shall be obtained in a stage-wise manner depending upon the status of development of the said Expansion Project.*

Other than as set out below, our Company has obtained all material government and regulatory approvals required to be obtained by it in relation to the Expansion Project, as of the date of this Letter of Offer.

Material approvals for which applications are currently pending before relevant governmental or regulatory authorities

Set out below is a list of approvals required for the Expansion Project for which our Company has made applications before relevant governmental or regulatory authorities.

Sr. No.	Issuing Authority	Type of Licenses/ Approval	Application No.	Date of Application
1.	Chief Engineer (Commercial), Ajmer Vidyut Vitran Nigam	Sanction for extension in contract demand from 18 MVA to 30 MVA in connection with power supply at the Udaipur Manufacturing Plant	Letter bearing reference no. UCWL/E&I/2022-23/3111	June 23, 2022
2.	Rajasthan State Pollution Control Board	Application for consent to establish under the Air (Prevention and Control of Pollution) Act, 1981 for limestone crusher and over land belt conveyor for Expansion Project	Application ID: 321770	November 8, 2022
3.	Airport Authority of India	Application for no-objection certificate for height clearance of second pre-heater chimney for Expansion Project	NOC ID UDAI/NORTH/B/102721/6 31529	December 13, 2022
4.	Rajasthan State Pollution Control Board	Application for consent to operate under the Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974 for undertaking Expansion Project (Clinker Line II)	Application ID: 330573	February 6, 2023
5.	Rajasthan State Pollution Control Board	Application for consent to operate under the Air (Prevention & Control of Pollution) Act, 1981 Application for consent to operate under the Water (Prevention & Control of Pollution) Act, 1974 for expansion of limestone mining facilities for Limestone Mine-I	Application ID: 333574	April 4, 2023

Material approvals yet to be applied for

Set out below is a list of material approvals which are yet to be obtained by our Company and will be applied for, at the stage at which it is required.

Sr.No.	Issuing Authority	Type of Licenses/ Approval
1.	Rajasthan State Pollution Control Board	Application for consent to operate under the Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974 for operation of waste heat recovery power plant-line 2
2.		Application for consent to operate under the Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974 for undertaking Expansion Project (Cement Line II)

MATERIAL DEVELOPMENTS

There have been no material developments since the date of the last balance sheet i.e., March 31, 2023 which materially or adversely affect or are likely to affect the performance or prospects of our Company.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors passed at its meeting held on May 17, 2022, in accordance with Section 62(1)(a) of the Companies Act, 2013 and other applicable laws, for an amount aggregating up to ₹ 450.00 crores. The terms of the Issue including the Record Date and Rights Entitlement Ratio, have been approved by a resolution passed by the Rights Issue Committee at its meeting held on June 8, 2023.

The Rights Issue Committee, in its meeting held on June 8, 2023 has resolved to issue up to 24,91,27,853 fully paid up Equity Shares aggregating up to ₹ 448.43 crores to the Eligible Equity Shareholders, at ₹ 18 per Rights Equity Share (including a premium of ₹ 14 per Rights Equity Share) and the Rights Entitlement as 4 Rights Equity Shares for every 5 fully paid-up Equity Shares, as held on the Record Date. The Issue Price is ₹ 18 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.

This Letter of Offer has been approved by the Board of Directors pursuant to their resolution dated June 9, 2023.

Our Company has received in-principle approval from BSE in accordance with Regulation 28(1) of the SEBI LODR Regulations for listing of the Rights Equity Shares to be Allotted in this Issue pursuant to their letter dated June 5, 2023. Our Company will also make application to BSE to obtain their trading approval for the Rights Entitlements as required under the SEBI Rights Issue Circulars.

Our Company has been allotted the ISIN INE225C20011 for the Rights Entitlements to be credited to the respective demat accounts of the Equity Shareholders of our Company. For details, please see “*Terms of the Issue*” on page 213.

Prohibition by SEBI or Other Governmental Authorities

Our Company, Promoter, members of the Promoter Group and our Directors have not been prohibited/debarred from accessing or operating the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

Further, our Promoter and Directors are not promoter(s) or director(s) of any other company which is 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.

None of our Directors are associated with entities operating in the securities market against which there are any outstanding action initiated by SEBI.

None of our Directors are declared fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018.

Prohibition by RBI

Neither our Company nor our Promoter or any of our Directors have been or are identified as Wilful Defaulters or Fraudulent Borrowers.

Eligibility for the Issue

Our Company is a listed company and has been incorporated under the Companies Act, 1956. Our Equity Shares are presently listed on BSE. Our Company is eligible to offer Equity Shares pursuant to this Issue in terms of Chapter III and other applicable provisions of the SEBI ICDR Regulations. Further, our Company is undertaking this Issue in compliance with Part B of Schedule VI of the SEBI ICDR Regulations.

Compliance with Regulations 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 application to BSE and has received its in-principle approval dated June 5, 2023 for listing of the Rights Equity Shares to be issued pursuant to this Issue. BSE is the Designated Stock Exchange for the Issue.

Compliance with conditions of Fast Track Issue

Our Company satisfies the following conditions specified in Regulation 99 of the SEBI ICDR Regulations, and accordingly, our Company is eligible to make this Issue by way of a 'fast track issue':

1. Our Equity Shares have been listed on BSE, being a recognized stock exchange having nationwide trading terminals, for a period of at least three years immediately preceding the date of filing of this Letter of Offer with the Stock Exchange;
2. The entire shareholding of the Promoter Group is held in dematerialized form as on the date of filing of this Letter of Offer with the Stock Exchange;
3. The average market capitalization of the public shareholding (as defined under the SCRR) of our Company is at least ₹ 250 crores in the Stock Exchange, calculated as per Explanation (i) of Regulation 99 of the SEBI ICDR Regulations;
4. The annualized trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Stock Exchange has been at least 2% of the weighted average number of Equity Shares listed during such six months' period;
5. The annualized delivery-based trading turnover of our Equity Shares during six calendar months immediately preceding the month of filing of this Letter of Offer with the Stock Exchange has been at least 10% of the annualized trading turnover of Equity Shares during such six months' period;
6. Our Company has been in compliance with the Listing Agreement and the SEBI LODR Regulations, for a period of at least three years immediately preceding the date of filing of this Letter of Offer with the Stock Exchange;
7. Our Company has redressed at least 95% of the complaints received from the investors until the end of the quarter immediately preceding the month of filing this Letter of Offer with the Stock Exchange;
8. No show-cause notices, excluding proceedings for imposition of penalty, have been issued by SEBI and are pending against our Company, its Promoter or Whole-Time Director as on the date of filing this Letter of Offer with the Stock Exchange;
9. Further, no show-cause notices have been issued by SEBI or an adjudicating officer in a proceeding for imposition of penalty and/or no prosecution proceedings have been initiated by SEBI against our Company, its Promoter or Whole-time Director as on the date of filing this Letter of Offer with the Stock Exchange;
10. Our Company, Promoter, Promoter Group or our Directors have not settled any alleged violation of securities laws through the consent or settlement mechanism with SEBI during the three years immediately preceding the date of filing this Letter of Offer with the Stock Exchange;
11. Our Equity Shares have not been suspended from trading as a disciplinary measure during three years immediately preceding the date of filing this Letter of Offer with the Stock Exchange;
12. There is no conflict of interest between the Lead Manager and our Company or its Group Companies in accordance with applicable regulations;
13. Our Promoter has undertaken and confirmed in relation to this Issue to subscribe on its own account, and not through any nominated entity or person to:
 - a. the full extent of their Rights Entitlement in the Issue in accordance with Regulation 10(4)(a) of the SEBI Takeover Regulations; and
 - b. any unsubscribed portion in the Issue, in accordance with Regulation 10(4)(b) and other applicable provisions of the SEBI Takeover Regulations, to ensure subscription to the extent of 90% of the Issue.

Intention and extent of participation by our Promoter/ Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their rights entitlement

Pursuant to letters each dated June 9, 2023, our Promoter and Promoter Group Shareholder, respectively have confirmed that they intend to subscribe to the full extent of their Rights Entitlement in the Issue. Subject to compliance with the SEBI Takeover Regulations, they further reserve the right to subscribe to additional Equity Shares in the Issue, either in the form of subscription to the Rights Entitlement renounced in their favour and/or subscription to the additional shares as a Renouncee or otherwise, in accordance with and subject to compliance with the SEBI ICDR Regulations.

For further details in relation to intention and extent of participation in the Issue by the Promoter and the members of the Promoter Group with respect to their Rights Entitlements, please see “*Summary of Letter of Offer - Intention and extent of participation by our Promoter/ Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their rights entitlement*” on page 13.

The allotment of equity shares of the Company subscribed by the Promoter and Promoter Group Shareholder in this Issue shall be eligible for exemption from open offer requirements in terms of Regulation 10(4)(a) and 10(4)(b) of the SEBI Takeover Regulations; and

14. There are no audit qualifications (as defined under the SEBI ICDR Regulations) on the audited accounts of our Company in respect of the Financial Year for which such accounts are disclosed in this Letter of Offer.

Compliance with Part B of Schedule VI of the SEBI ICDR Regulations

Our Company is in compliance with the provisions specified in Clause (1) of Part B of Schedule VI of the SEBI ICDR Regulations as explained below:

1. Our Company has been filing periodic reports, statements and information in compliance with the Listing Agreement and the SEBI LODR Regulations, as applicable for the last one year immediately preceding the date of filing of this Letter of Offer with the Designated Stock Exchange;
2. The reports, statements and information referred to above are available on the website of BSE; and
3. Our Company has an investor grievance-handling mechanism which includes meeting of the Stakeholders’ Relationship Committee at frequent intervals, appropriate delegation of power by our Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

Further, neither of the provisions specified in Clause (3) of Part B of Schedule VI of the SEBI ICDR Regulations are applicable to our Company, as explained below:

1. Our Company’s management has not undergone any change pursuant to acquisition of control in accordance with the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 or the SEBI Takeover Regulations, as applicable.
2. Our Company’s specified securities have not been listed consequent to the relaxation granted by the SEBI under sub-rule (7) of Rule 19 of the SCRR for listing of its specified securities pursuant to a scheme sanctioned by a High Court under Sections 391 to 394 of the Companies Act, 1956 or approved by a tribunal under Sections 230-234 of the Companies Act, 2013, as applicable.

As our Company satisfies the conditions specified in Clause (1) of Part B of Schedule VI of SEBI ICDR Regulations and given that the conditions specified in Clause (3) of Part B of Schedule VI of SEBI ICDR Regulations are not applicable to our Company, the disclosures in this Letter of Offer are in terms of Clause (4) of Part B of Schedule VI of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THIS LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER, NAMELY JM

FINANCIAL LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THIS LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS 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 JUNE 9, 2023 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 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 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 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 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 ITS SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES 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 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 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 THE STATUTORY 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 EXCHANGE, AND THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKER(S) 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 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 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 EQUITY SHARES, WHERE THE COMPANY HAS OUTSTANDING SUPERIOR EQUITY SHARES. COMPLIED WITH (THE COMPANY HAS NOT ISSUED ANY SUPERIOR 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 CHAPTER X OF THE SEBI ICDR REGULATIONS. NOT APPLICABLE
- (13) NONE OF THE INTERMEDIARIES NAMED IN THIS 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 THE SEBI ICDR REGULATIONS. THE FULFILMENT OF THE ELIGIBILITY CRITERIA AS SPECIFIED IN THAT REGULATION BY THE COMPANY HAS ALSO BEEN DISCLOSED IN THIS LETTER OF OFFER. COMPLIED WITH
- (15) THE ABRIDGED LETTER OF OFFER CONTAINS ALL DISCLOSURES AS SPECIFIED IN THE SEBI ICDR REGULATIONS. COMPLIED WITH
- (16) ALL MATERIAL DISCLOSURES IN RESPECT OF THE COMPANY HAVE BEEN MADE IN THIS LETTER OF OFFER AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE

COMPANY OR RELATING TO THE COMPANY UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH 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 SPECIFIED SECURITIES OF THE COMPANY. COMPLIED WITH**

THE FILING OF THE 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 THE LETTER OF OFFER.

Disclaimer clauses from the Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in this 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 would be doing so at his own risk.

Investors who invest in the Issue 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 laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/evaluation as to their ability and quantum of investment in the Issue.

CAUTION

Our Company and the Lead Manager shall make all 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 of this Letter of Offer.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Rights Equity Shares and rights to purchase the Rights Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the sole and exclusive jurisdiction of the appropriate court(s) in Rajasthan, India.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue is BSE.

Disclaimer Clause of the BSE

As required, a copy of this Letter of Offer has been submitted to BSE. The disclaimer clause as intimated by BSE to the Company, post scrutiny of the Letter of Offer prior to filing of the Letter of Offer is as under:

“BSE Limited (“the Exchange”) has given, vide its letter dated June 05, 2023, permission to this Company to use the Exchange’s name in this Letter of Offer as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized this Letter of Offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- Warrant, certify or endorse the correctness or completeness of any of the contents of this letter of offer; or
- Warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- Take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever."

Selling Restrictions

The distribution of this Letter of Offer and the Issue Materials, and the issue of Rights Entitlements and Rights Equity Shares on a rights basis to persons in certain jurisdictions outside India is restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer and other Issue Materials come are required to inform themselves about and observe such restrictions.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders who are outside the United States in offshore transactions in reliance on Regulation S of the U.S. Securities Act, located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions.

No action has been or will be taken to permit the Issue in any jurisdiction, or the possession, circulation, or distribution of this Letter of Offer or other Issue Materials relating to our Company, the Rights Equity Shares or Rights Entitlement in any jurisdiction, where action would be required for that purpose, except that this Letter of Offer is being filed with SEBI and the Stock Exchange.

Accordingly, the Rights Equity Shares and the Rights Entitlement may not be offered or sold, directly or indirectly, and none of this Letter of Offer, the Issue Materials or advertisements in connection with the Rights Equity Shares or Rights Entitlement may be distributed or published in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer and Issue Materials will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer.

This 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.

Our Company is undertaking this Issue on a rights basis to the Eligible Equity Shareholders and the Abridged Letter of Offer, the Application Form, the Rights Entitlement Letter and other Issue Materials will be sent/dispatched only to the Eligible Equity Shareholders who have provided Indian address.

If this Letter of Offer is received by any person in any jurisdiction where to do so would or might contravene local securities laws or regulation, or by their agent or nominee, they must not seek to subscribe to the Rights Equity Shares or the Rights Entitlement referred to in this Letter of Offer. Investors are advised to consult their legal counsel prior to applying for the Rights Entitlement and Rights Equity Shares or accepting any provisional allotment of Rights Equity Shares, or making any offer, sale, resale, pledge or other transfer of the Rights Equity Shares or Rights Entitlement.

Neither the receipt of this Letter of Offer nor any sale 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 of any time subsequent to this date or the date of such information.

NOTICE TO INVESTORS

NO ACTION HAS BEEN TAKEN OR WILL BE TAKEN THAT WOULD PERMIT A PUBLIC OFFERING OF THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES TO OCCUR IN ANY JURISDICTION OTHER THAN INDIA, OR THE POSSESSION, CIRCULATION OR DISTRIBUTION OF THIS LETTER OF OFFER OR ANY OTHER MATERIAL RELATING TO OUR COMPANY, THE

RIGHTS ENTITLEMENTS AND THE RIGHTS EQUITY SHARES IN ANY JURISDICTION WHERE ACTION FOR SUCH PURPOSE IS REQUIRED. ACCORDINGLY, THE RIGHTS ENTITLEMENTS AND RIGHTS EQUITY SHARES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, AND NEITHER THIS LETTER OF OFFER NOR ANY ISSUE MATERIALS OR ADVERTISEMENTS IN CONNECTION WITH THE RIGHTS ENTITLEMENTS OR RIGHTS EQUITY SHARES MAY BE DISTRIBUTED OR PUBLISHED IN OR FROM ANY COUNTRY OR JURISDICTION EXCEPT IN ACCORDANCE WITH THE LEGAL REQUIREMENTS APPLICABLE IN SUCH COUNTRY OR JURISDICTION. THIS ISSUE WILL BE MADE IN COMPLIANCE WITH THE APPLICABLE SEBI REGULATIONS. EACH PURCHASER OF THE RIGHTS ENTITLEMENTS OR THE RIGHTS EQUITY SHARES IN THIS ISSUE WILL BE DEEMED TO HAVE MADE ACKNOWLEDGMENTS AND AGREEMENTS AS DESCRIBED IN THIS LETTER OF OFFER.

Filing

This Letter of Offer is being filed with BSE and SEBI, as per the provisions of the SEBI ICDR Regulations. Further, in terms of the SEBI ICDR Regulations, our Company will simultaneously while filing this Letter of Offer with the Designated Stock Exchange, being BSE, do an online filing with SEBI through the SEBI intermediary portal at <https://siportal.sebi.gov.in> in terms of the circular (No. SEBI/HO/CFD/DIL1/CIR/P/2018/011) dated January 19, 2018 issued by the SEBI. Further, in light of the SEBI notification dated March 27, 2020, our Company will submit a copy of this Letter of Offer to the e-mail address: cfddil@sebi.gov.in.

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 SEBI LODR Regulations. We have been registered with the SEBI Complaints Redress System (SCORES) as required by the SEBI circular bearing reference number CIR/OIAE/2/2011 dated June 3, 2011 and shall comply with the SEBI master circular bearing reference number SEBI/HO/OIAE/IGRD/P/CIR/2022 dated November 7, 2022, 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 a 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. MCS Share Transfer Agent 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 the 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 to the Issue 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 to the Issue, with a copy to the SCSBs, giving full details such as name, address of the Investor, 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, 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. For details on the ASBA process, please see "*Terms of the Issue*" on page 213.

For the contact details of the Registrar to the Issue and our Company Secretary and Compliance Officer, please see "*General Information*" on page 47.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

This section is for the information of the Investors proposing to apply in this Issue. Investors should carefully read the provisions contained in this Letter of Offer and the Issue Materials, 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 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 Letter of Offer. Unless otherwise permitted under the SEBI ICDR Regulations read with the SEBI Rights Issue Circulars, Investors proposing to apply in this Issue can apply only through ASBA by mechanism as disclosed in this Letter of Offer.

OVERVIEW

This Issue is proposed to be undertaken on a rights basis and is subject to the terms and conditions contained in this Letter of Offer and other Issue Materials, 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 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 the Stock Exchange 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 SEBI Rights Issue Circular, this Letter of Offer and other Issue Materials 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 and other 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 Materials will be physically dispatched, on a reasonable effort basis, to the Indian addresses provided by them.

Investors can access this 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:

- (i) our Company at www.udaipurcement.com;
- (ii) the Registrar to the Issue at <https://rights.kfintech.com>;
- (iii) the Lead Manager, i.e., JM Financial Limited at www.jmfl.com;
- (iv) the Designated Stock Exchange, being BSE, at www.bseindia.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.udaipurcement.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 this Letter of Offer, the Abridged Letter of Offer, the Rights Entitlement Letter and the Application Form or delay in the receipt of this Letter of Offer and other Issue Materials 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 Issue Materials 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 Letter of Offer is being filed with SEBI and the BSE. Accordingly, the Rights Entitlements and Rights Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer or any Issue 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 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 authorised or to any person to whom it is unlawful to make such an offer, invitation or solicitation. In those circumstances, the Issue Materials 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 Issue Materials should not, in connection with the issue of the Rights Equity Shares or the Rights Entitlements, distribute or send the Issue Materials 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 Issue Materials are 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 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 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).

II. PROCESS OF MAKING AN APPLICATION IN THE ISSUE

In accordance with Regulation 76 of the SEBI ICDR Regulations and the SEBI Rights Issue 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, please see "*Terms of the Issue - Credit of Rights Entitlements in demat accounts of Eligible Equity Shareholders*" below.

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.

Investors are also advised to ensure that the Application Form is correctly filled up stating therein the ASBA Account in which an amount equivalent to the amount payable on Application as stated in the Application Form will be blocked by the SCSB.

Investors 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, please see "*Terms of the*

Issue - Grounds for Technical Rejection” below. Our Company, the Lead Manager, the Registrar to the Issue and the SCSBs shall not be liable for any incomplete or incorrect demat details provided by the Investors.

Additionally, in terms of Regulation 78 of the SEBI ICDR Regulations, Investors may choose to accept the offer to participate in this 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 this Issue by way of plain paper applications shall not be permitted to renounce any portion of their Rights Entitlements. For details, please see “***Terms of the Issue - Making of an Application by Eligible Equity Shareholders on Plain Paper under ASBA process***” below.

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 this Issue, then such Eligible Equity Shareholder can:

- (i) apply for its Rights Equity Shares to the full extent of its Rights Entitlements;
- (ii) apply for its Rights Equity Shares to the extent of part of its Rights Entitlements (without renouncing the other part);
- (iii) apply for Rights Equity Shares to the extent of part of its Rights Entitlements and renounce the other part of its Rights Entitlements;
- (iv) apply for its Rights Equity Shares to the full extent of its Rights Entitlements and apply for Additional Rights Equity Shares;
- (v) renounce its Rights Entitlements in full.

Making of an Application through the ASBA process

An Investor is required to have an ASBA enabled bank account with SCSBs, prior to making the Application. Investors desiring to make an Application in this Issue, 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 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 this 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 to the Issue 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.

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 may make an Application to subscribe to this 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 this Issue on plain paper with the same details as per the Application Form that is available on the website of the Registrar, Stock Exchange 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 the 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:

1. Name of our Company, being Udaipur Cement Works Limited;
2. 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);
3. Folio Number (in case of Eligible Equity Shareholders who hold Equity Shares in physical form as on Record Date)/DP and Client ID;
4. 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 this Issue;
5. Number of Equity Shares held as on Record Date;
6. Allotment option – only dematerialised form;
7. Number of Rights Equity Shares entitled to;
8. Number of Rights Equity Shares applied for within the Rights Entitlements;
9. Number of Additional Rights Equity Shares applied for, if any (applicable only if entire Rights Entitlements have been applied for);
10. Total number of Rights Equity Shares applied for;
11. Total amount paid at the rate of ₹ 18 per Rights Equity Share;
12. Details of the ASBA Account such as the SCSB account number, name, address and branch of the relevant SCSB;
13. 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;
14. Authorisation to the Designated Branch of the SCSB to block an amount equivalent to the Application Money in the ASBA Account;
15. 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);

16. An approval obtained from any regulatory authority, if required, shall be obtained by the Eligible Equity Shareholders and a copy of such approval from any regulatory authority, as may be required, shall be sent to the Registrar at:

KFin Technologies Limited

Selenium Tower-B, Plot 31 & 32

Gachibowli, Financial District

Nanakramguda, Serilingampally

Hyderabad 500 032

Telangana, India

Tel.: +91 40 6716 2222

E-mail: udaipur.rights@kfintech.com

Investor grievance E-mail: einward.ris@kfintech.com

Contact Person: M Murali Krishna

Website: www.kfintech.com

SEBI Registration No.: INR000000221

; and

17. All such Eligible Equity Shareholders are deemed to have accepted the following:

"I/We understand that neither the Rights Entitlements nor the Rights Equity Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act. I/we understand the Rights Equity Shares referred to in this application are being offered and sold in offshore transactions only outside the United States in compliance with Regulation S under the U.S. Securities Act ("Regulation S") to existing shareholders and located in jurisdictions where such offer and sale of the Rights Equity Shares is permitted under laws of such jurisdictions. I/we understand that the Issue is not, and under no circumstances is to be construed as, an offering of any Rights Equity Shares or Rights Entitlements for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Equity Shares or Rights Entitlements in the United States. I/we confirm that I am/we are (a) not in the United States and eligible to subscribe for the Rights Equity Shares under applicable securities laws, (b) complying with laws of jurisdictions applicable to such person in connection with the Issue, and (c) understand that neither the Company, nor the Registrar to the Issue, the Lead Manager or any other person acting on behalf of the Company will accept subscriptions from any person, or the agent of any person, who appears to be, or who the Company, the Registrar to the Issue, the Lead Manager or any other person acting on behalf of the Company have reason to believe is in the United States or is outside of India and ineligible to participate in this Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Rights Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation. I/We satisfy, and each account for which I/we are acting satisfies, (a) all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of my/our residence, and (b) is eligible to subscribe and is subscribing for the Rights Equity Shares and Rights Entitlements in compliance with applicable securities and other laws of our jurisdiction of residence.

I/We acknowledge that we, the Lead Manager, its affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

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 to the Issue not having any liability to the Investor. The plain paper Application format will be available on the website of the Registrar to the Issue at <https://rights.kfintech.com>.

Our Company, the Lead Manager and the Registrar to the Issue 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.

Do's for Investors:

- (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 Rights 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 and press release dated June 25, 2021 and September 17, 2021.

Don'ts for Investors:

- (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 to the Issue, 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 Application Form using third party ASBA account.
- (f) Avoid applying on the Issue Closing Date due to risk of delay/restrictions in making any physical Application.

- (g) Do not submit multiple Applications.

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 Rights Issue Circulars, 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 to the Issue or our Company at least two 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 to the Issue, shall be credited in a demat suspense escrow account opened by our Company.

Resident 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 to the Issue 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 to the Issue no later than two Working Days prior to the Issue Closing Date;
- (b) The Registrar to the Issue 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;

In accordance with the SEBI circular bearing reference number SEBI/HO/CFD/DIL2/CIR/P/2020/13 dated January 22, 2020, the resident Eligible Equity Shareholders, who hold Equity Shares in physical form as on Record Date shall be required to provide their demat account details to our Company or the Registrar to the Issue for credit of Right Entitlements not later than two Working Days prior to issue closing date, such that credit of Rights Entitlements in their demat account takes place at least one day before issue closing date, thereby enabling them to renounce their Rights Entitlements through Off Market Renunciation.

Resident Eligible Equity Shareholders who hold Equity Shares in physical form as on the Record Date will not be allowed 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.

PLEASE NOTE THAT THE ELIGIBLE EQUITY SHAREHOLDERS, WHO HOLD EQUITY SHARES IN PHYSICAL FORM AS ON RECORD DATE AND WHO HAVE NOT FURNISHED THE DETAILS OF THEIR RESPECTIVE DEMAT ACCOUNTS TO THE REGISTRAR TO THE ISSUE 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.

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 Rights 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 number available for Allotment, the Allotment would be made as per the Basis of Allotment finalised in consultation with the Designated Stock Exchange, being BSE. 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 “*Terms of the Issue - Basis of Allotment*” below.

Eligible Equity Shareholders who renounce their Rights Entitlements cannot apply for Additional Rights Equity Shares. Non-resident Renouncees who are not Eligible Equity Shareholders cannot apply for Additional Rights Equity Shares.

Additional general instructions for Investors in relation to making of an Application

- (a) Please read this 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 the Issue Materials 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***” above.
- (d) Applications should be (i) 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 will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Designated Stock Exchange, being BSE.
- (e) Applications should not be submitted to the Banker to the Issue, our Company or the Registrar to the Issue or the Lead Manager.
- (f) All Investors, and in the case of Application in joint names, each of the joint Investors, 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 this 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 this 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 to the Issue will obtain Demographic Details from the Depository. Therefore, Investors applying under this 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 to the Issue. 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 on the registered e-mail address or to the address of the Investor as per the Indian address provided to our Company or the Registrar to the Issue or Demographic Details received from the Depositories, as the case may be. The Registrar to the Issue 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 to the Issue 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 authorized the Depositories to provide, upon request, to the Registrar to the Issue, 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 to the Issue, failing which such Application is liable to be rejected. Investors will be solely responsible for any error or inaccurate detail provided in the Application. Our Company, the Lead Manager, SCSBs or the Registrar to the Issue will not be liable for any such rejections.
- (k) In case of joint holders and physical Applications, 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 Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- (l) All communication in connection with Applications for the Rights Equity Shares, including any change in contact details of the Eligible Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/sole Investor, 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 to the Issue 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 this 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) 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.
- (t) An Investor being an OCB is required not to be under the adverse notice of RBI and in order to apply for this issue as an incorporated non-resident must do so in accordance with the FDI Circular 2020 and FEMA Rules.
- (u) Ensure that your PAN is linked with Aadhaar and you are in compliance with CBDT notification dated Feb 13, 2020 and press release dated June 25, 2021 and September 17, 2021.

Grounds for Technical Rejection

Applications made in this 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 to the Issue.
- (b) Details of PAN mentioned in the Application does not match with the PAN records available with the Registrar to the Issue.
- (c) Sending an Application to our Company, the Lead Manager, Registrar 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 this 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 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 this 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.

IT IS MANDATORY FOR ALL THE INVESTORS APPLYING UNDER THIS ISSUE TO APPLY THROUGH THE ASBA PROCESS, TO RECEIVE THEIR RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT/CORRESPONDING PAN IN WHICH THE EQUITY SHARES ARE HELD BY THE INVESTOR AS ON THE RECORD DATE. ALL INVESTORS APPLYING UNDER THIS ISSUE SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DP ID AND BENEFICIARY ACCOUNT NUMBER/FOLIO NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE APPLICATION FORM OR PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Multiple Applications

In case where multiple Applications are made using same demat account, 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, please see “- ***Procedure for Applications by Mutual Funds***” below.

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 on through ASBA, such Applications shall be treated as multiple applications and are liable to be rejected, other than multiple applications submitted by our Promoter or Promoter Group Shareholder to meet the minimum subscription requirements applicable to this Issue as described in “***Summary of Letter of Offer - Intention and extent of participation by our Promoter/ Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their rights entitlement***” on page 13.

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 as specified by SEBI and RBI in this regard and our Company and the investor will also be required to comply with applicable reporting requirements. 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%).

FPIs are permitted to participate in this 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.

No investment under the FDI route will be allowed in the Issue unless such application is accompanied with necessary approval or covered under a pre-existing approval.

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 this 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 this Issue. Other categories of AIFs are permitted to apply in this 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.

No investment under the FDI route (i.e., in any investment which would result in the investor holding 10% or more of the fully diluted paid-up equity share capital of our 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.

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 this 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 paid-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 Company.

Further, in accordance with press note 3 of 2020 issued by the DPIIT, the FEMA Rules have been amended to state that all investments by entities incorporated 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 to the Issue 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.

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 Application Form or a plain paper Application is Wednesday, July 5, 2023 *i.e.*, Issue Closing Date. Our Board or Rights Issue Committee may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 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 Exchange 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 Rights Issue Committee, the invitation to offer contained in this Letter of Offer shall be deemed to have been declined and our Board or Rights Issue Committee shall be at liberty to dispose of the Equity Shares hereby offered, as set out in “- **Basis of Allotment**” below.

Please note that on the Issue Closing Date, Applications will be uploaded until 5.00 p.m. (Indian Standard Time) or such extended time as permitted by the Designated Stock Exchange, being BSE.

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 to the Issue informing about their Rights Entitlement or last eight digits of the demat account. Alternatively, SCSBs may mention their internal reference number in place of application number.

Withdrawal of Application

An Investor who has applied in this Issue may withdraw their Application at any time during Issue Period by approaching the SCSB where Application is submitted. However, no Investor, may withdraw their Application post 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 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. 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 ASBA Accounts of the Investor within a period of four 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.

III. 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 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.udaipurcement.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. Our Company shall apply for a separate ISIN for the Rights Entitlements/A separate ISIN for the Rights Entitlements has also been generated which is INE225C20011. 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 Exchange 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 to the Issue 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 get lapsed 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 Rights Issue for subscribing to the Rights Equity Shares offered under 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 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 to the Issue (*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 Rights Issue Circulars, 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 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 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 to the Issue 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 to the Issue; 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. Eligible Equity Shareholders, holding Equity Shares in physical form as on Record Date 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 to the Issue not later than two Working Days prior to the Issue Closing Date, i.e., by Monday, July 3, 2023 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 this 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.

IV. RENUNCIATION AND TRADING OF RIGHTS ENTITLEMENT

Renouncees

All rights and obligations of the Eligible Equity Shareholders in relation to Applications and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Renunciation of Rights Entitlements

This 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.

The renunciation of Rights Entitlements credited in your demat account can be made either by sale of such Rights Entitlements, using the secondary market platform of the Designated Stock Exchange, being BSE, or through an off-market transfer.

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 Designated Stock Exchange, being BSE, (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 Investors on or before the Issue Closing Date shall lapse and shall be extinguished after the Issue Closing Date.

Separate ISIN for Rights Equity Shares

In addition to the present ISIN for the existing Equity Shares, our Company has obtained a separate ISIN for the Rights Equity Shares. The Rights Equity Shares offered under this Issue will be traded under the said separate ISIN..

(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 Designated Stock Exchange, being BSE, through a registered stock-broker in the same manner as the existing Equity Shares.

In this regard, in terms of provisions of the SEBI ICDR Regulations and the SEBI Rights Issue Circulars, the Rights Entitlements credited to the respective demat accounts of the Eligible Equity Shareholders shall be admitted for trading on the Stock Exchange under ISIN INE225C20011 subject to requisite approvals. Prior to the Issue Opening Date, our Company will obtain the approval from the Designated Stock Exchange, being BSE, 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 Designated Stock Exchange, being BSE, from time to time.

The Rights Entitlements are tradable in dematerialized form only. The market lot for trading of Rights Entitlements is one Rights Entitlements.

The On Market Renunciation shall take place only during the Renunciation Period for On Market Renunciation, *i.e.*, from Wednesday, June 21, 2023 to Friday, June 30, 2023 (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 INE225C20011 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 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 Exchange and 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 INE225C20011, 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.

V. MODE OF PAYMENT

All payments against the Application Forms shall be made only through ASBA facility. The Registrar to the Issue will not accept any payments against the Application Forms, if such payments are not made through ASBA facility.

In case of Application, 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 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 to the Issue, of the receipt of minimum subscription and pursuant to the finalization of the Basis of Allotment as approved by the Designated Stock Exchange, being BSE, the SCSBs shall transfer such amount as per the Registrar to the Issue's instruction from the ASBA Account into the Allotment Account(s). 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 Issue 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 this Issue.

Mode of payment for Resident Investors

All payments on the Application Forms shall be made only through ASBA facility. Investors 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:

1. 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.
2. 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.
3. 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.
4. 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.
5. 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.
6. Non-resident Renouncees who are not Eligible Equity Shareholders must submit regulatory

approval for applying for Additional Rights Equity Shares.

VI. BASIS FOR THIS ISSUE AND TERMS OF THIS 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, please see “*The Issue*” on page 46.

Fractional Entitlements

The Rights Equity Shares are being offered on a rights basis to Eligible Equity Shareholders in the ratio of 4 Rights Equity Shares for every 5 Equity Shares held on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Eligible Equity Shareholders is less than 5 Equity Shares or not in the multiple of 5 Equity Shares, 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 Rights Equity Share each if they apply for Additional Rights Equity Shares over and above their Rights Entitlements, if any. For example, if an Eligible Equity Shareholder holds 6 Equity Shares, such Equity Shareholder will be entitled to 4 Rights Equity Shares and will also be given a preferential consideration for the Allotment of one additional Rights Equity Share if such Eligible Equity Shareholder has applied for Additional Rights Equity Shares, over and above their Rights Entitlements, subject to availability of Rights Equity Shares in this Issue post allocation towards Rights Entitlements applied for.

Further, the Eligible Equity Shareholders holding less than 2 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 this Issue shall be subject to the provisions of this Letter of Offer and other Issue Materials, 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 Exchange and the terms and conditions as stipulated in the Allotment Advice. The Rights Equity Shares to be issued and Allotted under this 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 this 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 Designated Stock Exchange, being BSE. Unless otherwise permitted by the SEBI ICDR Regulations, the Rights Equity Shares Allotted pursuant to this 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 BSE through letter bearing reference number LOD/PREF/CP/FIP/188/2023-24 dated June 5, 2023. Our Company will apply to the Designated Stock Exchange, being BSE, 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 this Issue will trade after the listing thereof.

The existing Equity Shares are listed and traded on BSE (Scrip Code: 530131) under the ISIN: INE225C01029. 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 Exchange. 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 this 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 Exchange, 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 Exchange, 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 this Issue by our Promoter and the Promoter Group

For details of the intention and extent of subscription to the Issue by our Promoter and the members of the Promoter Group, please see ***Summary of Letter of Offer - Intention and extent of participation by our Promoter/ Promoter Group with respect to (i) their rights entitlement; and (ii) their intention to subscribe over and above their rights entitlement*** on page 13.

Rights of Holders of Equity Shares of our Company

Subject to applicable laws, 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 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.

VII. GENERAL TERMS OF THE ISSUE

Market Lot

The Rights Equity Shares of our Company shall be tradable only in dematerialized form. The market lot for Rights 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 this Issue.

Nomination

Nomination facility is available in respect of the Rights 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 Rights Equity Shares to be Allotted in this 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 Rights Equity Shares shall be traded in dematerialised form only and, therefore, the marketable lot shall be one Rights Equity Share and hence, no arrangements for disposal of odd lots are required.

Notices

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 (Hindi also being the local language of Udaipur, Rajasthan, India where the Registered Office is located) and/or, will be sent by post to the Indian address of the Eligible Equity Shareholders provided to our Company. However, the distribution of this Letter of Offer, Abridged Letter of Offer and the issue of Rights Equity Shares on a rights basis, including pursuant to the Issue, to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

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. 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 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 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 to the Issue, our Company, the Lead Manager and the Designated Stock Exchange, being BSE. Further, Application Forms will be made available at Registered and Corporate Office of our Company for the non-resident Indian Investors. 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 Investor is liable to be rejected at the sole discretion of our Company and the Lead Manager.

Please also note that pursuant to Circular no. 14 dated September 16, 2003 issued by RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors in India 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, may apply for this issue, as an incorporated non-resident entity, provided that (i) it is not under the adverse notice of RBI; and (ii) it complies with the FDI Circular 2020 and the 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.

The non-resident Eligible Equity Shareholders can update their Indian address in the records maintained by the Registrar to the Issue and our Company by submitting their respective copies of self-attested proof of address, passport, etc. at einward.ris@kfintech.com.

ALLOTMENT OF THE RIGHTS EQUITY SHARES IN DEMATERIALIZED FORM

PLEASE NOTE THAT THE RIGHTS EQUITY SHARES APPLIED FOR IN THIS 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, PLEASE SEE “- ALLOTMENT ADVICE OR REFUND/UNBLOCKING OF ASBA ACCOUNTS” BELOW.

VIII. ISSUE SCHEDULE

LAST DATE FOR CREDIT OF RIGHTS ENTITLEMENTS	Tuesday, June 20, 2023
ISSUE OPENING DATE	Wednesday, June 21, 2023
LAST DATE FOR ON MARKET RENUNCIATION OF RIGHTS ENTITLEMENTS[#]	Friday, June 30, 2023
ISSUE CLOSING DATE[*]	Wednesday, July 5, 2023
FINALISATION OF BASIS OF ALLOTMENT (ON OR ABOUT)	Thursday, July 13, 2023
DATE OF ALLOTMENT (ON OR ABOUT)	Thursday, July 13, 2023
DATE OF CREDIT (ON OR ABOUT)	Friday, July 14, 2023
DATE OF LISTING (ON OR ABOUT)	Monday, July 17, 2023

[#] 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). Further, no withdrawal of Application shall be permitted by any Investor after the Issue Closing Date.

IX. BASIS OF ALLOTMENT

Subject to the provisions contained in the Issue Materials, the Articles of Association and the approval of the Designated Stock Exchange, being BSE, 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, being BSE, 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 this 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, being BSE, as a part of this 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, being BSE, as a part of this 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.

After taking into account Allotment to be made under (a) to (e) above, if there is any unsubscribed portion, the same shall be deemed to be 'unsubscribed'.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, being BSE, the Registrar to the Issue shall send to the Controlling Branches, a list of the Investors who have been allocated Rights Equity Shares in this Issue, along with:

1. The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for this Issue, for each successful Application;
2. The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
3. The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

In the event of over subscription, Allotment shall be made within the overall size of the Issue.

X. ALLOTMENT ADVICE OR REFUND/UNBLOCKING OF ASBA ACCOUNTS

Our Company will send/dispatch Allotment Advice, refund intimations 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 dematerialized 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 four 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 15% per annum and such other 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 and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts.

Where an Investor 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 shall be unblocked. The unblocking of ASBA funds shall be completed within such period as prescribed under the SEBI ICDR Regulations. In the event that there is a delay in unblocking of funds beyond such period as prescribed under applicable law, our Company shall pay the requisite interest at such rate as prescribed under applicable law.

XI. 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 unblocking amounts blocked using ASBA facility.

Refund payment to non-residents

The Application Money will be unblocked in the ASBA Account of the non-resident Investors, details of which were provided in the Application Form.

XII. 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.

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 Company, 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:

- a) Tripartite agreement dated June 25, 2014 amongst our Company, NSDL and the Registrar to the Company;
- b) Tripartite agreement dated June 5, 2014 amongst our Company, CDSL and the Registrar to the Company.

INVESTORS MAY PLEASE NOTE THAT THE RIGHTS EQUITY SHARES CAN BE TRADED ON THE DESIGNATED STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Rights Equity Shares in this Issue in the dematerialised form is as under:

1. 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.
2. 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.
3. 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.
4. 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.
5. The Rights Equity Shares will be allotted to Investors 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 IEPF Authority/in suspense, *etc.*). Allotment Advice, refund order (if any) would be sent through physical dispatch, by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Rights Equity Shares to the Investor's depository account.
6. Non-transferable Allotment Advice/refund intimation will be directly sent to the Investors by the Registrar to the Issue, on their registered e-mail address or through physical dispatch, if the e-mail address is not available.
7. Renouncees will also have to provide the necessary details about their beneficiary account for Allotment of Rights Equity Shares in this Issue. In case these details are incomplete or incorrect, the Application is liable to be rejected.

8. 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 Participant to our Company as on the date of the book closure.
9. Resident Eligible Equity Shareholders, who hold Equity Shares in physical form and who have not furnished the details of their demat account to the Registrar to the Issue or our Company at least two Working Days prior to the Issue Closing Date, shall not be able to apply in this Issue.

XIII. IMPERSONATION

Attention of the Bidders 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 ₹ 0.1 crores 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 ₹ 0.1 crores 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 ₹ 0.5 crores or with both.

XIV. UTILISATION OF ISSUE PROCEEDS

Our Board declares that:

- A. All monies received out of this Issue shall be transferred to a separate bank account;
- B. Details of all monies utilized out of this 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 this 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.

XV. UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:

- 1) The complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily.
- 2) All steps for completion of the necessary formalities for listing and commencement of trading at the Stock Exchange where the Equity Shares are to be listed will be taken by our Board within the time limit specified by SEBI.
- 3) The funds required for making refunds/unblocking to unsuccessful Investors as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company.

- 4) 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 or as per applicable law, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- 5) In case of refund/unblocking of the Application Money for unsuccessful Investors or part of the Application Money in case of proportionate Allotment, a suitable communication shall be sent to the Investors.
- 6) 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.
- 7) Adequate arrangements shall be made to collect all ASBA Applications.
- 8) As on the date of this Letter of Offer, our Company does not have any convertible debt instruments.
- 9) Our Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

XVI. INVESTOR GRIEVANCES, COMMUNICATION AND IMPORTANT LINKS

1. Please read this Letter of Offer carefully before taking any action. The instructions contained in the Issue Materials are an integral part of the conditions of this Letter of Offer and must be carefully followed; otherwise the Application is liable to be rejected.
2. All enquiries in connection with the Issue Materials 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 “**Udaipur Cement Works Limited– Rights Issue**” on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

KFin Technologies Limited

Selenium Tower-B, Plot 31 & 32

Gachibowli, Financial District

Nanakramguda, Serilingampally

Hyderabad 500 032

Telangana, India

Tel.: +91 40 6716 2222

E-mail: udaipur.rights@kfintech.com

Investor grievance E-mail: einward.ris@kfintech.com

Contact Person: M Murali Krishna

Website: www.kfintech.com

SEBI Registration No.: INR000000221

3. In accordance with SEBI Rights Issue Circulars, 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 to the Issue (*i.e.*, <https://rights.kfintech.com/>). Further, helpline number provided by the Registrar to the Issue for guidance on the Application process and resolution of difficulties is +1800 309 4001.
4. The Investors can visit following links for the below-mentioned purposes:
 - a) 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>
 - b) Updation of Indian address/e-mail address/phone or mobile number in the records

maintained by the Registrar to the Issue: <https://rights.kfintech.com>

- c) Updation of demat account details by Eligible Equity Shareholders holding Equity Shares in physical form: <https://rights.kfintech.com>
- d) Submission of self-attested PAN, client master sheet and demat account details by non-resident Eligible Equity Shareholders: einward.ris@kfintech.com

This Issue will be kept open for a minimum period of 7 days. However, the 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 Closing Date).

XVII. RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

For details with respect to investments by NRIs, FPIs, FVCIs, and other non-resident investors, see “- *Procedure for Applications by certain categories of Investors*” and “*Terms of the Issue - Offer to Non-Resident Eligible Equity Shareholders/Investors*” above.

SECTION VIII: STATUTORY AND OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following contracts which have been entered (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company 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 Letter of Offer until the Issue Closing Date, and will also be available at the website of our Company at <https://udaipurcement.com/material-contracts>, from the date of this Letter of Offer until the Issue Closing Date.

A. Material Contracts for the Issue

1. Issue Agreement dated June 9, 2023 between our Company and the Lead Manager.
2. Registrar Agreement dated June 9, 2023 between our Company and the Registrar to the Issue.
3. Banker to the Issue Agreement dated June 9, 2023 between our Company, the Lead Manager, Registrar to the Issue and the Banker to the Issue.
4. Monitoring Agency Agreement dated June 9, 2023 between our Company and the Monitoring Agency.
5. Agreement between our Company and Shrivats Singhania, Executive Director and Chief Executive Officer.
6. Agreement between our Company and Naveen Kumar Sharma, Whole Time Director.

B. Material Documents

1. Resolution dated June 9, 2023 passed by the Board of Directors for approval of this Letter of Offer.
2. Certified copies of the updated Memorandum of Association and Articles of Association of our Company as amended.
3. Certificate of Incorporation dated March 15, 1993 of our Company.
4. Fresh certificate of incorporation consequent on change of name from the RoC dated May 19, 2006, pursuant to which the name of our Company was changed from J.K. Udaipur Udyog Limited to 'Udaipur Cement Works Limited'.
5. Consents of the Directors, Company Secretary and Compliance Officer, the Statutory Auditors, Lead Manager, Banker to the Issue, legal advisor to the Issuer, the Registrar to the Issue, the Monitoring Agency, Rajesh C. Ailsinghani (independent chartered engineer), Udaipur Min-Tech Private Limited, a mining geologist and recognised qualified person with Indian Bureau of Mines, Ministry of Mines, Government of India and CRISIL Limited for inclusion of their names in this Letter of Offer to act in their respective capacities.
6. Resolutions of our Board of Directors dated May 17, 2022 and resolutions of our Rights Issue Committee dated May 11, 2023 and June 8, 2023 in relation to this Issue and other related matters.
7. Statement of special tax benefits dated June 9, 2023 issued by M/s. Bansilal Shah & Co., Chartered Accountants, for our Company and its shareholders.
8. SEBI Exemption Letter granting exemption from the requirement of minimum public shareholding to the Company.
9. Annual Reports of our Company for the last five years.
10. Due Diligence Certificate dated June 9, 2023 addressed to SEBI from the Lead Manager.
11. In-principle listing approval dated June 5, 2023 issued by BSE.

12. Agreement dated June 25, 2014 between the Company, Registrar to the Company and NSDL.
13. Agreement dated June 5, 2014 between the Company, Registrar to the Company and CDSL.

Any of the contracts or documents mentioned in this 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

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Vinita Singhania

Non-Executive Director, Chairperson

Date: June 9, 2023

Place: Kanpur

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Shrivats Singhania

Executive Director and CEO

Date: June 9, 2023

Place: London

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Naveen Kumar Sharma
Whole-Time Director

Date: June 9, 2023

Place: Udaipur

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Onkar Nath Rai
Independent Director

Date: June 9, 2023

Place: Gurugram

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Surendra Malhotra
Independent Director

Date: June 9, 2023

Place: New Delhi

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Vinit Marwaha

Independent Director

Date: June 9, 2023

Place: New Delhi

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE DIRECTOR OF THE COMPANY

Bhaswati Mukherjee
Independent Director

Date: June 9, 2023

Place: New Delhi

DECLARATION

I hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, 2013, the SEBI Act, and the rules made thereunder or regulations issued thereunder, as the case may be. I further certify that all the legal requirements connected with the Issue as also the regulations, guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with.

I further certify that all disclosures made in this Letter of Offer are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF THE COMPANY

Pranav Chitre
Chief Financial Officer

Date: June 9, 2023

Place: Udaipur